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

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FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NO. 1-11680

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

DELAWARE  
(State or Other Jurisdiction  
of Incorporation or Organization)

76-0396023  
(I.R.S. Employer  
Identification No.)

4 GREENWAY PLAZA  
HOUSTON, TEXAS  
(Address of Principal Executive Offices)

77049  
(Zip Code)

Registrant's Telephone Number, Including Area Code: (832) 676-2600

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

The registrant had 44,030,314 common units outstanding as of November 8, 2002.

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## PART I -- FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## EL PASO ENERGY PARTNERS, L.P.

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

| QUARTER ENDED NINE MONTHS ENDED SEPTEMBER 30,<br>SEPTEMBER 30, | -----     | -----     | -----                       | -----            | -----        |
|--|-----------|-----------|-----------------------------|------------------|--------------|
| 2002   | 2001      | 2002      | 2001                        | 2002             | 2001         |
| ----- Operating  |           |           |                             |                  |              |
| revenues.....  |           |           |                             |                  |              |
| \$122,249  | \$41,268  | \$304,282 | \$140,757                   |                  |              |
| ----- Operating expenses Cost                                  |           |           |                             |                  |              |
| of natural gas.....  |           |           |                             |                  |              |
| 27,767   | 9,822     | 67,268    | 43,986                      | Operation and    |              |
| 6,625  | 76,531    | 21,407    | Depreciation, depletion and |                  |              |
|  |           |           | amortization.....           | 19,274           | 7,459        |
|  |           |           | 23,833                      | Asset impairment |              |
| charge.....  |           |           |                             |                  |              |
| 3,921  |           |           |                             |                  | 79,879       |
| 23,906   | 193,738   | 93,147    |                             |                  |              |
| ----- Operating  |           |           |                             |                  |              |
| income.....  |           |           |                             |                  |              |
| 42,370   | 17,362    | 110,544   | 47,610                      |                  |              |
| ----- Other income (loss) Earnings                             |           |           |                             |                  |              |
| from unconsolidated affiliates.....                            |           |           |                             | 3,168            |              |
| 3,003  | 10,541    | 2,659     | Net gain (loss) on sale of  |                  |              |
|  |           |           | assets.....                 | (434)            | 511          |
|  |           |           | (10,740)                    | Other            | (119)        |
| income.....  |           |           |                             |                  |              |
| 320  | 565       | 1,181     | 26,922                      |                  |              |
|  |           |           |                             |                  |              |
|  | 3,054     | 4,079     | 11,603                      | 18,841           |              |
| ----- Income before interest                                   |           |           |                             |                  |              |
| and other charges.....   |           |           |                             | 45,424           | 21,441       |
| 122,147  | 66,451    |           |                             |                  |              |
| ----- Interest and debt  |           |           |                             |                  |              |
| expense.....   |           |           |                             | 22,070           | 9,883        |
|  |           |           |                             | 55,362           | 29,506       |
| interest.....  |           |           |                             | 8                |              |
|  |           |           |                             | 13               | 100          |
| 22,078   | 9,883     | 55,375    | 29,606                      |                  |              |
| ----- Income from continuing                                   |           |           |                             |                  |              |
| operations.....  |           |           |                             | 23,346           | 11,558       |
|  |           |           |                             | 66,772           | 36,845       |
| ----- Income from discontinued                                 |           |           |                             |                  |              |
| operations.....  |           |           |                             | 456              | 479          |
|  |           |           |                             | 4,901            | 9            |
| ----- Net  |           |           |                             |                  |              |
| income.....  |           |           |                             |                  |              |
| \$ 23,802  | \$12,037  | \$ 71,673 | \$ 36,854                   | =====            |              |
| ===== Income allocation  |           |           |                             |                  |              |
| Series B   |           |           |                             |                  |              |
| unitholders.....   |           |           |                             | \$               |              |
| 3,693  | \$ 4,538  | \$ 10,875 | \$ 13,324                   | =====            |              |
| ===== General partner  |           |           |                             |                  |              |
| Continuing operations.....                                     |           |           |                             |                  |              |
| \$ 10,755  | \$ 5,809  | \$ 30,245 | \$ 16,413                   | Discontinued     |              |
| operations.....  |           |           |                             | 5                | 5            |
|  |           |           |                             | 49               |              |
|  |           |           |                             | \$ 10,760        | \$           |
| 5,814  | \$ 30,294 | \$ 16,413 | =====                       | =====            |              |
| ===== Limited partners Continuing                              |           |           |                             |                  |              |
| operations.....  |           |           |                             | \$ 8,898         | \$           |
|  |           |           |                             | 1,211            | \$ 25,652    |
|  |           |           |                             | \$ 7,108         | Discontinued |
| operations.....  |           |           |                             | 451              | 474          |
| 4,852  | 9         |           |                             |                  | \$           |
| 9,349  | \$ 1,685  | \$ 30,504 | \$ 7,117                    | =====            | =====        |
| ===== Basic and diluted earnings                               |           |           |                             |                  |              |
| per unit Income from continuing                                |           |           |                             |                  |              |
| operations.....  |           |           |                             | \$ 0.20          | \$ 0.04      |
|  |           |           |                             | 0.61             | \$ 0.21      |
| ----- Income from discontinued                                 |           |           |                             |                  |              |
| operations.....  |           |           |                             | 0.01             | 0.01         |
|  |           |           |                             | 0.11             |              |
| ----- Net  |           |           |                             |                  |              |
| income.....  |           |           |                             |                  |              |
| \$ 0.21  | \$ 0.05   | \$ 0.72   | \$ 0.21                     | =====            | =====        |
| ===== Weighted average number of                               |           |           |                             |                  |              |
| units outstanding.....   |           |           |                             | 44,130           | 34,245       |
|  |           |           |                             | 42,373           |              |
| 33,438   | =====     | =====     | =====                       | =====            | =====        |

See accompanying notes.



EL PASO ENERGY PARTNERS, L.P.

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

|  |             |  |   |
|--|-------------|--|---|
| SEPTEMBER 30, DECEMBER 31, 2002                                | 2001        | -----  | --  |
| ----- ASSETS   |             |  |   |
| Cash and cash equivalents.....                                 | \$ 22,278   |  |   |
| \$ 13,084 Accounts receivable, net of allowance of \$2,520 and |             |  |   |
| \$1,820.....   |             |  |   |
| 88,059   | 56,175      | Other current  |   |
| assets.....  | 9,029       | 557  |   |
| ----- Total current  |             |  |   |
| assets.....  | 119,366     | 69,816   |   |
| Property, plant, and equipment, net.....                       | 1,798,705   | 917,867  | Assets held for sale, net.....  |
| -- 185,560   |             |  | Investment in processing agreement.....   |
| 115,678  | 119,981     |  | Investment in unconsolidated affiliates.....  |
| 61,618   | 34,442      |  | Other noncurrent assets.....  |
| 33,580   | 29,754      | -----  | ----- Total assets.....   |
| \$2,128,947  | \$1,357,420 | =====  | =====   |
| LIABILITIES AND PARTNERS' CAPITAL                              |             |  |   |
| Current liabilities  |             |  |   |
| Accounts payable.....  |             |  |   |
| 44,890   | \$ 25,055   | Accrued interest.....  |   |
| 21,640   | 6,401       | Current maturities of limited recourse financing.....                              | -- 19,000   |
|  |             | Other current liabilities.....   | 31,247  |
| 4,159  | -----       | ----- Total current liabilities.....   | 97,777  |
|  |             | 54,615   |   |
|  |             | Revolving credit facilities.....   | 569,000   |
|  |             | 300,000  | Long-term debt.....   |
| 819,430  | 425,000     | Limited recourse financing, less current maturities.....                           | -- 76,000   |
|  |             | Other noncurrent liabilities.....  | 24,939  |
| 1,079  | -----       | ----- Total liabilities.....   | 1,511,146   |
| 856,694  | -----       | ----- Commitments and contingencies  | Minority interest.....  |
| 914  | --          | Partners' capital  | Limited partners Series B preference units; 125,392 units issued and outstanding..... |
| 153,771  | 142,896     | Common units; 44,030,314 and 39,738,974 units issued and outstanding.....          |   |
| 458,548  | 354,019     | Accumulated other comprehensive loss allocated to limited partners'                |   |
|  |             | interests.....   | (659) (1,259)   |
| 5,234  | 5,083       | Accumulated other comprehensive loss allocated to general partner's interests..... | (7) (13)  |
|  |             | ----- Total partners' capital.....   | 616,887   |
|  |             | 500,726  | ----- Total liabilities and partners' capital.....                                    |
|  |             | \$2,128,947  | \$1,357,420   |
|  |             | =====  | =====   |

See accompanying notes.

EL PASO ENERGY PARTNERS, L.P.

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

| NINE MONTHS ENDED SEPTEMBER 30, -----  |                                       |
|--|---------------------------------------|
| 2002   | 2001 -----                            |
| Cash flows from operating activities Net   |                                       |
| income.....  |                                       |
| \$ 71,673  | \$ 36,854                             |
| Less income from discontinued operations..... 4,901 9 -----                                    |                                       |
| -- Income from continuing operations..... 66,772 36,845  |                                       |
| Adjustments to reconcile net income to net cash provided by operating activities               |                                       |
| Depreciation, depletion and amortization.....  | 49,939                                |
| 23,833   | Asset impairment charge..... -- 3,921 |
| Distributed earnings of unconsolidated affiliates  |                                       |
| Earnings from unconsolidated affiliates.....   |                                       |
| (10,541)   | (2,659)                               |
| Distributions from unconsolidated affiliates..... 13,140 27,862                                |                                       |
| Net loss on sale of assets..... 119 10,740   |                                       |
| Other noncash items.....   |                                       |
| 1,193  | 2,480                                 |
| Working capital changes, net of non-cash transactions..... 12,914 (15,268) -----               |                                       |
| Net cash provided by continuing operations..... 133,536 87,754                                 |                                       |
| Net cash provided by discontinued operations.....  |                                       |
| 5,007  | 1,586                                 |
| ----- Net cash provided by operating activities..... 138,543 89,340 -----                      |                                       |
| Cash flows from investing activities   |                                       |
| Additions to property, plant and equipment..... (146,544) (165,899)                            |                                       |
| Proceeds from sale of assets.....  |                                       |
| 5,460  | 109,126                               |
| Additions to investments in unconsolidated affiliates..... (30,364) (1,487)                    |                                       |
| Cash paid for acquisitions, net of cash acquired.....  |                                       |
| (741,416)  | (8,000)                               |
| ----- Net cash used in investing activities of continuing operations.....                      |                                       |
| (912,864)  | (66,260)                              |
| Net cash provided by (used in) investing activities of discontinued operations..... 186,477    |                                       |
| (61,291)   | -----                                 |
| Net cash used in investing activities..... (726,387) (127,551)                                 |                                       |
| ----- Cash flows from financing activities   |                                       |
| Net proceeds from revolving credit facility..... 278,731 224,994                               |                                       |
| Revolving credit repayments.....   |                                       |
| (10,000)   | (466,000)                             |
| Net proceeds from EPN Holding acquisition facility..... 530,529                                |                                       |
| -- EPN Holding acquisition facility repayment.....   |                                       |
| (375,000)  | --                                    |
| Net proceeds from issuance of long-term debt..... 229,576 243,185                              |                                       |
| Argo term loan repayment..... (95,000) -   |                                       |
| - Net proceeds from issuance of common units..... 150,397 74,653                               |                                       |
| Distributions to partners..... (112,752)   |                                       |
| (73,675)   |                                       |
| Contribution from General Partner..... 560 705 -----   |                                       |
| ----- Net cash provided by financing activities of continuing operations.....                  |                                       |
| 597,041  | 3,862                                 |
| Net cash provided by (used in) financing activities of discontinued operations..... (3) 49,961 |                                       |
| ----- Net cash provided by financing activities..... 597,038 53,823 -----                      |                                       |
| Increase in cash and cash equivalents..... 9,194 15,612  |                                       |
| Cash and cash equivalents Beginning of period..... 13,084                                      |                                       |
| 20,281 -----   |                                       |
| End of period..... \$  |                                       |
| 22,278   | \$ 35,893                             |
| =====  | =====                                 |

See accompanying notes.

EL PASO ENERGY PARTNERS, L.P.

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

COMPREHENSIVE INCOME

| QUARTER ENDED NINE MONTHS ENDED SEPTEMBER 30, |          |          |          |             |
|---|----------|----------|----------|-------------|
| SEPTEMBER 30, -----                           |          |          |          |             |
| 2002  | 2001     | 2002     | 2001     | -----       |
| - Net   |          |          |          |             |
| income.....                                   |          |          |          |             |
| \$23,802                                      | \$12,037 | \$71,673 | \$36,854 | Other       |
| comprehensive income (loss).....              |          |          |          |             |
| (565)   | (3,073)  | 606      | (1,950)  | -----       |
| ----- Total comprehensive                     |          |          |          |             |
| income.....                                   |          |          |          | \$23,237 \$ |
| 8,964   | \$72,279 | \$34,904 | =====    | =====       |
|   |          |          | =====    | =====       |

ACCUMULATED OTHER COMPREHENSIVE LOSS

| SEPTEMBER 30,                                       | DECEMBER 31, | 2002                             | 2001  | -----        |
|---|--------------|----------------------------------|-------|--------------|
| ----- Beginning                                     |              |                                  |       |              |
| balance.....  |              |                                  |       |              |
| \$(1,272)   | \$ --        | Unrealized mark-to-market losses |       |              |
| arising during period... (1,415) (1,682)            |              |                                  |       |              |
| Reclassification adjustments for changes in initial |              |                                  |       |              |
| value of derivative instruments to settlement       |              |                                  |       |              |
| date.....   | 2,021        | 410                              | ----- | ----- Ending |
| balance.....  |              |                                  |       |              |
| \$ (666)  | \$(1,272)    | =====                            | ===== |              |

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

## 1. BASIS OF PRESENTATION

We prepared this Quarterly Report on Form 10-Q under the rules and regulations of the United States Securities and Exchange Commission (SEC). Because this is an interim period filing presented using a condensed format, it does not include all of the disclosures required by generally accepted accounting principles. You should read it along with our current report on Form 8-K/A dated July 19, 2002, which includes a summary of our significant accounting policies and other disclosures. The financial statements as of September 30, 2002, and for the quarters and nine months ended September 30, 2002 and 2001, are unaudited. We derived the balance sheet as of December 31, 2001, from the audited balance sheet filed in our current report on Form 8-K/A dated July 19, 2002. In our opinion, we have made all adjustments, all of which are of a normal, recurring nature, to fairly present our interim period results. Due to the seasonal nature of our businesses, information for interim periods may not indicate the results of operations for the entire year. In addition, prior period information presented in these financial statements includes reclassifications which were made to conform to the current period presentation. These reclassifications have no effect on our previously reported net income or partners' capital. Additionally, we have reflected the results of operations from our Prince assets disposition as discontinued operations for all periods presented. See Note 3 for a further discussion of the Prince Assets Disposition.

Our accounting policies are consistent with those discussed in our Form 8-K/A dated July 19, 2002, except as discussed below.

## Revenues and Cost of Natural Gas

Prior to our April 2002 acquisition of the Texas and New Mexico assets, which we refer to as the EPN Holding assets, our cost of natural gas consisted primarily of gas purchased at El Paso Intrastate Alabama for resale. As a result of our acquisition of the EPN Holding assets, we are now incurring additional cost of natural gas related to system imbalances and for the purchase of natural gas as part of our producer services activities. As a convenience for our producers, we may purchase natural gas from them at the wellhead at an index price less an amount that compensates us for our gathering services. We then sell this gas into the open market at points on our system at the same index price. We reflect these sales in our revenues and the related purchases as cost of natural gas.

## Goodwill and Other Intangible Assets

On January 1, 2002, we adopted Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. Our adoption of this standard did not have a material effect on our financial statements.

## Asset Impairments

On January 1, 2002, we adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 changed the accounting requirements related to when an asset qualifies as held for sale or as a discontinued operation and the way in which we evaluate assets for impairment. It also changes the accounting for discontinued operations such that we can no longer accrue the estimate for future

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

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

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

operating losses but report them as they are incurred. We applied SFAS No. 144 in accounting for our Prince assets, which met all the requirements to be treated as an asset held for sale, in April 2002. See Note 3, Prince Assets Disposition, for further information.

## 2. ACQUISITIONS

### Proposed San Juan Assets Acquisition

In July 2002, we entered into a letter of intent with El Paso Corporation, the indirect parent of our general partner, to acquire for \$782 million El Paso Corporation's natural gas gathering system located in the San Juan Basin of New Mexico, including El Paso Corporation's remaining interests in the Chaco cryogenic natural gas processing plant; natural gas liquids (NGL) transportation and fractionation assets located in Texas; and an oil and natural gas gathering system located in the deeper water regions of the Gulf of Mexico, referred to collectively as the San Juan assets. As part of this transaction, El Paso Corporation will be required to repurchase the Chaco processing plant from us for \$77 million in October 2021, and at that time, we will have the right to lease the plant from El Paso Corporation for a period of ten years with the option to renew the lease annually thereafter. The purchase price of \$782 million is subject to adjustments primarily for working capital and capital expenditures.

The parties' obligations under the letter of intent are subject to the satisfaction of specified conditions, including negotiating and executing definitive agreements, obtaining other third-party approvals and consents, obtaining satisfactory results from ongoing due diligence and obtaining financing satisfactory to us. We expect to close the transaction in the fourth quarter of 2002. Ultimately, we expect to finance our acquisition of the San Juan assets through long-term debt and equity.

The equity component of the proposed acquisition contemplates us issuing to El Paso Corporation up to \$350 million of our Series C units, a new class of our limited partner interests. The potential \$350 million Series C issuance will be reduced by the proceeds from any common unit issuance we may consummate before the closing of the San Juan assets acquisition.

The Series C units will be similar to our existing common units, except that the Series C units will be non-voting. After April 30, 2003, El Paso Corporation (or its subsidiaries, as applicable) will have the right to cause us to propose a vote of our common unitholders as to whether the Series C units should be converted into common units. If our common unitholders approve the conversion, then each Series C unit will convert into a common unit. If our common unitholders do not approve the conversion within 120 days after El Paso Corporation requests the vote, then the distribution rate for the Series C units will increase to 105 percent of the common unit distribution rate. Thereafter, the Series C unit distribution rate would increase on April 30, 2004 to 110 percent of the common unit distribution rate and on April 30, 2005 to 115 percent of the common unit distribution rate. The issue price for the Series C units will be the greater of \$32 per unit or the average market price of a common unit for the five trading days ending on the business day immediately preceding the closing date. If the average market price is less than \$27, the San Juan acquisition may be delayed, terminated or renegotiated.

The remaining balance of the purchase price will be paid in cash. We expect to fund this portion of the purchase price with a \$282 million senior secured acquisition term loan and other long-term debt of \$150 million.

In accordance with our procedures for evaluating and valuing material acquisitions with El Paso Corporation, our Special Conflicts Committee engaged an independent financial advisor and obtained two separate fairness opinions for the acquisition of the San Juan assets and the issuance of the Series C units. The opinions we received stated the transaction and the issuance were both fair to us and our unitholders.



EPN Holding Assets

In April 2002, EPN Holding Company, L.P., our wholly-owned subsidiary, acquired from El Paso Corporation, midstream assets located in Texas and New Mexico. The acquired assets, which we refer to as the EPN Holding assets, include:

- the EPGT Texas intrastate pipeline system;
- the Waha natural gas gathering and treating system located in the Permian Basin region of Texas and New Mexico;
- the Carlsbad natural gas gathering system located in the Permian Basin region of New Mexico;
- an approximate 42.3 percent non-operating interest in the Indian Basin natural gas processing and treating facility located in southeastern New Mexico;
- a 50 percent undivided interest in the Channel natural gas pipeline system located along the Gulf coast of Texas;
- the TPC Offshore natural gas pipeline system located off the Gulf coast of Texas; and
- a leased interest in the Wilson natural gas storage facility located in Wharton County, Texas.

The \$750 million purchase price was adjusted for the assumption of \$15 million of working capital related to natural gas imbalances. The net consideration of \$735 million for the EPN Holding assets was comprised of the following:

- \$420 million of cash;
- \$119 million of assumed short-term indebtedness payable to El Paso Corporation, which has been repaid;
- \$6 million in common units; and
- \$190 million in assets, comprised of our Prince tension leg platform (TLP) and our nine percent Prince overriding royalty interest.

To finance substantially all of the cash consideration related to this acquisition, EPN Holding entered into a limited recourse credit agreement with a syndicate of commercial banks. See Note 6 for a further discussion of the EPN Holding acquisition facility.

We accounted for this acquisition as a purchase. Accordingly, an allocation of the purchase price has been assigned to the assets and liabilities acquired based upon their estimated fair value as of the acquisition date. All of the purchase price has been allocated to the EPN Holding net assets acquired. Such allocation is based on our internal evaluation of the assets. An independent appraisal of the fair value of the assets acquired is expected to be completed by the end of 2002. That appraisal will be the basis of the final allocation of the purchase price assigned to the assets and liabilities acquired.

The following selected unaudited pro forma information represents our consolidated results of operations on a pro forma basis as if we acquired the EPN Holding assets on January 1, 2001:

|  | QUARTER ENDED NINE MONTHS ENDED |               |           |
|--|---------------------------------|---------------|-----------|
|  | SEPTEMBER 30,                   | SEPTEMBER 30, | -----     |
|  | -----                           | 2001          | 2002      |
|  | 2001                            | -----         | -----     |
|  |                                 |               |           |
| -- (IN THOUSANDS, EXCEPT PER UNIT AMOUNTS) Operating |                                 |               |           |
| revenues.....  | \$113,958                       | \$376,518     | \$399,328 |
| Operating income.....                                | \$ 43,052                       | \$139,240     | \$ 98,487 |
| Net income allocated to limited partners.....        | \$ 21,589                       | \$ 47,448     | \$ 31,607 |
| Basic and diluted net income per unit.....           | \$ 0.63                         | \$ 1.12       | \$ 0.94   |

The selected pro forma information for the quarter ended September 30, 2002 is not provided because the results of operations for the EPN Holding assets are included in the actual results of operations for the period. The selected pro forma information does not necessarily represent what our results of operations actually



would have been if these transactions and events had in fact occurred when assumed and are not necessarily representative of our results of operations for any future period.

Hattiesburg Propane Storage

In January 2002, we acquired a 3.3 million barrel propane storage business and leaching operation located in Hattiesburg, Mississippi from Suburban Propane Partners, L.P for approximately \$10 million. As part of the transaction, we entered into a long-term propane storage agreement with Suburban Propane Partners for a portion of the acquired propane storage capacity.

Big Thicket

In August 2002, we acquired the Big Thicket assets, which consist of the Silsbee compressor station and the Big Thicket gathering system, for approximately \$11 million from BP America Production Company. The Silsbee compressor station acts as a booster station for a web of area gas gathering lines. The facility has four 1,200 horsepower gas compressors that boost low pressure field gas from 45 to 950 pounds of plant inlet pressure. The Big Thicket gathering system is comprised of approximately 150 miles of 4 to 10 inch diameter pipe with throughput of approximately 22 MMcf/d.

3. PRINCE ASSETS DISPOSITION

In connection with our April 2002 acquisition of the EPN Holding assets from El Paso Corporation, we sold our Prince tension leg platform (TLP) and our nine percent overriding royalty interest in the Prince Field to subsidiaries of El Paso Corporation. The results of operations for these assets have been accounted for as discontinued operations and have been excluded from continuing operations for all periods in our statements of income. Accordingly, the segment results in Note 9 reflect neither the results of operations for the Prince assets nor the related net assets held for sale. The Prince TLP was previously included in the Platform services segment and the related royalty interest was included in Other. Included in income from discontinued operations for the nine months ended September 30, 2002, were revenues of \$6.7 million attributable to these disposed assets. We did not recognize any revenues related to the Prince assets during the quarter ended September 30, 2002, as these assets were sold in April 2002. Included in income from discontinued operations for the quarter and nine months ended September 30, 2001, was revenues of \$1.9 million.

The assets and liabilities related to the Prince assets disposition consist of the following:

|  |                        |
|--|------------------------|
| DECEMBER 31, 2001 -----                | (IN THOUSANDS)         |
| Property, plant and                    |                        |
| equipment.....                         | \$189,432              |
| Accumulated                            |                        |
| depreciation.....                      |                        |
| (3,872) -----                          | Assets held for sale,  |
| net.....                               | 185,560 --             |
| -----                                  | Unamortized debt issue |
| costs.....                             | 1,091 Argo             |
|  | term                   |
| loan.....                              |                        |
| (95,000) Accrued interest on Argo term |                        |
| loan.....                              | (703) -----            |
| assets related to the Prince assets    |                        |
| disposition....                        | \$ 90,948 =====        |

In April 2002, we sold the Prince assets for \$190 million and recognized a gain on the sale of \$0.4 million during 2002. In conjunction with this transaction, we repaid the related outstanding \$95 million principal balance under our Argo term loan.

#### 4. PARTNERS' CAPITAL

##### Cash distributions

The following table reflects our per unit cash distributions to our common unitholders and the total distributions paid to our common unitholders and general partner during the nine months ended September 30, 2002:

|               | COMMON PARTNER           | COMMON GENERAL PARTNER | MONTH PAID | UNIT UNITHOLDERS |
|---------------|--------------------------|------------------------|------------|------------------|
|               | (PER UNIT) (IN MILLIONS) |                        |            |                  |
| February..... | \$0.625                  | \$24.8                 | \$ 8.9     |                  |
| May.....      | \$0.650                  | \$28.6                 | \$10.9     |                  |
| August.....   | \$0.650                  | \$28.6                 | \$10.9     |                  |

In October 2002, we declared a cash distribution of \$0.675 per common unit, \$29.7 million in aggregate, for the quarter ended September 30, 2002, which we will pay on November 15, 2002, to holders of record as of October 31, 2002. In addition, we will pay distributions to our general partner of \$12.0 million in respect of its general partner interest. At the current distribution rates, our general partner receives approximately 29 percent of our total cash distributions for its role as our general partner.

##### Public offering of common units

In April 2002, we issued 4,083,938 common units, which included 1,083,938 common units purchased by our general partner pursuant to its anti-dilution right under our partnership agreement, at the public offering price of \$37.86 per unit. We used the net cash proceeds of approximately \$149 million to reduce indebtedness under EPN Holding's acquisition facility. Also in April 2002, we issued approximately 159,000 common units at the then-current market price of \$37.74 per unit to a subsidiary of El Paso Corporation as partial consideration for our acquisition of the EPN Holding assets. In addition, our general partner contributed approximately \$0.6 million in cash to us in April 2002 in order to maintain its one percent capital account balance.

##### Other

In the second quarter of 2002, under the 1998 Unit Option Plan for Non-Employee Directors, we issued 5,429 restricted units with a grant price of \$32.23 per unit. We have reflected the issuance of the restricted units as deferred compensation and as an increase in common units. This deferred compensation was approximately \$175 thousand and was allocated 1% to our general partner and 99% to our limited partners and is being amortized over the vesting period of the restricted units, which we have estimated to be one year. The unamortized amount of our total deferred compensation as of September 30, 2002, was approximately \$1.5 million.

5. PROPERTY, PLANT AND EQUIPMENT

Our property, plant and equipment consisted of the following:

| SEPTMBER 30, DECEMBER 31, 2002                              | 2001        | -----               | -----                 |
|---|-------------|---------------------|-----------------------|
| ----- (IN THOUSANDS) Property, plant and equipment, at cost |             |                     |                       |
| Pipelines.....  | \$1,472,528 | \$ 856,335          | Platforms and         |
| facilities.....   | 125,546     | Processing          | 126,322               |
| plant.....  | 138,090     | Oil and natural gas | 263,090               |
| properties.....   | 125,793     | Storage             | 125,665               |
| facilities.....   | 318,063     | 156,800             | Construction work-in- |
| progress.....   | 131,533     | 99,667              | -----                 |
| -----   | 2,437,329   | 1,502,103           | Less accumulated      |
| depreciation, depletion and amortization... 638,624         | 584,236     | -----               | Property, plant and   |
| equipment, net.....   | \$1,798,705 | \$ 917,867          | =====                 |

6. DEBT AND OTHER CREDIT FACILITIES

Shelf registration

In February 2002, our shelf registration statement, as filed with the Securities and Exchange Commission covering up to \$1 billion of securities representing limited partnership interests, became effective.

Credit Facility

As of September 30, 2002, we had \$569 million outstanding with an average interest rate of 4.46% under our \$600 million credit facility with the total unused amount available. The credit facility matures in May 2004, is guaranteed by all of our subsidiaries except for our unrestricted subsidiaries and El Paso Energy Partners Finance Corporation, and is collateralized by substantially all of our assets (excluding our unrestricted subsidiaries), and our general partner's general and administrative services agreement. The credit facility, together with the EPN Holding acquisition facility, contains covenants that include restrictions on our and our subsidiaries' ability to incur additional indebtedness or liens, sell assets, make loans or investments, acquire or be acquired by other companies and amend some of our contracts, as well as requiring maintenance of certain financial ratios. As of September 30, 2002, we are not aware of anything that causes us not to be in compliance with the financial ratios and covenants contained in our credit facilities.

In October 2002, we amended our \$600 million credit facility and the EPN Holding acquisition facility in connection with our issuance of the senior secured term loan. The modifications included, among other things, (1) entering into a new \$160 million senior secured term loan maturing in 2007; (2) designating our credit facility, the EPN Holding acquisition facility, and the senior secured term loan as "senior secured" indebtedness which is cross-collateralized on an equal basis with all of the collateral currently pledged under our credit facility and the EPN Holding acquisition facility; (3) aligning, effectively, the covenants in our credit facility and the EPN Holding acquisition facility, including eliminating the restrictions for distributing cash out of EPN Holding; and (4) terminating the \$25 million revolving credit facility that was formerly part of the EPN Holding acquisition facility. Our new senior secured term loan and the EPN Holding acquisition facility are discussed below. We used the \$160 million proceeds from the senior secured term loan to temporarily reduce indebtedness under our \$600 million credit facility.

Senior Secured Term Loan

In October 2002, in connection with the amendment of our credit facilities discussed above, we obtained a \$160 million senior secured term loan with a syndicate of lenders. We may elect that all or a portion of the senior secured term loan bear interest at either 2.25% plus a variable base rate (equal to the greater of the prime rate as determined by JP Morgan, the federal funds rate plus 0.5% or the CD rate as determined by JP Morgan plus 1%); or LIBOR plus 3.5%. We may, at our option, make prepayments in amounts not less

than \$5 million. However, prepayments we make during the first year of the senior secured term loan require payment of a premium equal to one percent of the prepayment amount. The senior secured term loan is payable in semi-annual installments equal to one percent of the aggregate principal amount of the senior secured term loan for the first nine installments and the remaining balance at maturity in October 2007. The senior secured term loan is guaranteed by us and all of our material subsidiaries; and is cross-collateralized with our credit facility and our EPN Holding acquisition facility, by our general and administrative agreement, substantially all of our assets and our general partner's one percent general partner interest in us.

#### Limited Recourse Financing

EPN Holding acquisition facility -- In connection with our acquisition of the EPN Holding assets from El Paso Corporation in April 2002, EPN Holding entered into a \$560 million limited recourse acquisition facility with a group of commercial banks. The acquisition facility provided a term loan of \$535 million to finance the acquisition of the EPN Holding assets, and a revolving credit facility of up to \$25 million to finance EPN Holding's working capital. EPN Holding's obligations under the acquisition facility are guaranteed by all of our material subsidiaries and equity interests. At the time of its acquisition, EPN Holding borrowed \$535 million (\$531 million, net of issuance costs) under this term loan and had \$25 million available under the revolving credit facility. The EPN Holding term loan matures in April 2005. We used net proceeds of approximately \$149 million from our April 2002 common unit offering, \$0.6 million contributed by our general partner to maintain its one percent capital account balance and \$225 million of the proceeds from our May 2002 offering of 8.5% senior subordinated notes to reduce indebtedness under the term loan. As of September 30, 2002, the outstanding balance under the term loan was \$160 million bearing interest at a rate of 4.32% and there were no amounts outstanding under the acquisition facility revolving credit facility.

In October 2002, as a result of amending our \$600 million credit facility discussed above, the EPN Holding acquisition facility covenants were modified and the related \$25 million revolving credit facility was terminated.

Argo term loan -- This loan with a balance of \$95 million, including current maturities, at December 31, 2001, was repaid in full in April 2002, in connection with the EPN Holding asset acquisition.

#### Senior Subordinated Notes

In May 2002, we issued \$230 million in aggregate principal amount of 8.5% Senior Subordinated Notes due June 2011. The Senior Subordinated Notes were issued for \$234.6 million (proceeds of approximately \$230 million, net of issuance costs). We used proceeds of \$225 million to reduce indebtedness under our EPN Holding acquisition facility and the remainder for general partnership purposes. In August 2002, we filed a registration statement for an offer to exchange these notes for registered debt securities with identical terms. The registration statement is currently under review by the SEC.

#### Other credit facilities

Poseidon Oil Pipeline Company, L.L.C., an unconsolidated affiliate, is party to a \$185 million credit agreement under which it has outstanding obligations that may restrict its ability to pay distributions to its owners.

In January 2002, Poseidon entered into a two-year interest rate swap agreement to fix the interest rate at 4.99% through January 2004 on \$75 million of the \$150 million outstanding on its credit facility. As of September 30, 2002, the remaining \$75 million was at an average floating interest rate of 3.38%.

In August 2002, Deepwater Gateway, our joint venture that owns the Marco Polo TLP, obtained a \$155 million project loan at a variable interest rate from a group of commercial lenders to finance a substantial portion of the cost to construct the Marco Polo TLP and related facilities. Upon completion of the construction, the project loan will convert into a term loan, subject to the terms of the loan agreement. The loan is collateralized by substantially all of Deepwater Gateway's assets. If Deepwater Gateway defaults on its payment obligations under the loan, we would be required to pay to the lenders all distributions we or any of

our subsidiaries had received from Deepwater Gateway up to \$22.5 million. As of September 30, 2002, Deepwater Gateway had no amounts outstanding under the project loan and had not paid us or any of our subsidiaries any distributions. If Deepwater Gateway had amounts outstanding as of September 30, 2002, the average interest rate would have been 3.56%.

## 7. COMMITMENTS AND CONTINGENCIES

### Legal Proceedings

Grynberg. In 1997, we, along with several subsidiaries of El Paso Corporation, were named defendants in actions brought by Jack Grynberg on behalf of the U.S. Government under the False Claims Act. Generally, these complaints allege an industry-wide conspiracy to underreport the heating value as well as the volumes of the natural gas produced from federal and Native American lands, which deprived the U.S. Government of royalties. The plaintiff in this case seeks royalties that he contends the government should have received had the volume and heating value of natural gas produced from royalty properties been differently measured, analyzed, calculated and reported, together with interest, treble damages, civil penalties, expenses and future injunctive relief to require the defendants to adopt allegedly appropriate gas measurement practices. No monetary relief has been specified in this case. These matters have been consolidated for pretrial purposes (In re: Natural Gas Royalties Qui Tam Litigation, U.S. District Court for the District of Wyoming, filed June 1997). In May 2001, the court denied the defendants' motions to dismiss.

Will Price (formerly Quinque). We have also been named defendants in Quinque Operating Company, et al v. Gas Pipelines and Their Predecessors, et al, filed in 1999 in the District Court of Stevens County, Kansas. Quinque has been dropped as a plaintiff and Will Price has been added. This class action complaint alleges that the defendants mismeasured natural gas volumes and heating content of natural gas on non-federal and non-Native American lands. The plaintiff in this case seeks certification of a nationwide class of gas working interest owners and gas royalty owners to recover royalties that the plaintiff contends these owners should have received had the volume and heating value of natural gas produced from their properties been differently measured, analyzed, calculated and reported, together with prejudgment and postjudgment interest, punitive damages, treble damages, attorney's fees, costs and expenses, and future injunctive relief to require the defendants to adopt allegedly appropriate gas measurement practices. No monetary relief has been specified in this case. Plaintiffs motion for class certification has been filed and we have filed our response.

Our Argo L.L.C. subsidiary received a claim from its contractor related to our recently completed Prince TLP. The contractor received a request for additional payments from its subcontractor as a result of variation orders and is seeking to pass these costs along to Argo. After negotiations, the contractor, the subcontractor and Argo agreed upon a settlement in July 2002. This settlement did not have a material adverse effect on our financial position, results of operations or cash flow.

Under the terms of our agreement with El Paso Corporation pursuant to which we acquired the EPN Holding assets, subsidiaries of El Paso Corporation have agreed to indemnify us against all obligations related to existing legal matters at the acquisition date, including the legal matters involving Leapartners, L.P., City of Edinburg, Houston Pipe Line Company LP and City of Corpus Christi discussed below.

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

Also, EPGT Texas Pipeline L.P., now owned by EPN Holding, is involved in litigation with the City of Edinburg concerning the City's claim that EPGT Texas was required to pay pipeline franchise fees under a contract the City had with Rio Grande Valley Gas Company, which was previously owned by EPGT Texas and is now owned by Southern Union Gas Company. An adverse judgment against Southern Union and EPGT Texas was rendered in Hidalgo County State District court in December 1998 and found a breach of

contract, and held both EPGT Texas and Southern Union jointly and severally liable to the City for approximately \$4.7 million. The judgment relies on the single business enterprise doctrine to impose contractual obligations on EPGT Texas and Southern Union's entities that were not parties to the contract with the City. EPGT Texas has appealed this case to the Texas Supreme Court seeking reversal of the judgment rendered against EPGT Texas. The City seeks a remand to the trial court of its claim of tortious interference against EPGT Texas. Briefs have been filed and oral arguments are set for November 2002.

In December 2000, a 30-inch natural gas pipeline jointly owned by El Paso Energy Intrastate, now owned by EPN Holding, and Houston Pipe Line Company LP ruptured in Mont Belvieu, Texas, near Baytown, resulting in substantial property damage and minor physical injury. El Paso Energy Intrastate is the operator of the pipeline. In December 2000 a lawsuit was filed in the state district court in Chambers County, Texas by eight plaintiffs, including two homeowners' insurers. The suits seek recovery for physical pain and suffering, mental anguish, physical impairment, medical expenses, and property damage. Houston Pipe Line Company has been added as an additional defendant. In accordance with the terms of the operating agreement, El Paso Energy Intrastate has agreed to assume the defense of and to indemnify Houston Pipe Line Company. In September 2002, an agreement was reached to settle the claims of two plaintiffs (including one of the insurers). The discovery phase of the lawsuit is proceeding and trial is expected in early 2003.

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

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

For each of our outstanding legal matters, we evaluate the merits of the case, our exposure to the matter, possible legal or settlement strategies and the likelihood of an unfavorable outcome. If we determine that an unfavorable outcome is probable and can be estimated, we will establish the necessary accruals. As of September 30, 2002, we had no reserves for our legal matters.

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

#### Environmental

Each of our operating segments is subject to extensive federal, state, and local laws and regulations governing environmental quality and pollution control. These laws and regulations are applicable to each segment and require us to remove or remedy the effect on the environment of the disposal or release of specified substances at current and former operating sites. As of September 30, 2002, we had a reserve of approximately \$21 million for remediation costs expected to be incurred over time associated with mercury meters. We assumed this liability in connection with our April 2002 acquisition of the EPN Holding assets. In addition, we expect to make capital expenditures for environmental matters of approximately \$10 million in the aggregate for the years 2003 through 2007, primarily to comply with clean air regulations.

While the outcome of our outstanding environmental matters cannot be predicted with certainty, based on the information known to date and our existing accruals, we do not expect the ultimate resolution of these matters will have a material adverse effect on our financial position, results of operations or cash flows. It is possible that new information or future developments could require us to reassess our potential exposure related to environmental matters. It is also possible that other developments, such as increasingly strict environmental laws and regulations and claims for damages to property, employees, other persons and the



environment resulting from our current or past operations, could result in substantial costs and liabilities in the future. As new information becomes available, or relevant developments occur, we will review our accruals and make any appropriate adjustments. The impact of these changes may have a material effect on our results of operations.

#### Rates and Regulatory Matters

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

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

**Negotiated Rate NOI.** In July 2002, the FERC issued a Notice of Inquiry (NOI) that seeks comments regarding its 1996 policy of permitting pipelines to enter into negotiated rate transactions. The FERC is now reviewing whether or not a pipeline's "recourse rate" (its cost of service based rate) continues to safeguard against a pipeline exercising market power, as well as other issues related to negotiated rate programs.

**Cash Management NOPR.** In August 2002, the FERC issued a NOPR requiring that all cash management or money pool arrangements between a FERC regulated subsidiary and a non-FERC regulated parent must be in writing, and set forth: the duties and responsibilities of cash management participants and administrators; the methods of calculating interest and for allocating interest income and expenses; and the restrictions on deposits or borrowings by money pool members. The NOPR also requires specified documentation for all deposits into, borrowings from, interest income from, and interest expenses related to, these arrangements. Finally, the NOPR proposes that as a condition of participating in a cash management or money pool arrangement, the FERC regulated entity must maintain a minimum proprietary capital balance of 30 percent, and the FERC regulated entity and its parent must maintain investment grade credit ratings. In August 2002 comments were filed. Representatives of companies from the gas and electric industries participated on a panel and uniformly agreed that the proposed regulations should be revised substantially and that the proposed capital balance and investment grade credit rating requirements would be excessive. At this time, we cannot predict the outcome of this NOPR.

Also in August 2002, FERC's Chief Accountant issued an Accounting Release, to be effective immediately, providing guidance on how companies should account for money pool arrangements and the types of documentation that should be maintained for these arrangements. However, the Accounting Release did not address the proposed requirements that the FERC regulated entity maintain a minimum proprietary capital balance of 30 percent and that the entity and its parent have investment grade credit ratings. Requests for rehearing were filed in August 2002. The FERC has not yet acted on the rehearing requests.

If the cash management NOPR is adopted by the FERC, our HIOS and Petal interstate facilities will no longer be permitted to participate in a money pool or cash management program. As a result, more frequent distributions or equity contributions may be needed in anticipation of monthly cash flow requirements for those interstate facilities. Also, separate credit facilities and resources may be required to support the capital and day-to-day activities for the interstate facilities separate from other of our subsidiaries and our primary bank accounts.

Other Regulatory Matters. Our HIOS system is also subject to the jurisdiction of the FERC in accordance with the Natural Gas Act of 1938 and the Natural Gas Policy Act of 1978. HIOS operates under a separate FERC approved tariff that governs its operations, terms and conditions of service, and rates. We are obligated to file a new rate case for our HIOS system no later than December 31, 2002.

In June 2002, Petal Gas Storage filed with the FERC a certificate application to add additional gas storage capacity to Petal's storage system. The filing included a new storage cavern with a working gas capacity of 5 Bcf, the conversion and enlargement of an existing subsurface brine storage cavern to a gas storage cavern with a working capacity of 3 Bcf and related surface facilities, natural gas, water and brine transmission lines.

In December 1999, EPGT Texas filed a petition with the FERC for approval of its rates for interstate transportation service. In June 2002, the FERC issued an order that required revisions to EPGT Texas' proposed rates. It also ordered refunds to customers for the difference, if any, between the originally proposed levels and the revised rates ordered by the FERC. The changes ordered by the FERC involve reductions to rate of return, depreciation rates and revisions to the proposed rate design, including a requirement to separately state rates for gathering service. We believe the amount of any rate refund would be minimal since, as provided for in our tariff, we were not charging our customers at the maximum rate. In July 2002, EPGT Texas requested rehearing on certain issues raised by the FERC's order, including the ordered changes to rate design and depreciation rates, and the requirement to separately state a gathering rate. Falcon Gas Storage also requested late intervention and rehearing of the order. Falcon asserts that EPGT Texas' imbalance penalties and terms of service preclude third parties from offering imbalance management services. EPGT Texas' request for rehearing has been granted and is pending before the FERC.

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

#### Other Matters

As a result of current circumstances generally surrounding the energy sector, the creditworthiness of several industry participants has been called into question. As a result of these general circumstances, we have established an internal group to monitor our exposure to and determine, as appropriate, whether we should request prepayments, letters of credit or other collateral from our counterparties. If these general conditions worsen and, as a result, several industry participants file for Chapter 11 bankruptcy protection, it could have a material adverse effect on our financial position, results of operations or cash flows.

#### 8. ACCOUNTING FOR HEDGING ACTIVITIES

A majority of our commodity purchases and sales, which relate to sales of oil and natural gas associated with our production operations, purchases and sales of natural gas associated with our El Paso Intrastate Alabama (EPIA) pipeline and sales of liquids associated with our interest in the Indian Basin processing plant, are at spot market or forward market prices. We use futures, forward contracts, and swaps to limit our exposure to fluctuations in the commodity markets and allow for a fixed cash flow stream from these activities.

In August 2002, we entered into a derivative financial instrument to hedge our exposure during 2003 relating to gathering activities for changes in natural gas prices in the San Juan Basin in anticipation of our proposed acquisition of the San Juan assets. The derivative is a financial swap on 30,000 MMBtu per day

whereby we receive a fixed price of \$3.525 per MMBtu and pay a floating price based on the San Juan index. We are accounting for this derivative under mark-to-market accounting since it does not qualify for hedge accounting under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. As of September 30, 2002, the fair value of this derivative was a \$1.0 million liability and we recognized this \$1.0 million loss in the margin of our Natural gas pipelines and plants segment. Once the proposed acquisition of the San Juan assets is completed, we expect to designate this derivative as a cash flow hedge under SFAS 133.

At September 30, 2002, in connection with our EPIA operations, we have fixed price contracts with specific customers for the sale of predetermined volumes of natural gas for delivery over established periods of time. We entered into cash flow hedges in 2001 and 2002 to offset the risk of increasing natural gas prices. As of September 30, 2002, the fair value of these cash flow hedges was an asset of approximately \$49 thousand. For the nine months ended September 30, 2002, the majority of these cash flow hedges expired and we reclassified a loss of \$1.4 million from accumulated other comprehensive income to earnings. No ineffectiveness exists in our hedging relationship because all purchase and sale prices are based on the same index and volumes as the hedge transaction. We estimate the entire amount will be reclassified from accumulated other comprehensive income to earnings over the next nine months.

Starting in April 2002, in connection with our EPN Holding acquisition, we have swaps in place for our interest in the Indian Basin processing plant to hedge the price received for the sale of natural gas liquids. As of September 30, 2002, the fair value of these cash flow hedges was a \$126 thousand liability resulting in an unrealized loss of \$126 thousand. We do not expect any ineffectiveness in our hedging relationship since all sale prices are based on the same index as the hedge transaction. We estimate the entire amount will be reclassified from accumulated other comprehensive income to earnings over the next three months.

In January 2002, Poseidon entered into a two-year interest rate swap agreement to fix the interest rate on \$75 million of its \$150 million variable rate revolving credit facility at 4.99% over the life of the swap. As of September 30, 2002, the fair value of its interest rate swap was a liability of \$1.6 million resulting in accumulated other comprehensive loss of \$1.6 million. We included our 36 percent share of this liability of \$0.6 million as a reduction of our investment in Poseidon and as loss in accumulated other comprehensive income which we estimate will be reclassified to earnings proportionately over the next 15 months. Additionally, we have recognized in income our 36 percent share of Poseidon's realized loss of \$0.9 million for the nine months ended September 30, 2002, or \$0.3 million, through our earnings from unconsolidated affiliates.

Our counterparties for EPIA and Indian Basin hedging activities are El Paso Merchant Energy and El Paso Field Services, affiliates of our general partner. We do not require collateral and do not anticipate non-performance by our counterparties. The counterparty for Poseidon's hedging activity is Credit Lyonnais. Poseidon does not require collateral and does not anticipate non-performance by the counterparty. The counterparty for our San Juan hedging activity is J. Aron and Company, a subsidiary of Goldman Sachs. We do not require collateral and do not anticipate non-performance by our counterparty.

## 9. SEGMENT INFORMATION

In light of our expectation of acquiring additional natural gas pipeline and processing assets, effective January 1, 2002, we revised and renamed our business segments to reflect the change in composition of our operations as discussed below. We have segregated our business activities into four distinct operating segments:

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



|             |         |         |         |         |                  |
|-------------|---------|---------|---------|---------|------------------|
|             | 5,313   | 10,291  | 1,636   | 4,953   | (752)            |
|             |         | 21,441  |         |         | Performance cash |
| flows.....  | 13,415  | 12,923  |         |         |                  |
|             | 3,037   | 7,332   | 2,994   | 39,701  |                  |
| Assets..... |         |         |         |         |                  |
|             | 213,134 | 196,760 | 194,539 | 105,407 |                  |
|             |         | 89,136  | 798,976 |         |                  |

- - - - -

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

NINE MONTHS ENDED SEPTEMBER 30, 2002

|  |                                 |           |   |         |         |
|--|---------------------------------|-----------|---|---------|---------|
| NATURAL GAS OIL AND NATURAL<br>PIPELINES & NGL GAS PLATFORM PLANTS<br>LOGISTICS STORAGE SERVICES OTHER(1)<br>TOTAL ----- |                                 |           |   |         |         |
| - ----- (IN<br>THOUSANDS) Revenue from external<br>customers.....  | \$ 231,874                      | \$ 28,026 | \$  |         |         |
| 18,454   | \$ 13,222                       | \$12,706  | \$ 304,282  |         |         |
| Intersegment<br>revenue.....   | 179                             | --        | --  |         |         |
| 7,770  | (7,949)                         | --        | Depreciation,<br>depletion and<br>amortization..... |         |         |
| 30,987   | 4,530                           | 5,620     | 3,093   | 5,709   |         |
| 49,939   | Operating income<br>(loss)..... | 79,834    | 16,383  |         |         |
| 4,635  | 15,477                          | (5,785)   | 110,544   |         |         |
| Earnings from unconsolidated<br>affiliates.....  | --                              | 10,541    | --  | --      | 10,541  |
| EBIT.....  | 79,733                          | 26,926    | 4,635   | 15,591  | (4,738) |
| 122,147  | Performance cash<br>flows.....  | 111,733   | 34,055  |         |         |
| 10,255   | 24,837                          | 7,535     | 188,415   |         |         |
| Assets.....  | 1,420,312                       | 187,432   | 311,205   | 122,025 |         |
| 87,973   | 2,128,947                       |           |   |         |         |

NINE MONTHS ENDED SEPTEMBER 30, 2001

|   |                                |                                 |   |   |        |
|---|--------------------------------|---------------------------------|---|---|--------|
| NATURAL GAS OIL AND NATURAL PIPELINES<br>& NGL GAS PLATFORM PLANTS LOGISTICS<br>STORAGE SERVICES OTHER(1) TOTAL ----- |                                |                                 |   |   |        |
| ----- (IN THOUSANDS) Revenue<br>from external customers.....  | \$                             |                                 |   |   |        |
| 69,054  | \$ 22,866                      | \$ 15,089                       | \$ 11,687   |   |        |
| \$22,061  | \$140,757                      | Intersegment<br>revenue.....    | 297   | --  | --     |
| 9,483   | (9,780)                        | --                              | Depreciation,<br>depletion and<br>amortization..... |   |        |
| 5,597   | 3,646                          | 4,203                           | 3,145   | 7,242   | 23,833 |
| Asset impairment<br>charge.....   | 3,921                          | --                              | --  |   |        |
| --  | 3,921                          | Operating income<br>(loss)..... | 12,272  | 14,393  |        |
| 6,517   | 14,723                         | (295)                           | 47,610  | Earnings<br>(loss) from unconsolidated<br>affiliates..... |        |
| (10,304)  | 12,963                         | --                              | --  | 2,659   |        |
| EBIT.....   | 16,652                         | 27,356                          | 6,537   | 14,691  | 1,215  |
| 66,451  | Performance cash<br>flows..... | 35,153                          | 33,051  |   |        |
| 10,740  | 18,854                         | 14,046                          | 111,844   |   |        |
| Assets.....   | 213,134                        | 196,760                         | 194,539   | 105,407   | 89,136 |
| 798,976   |                                |                                 |   |   |        |

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

RECONCILIATION OF PERFORMANCE CASH FLOWS BY SEGMENT

NATURAL GAS OIL AND NATURAL PIPELINES &  
 NGL GAS PLATFORM PLANTS LOGISTICS STORAGE  
 SERVICES OTHER TOTAL -----

----- (IN  
 THOUSANDS) QUARTER ENDED SEPTEMBER 30,  
 2002 Net

income..... \$  
 23,802 Plus: Interest and debt  
 expense(1)..... 22,070 Minority  
 interest(1)..... 8 Less:  
 Income from discontinued  
 operations.....  
 456

EBIT.....  
 \$ 31,188 \$ 9,080 \$ 2,637 \$ 3,076 \$ (557)  
 \$ 45,424 Plus: Depreciation, depletion  
 and

amortization.....  
 12,235 1,399 2,818 990 1,832 19,274 Cash  
 distributions from unconsolidated  
 affiliates..... --  
 3,960 -- -- -- 3,960 Net cash payment  
 received from El Paso

Corporation..... --  
 -- -- -- 1,954 1,954 Discontinued  
 operations of Prince  
 facilities..... --  
 -- -- 456 -- 456 Noncash hedge

loss..... 1,013 -- -- --  
 -- 1,013 Less: Earnings from  
 unconsolidated

affiliates.....  
 -- 3,168 -- -- -- 3,168 -----

-----  
 Performance cash

flows(2)..... \$ 44,436  
 \$11,271 \$ 5,455 \$ 4,522 \$ 3,229 \$ 68,913  
 =====

===== QUARTER ENDED SEPTEMBER 30, 2001  
 Net

income..... \$  
 12,037 Plus: Interest and debt  
 expense(1)..... 9,883 Less: Income  
 from discontinued  
 operations.....  
 479

EBIT.....  
 \$ 5,313 \$10,291 \$ 1,636 \$ 4,953 \$ (752) \$  
 21,441 Plus: Depreciation, depletion and  
 amortization.....

1,592 1,465 1,401 1,052 1,949 7,459 Cash  
 distributions from unconsolidated  
 affiliates.....  
 6,000 4,680 -- -- -- 10,680 Net cash  
 payment received from El Paso

Corporation..... --  
 -- -- -- 1,797 1,797 Discontinued  
 operations of Prince

facilities..... --  
 -- -- 1,327 -- 1,327 Less: Earnings  
 (loss) from unconsolidated

affiliates.....  
 (510) 3,513 -- -- -- 3,003 -----

-----  
 Performance cash

flows(2)..... \$ 13,415  
 \$12,923 \$ 3,037 \$ 7,332 \$ 2,994 \$ 39,701  
 =====

=====

(1) We finance our activities and evaluate our minority interest at the consolidated level and therefore we do not allocate interest and debt expense among our segments.

(2) Performance cash flows (or Adjusted EBITDA) is determined by taking EBIT and adding or subtracting, as appropriate, cash distributions from unconsolidated affiliates; depreciation, depletion and amortization; earnings from unconsolidated affiliates; gains and losses on asset sales; and other nonrecurring items.





RECONCILIATION OF PERFORMANCE CASH FLOWS BY SEGMENT

NATURAL GAS OIL AND NATURAL PIPELINES &  
 NGL GAS PLATFORM PLANTS LOGISTICS STORAGE  
 SERVICES OTHER TOTAL -----

----- (IN  
 THOUSANDS) NINE MONTHS ENDED SEPTEMBER  
 30, 2002 Net

income..... \$  
 71,673 Plus: Interest and debt  
 expense(1)..... 55,362 Minority  
 interest(1)..... 13 Less:  
 Income from discontinued  
 operations.....  
 4,901

EBIT.....  
 \$ 79,733 \$26,926 \$ 4,635 \$15,591 \$(4,738)  
 \$122,147 Plus: Depreciation, depletion  
 and

amortization.....  
 30,987 4,530 5,620 3,093 5,709 49,939  
 Cash distributions from unconsolidated  
 affiliates..... --  
 13,140 -- -- -- 13,140 Net cash payment  
 received from El Paso

Corporation..... --  
 -- -- -- 5,752 5,752 Discontinued  
 operations of Prince

facilities..... --  
 -- -- 6,153 812 6,965 Noncash hedge

loss..... 1,013 -- -- --  
 -- 1,013 Less: Earnings from  
 unconsolidated

affiliates.....  
 -- 10,541 -- -- -- 10,541 -----

-----  
 Performance cash

flows(2)..... \$111,733  
 \$34,055 \$10,255 \$24,837 \$ 7,535 \$188,415

===== NINE MONTHS ENDED SEPTEMBER 30,  
 2001 Net

income..... \$  
 36,854 Plus: Interest and debt  
 expense(1)..... 29,506 Minority  
 interest(1)..... 100 Less:  
 Income from discontinued  
 operations.....  
 9

EBIT.....  
 \$ 16,652 \$27,356 \$ 6,537 \$14,691 \$ 1,215  
 \$ 66,451 Plus: Depreciation, depletion  
 and

amortization.....  
 5,597 3,646 4,203 3,145 7,242 23,833  
 Asset impairment charge.....  
 3,921 -- -- -- 3,921 Cash

distributions from unconsolidated  
 affiliates.....  
 12,850 15,012 -- -- -- 27,862 Net cash  
 payment received from El Paso

Corporation..... --  
 -- -- -- 5,589 5,589 Discontinued  
 operations of Prince

facilities..... --  
 -- -- 1,000 -- 1,000 Loss on sale of Gulf  
 of Mexico assets... 7,793 -- -- 3,458 --  
 11,251 Less: Earnings (loss) from  
 unconsolidated

affiliates.....  
 (10,304) 12,963 -- -- -- 2,659 Non-cash  
 earnings related to future payments from  
 El Paso Corporation.... 21,964 -- --  
 3,440 -- 25,404 -----

----- Performance cash

flows(2)..... \$ 35,153  
 \$33,051 \$10,740 \$18,854 \$14,046 \$111,844

=====

-----  
 (1) We finance our activities and evaluate our minority interest at the

consolidated level and therefore we do not allocate interest and debt expense among our segments.

- (2) Performance cash flows (or Adjusted EBITDA) is determined by taking EBIT and adding or subtracting, as appropriate, cash distributions from unconsolidated affiliates; depreciation, depletion and amortization; earnings from unconsolidated affiliates; gains and losses on asset sales; and other nonrecurring items.

10. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

We hold investments in various affiliates which we account for using the equity method of accounting. In October 2001, we acquired the remaining 50 percent of Deepwater Holdings, L.L.C. that we did not already own. Following this transaction, Deepwater Holdings has been consolidated in our financial statements from the acquisition date. Summarized financial information for these investments are as follows:

NINE MONTHS ENDED SEPTEMBER 30, 2002  
(IN THOUSANDS)

POSEIDON ----- OWNERSHIP

INTEREST..... 36%  
===== OPERATING RESULTS DATA: Operating  
revenues..... \$43,857  
Other  
income..... 936  
Operating  
expenses..... (4,042)  
Depreciation.....  
(6,190) Other  
expenses.....  
(5,218) ----- Net  
income.....  
\$29,343 ===== OUR SHARE: Allocated income from  
Poseidon..... \$10,563  
Adjustments(1).....  
(22) ----- Earnings from unconsolidated  
affiliate..... \$10,541 ===== Allocated  
distributions..... \$13,140  
=====

NINE MONTHS ENDED SEPTEMBER 30, 2001  
(IN THOUSANDS)

DEEPWATER DIVESTED HOLDINGS POSEIDON

INVESTMENTS(2) TOTAL -----

----- OWNERSHIP

INTEREST..... 50%  
36% -- ===== OPERATING RESULTS  
DATA: Operating  
revenues..... \$ 39,138  
\$53,370 \$1,982 Other income  
(loss)..... -- 335 (85)  
Operating  
expenses..... (15,812)  
(3,024) (590)  
Depreciation.....  
(8,380) (8,512) (953) Other expenses  
(income)..... (6,625)  
(5,887) 222 Loss on  
sale.....  
(21,044) -- ----- Net  
income (loss).....  
\$(12,723) \$36,282 \$ 576 =====  
OUR SHARE: Allocated income  
(loss)..... \$(10,443)  
\$13,062 \$ 148  
Adjustments(1).....  
-- (99) (9) ----- Earnings  
(loss) from unconsolidated affiliates...  
\$(10,443) \$12,963 \$ 139 \$ 2,659 =====  
===== Allocated  
distributions..... \$ 12,850  
\$15,012 \$ -- \$27,862 =====  
=====

(1) We recorded adjustments primarily for differences from estimated year end earnings reported in our Annual Report on Form 10-K and actual earnings reported in the audited annual reports of our unconsolidated affiliates. For the nine months ended September 30, 2001, we recorded an additional adjustment relating to the sale of Stingray Pipeline Company, U-T Offshore System (UTOS) and West Cameron. The loss on these sales was not allocated proportionately with Deepwater Holdings' ownership percentages because the capital contributed by us was a larger amount of capital at the formation and therefore we were allocated a larger portion of the loss. Our total share of the loss relating to these sales was approximately \$14 million.

(2) Divested Investments includes Manta Ray Offshore Gathering Company, L.L.C. and Nautilus Pipeline Company, L.L.C. In January 2001, we sold our 25.67% interest in Manta Ray Offshore and our 25.67% interest in Nautilus.

Deepwater Gateway/Marco Polo Project

In June 2002, we formed Deepwater Gateway, L.L.C., a 50/50 joint venture with Cal Dive International Inc., to construct and install the Marco Polo TLP. The total cost of the project is estimated to be \$206 million or approximately \$103 million for our share. As of September 30, 2002, we have contributed \$27 million to Deepwater Gateway.

Arizona Gas Storage, L.L.C./Copper Eagle Project

In June 2002, we acquired El Paso Corporation's effective 30 percent interest in a natural gas storage facility development project located near Phoenix, Arizona.

11. RELATED PARTY TRANSACTIONS

Our transactions with related parties and affiliates are as follows:

|  | QUARTER ENDED NINE MONTHS ENDED SEPTEMBER |           | 30, SEPTEMBER 30, |           |
|--|---|-----------|-------------------|-----------|
|  | 2002                                      | 2001      | 2002              | 2001      |
|  | ----- (IN THOUSANDS) Revenues             |           |                   |           |
| received from related parties                |   |           |                   |           |
| pipelines and plants.....                    | \$45,588                                  | \$        |                   |           |
| 2,551  | \$104,771                                 | \$10,333  | Oil and NGL       |           |
| logistics.....                               | 6,608                                     |           |                   |           |
| 8,493  | 19,833                                    | 17,544    | Natural gas       |           |
| storage.....                                 | --  | 154       | 67                |           |
| 2,467  | Platform                                  |           |                   |           |
| services.....                                | --  |           |                   |           |
| 1,858  | --  | 1,893     |                   |           |
| Other.....                                   |   |           |                   |           |
| 2,456  | 1,191                                     | 7,402     | 4,012             |           |
|  |   | \$54,652  | \$14,247          | \$132,073 |
| \$36,249                                     | =====                                     | =====     | =====             | =====     |
| Expenses paid to related parties             |   |           |                   |           |
| natural gas.....                             | \$  |           |                   |           |
| 3,399  | \$ 5,120                                  | \$ 16,652 | \$28,116          | Operating |
| expenses.....                                | 15,289                                    |           |                   |           |
| 11,902                                       | 38,905                                    | 27,138    |                   |           |
| -  | -----                                     | \$18,688  | \$17,022          | \$ 55,557 |
|  | =====                                     | =====     | =====             | =====     |
| Reimbursements received from related parties |   |           |                   |           |
| Operating                                    |   |           |                   |           |
| expenses.....                                | \$ 525                                    | \$        |                   |           |
| 2,634  | \$ 1,575                                  | \$ 8,837  | =====             | =====     |
|  | =====                                     | =====     |                   |           |

For the quarters ended September 30, 2002 and 2001, revenues received from related parties consisted of approximately 45% and 35% of our total revenue. For the nine months ended September 30, 2002 and 2001, revenues received from related parties consisted of approximately 43% and 26% of our total revenue.

There have been no changes to our related party relationships, except as described below, from those described in Note 9 of our audited financial statements filed in our current report on Form 8-K/A dated July 19, 2002.

#### Revenues received from related parties

EPN Holding Assets. Our revenues from related parties increased in 2002 as a result of our EPN Holding transaction in which we acquired gathering, transportation and processing contracts with affiliates of our general partner. For the quarter and nine months ended September 30, 2002, we received \$21.8 million and \$46.1 million from El Paso Merchant Energy North America Company, \$10.2 million and \$19.6 million from El Paso Field Services and \$1.4 million and \$2.8 million from El Paso Production Company.

#### Expenses paid to related parties

Cost of natural gas. Our cost of natural gas paid to related parties increased in 2002 as a result of our EPN Holding transaction in which we acquired contracts with affiliates of our general partner. For the quarter and nine months ended September 30, 2002, we had natural gas imbalance settlement expenses of \$0.1 million and \$0.3 million from Tennessee Gas Pipeline Company and \$0.1 million for the nine months ended September 30, 2002 from El Paso Merchant Energy North America Company.

Operating expenses. Our operating expense paid to related parties increased in 2002 as a result of our EPN Holding transaction in which we acquired operating agreements with El Paso Field Services. For the quarter and nine months ended September 30, 2002, we had operating expenses of \$6.3 million and \$11.4 million.

Under a general and administrative services agreement between subsidiaries of El Paso Corporation and us, a fee of approximately \$0.8 million per month was charged to our general partner, and accordingly, to us, which is intended to approximate the amount of resources allocated by El Paso Corporation and its affiliates in providing various operational, financial, accounting and administrative services on behalf of our general partner and us. In April 2002, in connection with our acquisition of EPN Holding assets, our general and administrative services agreement was extended to December 31, 2005, and the fee increased to approximately \$1.6 million per month. We believe this fee approximates the actual costs incurred.

#### Other Matters

In addition to the related party transactions discussed above, pursuant to the terms of many of the purchase and sale agreements we have entered into with various entities controlled directly or indirectly by El Paso Corporation, we have been indemnified for potential future liabilities, expenses and capital requirements above a negotiated threshold. Specifically, an indirect subsidiary of El Paso Corporation has indemnified us for specific litigation matters to the extent the ultimate resolutions of these matters result in judgments against us. For a further discussion of these matters see Note 7, Commitments and Contingencies, Legal Proceedings. Some of our agreements obligate certain indirect subsidiaries of El Paso Corporation to pay for capital costs related to maintaining assets which were acquired by us, if such costs exceed negotiated thresholds. We do not believe these thresholds will be exceeded. We have made no such claims for reimbursement to date and none are contemplated to be made at this time.

We have also entered into capital contribution arrangements with regulated pipelines owned by El Paso Corporation in the past, and will most likely do so in the future, as part of our normal commercial activities in the Gulf of Mexico. Regulated pipelines often contribute capital toward the construction costs of gathering facilities owned by others which are connected to their pipelines. We have, or plan to have, agreements with ANR Pipeline Company and Tennessee Gas Pipeline Company under which we will receive a total of approximately \$25 million of capital toward the construction of gathering pipelines to the Marco Polo, Red Hawk and Medusa discoveries, payable over the next eighteen months.

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

| QUARTER ENDED                         | NINE MONTHS ENDED | SEPTEMBER 30, | SEPTEMBER 30, | -----                       |
|---------------------------------------|-------------------|---------------|---------------|-----------------------------|
| -----                                 | -----             | -----         | -----         | -----                       |
| 2002                                  | 2001              | 2002          | 2001          |                             |
| ---- (IN THOUSANDS) Revenues received |                   |               |               |                             |
| from related parties El Paso          |                   |               |               |                             |
| Corporation El Paso Merchant Energy   |                   |               |               |                             |
|                                       |                   |               |               |                             |
|                                       |                   | \$25,486      | \$            |                             |
|                                       |                   | 2,645         | \$ 61,705     | \$12,761                    |
| Production                            |                   |               |               |                             |
| Company.....                          | 2,849             |               |               |                             |
|                                       | 2,999             | 6,414         | 4,946         | Tennessee Gas               |
| Pipeline Company.....                 |                   |               |               |                             |
|                                       | 113               | 110           | --            | 686                         |
| El Paso Field                         |                   |               |               |                             |
| Services.....                         |                   |               |               |                             |
|                                       | 24,898            | 8,493         | 63,870        | 17,544                      |
| Southern                              |                   |               |               |                             |
| Natural Gas                           |                   |               |               |                             |
| Company.....                          | 112               | --            | 49            |                             |
|                                       | 277               |               |               | El Paso Natural Gas         |
| Company.....                          |                   |               |               | 1,194                       |
|                                       | 35                | --            |               | Unconsolidated Subsidiaries |
| Manta Ray                             |                   |               |               |                             |
| Offshore(1).....                      |                   |               |               |                             |
| --                                    | --                | 35            | -----         | -----                       |
|                                       |                   |               | \$54,652      | \$14,247                    |
|                                       |                   |               | \$132,073     |                             |
|                                       |                   |               | \$36,249      | =====                       |
| ===== Cost of natural gas purchased   |                   |               |               |                             |
| from related parties El Paso          |                   |               |               |                             |
| Corporation El Paso Merchant Energy   |                   |               |               |                             |
|                                       |                   |               |               |                             |
|                                       |                   | \$ 3,323      | \$            |                             |
|                                       |                   | 3,837         | \$ 14,082     | \$22,639                    |
| El Paso                               |                   |               |               |                             |
| Production                            |                   |               |               |                             |
| Company.....                          | --                |               |               |                             |
|                                       | 1,243             | 2,251         | 5,330         | Tennessee Gas               |
| Pipeline Company.....                 | 37                |               |               |                             |
|                                       | --                | 227           | --            | Southern Natural Gas        |
| Company.....                          | 39                | 40            | 92            |                             |
|                                       | 147               | -----         | -----         | \$                          |
|                                       | 3,399             | \$ 5,120      | \$ 16,652     | \$28,116                    |
| =====                                 |                   |               |               |                             |
| ===== Operating                       |                   |               |               |                             |
| expenses paid to related parties El   |                   |               |               |                             |
| Paso Corporation El Paso Field        |                   |               |               |                             |
| Services.....                         |                   |               |               |                             |
|                                       | \$15,176          | \$11,752      | \$ 38,547     | \$26,731                    |
| Unconsolidated Subsidiaries Poseidon  |                   |               |               |                             |
| Oil Pipeline                          |                   |               |               |                             |
| Company.....                          | 113               | 135           |               |                             |
|                                       | 358               | 407           |               | Manta Ray                   |
| Offshore.....                         |                   |               |               |                             |
| --                                    | 15                | -----         | -----         | -----                       |
|                                       |                   |               | \$15,289      | \$11,902                    |
|                                       |                   |               | \$ 38,905     |                             |
|                                       |                   |               | \$27,138      | =====                       |
| ===== Reimbursements received from    |                   |               |               |                             |
| related parties Unconsolidated        |                   |               |               |                             |
| Subsidiaries Poseidon Oil Pipeline    |                   |               |               |                             |
| Company.....                          | \$ 525            | \$ --         |               |                             |
|                                       | \$ 1,575          | \$ --         |               | Deepwater                   |
| Holdings(2).....                      |                   |               |               |                             |
| --                                    | 2,634             | --            | 8,837         | -----                       |
|                                       |                   |               | \$ 525        | \$ 2,634                    |
|                                       |                   |               | \$ 1,575      | \$                          |
|                                       | 8,837             | =====         | =====         | =====                       |

(1) We sold our interest in Manta Ray Offshore in January 2001 in connection with El Paso Corporation's acquisition of The Coastal Corporation.

(2) In January 2001, Deepwater Holdings sold its Stingray and West Cameron subsidiaries. In April 2001, Deepwater Holdings sold its UTOS subsidiary. In October 2001, we acquired the remaining 50 percent of Deepwater Holdings, and as a result of this transaction, Deepwater Holdings is consolidated in our financial statements from the acquisition date and our agreement with Deepwater Holdings terminated.

At September 30, 2002, and December 31, 2001, our accounts receivable due from related parties was \$46.7 million and \$23.0 million. At September 30, 2002 and December 31, 2001, our accounts payable due to related parties was \$27.6 million and \$10.1 million.

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

| SEPTEMBER 30,                                     | DECEMBER 31, | 2002     | 2001     | ----- | ----- |
|---|--------------|----------|----------|-------|-------|
| ----- (IN THOUSANDS) El Paso Corporation El Paso  |              |          |          |       |       |
| Production Company.....                           |              |          |          | \$    |       |
| 3,466   | \$ 2,559     |          |          |       |       |
| Company.....                                      | 12,209       | 1,057    |          |       |       |
| Services.....                                     |              | 22,598   |          |       |       |
|   | 14,448       |          |          |       |       |
| Company.....                                      | 694          | 1,062    |          |       |       |
| Pipeline.....                                     |              |          |          | --    |       |
|   | 3,663        |          |          |       |       |
| Company.....                                      |              | 1,251    | --       |       |       |
| Other.....  |              |          |          |       |       |
| 667   | 222          | \$40,885 | \$23,011 |       |       |
| Unconsolidated Subsidiaries Poseidon Oil Pipeline |              |          |          |       |       |
| Company.....                                      |              | 741      | 2        |       |       |
| Gateway.....                                      |              |          | 5,102    |       |       |
| --  |              | 5,843    | 2        |       |       |
| Total.....  |              |          |          |       |       |
|   | \$46,728     | \$23,013 | =====    | ===== |       |

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

| SEPTEMBER 30,                                     | DECEMBER 31, | 2002     | 2001     | ----- | ----- |
|---|--------------|----------|----------|-------|-------|
| ----- (IN THOUSANDS) El Paso Corporation El Paso  |              |          |          |       |       |
| Merchant Energy North America Company.....        |              |          | 2,044    |       |       |
|   |              |          | 7        |       |       |
| Services.....                                     |              | 18,964   | 8,283    |       |       |
|   |              |          |          |       |       |
| Company.....                                      |              | 918      | 595      |       |       |
| Corporation.....                                  |              |          | 3,733    |       |       |
|   |              | 560      |          |       |       |
| Other.....  |              |          |          |       |       |
| 1,208   | 291          | \$26,867 | \$ 9,736 |       |       |
| Unconsolidated Subsidiaries Poseidon Oil Pipeline |              |          |          |       |       |
| Company.....                                      |              | 741      | 332      |       |       |
| -----   |              | 741      | 332      |       |       |
| Total.....  |              |          |          |       |       |
|   | \$27,608     | \$10,068 | =====    | ===== |       |

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

| SEPTEMBER 30,        | DECEMBER 31, | 2002     | 2001     | ----- | ----- |
|----------------------|--------------|----------|----------|-------|-------|
| ----- (IN THOUSANDS) |              |          |          |       |       |
| Accounts receivable, |              |          |          |       |       |
| net.....             |              |          |          | \$    |       |
|                      | 8,232        | \$ 7,745 |          |       |       |
| assets.....          |              |          |          |       |       |
| 4,124                | 10,362       |          | \$12,356 |       |       |
|                      | \$18,107     | =====    | =====    |       |       |



12. GUARANTOR FINANCIAL INFORMATION

On May 1, 2001, we purchased our general partner's 1.01 percent non-managing interest owned in twelve of our subsidiaries for \$8 million. As a result of this acquisition, all of our subsidiaries, but not our equity investees, are wholly owned by us. As of September 30, 2002, our revolving credit facility is guaranteed by each of our subsidiaries (excluding our EPN Holding subsidiaries) and is collateralized by our general and administrative agreement, substantially all of our assets, and our general partner's one percent general partner interest. In addition, all of our senior subordinated notes are jointly, severably, fully and unconditionally guaranteed by all of our subsidiaries except EPN Holding's subsidiaries. As of September 30, 2002, the EPN Holding acquisition facility is guaranteed by all of EPN Holding's subsidiaries and by EPN Holding I, L.P. and EPN GP Holding L.L.C., our unrestricted subsidiaries that own the equity interests in EPN Holding, and is collateralized by substantially all of the assets of EPN Holding and the guarantors. In October 2002, we rearranged our credit facilities and entered into a \$160 million senior secured term loan. As a result of that rearrangement our credit facility, the EPN Holding acquisition facility and the senior secured term loan are all guaranteed by all of our material subsidiaries. We are providing the following condensed consolidating financial information of us (as the Issuer) and our subsidiaries as if our current organizational structure were in place for all periods presented. The consolidating eliminations column on our balance sheets eliminate our investment in consolidated subsidiaries, intercompany payables and receivables and other transactions between subsidiaries.

Non-guarantor subsidiaries as of and for the quarter and nine months ended September 30, 2002, consisted of our EPN Holding subsidiaries, which own the EPN Holding assets and the equity interests in EPN Holding, and our subsidiary that owns our interest in the Copper Eagle project. Non-guarantor subsidiaries for all other periods consisted of Argo and Argo I which owned the Prince TLP. As a result of our disposal of the Prince TLP and our related overriding royalty interest in April 2002, the results of operations and net book value of these assets are reflected as discontinued operations in our statements of income and assets held for sale in our balance sheets and Argo and Argo I became guarantor subsidiaries.

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

| NON-GUARANTOR                          | GUARANTOR    | CONSOLIDATED | ISSUER            |
|--|--------------|--------------|-------------------|
| SUBSIDIARIES                           | SUBSIDIARIES | TOTAL        | -----             |
| ----- (IN                              |              |              |                   |
| THOUSANDS) Operating                   |              |              |                   |
| revenues.....                          |              |              | \$ --             |
| \$63,776                               | \$58,473     | \$122,249    | -----             |
| ----- Operating expenses               |              |              |                   |
| natural gas.....                       |              |              | --                |
| 20,340                                 | 7,427        | 27,767       | -----             |
| operation and                          |              |              |                   |
| maintenance.....                       | 832          | 14,596       |                   |
| 17,410                                 | 32,838       | 50,248       | -----             |
| depreciation, depletion and            |              |              |                   |
| amortization....                       | 38           | 5,305        | 13,931            |
|  |              |              | 19,274            |
|  |              |              | -----             |
|  |              |              | 870               |
|  |              |              | 40,241            |
| 38,768                                 | 79,879       | 118,647      | -----             |
| ---- Operating income                  |              |              |                   |
| (loss).....                            |              |              | (870)             |
| 19,705                                 | 42,370       | 62,075       | -----             |
| ---- Other income (loss)               |              |              |                   |
| Earnings from                          |              |              |                   |
| unconsolidated affiliates.....         | --           | --           | 3,168             |
| 3,168                                  |              |              | -----             |
| Net loss on sales of                   |              |              |                   |
| assets.....                            | --           | --           | (434)             |
|  |              |              | (434)             |
|  |              |              | -----             |
| Other income                           |              |              |                   |
| (loss).....                            | 317          | 11           | (8)               |
| 320                                    |              |              | -----             |
|  |              |              | 317               |
| 11                                     | 2,726        | 3,054        | -----             |
| ---- Income (loss) before interest and |              |              |                   |
| other                                  |              |              |                   |
| charges.....                           |              |              |                   |
| (553)                                  | 23,546       | 22,431       | 45,424            |
|  |              |              | Interest and      |
|  |              |              | debt expense..... |
|  |              |              | (10,234)          |
|  |              |              | -----             |
| 9,616                                  | 22,688       | 22,070       | Minority          |
|  |              |              | interest.....     |
|  |              |              | --                |
|  |              |              | 8                 |
|  |              |              | -----             |
|  |              |              | 8                 |
| Income (loss) from continuing          |              |              |                   |
| operations.....                        | 9,681        | 13,922       | (257)             |
|  |              |              | 23,346            |
|  |              |              | -----             |
| Income from discontinued               |              |              |                   |
| operations.....                        | --           | --           | 456               |
|  |              |              | 456               |
|  |              |              | -----             |
|  |              |              | Net               |
| income.....                            |              |              |                   |
| 9,681                                  | \$13,922     | \$ 199       | \$ 23,802         |
|  |              |              | =====             |
|  |              |              | =====             |
|  |              |              | =====             |



CONDENSED CONSOLIDATING STATEMENTS OF INCOME  
FOR THE QUARTER ENDED SEPTEMBER 30, 2001

| NON-GUARANTOR                  | GUARANTOR       | CONSOLIDATED                            | ISSUER                  |
|--------------------------------|-----------------|---|-------------------------|
| SUBSIDIARIES                   | SUBSIDIARIES    | TOTAL                                   | -----                   |
|                                |                 |   | ----- (IN               |
|                                |                 |   | THOUSANDS) Operating    |
| revenues.....                  |                 |   | \$ -- \$                |
| -- \$41,268                    | \$41,268        |   | -----                   |
| --- Operating expenses         | Cost of natural |   |                         |
| gas.....                       |                 |   | -- -- 9,822             |
|                                | 9,822           | Operation and                           |                         |
| maintenance.....               |                 |   | 710 -- 5,915            |
|                                | 6,625           | Depreciation, depletion and             |                         |
| amortization.....              |                 |   | 22 -- 7,437 7,459 ----- |
|                                | 732             |   | -- 23,174 23,906 --     |
|                                |                 | Operating income                        |                         |
| (loss).....                    |                 |   | (732) --                |
| 18,094                         | 17,362          |   | -----                   |
|                                |                 | Other income (loss) Earnings from       |                         |
| unconsolidated affiliates..... |                 |   | -- -- 3,003             |
|                                | 3,003           | Net gain on sales of                    |                         |
| assets.....                    |                 |   | -- -- 511 511 Other     |
| income (loss).....             |                 |   | 580                     |
| -- (15)                        | 565             |   | ----- 580               |
| -- 3,499                       | 4,079           |   | -----                   |
|                                |                 | Income (loss) before interest and other |                         |
| charges.....                   |                 |   | -----                   |
| (152) --                       | 21,593 21,441   | Interest and debt                       |                         |
| expense.....                   |                 |   | (4,446) --              |
| 14,329                         | 9,883           |   | -----                   |
|                                |                 | Income from continuing                  |                         |
| operations.....                |                 |   | 4,294 -- 7,264          |
|                                | 11,558          | Income from discontinued                |                         |
| operations.....                |                 |   | -- 479 -- 479 -----     |
|                                |                 | Net                                     |                         |
| income.....                    |                 |   | \$                      |
| 4,294                          | \$479           | \$ 7,264                                | \$12,037 =====          |
|                                |                 |   | =====                   |

CONDENSED CONSOLIDATING STATEMENTS OF INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

| NON-GUARANTOR                       | GUARANTOR    | CONSOLIDATED                 | ISSUER                     |
|-------------------------------------|--------------|------------------------------|----------------------------|
| SUBSIDIARIES                        | SUBSIDIARIES | TOTAL                        | -----                      |
|                                     |              |                              | ----- (IN                  |
|                                     |              |                              | THOUSANDS) Operating       |
| revenues.....                       |              |                              | \$ --                      |
| \$125,232                           | \$179,050    | \$304,282                    | -----                      |
| -                                   | -----        | Operating expenses           |                            |
| of natural gas.....                 |              |                              | --                         |
| 39,280                              | 27,988       | 67,268                       | Operation and              |
| maintenance.....                    |              |                              | 4,901 27,642               |
| 43,988                              | 76,531       | Depreciation, depletion and  |                            |
| amortization....                    |              |                              | 237 10,719 38,983 49,939 - |
|                                     |              |                              | ----- 5,138                |
| 77,641                              | 110,959      | 193,738                      | -----                      |
|                                     |              | Operating income             |                            |
| (loss).....                         |              |                              | (5,138)                    |
| 47,591                              | 68,091       | 110,544                      | -----                      |
|                                     |              | Other income (loss) Earnings |                            |
| from unconsolidated affiliates..... |              |                              | -- --                      |
|                                     | 10,541       | 10,541                       | Net loss on sales of       |
| assets.....                         |              |                              | -- -- (119) (119)          |
|                                     |              | Other income                 |                            |
| (loss).....                         |              |                              | 1,179 5 (3)                |
| 1,181                               |              |                              | -----                      |
| 1,179                               | 5            | 10,419                       | 11,603 -----               |
|                                     |              | Income (loss) before         |                            |
|                                     |              | interest and other           |                            |
| charges.....                        |              |                              | -----                      |
| (3,959)                             | 47,596       | 78,510                       | 122,147                    |
| Interest and                        |              |                              |                            |
| debt expense.....                   |              |                              | (32,618)                   |
|                                     | 22,048       | 65,932                       | 55,362                     |
| Minority                            |              |                              |                            |
| interest.....                       |              |                              | -- 13                      |
| -- 13                               |              |                              | -----                      |
|                                     |              | Income from continuing       |                            |
| operations.....                     |              |                              | 28,659 25,535              |
|                                     | 12,578       | 66,772                       | Income from discontinued   |
| operations.....                     |              |                              | -- 4,004 897 4,901 --      |
|                                     |              | Net                          |                            |
| income.....                         |              |                              | \$                         |

28,659 \$ 29,539 \$ 13,475 \$ 71,673 =====  
===== ===== =====

CONDENSED CONSOLIDATING STATEMENTS OF INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

| NON-GUARANTOR                          | ISSUER       | GUARANTOR                | GUARANTOR    | CONSOLIDATED |
|--|--------------|--------------------------|--------------|--------------|
| SUBSIDIARIES                           | SUBSIDIARIES | SUBSIDIARIES             | SUBSIDIARIES | TOTAL        |
| -----                                  |              |                          |              |              |
| ----- (IN THOUSANDS) Operating         |              |                          |              |              |
| revenues..... \$                       |              |                          |              |              |
| -- \$                                  | -- \$140,757 | \$140,757                | -----        | -----        |
| ----- Operating expenses               |              |                          |              |              |
| Cost of natural                        |              |                          |              |              |
| gas..... -- --                         |              |                          |              |              |
| 43,986                                 | 43,986       | Operation and            |              |              |
| maintenance..... 2,502 --              |              |                          |              |              |
| 18,905                                 | 21,407       | Depreciation, depletion  |              |              |
| and amortization.... 300 -- 23,533     |              |                          |              |              |
| 23,833 Asset impairment                |              |                          |              |              |
| charge..... -- -- 3,921                |              |                          |              |              |
| 3,921                                  | -----        |                          |              |              |
| 2,802                                  | -- 90,345    | 93,147                   | -----        | -----        |
| ----- Operating income                 |              |                          |              |              |
| (loss)..... (2,802) -                  |              |                          |              |              |
| - 50,412                               | 47,610       | -----                    | -----        | -----        |
| ----- Other income (loss) Earnings     |              |                          |              |              |
| from unconsolidated affiliates..... -- |              |                          |              |              |
| -- 2,659                               | 2,659        | Net gain (loss) on sales |              |              |
| of assets..... (10,941) -- 201         |              |                          |              |              |
| (10,740) Other                         |              |                          |              |              |
| income.....                            |              |                          |              |              |
| 26,902                                 | -- 20        | 26,922                   | -----        | -----        |
| -----                                  | 15,961       | -- 2,880                 | 18,841       | -----        |
| ----- Income                           |              |                          |              |              |
| before interest and other charges..... |              |                          |              |              |
| 13,159                                 | -- 53,292    | 66,451                   | Interest and |              |
| debt expense.....                      |              |                          |              |              |
| (9,576) -- 39,082 29,506 Minority      |              |                          |              |              |
| interest..... -                        |              |                          |              |              |
| -- 100                                 | 100          | -----                    | -----        | -----        |
| ----- Income from continuing           |              |                          |              |              |
| operations..... 22,735 --              |              |                          |              |              |
| 14,110                                 | 36,845       | Income from discontinued |              |              |
| operations..... -- 9 -- 9              |              |                          |              |              |
| ----- Net                              |              |                          |              |              |
| income.....                            |              |                          |              |              |
| \$ 22,735                              | \$ 9         | \$ 14,110                | \$ 36,854    | =====        |
| =====                                  | =====        | =====                    | =====        | =====        |

CONDENSED CONSOLIDATING BALANCE SHEETS  
SEPTEMBER 30, 2002

| NON-GUARANTOR                                | GUARANTOR    | CONSOLIDATING | CONSOLIDATED |
|--|--------------|---------------|--------------|
| ISSUER                                       | SUBSIDIARIES | SUBSIDIARIES  | ELIMINATIONS |
| TOTAL  | -----        | -----         | -----        |
| ----- (IN THOUSANDS)                         |              |               |              |
| Current assets                               |              |               |              |
| Cash and cash equivalents....                | \$ 14,230    | \$ 7,873      | \$ 175       |
| Accounts receivable, net                     |              |               |              |
| Trade.....                                   | -            | - 21,682      | 19,649       |
| Affiliate.....                               | 1,369,114    | 17,774        | 16,288       |
| Other current assets.....                    | (1,356,448)  | 46,728        |              |
|  | 1,757        | 6,291         | 981          |
|  | ---          | ---           | ---          |
|  | -----        | -----         | -----        |
| Total current assets.....                    | 1,385,101    | 53,620        | 37,093       |
| Property, plant and equipment, net.....      | (1,356,448)  | 119,366       |              |
|  | 5,753        | 777,877       | 1,015,075    |
|  | ---          | ---           | ---          |
|  | 1,798,705    |               |              |
| Investment in processing agreement.....      |              |               |              |
|  | --           | -- 115,678    | -- 115,678   |
| Investment in unconsolidated affiliates..... |              |               |              |
|  | --           | -- 61,618     | -- 61,618    |
| Investment in consolidated affiliates.....   | 296,664      | --            | 225,410      |
|  | --           | --            | (522,074)    |
| Other noncurrent assets.....                 | 193,300      | 3,850         |              |
|  | 6,429        | (169,999)     | 33,580       |
|  | -----        | -----         | -----        |
| Total assets.....                            | \$1,880,818  | \$835,347     |              |
|  | \$1,461,303  | \$(2,048,521) |              |
|  | \$2,128,947  | =====         | =====        |
|  | =====        | =====         | =====        |
| Current liabilities                          |              |               |              |
| Accounts payable                             |              |               |              |
| Trade.....                                   | \$ 2,125     | \$ 11,602     | \$ 3,555     |
|  | ---          | ---           | ---          |
|  |              | \$ 17,282     |              |
| Affiliate.....                               | 3,138        | 396,238       | 984,680      |
| Accrued interest.....                        | (1,356,448)  | 27,608        | 20,924       |
| Other current liabilities....                | 716          | --            | -- 21,640    |
|  | 9,315        | 17,386        | 4,546        |
|  | ---          | ---           | ---          |
|  | ---          | ---           | ---          |
| Total current liabilities.....               | 35,502       | 425,942       | 992,781      |
| Revolving credit facility.....               | (1,356,448)  | 97,777        |              |
|  | 569,000      | --            | -- 569,000   |
| Long-term debt.....                          | 659,430      | 160,000       | --           |
| Other noncurrent liabilities... (1)          | 23,793       |               |              |
| Minority interest.....                       | 171,146      | (169,999)     | 24,939       |
| Partners' capital.....                       | 202          | 712           | -- 914       |
|  | 616,887      | 225,410       | 296,664      |

(522,074) 616,887 -----  
-----  
--- ----- Total  
liabilities and partners'  
capital..... \$1,880,818  
\$835,347 \$1,461,303  
\$(2,048,521) \$2,128,947  
===== =====  
===== =====  
=====

CONDENSED CONSOLIDATING BALANCE SHEETS  
DECEMBER 31, 2001

NON-GUARANTOR GUARANTOR  
CONSOLIDATING CONSOLIDATED  
ISSUER SUBSIDIARIES  
SUBSIDIARIES ELIMINATIONS  
TOTAL -----

----- (IN  
THOUSANDS) Current assets  
Cash and cash  
equivalents... \$ 7,406 \$  
2,571 \$ 3,107 \$ -- \$ 13,084  
Accounts receivable, net  
Trade..... -  
- 191 32,971 -- 33,162  
Affiliate.....  
970,935 2,125 2,303  
(952,350) 23,013 Other  
current assets.....  
2,375 264 (2,082) -- 557 ---  
-----  
----- Total  
current assets.....  
980,716 5,151 36,299  
(952,350) 69,816 Property,  
plant and equipment,  
net.....  
2,371 -- 915,496 -- 917,867  
Assets held for sale,  
net..... -- 152,734 32,826  
-- 185,560 Investment in  
processing  
agreement.....  
-- -- 119,981 -- 119,981  
Investment in unconsolidated  
affiliates.....  
-- -- 34,442 -- 34,442  
Investment in consolidated  
affiliates.....  
51,960 -- 45,849 (97,809) --  
Other noncurrent  
assets..... 196,777 1,089  
1,887 (169,999) 29,754 -----  
-----  
----- Total  
assets..... \$1,231,824  
\$158,974 \$1,186,780  
\$(1,220,158) \$1,357,420  
===== =====  
===== =====  
===== Current  
liabilities Accounts payable  
Trade..... \$  
587 \$ 3,859 \$ 10,541 \$ -- \$  
14,987  
Affiliate..... 2  
13,563 948,853 (952,350)  
10,068 Accrued  
interest..... 5,698  
703 -- -- 6,401 Current  
maturities of limited  
recourse term loan..... -  
- 19,000 -- -- 19,000 Other  
current liabilities...  
(189) -- 4,348 -- 4,159 ----  
-----  
----- Total  
current liabilities.....  
6,098 37,125 963,742  
(952,350) 54,615 Revolving  
credit facility.....  
300,000 -- -- -- 300,000  
Long-term  
debt.....  
425,000 -- -- -- 425,000  
Limited recourse term loan,  
less current  
maturities..... -- 76,000 -  
- -- 76,000 Other noncurrent  
liabilities... -- -- 171,078  
(169,999) 1,079 Partners'



|                           |               |        |  |
|---------------------------|---------------|--------|--|
| capital.....              |               |        |  |
| 500,726                   | 45,849        | 51,960 |  |
| (97,809)                  | 500,726       | -----  |  |
| -----                     |               |        |  |
| --- -----                 | Total         |        |  |
| liabilities and partners' |               |        |  |
| capital.....              |               |        |  |
| \$1,231,824               | \$158,974     |        |  |
| \$1,186,780               | \$(1,220,158) |        |  |
| \$1,357,420               | =====         |        |  |
| =====                     | =====         |        |  |
| =====                     | =====         |        |  |

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOW  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

| NON-GUARANTOR     |                                      |           |           |   |                            |
|-------------------|--------------------------------------|-----------|-----------|---|----------------------------|
| GUARANTOR         |                                      |           |           |   |                            |
| CONSOLIDATED      |                                      |           |           |   |                            |
| ISSUER            |                                      |           |           |   |                            |
| SUBSIDIARIES      |                                      |           |           |   |                            |
| SUBSIDIARIES      |                                      |           |           |   |                            |
| TOTAL             | -----                                | -----     | -----     | -----                                       | -----                      |
|                   | (IN                                  |           |           |   |                            |
| THOUSANDS)        | Cash flows from operating activities |           |           |   |                            |
|                   | Net                                  |           |           |   |                            |
| income.....       |                                      |           |           |   |                            |
| \$ 28,659         | \$ 29,539                            | \$ 13,475 | \$ 71,673 | Less income                                 |                            |
|                   |                                      |           |           | from discontinued operations.....           | -- 4,004                   |
| 897               | 4,901                                |           |           |   | -----                      |
|                   | -- Income from continuing            |           |           |   |                            |
| operations.....   | 28,659                               | 25,535    |           |   |                            |
| 12,578            | 66,772                               |           |           | Adjustments to reconcile net                |                            |
|                   |                                      |           |           | income to net cash provided by operating    |                            |
|                   |                                      |           |           | activities Depreciation, depletion and      |                            |
| amortization..... | 237                                  | 10,719    | 38,983    | 49,939                                      |                            |
|                   |                                      |           |           | Distributed earnings of unconsolidated      |                            |
|                   |                                      |           |           | affiliates Earnings from unconsolidated     |                            |
| affiliates.....   | -- --                                | (10,541)  | (10,541)  |   |                            |
|                   |                                      |           |           | Distributions from unconsolidated           |                            |
| affiliates.....   | -- --                                |           |           |   | -----                      |
|                   | -- 13,140                            | 13,140    |           | Net loss on sale of                         |                            |
|                   |                                      |           |           | assets.....                                 | -- -- 119 119              |
|                   |                                      |           |           | Other noncash                               |                            |
| items.....        |                                      |           |           |   |                            |
| (5,175)           | 3,068                                | 1,193     |           | Working capital changes,                    |                            |
|                   |                                      |           |           | net of non-cash                             |                            |
| transactions..... |                                      |           |           |   | -----                      |
| 30,354            | (13,620)                             | (3,820)   | 12,914    |   | -----                      |
|                   | ----- Net cash provided by           |           |           |   |                            |
|                   |                                      |           |           | continuing operations.....                  | 62,550 17,459              |
|                   |                                      |           |           | 53,527                                      | 133,536                    |
|                   |                                      |           |           | Net cash provided by                        |                            |
|                   |                                      |           |           | discontinued operations.....                | -- 4,631 376               |
|                   |                                      |           |           |   | -----                      |
|                   |                                      |           |           | Net cash provided by operating              |                            |
|                   |                                      |           |           | activities.....                             |                            |
| 62,550            | 22,090                               | 53,903    | 138,543   |   | -----                      |
|                   | ----- Cash flows from investing      |           |           |   |                            |
|                   |                                      |           |           | activities Additions to property, plant and |                            |
|                   |                                      |           |           | equipment.....                              | (3,618) (14,060) (128,866) |
|                   |                                      |           |           | (146,544) Proceeds from sale of             |                            |
|                   |                                      |           |           | assets.....                                 | -- -- 5,460 5,460          |
|                   |                                      |           |           | Additions to investments in unconsolidated  |                            |
|                   |                                      |           |           | affiliates.....                             | -----                      |
|                   | -- --                                | (30,364)  | (30,364)  | Cash paid for                               |                            |
|                   |                                      |           |           | acquisitions, net of cash                   |                            |
| acquired.....     |                                      |           |           |   | -----                      |
| -- (730,166)      | (11,250)                             | (741,416) |           |   | -----                      |
|                   | ----- Net cash used in               |           |           |   |                            |
|                   |                                      |           |           | investing activities of continuing          |                            |
|                   |                                      |           |           | operations.....                             | (3,618)                    |
| (744,226)         | (165,020)                            | (912,864) |           | Net cash provided                           |                            |
|                   |                                      |           |           | by (used in) investing activities of        |                            |
|                   |                                      |           |           | discontinued operations.....                | -- (3,523)                 |
| 190,000           | 186,477                              |           |           |   | -----                      |
|                   | ----- Net cash provided by (used in) |           |           |   |                            |
|                   |                                      |           |           | investing                                   |                            |
|                   |                                      |           |           | activities.....                             |                            |
| (3,618)           | (747,749)                            | 24,980    | (726,387) |   | -----                      |
|                   | ----- Cash flows from                |           |           |   |                            |
|                   |                                      |           |           | financing activities Net proceeds from      |                            |
|                   |                                      |           |           | revolving credit facility.....              | 278,731 -- --              |
|                   |                                      |           |           | 278,731                                     | Revolving credit           |
|                   |                                      |           |           | repayments.....                             | (10,000) -- -              |
|                   |                                      |           |           | (10,000) Net proceeds from EPN Holding      |                            |
|                   |                                      |           |           | acquisition                                 |                            |
| facility.....     |                                      |           |           |   | -----                      |
| -- 530,529        | -- 530,529                           |           |           | EPN Holding acquisition                     |                            |
|                   |                                      |           |           | facility repayment.....                     | -- (375,000) --            |
| (375,000)         |                                      |           |           | Net proceeds from issuance of long-         |                            |
|                   |                                      |           |           | term debt.....                              | 229,576 -- -- 229,576      |
|                   |                                      |           |           | Argo term                                   |                            |
|                   |                                      |           |           | loan repayment.....                         | -----                      |
| (95,000)          | (95,000)                             |           |           | Net proceeds from issuance of               |                            |
|                   |                                      |           |           | common units.....                           | 150,397 -- -- 150,397      |
|                   |                                      |           |           | Advances with                               |                            |
|                   |                                      |           |           | affiliates.....                             | (588,619)                  |
|                   |                                      |           |           | 585,686                                     | 2,933                      |
|                   |                                      |           |           | -- Distributions to                         |                            |
|                   |                                      |           |           | partners.....                               | (112,752) --               |
|                   |                                      |           |           | -- (112,752) Contribution from General      |                            |
|                   |                                      |           |           | Partner.....                                | 560 -- -- 560              |
|                   |                                      |           |           |   | -----                      |
|                   | ----- Net cash                       |           |           |   |                            |

|   |           |    |  |  |
|---|-----------|----|--|--|
| provided by (used in) financing activities of |           |    |  |  |
| continuing operations.....                    | (52,107)  |    |  |  |
| 741,215 (92,067) 597,041 Net cash used in     |           |    |  |  |
| financing activities of discontinued          |           |    |  |  |
| operations.....                               | -- (3) -- |    |  |  |
| (3) ----- Net                                 |           |    |  |  |
| cash provided by (used in) financing          |           |    |  |  |
| activities.....                               |           |    |  |  |
| (52,107) 741,212 (92,067) 597,038 -----       |           |    |  |  |
| ----- Increase (decrease)                     |           |    |  |  |
| in cash and cash equivalents....              | \$ 6,825  | \$ |  |  |
| 15,553 \$ (13,184) 9,194 =====                |           |    |  |  |
| ===== Cash and cash equivalents Beginning     |           |    |  |  |
| of period.....                                | 13,084    |    |  |  |
| ----- End of                                  |           |    |  |  |
| period.....                                   | \$        |    |  |  |
| 22,278 =====                                  |           |    |  |  |

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOW  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

| NON-GUARANTOR                                 | GUARANTOR   | CONSOLIDATED  | ISSUER   |
|---|---|---|--|
| SUBSIDIARIES                                  | SUBSIDIARIES  | TOTAL   | -----  |
| ----- (IN                                     |   |   |  |
| THOUSANDS) Cash flows from operating          |   |   |  |
| activities Net                                |   |   |  |
| income.....                                   | \$  |   | \$   |
| 22,735  | \$ 9  | \$ 14,110   | \$ 36,854  |
| Less income from discontinued operations..... | -- 9  | -- 9  | -----  |
| Income from continuing operations.....        | 22,735  | --  | 14,110   |
| 36,845  | Adjustments to reconcile net income to net cash provided by operating activities  | Depreciation, depletion and amortization....                                      | 300  |
| -- 23,533                                     | 23,833  | Asset impairment charge.....  | -- --  |
| 3,921   | 3,921   | Distributed earnings of unconsolidated affiliates                                 | Earnings from unconsolidated affiliates... -- -- (2,659) |
| (2,659)                                       | Distributions from unconsolidated affiliates.....                                 | -- --   | 27,862   |
| 27,862  | 27,862  | Net gain (loss) on sale of assets.....  | 10,941   |
| -- (201)                                      | 10,740  | Other noncash items.....  | 2,480  |
| -- 2,480                                      | Working capital changes, net of non-cash transactions.....                        | (8,148)   | 23   |
| (7,143)                                       | (15,268)  | Net cash provided by continuing operations.....                                   | 28,308   |
| 23  | 59,423  | 87,754  | Net cash provided by discontinued operations... -- 1,586 |
| -- 1,586                                      | -----   | Net cash provided by operating activities.....                                    | 28,308   |
| 1,609   | 59,423  | 89,340  | -----  |
| -----   | Cash flows from investing activities  | Additions to property, plant and equipment.....                                   | (187)  |
| -- (165,712)                                  | (165,899)   | Proceeds from sale of assets.....   | 89,162   |
| -- 19,964                                     | 109,126   | Additions to investments in unconsolidated affiliates.....                        | -- -- (1,487)  |
| (1,487)                                       | (1,487)   | Cash paid for acquisition, net of cash acquired.....                              | -- (8,000)   |
| (8,000)                                       | -----   | Net cash provided by (used in) investing activities of continuing operations..... | 88,975   |
| -- (155,235)                                  | (66,260)  | Net cash used in investing activities of discontinued operations.....             | -- (61,291)  |
| (61,291)                                      | -----   | Net cash provided by (used in) investing activities.....                          | 88,975   |
| (61,291)                                      | (155,235)   | (127,551)   | -----  |
| -----   | Cash flows from financing activities  | Net proceeds from revolving credit facility....                                   | 224,994  |
| -- 224,994                                    | Revolving credit repayments.....  | (466,000)   | -- (466,000)   |
| -- (466,000)                                  | Net proceeds from issuance of long-term debt... 243,185                           | -- 243,185  | Net proceeds from issuance of common units.... 74,653    |
| -- 74,653                                     | Advances with affiliates.....   | (105,904)   | 9,606  |
| 96,298  | Distributions to partners.....  | (73,189)  | -- (486)   |
| (73,675)                                      | Contribution from General Partner.....  | 705   | -- 705   |
| -----   | Net cash provided by (used in) financing activities of continuing operations..... | (101,556)   | 9,606  |
| 95,812  | 3,862   | Net cash provided by financing activities of discontinued operations.....         | -- 49,961  |
| 49,961  | -----   | Net cash provided by (used in) financing activities.....                          | (101,556)  |
| 95,812  | 53,823  | -----   | -----  |

|                  |                                      |          |                           |
|------------------|--------------------------------------|----------|---------------------------|
| -----            | Increase (decrease) in cash and cash |          |                           |
| equivalents..... |                                      |          |                           |
|                  | \$ 15,727                            | \$ (115) | \$ -- 15,612 =====        |
|                  | =====                                | =====    | Cash and cash equivalents |
|                  | Beginning of                         |          |                           |
| period.....      |                                      | 20,281   | ----                      |
|                  | -----                                | End of   |                           |
| period.....      |                                      |          | \$                        |
|                  | 35,893                               | =====    |                           |

### 13. NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

We continually monitor the activities of the various rule makers involved in developing general accepted accounting principles for use in the United States. At this time, there are several new accounting pronouncements that have recently been issued, but are not yet adopted, which will impact our accounting when these rules become effective. The new rules not yet adopted that will have an impact on our accounting policies are discussed below.

#### Accounting for Asset Retirement Obligations

In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement requires companies to record a liability for the estimated retirement and removal costs of assets used in their business. The liability is discounted to its present value, and the related asset value is increased by the amount of the resulting liability. Over the life of the asset, the liability will be accreted to its future value and eventually extinguished when the asset is taken out of service. Capitalized retirement and removal costs will be depreciated over the useful life of the related asset. The provisions of this statement are effective for fiscal years beginning after June 15, 2002. We are currently evaluating the effects of this pronouncement.

#### Reporting Gains and Losses from the Early Extinguishment of Debt

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. This statement addresses how to report gains or losses resulting from the early extinguishment of debt. Previously, any gains or losses were reported as an extraordinary item. Upon adoption of SFAS No. 145, an entity will be required to evaluate whether the debt extinguishment is truly extraordinary in nature, in accordance with Accounting Principles Board Opinion No. 30. If the entity routinely extinguishes debt early, the gain or loss should be included in income from continuing operations. This statement is effective for our 2003 year-end reporting.

#### Accounting for Costs Associated with Exit or Disposal Activities

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by this guidance include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing, or other exit or disposal activity. The provisions of this statement are effective for fiscal years beginning after December 31, 2002. The provisions of this statement will impact any exit or disposal activities that we initiate after January 1, 2003.

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

The information contained in Item 2 updates, and you should read it in conjunction with, information disclosed in Part II, Items 7, 7A and 8, in our Annual Report on Form 10-K for the year ended December 31, 2001, in addition to the interim financial statements and notes presented in Item 1 of this Quarterly Report on Form 10-Q.

LIQUIDITY AND CAPITAL RESOURCES

Since the fourth quarter of 2001, a number of developments in our businesses and industry have significantly impacted our operations and liquidity, as well as the United States debt and equity markets. Our ability to execute our growth strategy and complete our current projects is dependent upon our ability to access the capital necessary to fund our projects and acquisitions. How much we actually spend will depend on our success with capital raising efforts, including the formation of joint ventures to share costs and risks. At this time, we believe our access to capital resources is sufficient to meet the demands of our current and future operating growth needs. Although we intend to make the forecasted project expenditures, we may adjust the timing and amounts of the projected expenditures as necessary to adapt to changes in the capital markets.

FORECASTED EXPENDITURES

Our management estimates capital expenditures based upon current expectations; however, estimates may change due to factors out of our control, such as weather related issues or changes in supplier prices. Further, estimates may change as a result of decisions made at a later date, such as scope changes or decisions to take on additional partners.

The table below depicts our estimate of expenditures on projects, acquisitions, operating lease payments and debt repayments for the twelve month period ending September 30, 2003. These expenditures are net of anticipated financings, contributions in aid of construction and contributions from joint venture partners. Actual results may vary from these projections.

|                                |  |  |  |  |  |
|--------------------------------|--|--|--|--|--|
| QUARTERS ENDING -----          |  |  |  |  |  |
| -----                          |  |  |  |  |  |
| ----- NET TOTAL                |  |  |  |  |  |
| DECEMBER 31, MARCH 31,         |  |  |  |  |  |
| JUNE 30, SEPTEMBER 30,         |  |  |  |  |  |
| FORECASTED 2002 2003 2003      |  |  |  |  |  |
| 2003 EXPENDITURES -----        |  |  |  |  |  |
| -----                          |  |  |  |  |  |
| (IN MILLIONS) NET              |  |  |  |  |  |
| FORECASTED CAPITAL PROJECT     |  |  |  |  |  |
| EXPENDITURES..... \$ 46        |  |  |  |  |  |
| \$103 \$45 \$35 \$ 229 ---- -- |  |  |  |  |  |
| -- -- -- -- OTHER              |  |  |  |  |  |
| FORECASTED CAPITAL             |  |  |  |  |  |
| EXPENDITURES Proposed San      |  |  |  |  |  |
| Juan asset                     |  |  |  |  |  |
| acquisition.....               |  |  |  |  |  |
| 782 -- -- -- 782 Proposed      |  |  |  |  |  |
| capital expenditures for       |  |  |  |  |  |
| the Texas NGL assets... 13     |  |  |  |  |  |
| 15 11 4 43 Maintenance         |  |  |  |  |  |
| capital..... 9 8 7 9           |  |  |  |  |  |
| 33 ---- ---- ---- ----         |  |  |  |  |  |
| - TOTAL OTHER FORECASTED       |  |  |  |  |  |
| CAPITAL                        |  |  |  |  |  |
| EXPENDITURES..... 804 23       |  |  |  |  |  |
| 18 13 858 Senior secured       |  |  |  |  |  |
| term loan..... -- -- 2 --      |  |  |  |  |  |
| 2 Wilson natural gas           |  |  |  |  |  |
| storage facility operating     |  |  |  |  |  |
| lease... -- 3 -- 2 5 ----      |  |  |  |  |  |
| ----- TOTAL                    |  |  |  |  |  |
| FORECASTED                     |  |  |  |  |  |
| EXPENDITURES.....              |  |  |  |  |  |
| \$850 \$129 \$65 \$50 \$1,094  |  |  |  |  |  |
| ==== =====                     |  |  |  |  |  |

CAPITAL RESOURCES

During the third quarter of 2002, the United States equity and debt markets remained volatile due to the announcements of several SEC investigations, corporate scandals, and business failures. With the collapse of





former energy giant Enron, the prospect for war with Iraq and significant negative media coverage, the energy sector has experienced market volatility, primarily by those companies involved in energy marketing. The flight of investors from the equity markets to "safer havens" has prevented all but the most stalwart of companies from tapping the debt and equity markets for raising capital. Additionally, numerous energy companies have experienced downgrades in their debt securities by Moody's Investors Service (Moody's) and Standard & Poor's (S&P), two of the largest debt rating agencies, effectively reducing the ability of many energy companies from raising operating capital from the credit markets. Although current economic conditions are unfavorable, we expect the economy to stabilize and improve over the next six to twelve months, which should also produce stability in the credit and equity markets and provide for increased access to additional sources of capital.

Despite the difficulty in the credit and equity markets, we successfully raised \$160 million through the issuance of our senior secured term loan to a syndicate of lenders following the end of the third quarter. We continue to reap the benefits of our solid balance sheet and operating performance as evidenced by Moody's and S&P's recent affirmation of our credit ratings. Finally, the continued strong operating performance of our current assets has enabled us to increase our borrowing capacity under our financial covenants, effectively increasing our ability to access cash for executing our operating and growth objectives.

In October 2002, we also amended our \$600 million credit facility and the EPN Holding acquisition facility to among other things: (1) enter into the \$160 million senior secured term loan discussed above; (2) designate all of the above loans as "senior secured" indebtedness, which is cross-collateralized with all of the collateral currently pledged under our credit facility and the EPN Holding acquisition facility; (3) align, effectively, the covenants in our credit facility and the EPN Holding acquisition facility; and (4) terminate the \$25 million working capital revolver that was formerly part of the EPN Holding acquisition facility.

These credit facilities contain covenants that include restrictions on our and our subsidiaries' ability to incur additional indebtedness or liens, sell assets, make loans or investments, acquire or be acquired by other companies and amend some of our contracts, as well as requiring maintenance of certain financial ratios. As of September 30, 2002, we are not aware of anything that causes us not be in compliance with the financial ratios and covenants contained in our credit agreements.

We have three features contained in our debt instruments described as ratings triggers. Two of these features provide us, rather than creditors, with certain rights in the event that our credit ratings change to an investment grade level. These triggers are contained in our:

- indenture governing our \$480 million 8 1/2% Senior Subordinated Notes due 2011 (\$230 million of which were issued in May 2002), where many covenants will be suspended in the event we achieve an investment grade credit rating; and
- \$600 million credit facility, where we will receive a 38 to 50 basis point reduction in our interest rate in the event we achieve an investment grade credit rating.

Additionally, with respect to our \$160 million senior secured term loan, if, at any time, our senior, long-term unsecured debt rating (a) issued by Standard & Poor's is less than BB+ or (b) issued by Moody's is less than Ba1, or our senior secured debt rating issued by Moody's is less than Ba1, the interest rate on that term loan increases by one percent. There are no other trigger features or mechanisms in any of our debt instruments or commercial arrangements.

#### DEBT REPAYMENT AND OTHER OBLIGATIONS

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

The following table presents the timing and amounts of our debt payment and other obligations for the years following September 30, 2002, that we believe could affect our liquidity (in millions):

| LESS THAN AFTER DEBT REPAYMENT<br>AND OTHER OBLIGATIONS | 1 YEAR | 1-<br>3 YEARS | 3-5 YEARS | 5 YEARS | TOTAL |
|---|--------|---------------|-----------|---------|-------|
| -----   | -----  | -----         | -----     | -----   | ----- |
| ----- Credit  |        |               |           |         |       |
| facility.....   |        |               |           |         |       |
| \$ -- \$569 \$ -- \$ -- \$ 569 EPN                      |        |               |           |         |       |
| Holding acquisition                                     |        |               |           |         |       |
| facility.....   | --     | 160           | --        | --      | --    |
| 160 Senior secured term                                 |        |               |           |         |       |
| loan(1).....  | 2      | 6             | 6         | 146     |       |
| 160 10 3/8% senior subordinated                         |        |               |           |         |       |
| notes issued May 1999, due June                         |        |               |           |         |       |
| 2009.....   | --     | --            | --        | 175     | 175 8 |
| 1/2% senior subordinated notes                          |        |               |           |         |       |
| issued May 2001, due June                               |        |               |           |         |       |
| 2011.....   | --     | --            | --        | 250     |       |
| 250 8 1/2% senior subordinated                          |        |               |           |         |       |
| notes issued May 2002, due June                         |        |               |           |         |       |
| 2011.....   | --     | --            | --        | 235     |       |
| 235 Wilson natural gas storage                          |        |               |           |         |       |
| facility operating                                      |        |               |           |         |       |
| lease.....  | 5      |               |           |         |       |
| 15 8 -- 28 -----  |        |               |           |         |       |
| ----- Total debt repayment and                          |        |               |           |         |       |
| other   |        |               |           |         |       |
| obligations.....  | \$     |               |           |         |       |
| 7 \$750 \$ 14 \$806 \$1,577                             | ====   |               |           |         |       |
| =====   |        |               |           |         |       |

-----

(1) The senior secured term loan was funded in October 2002, as more fully discussed in Note 6 of the financial statements included in Item 1 and in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations.

#### SERIES B PREFERENCE UNITS

In August 2000, we issued \$170 million of Series B preference units to acquire the natural gas storage businesses of Crystal Gas Storage, Inc. These preference units are non-voting and have rights to income allocations on a cumulative basis, compounded semi-annually at an annual rate of 10%. We are not obligated to pay cash distributions on these units until 2010. After September 2010, the rate will increase to 12% and preference income allocation after 2010 will be required to be paid on a current basis; accordingly, after September 2010, we will not be able to make distributions on our common units unless all unpaid accruals occurring after September 2010 on our then-outstanding Series B preference units have been paid. These preference units contain no mandatory redemption obligation, but may be redeemed at our option at any time. In October 2001, we redeemed 44,608 of the Series B preference units for \$50 million liquidation value, including accrued distributions of approximately \$5.4 million, bringing the total number of units outstanding to 125,392. As of September 30, 2002, the liquidation value of the outstanding Series B preference units was approximately \$154 million.

#### CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities was \$138.5 million for the nine months ended September 30, 2002, compared to \$89.3 million for the same period in 2001. The increase was attributable to operating cash flows from our acquisitions of the Chaco plant in October 2001, the remaining 50 percent interest in Deepwater Holdings that we did not already own in October 2001, and the EPN Holding assets in April 2002. This increase was partially offset by lower cash distributions in 2002 from our unconsolidated affiliate, Poseidon.

#### CASH FROM INVESTING ACTIVITIES

Net cash used in investing activities was approximately \$726.4 million for the nine months ended September 30, 2002. Our investing activities include our April 2002 purchase of the EPN Holding assets, our August 2002 purchase of the Big Thicket assets and capital expenditures related to the expansion of our Petal natural gas storage facility. Further contributing to the expenditures were additions to investments from unconsolidated affiliates relating to our Marco Polo project and our Copper Eagle project. These expenditures were partially offset by proceeds of \$5.5 million from the March 2002 sale of our Buffalo Treating Facility to



El Paso Production Company and the April 2002 sale of our Prince TLP and nine percent Prince overriding royalty interest to subsidiaries of El Paso Corporation. The Prince assets sales are reflected as net cash provided by investing activities of discontinued operations in our statement of cash flows.

#### CASH FROM FINANCING ACTIVITIES

Net cash provided by financing activities was approximately \$597.0 million for the nine months ended September 30, 2002. During 2002, our cash provided by financing activities included the issuances of long-term debt and common units, as well as borrowings under our credit facility and EPN Holding acquisition facility. Cash used in our financing activities included repayments on our EPN Holding acquisition facility, Argo term loan, our credit facility and other financing obligations, as well as distributions to our partners.

#### RECENT DEVELOPMENTS

We often enter into transactions with El Paso Corporation and its subsidiaries to acquire or sell assets, and have instituted specific procedures for evaluating and valuing these transactions. Before we consider entering into a material transaction with El Paso Corporation or any of its subsidiaries, we determine that the proposed transaction (1) would comply with the requirements under our indentures and credit agreements, (2) would comply with substantive law, and (3) would be fair to us and our limited partners. In addition, our general partner's board of directors utilizes a Special Conflicts Committee comprised solely of independent directors. This committee:

- evaluates and, where appropriate, on occasion negotiates certain aspects of the proposed transaction;
- engages an independent financial advisor and independent legal counsel to assist with its evaluation of the proposed transaction; and
- determines whether to approve and recommend the proposed transaction.

We will only consummate any proposed material transaction with El Paso Corporation if, following our evaluation of the transaction, the Special Conflicts Committee approves and recommends the proposed transaction.

#### ACQUISITIONS

##### Proposed Acquisition of the San Juan Assets

In July 2002, we entered into a letter of intent with El Paso Corporation, the indirect parent of our general partner, to acquire for \$782 million El Paso Corporation's natural gas gathering system located in the San Juan Basin of New Mexico, including El Paso Corporation's remaining interests in the Chaco cryogenic natural gas processing plant; NGL transportation and fractionation assets located in Texas; and an oil and natural gas gathering system located in the deeper water regions of the Gulf of Mexico, referred to collectively as the San Juan assets. As part of this transaction, El Paso Corporation will be required to repurchase the Chaco processing plant from us for \$77 million in October 2021, and at that time, we will have the right to lease the plant from El Paso Corporation for a period of ten years with the option to renew the lease annually thereafter. With the close of this transaction, the monthly fee under our general and administrative services agreement with subsidiaries of El Paso Corporation will increase by \$1.3 million, bringing our total monthly fee to \$2.9 million. The purchase price of \$782 million is subject to adjustments primarily for working capital and capital expenditures. The following is a description of the San Juan assets:

- The assets located in the San Juan Basin include:
  - approximately 5,300 miles of natural gas gathering pipelines, known as the San Juan gathering system, with capacity of over 1.1 Bcf/d connected to approximately 9,500 wells producing natural gas from the San Juan Basin located in northwest New Mexico and southwest Colorado;
  - approximately 250,000 horsepower of compression;
  - the 58 MMcf/d Rattlesnake CO(2) treating facility;

- a 50% interest in Coyote Gas Treating, L.L.C., the owner of a 250 MMcf/d treating facility; and
- the remaining interests in the Chaco cryogenic natural gas processing plant that we do not already own and the price risk management positions related to this facility's operations.
- The offshore pipeline assets include:
  - The Typhoon gas pipeline, a 35-mile, 20-inch natural gas pipeline originating on the Chevron/BHP "Typhoon" platform in the Green Canyon area of the Gulf of Mexico extending to the ANR Patterson System in Eugene Island Block 371; and
  - The Typhoon oil pipeline, a 16-mile, 12-inch oil pipeline originating on the Chevron/BHP "Typhoon" platform and extending to a platform in Green Canyon Block 19 with onshore access through various oil pipelines.
- The Texas NGL assets include:
  - a 163-mile, 4-inch to 6-inch propane pipeline extending from Corpus Christi to McAllen and the Hidalgo truck terminal facilities;
  - the Markham butane shuttle, a 144-mile, 8-inch pipeline with capacity of approximately 20 MBbls/d running between Corpus Christi and a leased storage facility at Markham with capacity of approximately 3.8 MMBbls;
  - a 76-mile, 6-inch pipeline with capacity of approximately 15 MBbls/d extending from Alameda to Texas City and the Texas City terminal; and
  - the Alameda fractionator, a 35 MBbls/d fractionator consisting of two trains, one of which is currently out of service, and related leased storage facilities of approximately 9.8 MMBbls;
  - a 265-mile, 8-inch pipeline with capacity of approximately 35 MBbls/d extending from Corpus Christi to Pasadena, which is currently out of service.

The parties' obligations under the letter of intent are subject to the satisfaction of specified conditions, including negotiating and executing definitive agreements, obtaining third-party approvals and consents, obtaining satisfactory results from ongoing due diligence and obtaining acceptable financing satisfactory to us. We will be required to make approximately \$46 million of capital expenditures to place the 8-inch pipeline back in service and make repairs and upgrades on the Markham butane shuttle and the Alameda fractionator. We expect to close this transaction in the fourth quarter of 2002. Ultimately, we expect to finance our acquisition of the San Juan assets through long-term debt and equity. Our current financing plan is outlined below (in millions):

|   |       |
|---|-------|
| Series C units.....                       | \$350 |
| Senior secured acquisition term loan..... | 282   |
| Other debt.....                           | 150   |
|   | ----  |
|   | \$782 |
|   | ===== |

The equity component of the proposed acquisition contemplates us issuing to El Paso Corporation up to \$350 million of our Series C units, a new class of our limited partner interests. The potential \$350 million Series C issuance will be reduced by the proceeds from any common unit issuance we may consummate before the closing of the San Juan assets acquisition.

The Series C units will be similar to our existing common units, except that the Series C units will be non-voting. After April 30, 2003, El Paso Corporation (or its subsidiaries, as applicable) will have the right to cause us to propose a vote of our common unitholders as to whether the Series C units should be converted into common units. If our common unitholders approve the conversion, then each Series C unit will convert into a common unit. If our common unitholders do not approve the conversion within 120 days after El Paso Corporation requests the vote, then the distribution rate for the Series C units will increase to 105 percent of the common unit distribution rate. Thereafter, the Series C unit distribution rate would increase on April 30,

2004 to 110 percent of the common unit distribution rate and on April 30, 2005 to 115 percent of the common unit distribution rate. The issue price for the Series C units will be the greater of \$32 per unit or the average market price of a common unit for the five trading days ending on the business day immediately preceding the closing date. If the average market price is less than \$27, the San Juan acquisition may be delayed, terminated or renegotiated. Assuming a price of \$32 per unit, approximately 11 million units will be issued and El Paso Corporation would own approximately 41 percent, an increase from 26 percent of the limited partners interest.

The remaining balance of the purchase price will be paid in cash. We expect to fund this portion of the purchase price with a \$282 million senior secured acquisition term loan and other long-term debt of \$150 million.

In accordance with our procedures for evaluating and valuing material acquisitions with El Paso Corporation, our Special Conflicts Committee engaged an independent financial advisor and obtained two separate fairness opinions for the acquisition of the San Juan assets and the issuance of the Series C units. The opinions we received stated the transaction and the issuance were both fair to us and our unitholders.

#### EPN Holding Assets

In April 2002, EPN Holding acquired from El Paso Corporation midstream assets located in Texas and New Mexico, including one of the largest intrastate pipeline systems in Texas based on miles of pipe. The acquired assets include:

- the EPGT Texas intrastate pipeline system;
- the Waha natural gas gathering system and treating plant located in the Permian Basin region of Texas;
- the Carlsbad natural gas gathering system located in the Permian Basin region of New Mexico;
- an approximate 42.3 percent non-operating interest in the Indian Basin natural gas processing and treating facility located in southeastern New Mexico;
- a 50 percent undivided interest in the Channel natural gas pipeline system located along the Gulf coast of Texas;
- the TPC Offshore natural gas pipeline system located off the Gulf coast of Texas; and
- a leased interest in the Wilson natural gas storage facility located in Wharton County, Texas.

The \$750 million sales price was adjusted for the assumption of \$15 million of working capital related to natural gas imbalances. The net consideration of \$735 million for the EPN Holding assets was comprised of the following:

- \$420 million of cash;
- \$119 million of assumed short-term indebtedness payable to El Paso Corporation, which has been repaid;
- \$6 million in common units; and
- \$190 million in assets, comprised of our Prince TLP and our nine percent Prince overriding royalty interest.

To finance substantially all of the cash consideration related to this acquisition, EPN Holding entered into a \$535 million limited recourse acquisition facility with a syndicate of commercial banks, of which \$375 million has been repaid and the remaining amount was restructured in October 2002, as discussed in the Capital Resources section of this Item 2.

## Hattiesburg Storage Facility

In January 2002, we acquired a 3.3 million barrel propane storage business and leaching operation located in Hattiesburg, Mississippi from Suburban Propane Partners, L.P. for approximately \$10 million. As part of the transaction, we entered into a long-term propane storage agreement with Suburban Propane Partners for a portion of the acquired propane storage capacity.

## Big Thicket

In August 2002, we acquired the Big Thicket assets, which consist of the Silsbee compressor station and the Big Thicket gathering system, for approximately \$11 million from BP America Production Company. The Silsbee compressor station acts as a booster station for a web of area gas gathering lines. The facility has four 1,200 horsepower gas compressors that boost low pressure field gas from 45 to 950 pounds of plant inlet pressure. The Big Thicket gathering system is comprised of approximately 150 miles of 4 to 10 inch diameter pipe with throughput of approximately 22 MMcf/d.

## PROJECTS

### Medusa Project

We are constructing the \$26 million, 37-mile Medusa natural gas pipeline extension of our Viosca Knoll gathering system with capacity to handle 160 MMcf/d of natural gas, which is expected to be in service in the first quarter of 2003, designed and located to gather production from Murphy Exploration and Production Company's Medusa development in the Gulf of Mexico. Murphy has dedicated 34,560 acres of property to this pipeline for the life of the reserves, which means that all natural gas produced from this acreage will flow through this pipeline. As of September 30, 2002, we have spent approximately \$12.7 million related to this pipeline extension, which is currently under construction. We expect to fund the project through borrowings on our credit facility.

### Marco Polo Project

In December 2001, we announced an agreement with Anadarko Petroleum Corporation under which we would construct, install and own the Marco Polo TLP with capacity to handle 100 MBbls/d of oil and 250 MMcf/d of natural gas. This TLP, which we expect to be in service in the fourth quarter of 2003, was designed and located to process oil and natural gas from Anadarko Petroleum Corporation's Marco Polo Field discovery in the Gulf of Mexico. Anadarko has dedicated 69,120 acres of property to this TLP, including the acreage underlying their Marco Polo Field discovery, for the life of the reserves. Anadarko will have firm capacity of 50 MBbls/d of oil and 150 MMcf/d of natural gas. The remainder of the platform capacity will be available to Anadarko for additional production and/or to third parties that have fields developed in the area. This TLP will be owned by our 50 percent owned Deepwater Gateway joint venture. We will operate the Deepwater Gateway joint venture, and the Marco Polo TLP will be operated by Anadarko. The total cost of the project is estimated to be \$206 million, or approximately \$103 million for our share. As of September 30, 2002, Deepwater Gateway has spent approximately \$58.3 million on this TLP, which is currently under construction.

In addition, we will construct and own a 36-mile, 14-inch oil pipeline and a 75-mile, 18-inch and 20-inch natural gas pipeline to support the Marco Polo TLP. The natural gas pipeline will gather natural gas from the Marco Polo platform in Green Canyon Block 608 and transport to the Typhoon natural gas pipeline in Green Canyon Block 237 with a maximum capacity of 400 MMcf/d. The oil pipeline will gather oil from the Marco Polo platform to our Allegheny pipeline in Green Canyon Block 164 with a maximum capacity of 100 MBbls/d. These pipelines are expected to be completed and placed in service in the first quarter of 2004, and are expected to cost \$79 million to construct. As of September 30, 2002, we have spent approximately \$1.3 million on these pipelines, which are in the development stage.

In August 2002, Deepwater Gateway, our joint venture that owns the Marco Polo TLP, obtained a \$155 million project loan at a variable interest rate from a group of commercial lenders to finance a substantial

portion of the cost to construct the Marco Polo TLP and related facilities. Upon completion of the construction, the project loan will convert into a term loan, subject to the terms of the loan agreement. The loan is collateralized by substantially all of Deepwater Gateway's assets. If Deepwater Gateway defaults on its payment obligations under the loan, we would be required to pay to the lenders all distributions we or any of our subsidiaries had received from Deepwater Gateway up to \$22.5 million. As of September 30, 2002, Deepwater Gateway had no amounts outstanding under the project loan and had not paid us or any of our subsidiaries any distributions.

#### Cameron Highway

In February 2002, we announced that we will build and operate the \$458 million, 390-mile Cameron Highway Oil Pipeline with capacity of 500 MBbls/d, which is expected to be in service by the third quarter of 2004, will provide producers with access to onshore delivery points in Texas and Louisiana. BP p.l.c., BHP Billiton and Unocal have dedicated 86,400 acres of property to this pipeline for the life of the reserves, including the acreage underlying their Holstein, Mad Dog and Atlantis developments in the deeper water regions of the Gulf of Mexico. In October 2002, we entered into a non-binding letter of intent with Valero Energy Corporation under which Valero would acquire a 50 percent interest in the entity we form to construct, install and own this pipeline, which we will operate. The formation of this joint venture is subject to specific conditions set forth in the letter of intent, including negotiating and executing definitive documentation and obtaining mutually acceptable financing. We are contractually committed to the Cameron Highway Project whether or not we obtain a partner. We expect that a majority of the costs of this project will be funded through project financing. It is estimated that the majority of the capital outlay for the project will occur in 2003 and 2004. As of September 30, 2002, we have spent approximately \$3.1 million related to this pipeline, which is in the development stage.

#### Falcon Nest

In April 2002, we entered into an agreement to construct and own the \$53 million Falcon Nest fixed-leg platform, together with related pipelines, with capacity to handle 300 MMcf/d of natural gas, which is expected to be in service during the first quarter of 2003, designed and located to process natural gas from Pioneer Natural Resources Company's and Mariner Energy, Inc.'s Falcon Field discovery in the Gulf of Mexico. Pioneer and Mariner have dedicated 69,120 acres of property, including acreage underlying their Falcon Field discovery, to this platform for the life of the reserves. As of September 30, 2002, we have spent approximately \$18.2 million on this project, which is under construction.

#### Petal Expansion

In June 2002, we completed a \$68 million, 8.9 Bcf (6.3 Bcf working capacity) expansion of our Petal natural gas storage facility, including a withdrawal facility and a 20,000 horsepower compression station, located near Hattiesburg, Mississippi. This brings the total working gas capacity of the Petal facility to 9.5 Bcf, of which 7 Bcf is dedicated to a subsidiary of The Southern Company, one of the largest producers of electricity in the United States, under a 20-year fixed-fee contract. In June 2002, we also completed a \$100 million, 60-mile pipeline addition with capacity of 1.25 Bcf/d (currently FERC-certified to 700 MMcf/d) that interconnects with the storage facility and offers direct interconnects with the Southern Natural Gas, Transco and Destin pipeline systems. In June 2002, the interconnects with Southern Natural Gas and Destin were placed into service. In September 2002, the Transco interconnect was placed in service.

#### Red Hawk

In October 2002, we announced that we will build and operate a new \$57 million, 16-inch pipeline to gather natural gas production from the Red Hawk Field located in the Garden Banks area of the Gulf of Mexico. We have entered into the related agreements with Kerr-McGee Oil and Gas Corporation, a wholly owned subsidiary of Kerr-McGee Corporation and Ocean Energy, Inc., which each hold a 50-percent working interest in the Red Hawk Field. The 86-mile pipeline, capable of transporting up to approximately 330 MMcf/d of natural gas, will originate in 5,300 feet of water at the Red Hawk Field and connect to the ANR



Pipeline system at Vermillion Block 397. We plan to place the new pipeline, which is in the development stage, in service during the second quarter of 2004.

#### OTHER MATTERS

As a result of current circumstances generally surrounding the energy sector, the creditworthiness of several industry participants has been called into question. As a result of these general circumstances, we have established an internal group to monitor our exposure to, and determine, as appropriate, whether we should request prepayments, letters of credit or other collateral from our counterparties. If these general conditions worsen and, as a result, several industry participants file for Chapter 11 bankruptcy protection, it could have a material adverse effect on our financial position, results of operations or cash flows.

#### RELATED PARTY TRANSACTIONS

For a discussion of our related party transactions, see Part I, Financial Information, Note 11. In our normal course of business we enter into transactions with various entities controlled directly or indirectly by El Paso Corporation, the parent of our general partner. In the third quarter of 2002, \$25 million of our related party revenue came from El Paso Merchant Energy North America Company (Merchant Energy). Merchant Energy is a direct subsidiary of El Paso Corporation. Approximately \$15 million of this revenue represents the proceeds received by us from selling to Merchant Energy hydrocarbons which we gain title to month to month under certain gathering and processing agreements with third party producers. These sales occur at market prices on an arms length basis, and we believe these sales can be replaced by similar arrangements with third parties at anytime should we so desire. The remaining \$10 million of revenue is primarily related to transportation services provided to Merchant Energy by our pipelines, primarily the EPGT Texas intrastate pipeline system. Merchant Energy has contracted with us on both a firm and interruptible basis and currently utilizes its contracted capacity. In most cases these revenue streams are originated by third parties.

Our largest related party revenue streams are generated by our three Texas fractionation facilities and our Chaco plant. In the case of our fractionation facilities, we are paid each month a fixed fee of \$0.024 for each gallon of NGL that we fractionate into its component parts. El Paso Field Services (Field Services) an indirect subsidiary of El Paso Corporation, and a direct subsidiary of El Paso Tennessee Pipeline Co., pays us this fee. Field Services receives the NGL we fractionate at our facilities from producers in south Texas. The fractionated NGL is re-delivered to Field Services at the tailgate of the plants and then sold by Field Services to various petrochemical and refining customers located along the Texas gulf coast. In addition, Field Services has gathering and processing agreements with producers in the San Juan Basin. Field Services pays us a fee of \$0.1344 per dekatherm of natural gas that we process at the Chaco plant. If we successfully close on our proposed acquisition of the San Juan assets, we will be purchasing, among other assets, the contracts Field Services has with the San Juan Basin producers and this related party revenue stream will end.

#### SEGMENT RESULTS

In light of our expectation of acquiring additional natural gas pipeline and processing assets, effective January 1, 2002, we revised and renamed our business segments to reflect the change in composition of our operations. In October 2001, we acquired the Chaco plant and reflected the operations of this asset in our Oil and NGL logistics segment. With the change in our segments, we moved the Chaco processing plant to our Natural gas pipelines and plants segment. As a result of our sale of the Prince TLP and our nine percent overriding interest in the Prince Field in April 2002, the results of operations from these assets are reflected as discontinued operations in our statements of income for all periods presented and are not reflected in our segment results below. Beginning in 2002, operations from our oil and natural gas production activities are reflected in Other.

To the extent possible, results of operations have been reclassified to conform to the current business segment presentation, although these results may not be indicative of the results which would have been achieved had the revised business segment structure been in effect during those periods. Operating revenues and expenses by segment include intersegment revenues and expenses which are eliminated in consolidation.

The following table presents EBIT by segment and in total for each of the quarter and nine months ended September 30:

| QUARTER ENDED NINE MONTHS ENDED SEPTEMBER 30,<br>SEPTEMBER 30, | -----                                | -----    | -----     | -----    | -----              |
|--|--------------------------------------|----------|-----------|----------|--------------------|
| ---  | 2002                                 | 2001     | 2002      | 2001     | -----              |
| ---  | ----- (IN THOUSANDS) EARNINGS BEFORE |          |           |          |                    |
| INTEREST EXPENSE AND INCOME TAXES                              |                                      |          |           |          | Natural gas        |
| pipelines and plants.....                                      | \$31,188                             | \$ 5,313 | \$ 79,733 | \$16,652 | Oil and NGL        |
| logistics.....   |                                      |          |           |          | 9,080              |
| storage.....   | 10,291                               | 10,291   | 26,926    | 27,356   | Natural gas        |
| services.....  | 2,637                                | 1,636    | 4,635     | 6,537    | Platform           |
|  | 3,075                                | 4,953    | 15,591    | 14,691   | -----              |
|  |                                      |          |           |          | ----- Segment      |
| EBIT.....  | 45,980                               | 22,193   | 126,885   | 65,236   | Other,             |
| net.....   | (556)                                | (752)    | (4,738)   | 1,215    | -----              |
|  |                                      |          |           |          | ----- Consolidated |
| EBIT.....  | \$45,424                             | \$21,441 | \$122,147 | \$66,451 | =====              |
|  |                                      |          |           |          | =====              |

EBIT variances are discussed in the segment results below.

#### NATURAL GAS PIPELINES AND PLANTS

| QUARTER ENDED NINE MONTHS ENDED SEPTEMBER 30,<br>SEPTEMBER 30, | -----                                    | -----    | -----     | -----     | -----                        |
|--|--|----------|-----------|-----------|------------------------------|
| ---  | 2002                                     | 2001     | 2002      | 2001      | -----                        |
| ---  | ----- (IN THOUSANDS, EXCEPT FOR VOLUMES) |          |           |           |                              |
| Natural gas pipelines and plants                               |  |          |           |           |                              |
| revenue.....   | \$ 96,381                                | \$18,242 | \$232,053 | \$        |                              |
| gas.....   | 69,351                                   |          |           |           | Cost of natural              |
|  | (9,822)                                  | (67,268) | (43,986)  |           | gas..... (27,767)            |
| --   | ----- Natural gas pipelines and plants   |          |           |           |                              |
| margin.....  | 68,614                                   | 8,420    | 164,785   | 25,365    | Operating                    |
| expenses.....  | (36,992)                                 | (3,107)  | (84,951)  | (13,093)  | Other income                 |
| (loss).....  | (101)                                    | 4,380    |           | (434)     | --                           |
| EBIT.....  | \$ 31,188                                | \$ 5,313 | \$ 79,733 | \$ 16,652 | =====                        |
|  |  |          |           |           | ===== Volumes (MDth/d) Texas |
| Intrastate.....  | 3,235                                    | --       | 2,238     | --        | El Paso Intrastate           |
| Alabama.....   |  |          | 167       | 172       | 180                          |
|  |  |          |           |           | 170                          |
|  |  |          |           |           | East                         |
| Breaks.....  |  |          |           |           | 206                          |
|  |  |          |           |           | 217                          |
|  |  |          |           |           | 201                          |
|  |  |          |           |           | 255                          |
| HIOS.....  | 696                                      | 975      | 750       | 1,028     | Viosca Knoll                 |
| Gathering.....   | 583                                      | 492      | 569       |           |                              |
| systems.....   |  |          |           |           | 558 Other gathering          |
|  |  |          |           |           | Processing                   |
| plants.....  | 764                                      | --       |           |           |                              |
| 723  | --                                       |          |           |           | Total                        |
| volumes.....   | 1,896                                    | 4,898    | 2,027     |           | 5,971                        |
|  |  |          |           |           | =====                        |
|  |  |          |           |           | =====                        |

In connection with our April 2002 EPN Holding asset acquisition, we added assets to this segment with contracts whereby we may purchase natural gas from producers at the wellhead for an index price less an amount that compensates us for gathering services. We then sell the natural gas into the open market at points on our system at the same index prices. Accordingly, our operating revenues and costs of natural gas are impacted by changes in energy commodity prices, while our margin is unaffected. For these reasons, we believe that gross margin (revenue less cost of natural gas) provides a more accurate and meaningful basis for analyzing operating results for the Natural gas pipelines and plants segment.

Third Quarter 2002 Compared to Third Quarter 2001

Natural gas pipelines and plants margin for the quarter ended September 30,

2002, was \$60.2 million higher than in the same period in 2001. Approximately \$41.9 million of the increase was due to our April 2002 purchase of the EPN Holding assets from subsidiaries of El Paso Corporation and \$8.0 million to our purchase of the Chaco plant in October 2001. Additionally, approximately \$8.2 million of the increase was due to our consolidation of Deepwater Holdings in October 2001. Further contributing to the increase was \$1.2 million relating to our purchase of the Big Thicket assets in August 2002 and \$0.5 million relating to the operations of the Pelican Stabilizer, which was placed in service in March 2002. Excluding the contribution from these

newly acquired assets, margins increased by \$1.4 million. Offsetting these increases was a \$1 million mark-to-market non-cash loss associated with a derivative transaction we entered into during the quarter to economically hedge a portion of the 2003 price risk exposure for gathering services associated with our proposed San Juan acquisition. In addition, our third quarter 2002 margin decreased by \$0.6 million as a result of Hurricane Isidore in September 2002. We expect our fourth quarter margins to be lower due to Hurricane Lili which occurred in October 2002. Offsetting this fourth quarter impact, will be additional volumes from the startup of production in the Camden Hills and Aconcagua Fields which will be delivered to our Viosca Knoll system.

Operating expenses for the quarter ended September 30, 2002, were \$33.9 million higher than the same period in 2001 primarily due to our April 2002 purchase of the EPN Holding assets, our purchase of the Chaco plant in October 2001, and our consolidation of Deepwater Holdings. Excluding the operating costs of the newly acquired assets, operating expenses increased by \$1.3 million due to accelerated non-routine maintenance on our HIOS system, as well as a bad debt write-off.

Other income (loss) for the quarter ended September 30, 2002, was \$0.4 million lower than the same period in 2001 primarily due to purchase price adjustments related to Deepwater's sale of Stingray, UTOS and the West Cameron dehydration facility. After our acquisition of the remaining interest in Deepwater Holdings in October 2001, Deepwater Holdings became a consolidated subsidiary.

#### Nine Months Ended 2002 Compared to Nine Months Ended 2001

Natural gas pipeline and plants margin for the nine months ended September 30, 2002, was \$139.4 million higher than the same period in 2001. Approximately \$83.3 million of the increase was due to our April 2002 purchase of the EPN Holding assets from subsidiaries of El Paso Corporation and \$24.4 million to our purchase of the Chaco plant in October 2001. Additionally, approximately \$27.4 million of the increase was due to our consolidation of Deepwater Holdings in October 2001. Further contributing to the increase was \$1.2 million relating to our purchase of the Big Thicket assets in August 2002 and \$0.6 million relating to the operations of the Pelican Stabilizer, which was placed in service in March 2002. Excluding the contribution from these newly acquired assets, margins increased by \$3.5 million. Offsetting these increases was a \$1 million mark-to-market non-cash loss associated with a derivative transaction we entered into during the third quarter to economically hedge a portion of the 2003 price risk exposure for gathering services associated with our proposed San Juan acquisition. In addition, our 2002 margin decreased by \$0.6 million as a result of Hurricane Isidore in September 2002. We expect our fourth quarter margins to be lower due to Hurricane Lili which occurred in October 2002. Offsetting this fourth quarter impact, will be additional volumes from the startup of production in the Camden Hills and Aconcagua Fields which will be delivered to our Viosca Knoll system.

Operating expenses for the nine months ended September 30, 2002 were \$71.9 million higher than the same period in 2001 primarily due to our April 2002 purchase of the EPN Holding assets, our purchase of the Chaco plant in October 2001, and our consolidation of Deepwater Holdings. Excluding the operating costs of the newly acquired assets, operating expenses increased by \$3.7 million.

Other income for the nine months ended September 30, 2002, was \$4.5 million lower than the same period in 2001 primarily due to our recognition in 2001 of \$22.0 million in additional consideration from El Paso Corporation associated with the sale of our Gulf of Mexico pipeline assets in 2001, partially offset by net losses of \$7.8 million due to the sale of our interests in the Tarpon and Green Canyon pipeline assets in January 2001. Also contributing to this offset were lower earnings from unconsolidated affiliates of \$10.3 million, which primarily relates to Deepwater Holdings' sale of Stingray, UTOS and the West Cameron dehydration facility and the sale of our interest in Nautilus and Manta Ray Offshore in 2001.

OIL AND NGL LOGISTICS

| QUARTER ENDED NINE MONTHS ENDED SEPTEMBER 30, |                                    |           |                          |
|---|------------------------------------|-----------|--------------------------|
| SEPTEMBER 30, -----                           |                                    |           |                          |
| -----   | 2002                               | 2001      | 2002                     |
| -----   | 2001                               | 2002      | 2001                     |
| -----   | -----                              |           |                          |
| -----   | (IN THOUSANDS, EXCEPT FOR VOLUMES) |           |                          |
| -----   | Oil and NGL logistics              |           |                          |
| revenue.....                                  | \$ 9,450                           | \$ 10,130 | \$                       |
|   | 28,026                             | \$ 22,866 | Operating                |
| expenses.....                                 | (3,538)                            | (3,352)   | (11,641)                 |
|   |                                    |           | (8,473) Other            |
| income.....                                   | 3,168                              | 3,513     | 10,541                   |
|   |                                    |           | 12,963                   |
| EBIT.....                                     | \$ 9,080                           | \$ 10,291 | \$ 26,926                |
|   |                                    |           | \$ 27,356                |
|   | =====                              | =====     | =====                    |
|   | Volume (Bbl/d) EPN                 |           |                          |
| Texas.....                                    | 70,597                             | 78,970    | 72,499                   |
|   |                                    |           | 59,502 Allegheny Oil     |
| Pipeline.....                                 | 13,042                             | 17,570    | 13,464                   |
|   |                                    |           | Unconsolidated affiliate |
| Poseidon Oil Pipeline(1).....                 | 131,457                            | 142,594   | 140,344                  |
|   |                                    |           | 155,396                  |
|   | -----                              |           |                          |
|   | ----- Total                        |           |                          |
| volumes.....                                  | 234,606                            | 230,413   | 228,362                  |
|   |                                    |           | 219,449                  |
|   | =====                              | =====     | =====                    |
|   | =====                              | =====     | =====                    |

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

Third Quarter 2002 Compared to Third Quarter 2001

For the quarter ended September 30, 2002, revenues were \$0.7 million lower than the same period in 2001 primarily due to lower volumes on EPN Texas. Offsetting this decrease was our acquisitions of the Hattiesburg propane storage facility in January 2002 and the Anse La Butte NGL storage facility in December 2001 and higher volumes on Allegheny.

Operating expenses for the quarter ended September 30, 2002, were \$0.2 million higher than the same period in 2001 primarily due to our acquisition of the Hattiesburg propane storage facility in January 2002 and the Anse La Butte NGL storage facility in December 2001 offset by the modification of the operating agreement in connection with the EPN Holding acquisition in April 2002 between EPN Texas and El Paso Field Services, which reduced the amount of monthly operating charges to us.

Other income for the quarter ended September 30, 2002, was \$0.3 million lower than the same period in 2001 primarily due to a decrease in earnings from unconsolidated affiliates due to lower volumes on Poseidon Oil Pipeline partially attributable to Hurricane Isidore in September 2002. We expect our fourth quarter earnings from unconsolidated affiliates to be lower due to Hurricane Lili which occurred in October 2002. Offsetting this fourth quarter impact, will be additional volumes related to new contracts that Poseidon Oil Pipeline has entered into. These contracts start in November 2002 and December 2002 and have a six month duration. We will realize our 36 percent share of the volume increase through earnings from unconsolidated affiliates over the next seven months.

Nine Months Ended 2002 Compared to Nine Months Ended 2001

For the nine months ended September 30, 2002, revenues were \$5.2 million higher than the same period in 2001 primarily due to our acquisitions of the EPN Texas transportation and fractionation assets in February 2001, the Hattiesburg propane storage facility in January 2002, and the Anse La Butte NGL storage facility in December 2001. Additionally, higher volumes on Allegheny also contributed to the increase in revenues.

Operating expenses for the nine months ended September 30, 2002, were \$3.2 million higher than the same period in 2001 primarily due to our acquisitions of the EPN Texas transportation and fractionation assets in February 2001, the Hattiesburg propane storage facility in January 2002, and the Anse La Butte NGL storage facility in December 2001.

Other income for the nine months ended September 30, 2002, was \$2.4 million lower than the same period in 2001 primarily due to a decrease in earnings from unconsolidated affiliates due to lower volumes on Poseidon Oil Pipeline partially attributable to Hurricane Isidore in September 2002. We expect our fourth

quarter earnings from unconsolidated affiliates to be lower due to Hurricane Lili which occurred in October 2002. Offsetting this fourth quarter impact, will be additional volumes related to new contracts that Poseidon Oil Pipeline has entered into. These contracts start in November 2002 and December 2002 and have a six month duration. We will realize our 36 percent share of the volume increase through earnings from unconsolidated affiliates over the next seven months.

#### NATURAL GAS STORAGE

| QUARTER ENDED NINE MONTHS ENDED SEPTEMBER 30, |           |          |           |
|---|-----------|----------|-----------|
| 2002  | 2001      | 2002     | 2001      |
| -----   |           |          |           |
| - (IN THOUSANDS) Natural gas storage          |           |          |           |
| revenue.....                                  | \$ 8,599  | \$ 4,641 |           |
|   | \$ 18,454 | \$15,089 | Operating |
| expenses.....                                 |           |          |           |
| (5,962)                                       | (3,005)   | (13,819) | (8,552)   |
| -----   |           |          |           |
| EBIT.....                                     |           |          |           |
| \$ 2,637                                      | \$ 1,636  | \$ 4,635 | \$ 6,537  |
| =====   |           |          |           |
| Firm storage and transportation               |           |          |           |
| Contracted volumes                            |           |          |           |
| (Bcf).....                                    | 36        | 23       | 27        |
|   |           |          | 22        |
| Commodity volumes                             |           |          |           |
| (Mth/d).....                                  | 53        | 50       | 96        |
|   |           |          | 64        |
| Interruptible storage and transportation      |           |          |           |
| volumes (Bcf).....                            | 1         | 1        | 1         |
|   |           |          | 1         |
| Commodity volumes                             |           |          |           |
| (Mth/d).....                                  | 37        | 49       | 14        |
|   |           |          | 65        |

#### Third Quarter 2002 Compared to Third Quarter 2001

For the quarter ended September 30, 2002, revenues were \$4.0 million higher than the same period in 2001 primarily due to the expansion of the Petal storage facility and our acquisition of the Wilson storage facility lease in April 2002. Storage capacity for the Petal facility has been subscribed to a subsidiary of the Southern Company for 7.0 Bcf and to BP for 1.65 Bcf.

Expansion of the Petal storage facility was completed during the second quarter, and we commenced services to a subsidiary of the Southern Company in the third quarter of 2002. Petal's services under this contract will add \$4.0 million of revenues during the fourth quarter of 2002.

Operating expenses for the quarter were \$3.0 million higher than the same period in 2001 primarily due to the expansion of our Petal storage facility in the second quarter of 2002 and the acquisition of the Wilson storage facility lease in April 2002.

#### Nine Months Ended 2002 Compared to Nine Months Ended 2001

For the nine months ended September 30, 2002, revenues were \$3.4 million higher than the same period in 2001 primarily due to the expansion of the Petal storage facility and our acquisition of the Wilson storage facility lease in April 2002. This increase was partially offset by a decrease in revenues attributable to lower commodity revenues and interruptible storage services at our Hattiesburg facility during 2002.

Operating expenses for the nine months ended September 30, 2002, were \$5.3 million higher than the same period in 2001 primarily due to the expansion of our Petal storage facility in the second quarter of 2002, the acquisition of the Wilson storage facility lease in April 2002 and a favorable resolution of an imbalance settlement in 2001.

PLATFORM SERVICES

| QUARTER ENDED NINE MONTHS ENDED SEPTEMBER 30,        |          | SEPTEMBER 30, -----          |                      |
|--|----------|------------------------------|----------------------|
| 2002   | 2001     | 2002                         | 2001                 |
| -----  |          |                              |                      |
| (IN THOUSANDS, EXCEPT FOR VOLUMES) Platform services |          |                              |                      |
| revenue.....   |          | \$ 5,142                     | \$                   |
| 6,939  | \$20,992 | \$21,170                     | Operating            |
| expenses.....  |          |                              |                      |
| (2,181)  | (1,986)  | (5,515)                      | (6,447) Other income |
| (loss).....  |          | 114                          | --                   |
| 114  | (32)     |                              | -----                |
| EBIT.....  |          |                              |                      |
| \$ 3,075   | \$ 4,953 | \$15,591                     | \$14,691             |
| =====  | =====    |                              |                      |
|  |          | Natural gas platform volumes |                      |
|  |          | (Mdth/d) East Cameron 373    |                      |
| platform.....  |          | 119                          | 166 134 173          |
|  |          | Garden Banks 72              |                      |
| platform.....  |          | 12                           | 3 13 8               |
|  |          | Viosca Knoll 817             |                      |
| platform.....  |          | 9                            | 12 9 12              |
|  |          | ----- Total natural gas      |                      |
| platform volumes.....                                |          | 140                          | 181 156 193          |
| =====  | =====    |                              |                      |
|  |          | Oil platform volumes         |                      |
|  |          | (Bbl/d) East Cameron 373     |                      |
| platform.....  |          | 1,576                        | 1,766                |
|  |          | 1,764 2,001 Garden Banks 72  |                      |
| platform.....  |          | 1,036                        | 1,364                |
|  |          | 1,131 1,547 Viosca Knoll 817 |                      |
| platform.....  |          | 2,170                        | 1,925                |
|  |          | 2,106 2,036 ----- Total      |                      |
| oil platform volumes.....                            |          | 4,782                        |                      |
| 5,055  | 5,001    | 5,584                        | =====                |

Third Quarter 2002 Compared to Third Quarter 2001

For the quarter ended September 30, 2002, revenues were \$1.8 million lower than in the same period in 2001 primarily due to the expiration in June 2002, in accordance with the original contract terms, of the fixed fee portion of the Viosca Knoll 817 platform access fee contract with Flextrend Development Company, our wholly owned subsidiary. Operating expenses for the same periods were \$0.2 million higher due to higher direct costs.

Other income for the quarter ended September 30, 2002 reflects income from an intersegment investment that is eliminated in our Other segment in consolidation.

Nine Months Ended 2002 Compared to Nine Months Ended 2001

For the nine months ended September 30, 2002, revenues were \$0.2 million lower than the same period in 2001 primarily due to the expiration in June 2002, in accordance with the original contract terms, of the fixed fee portion of the Viosca Knoll 817 platform access fee contract with Flextrend Development Company, our wholly owned subsidiary, partially offset by retroactive billings for fixed monthly platform access fees and a retroactive gas dehydration fee on the East Cameron 373 platform. Operating expenses for the same periods were \$0.9 million lower due to lower direct costs.

Other income for the nine months ended September 30, 2002 reflects income from an intersegment investment that is eliminated in our Other segment in consolidation. Other loss for the nine months ended September 30, 2001 reflects approximately \$3.0 million of losses recognized on the sales of our Gulf of Mexico platform assets in January 2001, offset by the additional consideration from El Paso Corporation related to the sale of these assets.

OTHER, NET

Third Quarter 2002 Compared to Third Quarter 2001

Earnings before interest expense and taxes related to non-segment activity for the quarter ended September 30, 2002, were \$0.2 million higher than the same period in 2001. The increase was primarily due to higher natural gas and oil prices offset by lower volumes attributable to a decrease in natural gas production as a result of normal decline of existing reserves. Third quarter 2002 EBIT also decreased by \$0.2 million as a

result of Hurricane Isidore in September 2002. We expect our fourth quarter 2002 EBIT to be lower due to Hurricane Lili which occurred in October 2002.

#### Nine Months Ended 2002 Compared to Nine Months Ended 2001

Earnings before interest expense and taxes related to non-segment activity for the nine months ended September 30, 2002, were \$6.0 million lower than the same period in 2001. The decrease was primarily due to lower natural gas and oil prices, as well as lower volumes attributable to a decrease in natural gas production as a result of normal decline of existing reserves, partially offset by lower operating expenses and depletion. Additionally, EBIT decreased by \$0.2 million as a result of Hurricane Isidore in September 2002. We expect our fourth quarter 2002 EBIT to be lower due to Hurricane Lili which occurred in October 2002.

#### INTEREST AND DEBT EXPENSE

Interest and debt expense, net of capitalized interest, for the quarter and nine month periods ended September 30, 2002, was approximately \$12.2 million and \$25.9 million higher than the same periods in 2001. This increase is primarily due to an increase in the average outstanding balance of our revolving credit facility, the amounts outstanding under the EPN Holding acquisition facility which we entered to purchase the EPN Holding assets in April 2002, and the \$230 million of 8.5% senior subordinated notes issued in May 2002. Capitalized interest for the quarter and nine months ended September 30, 2002 was \$0.7 million and \$4.3 million compared to \$3.4 million and \$9.7 million for the same periods in 2001.

#### COMMITMENTS AND CONTINGENCIES

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

#### NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

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



CAUTIONARY STATEMENT REGARDING  
FORWARD-LOOKING STATEMENTS

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

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

Important factors that could cause actual results to differ materially from estimates or projections contained in forward-looking statements are described in our Annual Report on Form 10-K for the year ended December 31, 2001, and our other filings with the Securities and Exchange Commission. Where any forward-looking statement includes a statement of the assumptions or bases underlying the forward-looking statement, we caution that, while we believe these assumptions or bases to be reasonable and made in good faith, assumed facts or bases almost always vary from the actual results, and the differences between assumed facts or bases and actual results can be material, depending upon the circumstances. Where, in any forward-looking statement, we express an expectation or belief as to future results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. We cannot assure you, however, that the statement of expectation or belief will result or be achieved or accomplished. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," and similar terms and phrases, including references to assumptions. These forward-looking statements involve risks and uncertainties that may cause our actual future activities and results of operations to be materially different from those suggested or described.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information updates, and you should read it in conjunction with, our quantitative and qualitative disclosures about market risks reported in our Annual Report on Form 10-K for the year ended December 31,

2001, in addition to information presented in Items 1 and 2 of this Quarterly Report on Form 10-Q and our Current Reports on Form 8-K and 8-K/A.

In August 2002, we entered into a derivative financial instrument to hedge our exposure during 2003 relating to gathering activities for changes in natural gas prices in the San Juan Basin in anticipation of our proposed acquisition of the San Juan assets. The derivative is a financial swap on 30,000 MMBtu per day whereby we receive a fixed price of \$3.525 per MMBtu and pay a floating price based upon the San Juan index. We are accounting for this derivative under mark-to-market accounting since it does not qualify for hedge accounting under SFAS 133. As of September 30, 2002, the fair value of this derivative was a \$1.0 million liability and we recognized this \$1.0 million loss in the margin of our Natural gas pipelines and plants segment. Once the proposed acquisition of the San Juan assets is completed, we expect to designate this derivative as a cash flow hedge under SFAS 133.

During 2001 and 2002, we entered into cash flow hedges in connection with our EPIA operations. As of September 30, 2002, the fair value of these cash flow hedges was an asset of approximately \$49 thousand. During the nine months ended September 30, 2002, the majority of our cash flow hedges expired and we reclassified \$1.4 million from accumulated other comprehensive income to earnings.

Starting in April 2002, in connection with our EPN Holdings acquisition, we have swaps in place for our interest in the Indian Basin processing plant. As of September 30, 2002, the fair value of these cash flow hedges was a \$126 thousand liability resulting in an unrealized loss of \$126 thousand.

During 2002, Poseidon entered into a two-year interest rate swap agreement. As of September 30, 2002, the fair value of its interest rate swap was a liability of \$1.6 million resulting in an unrealized loss of \$1.6 million. We include our 36 percent share of this liability of \$0.6 million as a reduction of our investment in Poseidon and as an unrealized loss in other comprehensive income. Additionally, we have recognized in income our 36 percent share of Poseidon's realized loss of \$0.9 million for the nine months ended September 30, 2002, or \$0.3 million, through our earnings from unconsolidated affiliates.

#### ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures within 90 days of the filing date of this quarterly report pursuant to Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, our principal executive officer and principal financial officer have concluded that these controls and procedures are effective. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified under the Exchange Act. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

The principal executive officer and principal financial officer certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 have been included herein, or as Exhibits to this Quarterly Report on Form 10-Q, as appropriate.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

In October 2002, we announced changes in our Board of Directors, designed to align us with certain corporate governance recommendations recently announced by the New York Stock Exchange. Robert G. Phillips has been elected Chairman of the Board of Directors of El Paso Energy Partners Company, our general partner. The Board also accepted the resignations of William A. Wise, H. Brent Austin, and Malcom Wallop.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

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

EXHIBIT  
NUMBER  
DESCRIPTION  
-----

3.A --  
Amended and  
Restated  
Certificate  
of Limited  
Partnership  
dated  
February  
14, 2002  
(Exhibit  
3.A to our  
2001 Form  
10-K). 3.B  
-- Second  
Amended and  
Restated  
Agreement  
of Limited  
Partnership  
effective  
as of  
August 31,  
2000  
(Exhibit  
3.B to our  
Report on  
Form 8-K  
dated March  
6, 2001).  
4.D --  
Indenture  
dated as of  
May 27,  
1999 among  
El Paso  
Energy  
Partners,  
L.P., El  
Paso Energy  
Partners

Finance Corporation, the Subsidiary Guarantors and Chase Bank of Texas, as Trustee (Exhibit 4.1 to our Registration Statement on Form S-4, filed on June 24, 1999, File Nos. 333-81143 through 333-81143-17). \*4.D.3 -- Eighth Supplemental Indenture dated as of October 10, 2002 to the Indenture dated as of May 27, 1999 among El Paso Energy Partners, L.P., El Paso Energy Partners Finance Corporation, the Subsidiary Guarantors and JPMorgan Chase Bank, as Trustee. 4.E -- Indenture dated as of May 17, 2001 among El Paso Energy Partners, L.P., El Paso Energy Partners Finance Corporation, the Subsidiary Guarantors and The Chase Manhattan Bank, as Trustee (Exhibit 4.1 to our Registration Statement on Form S-4, filed June 25, 2001, Registration Nos. 333-63800 through 333-63800-20).

EXHIBIT  
NUMBER  
DESCRIPTION -  
-----

----- \*4.E.3  
-- Third  
Supplemental  
Indenture  
dated as of  
October 10,  
2002 to the  
Indenture  
dated as of  
May 17, 2001  
among El Paso  
Energy  
Partners,  
L.P., El Paso  
Energy  
Partners  
Finance  
Corporation,  
the  
Subsidiary  
Guarantors  
and JPMorgan  
Chase Bank,  
as Trustee.

\*10.B --  
Sixth Amended  
and Restated  
Credit  
Agreement  
dated as of  
March 23,  
1995, as  
amended and  
restated  
through  
October 10,  
2002 by and  
among El Paso  
Energy  
Partners,  
L.P., El Paso  
Energy  
Partners  
Finance  
Corporation,  
Credit  
Lyonnais New  
York Branch  
and First  
Union  
National  
Bank, as Co-  
Syndication  
Agents, Fleet  
National Bank  
and Fortis  
Capital  
Corp., as Co-  
Documentation  
Agents, The  
Chase  
Manhattan  
Bank, as  
Administrative  
Agent, and  
the several  
banks and  
other  
financial  
institutions  
signatories  
thereto.

\*10.Q --  
Amended and  
Restated  
Credit  
Agreement  
among EPN  
Holding

Company,  
L.P., the  
Lender party  
thereto, Banc  
One Capital  
Markets, Inc.  
and Wachovia  
Bank, N.A.,  
as Co-  
Syndication  
Agents, Fleet  
National Bank  
and Fortis  
Capital  
Corp., as Co-  
Documentation  
Agents, and  
JP Morgan  
Chase Bank,  
as  
Administrative  
Agent, dated  
as of April  
8, 2002, as  
amended and  
restated  
through  
October 10,  
2002. \*99.A -

-  
Certification  
of the Chief  
Executive  
Officer,  
pursuant to  
18 U.S.C.  
Section 1350,  
as adopted  
pursuant to  
Section 906  
of the  
Sarbanes-  
Oxley Act of  
2002. \*99.B -

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

#### UNDERTAKING

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

#### (b) Reports on Form 8-K

We filed a current report on Form 8-K dated July 15, 2002, to conform our historical financial information as of December 31, 2001 and 2000, and for the years ended December 31, 2001, 2000 and 1999 to the presentation in our Form 10-Q for the quarterly period ended March 31, 2002, which reflected new names for our segments, movement of the Chaco processing plant from Oil and NGL logistics to Natural gas pipelines and plants segment, and discontinued operations treatment for assets held for sale.

We filed a current report on Form 8-K/A dated July 19, 2002, to include the signature page inadvertently omitted from our Form 8-K dated July 15, 2002.

We filed a current report on Form 8-K dated July 31, 2002, providing unaudited financial statements of the Texas and New Mexico midstream assets acquired from El Paso Corporation at March 31, 2002 and for the three month

periods ended March 31, 2002 and 2001.

We filed a current report on Form 8-K dated August 12, 2002, discussing the proposed acquisition of the San Juan assets; providing audited combined financial statements of El Paso Field Services San Juan Gathering and Processing Businesses, Typhoon Gas Pipeline, Typhoon Oil Pipeline, and Coastal Liquids Partners NGL Business as of December 31, 2001 and 2000, and for the years ended December 31, 2001, 2000 and 1999; providing unaudited combined financial statements for these businesses as of March 31, 2002, and for the three months ended March 31, 2002 and 2001; providing unaudited proforma condensed consolidated and combined financial statements to (i) reflect the expected issuance of long-term debt and equity to generate cash proceeds and (ii) reflect the use of such proceeds for the acquisition of the San Juan assets from El Paso Corporation; and providing certifications with respect to such current report on Form 8-K.

We filed a current report on Form 8-K dated October 8, 2002 announcing Valero Energy Corporation as a 50 percent partner in the Cameron Highway Oil pipeline project.

We filed a current report on Form 8-K dated October 10, 2002 updating the current risk factors discussion, discussing the use of various performance measures, updating the financial statements and pro forma financial information previously filed in connection with the proposed acquisition of the San Juan assets and updating the balance sheet of our general partner, El Paso Energy Partners Company.

We filed a current report on Form 8-K dated October 10, 2002 announcing plans to build and operate a new 85-mile, 16 inch pipeline to gather natural gas production from the Red Hawk field.

We filed a current report on Form 8-K dated October 18, 2002 to announce changes in our Board of Directors.



SIGNATURES

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

EL PASO ENERGY PARTNERS, L.P.

By: EL PASO ENERGY PARTNERS COMPANY,  
its General Partner

Date: November 12, 2002

By: /s/ KEITH B. FORMAN

-----  
Keith B. Forman  
Vice President and Chief Financial  
Officer

Date: November 12, 2002

By: /s/ D. MARK LELAND

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

CERTIFICATION

I, Robert G. Phillips, certify that:

1. I have reviewed this quarterly report on Form 10-Q of El Paso Energy Partners, L.P.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ ROBERT G. PHILLIPS

-----  
Robert G. Phillips  
Chief Executive Officer  
El Paso Energy Partners Company,  
general partner of El Paso Energy  
Partners, L.P.

CERTIFICATION

I, Keith B. Forman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of El Paso Energy Partners, L.P.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ KEITH B. FORMAN

-----  
Keith B. Forman  
Chief Financial Officer  
El Paso Energy Partners Company,  
general partner of El Paso Energy  
Partners, L.P.

INDEX TO EXHIBITS

EXHIBIT  
NUMBER  
DESCRIPTION -  
-----  
----- 3.A --  
Amended and  
Restated  
Certificate  
of Limited  
Partnership  
dated  
February 14,  
2002 (Exhibit  
3.A to our  
2001 Form 10-  
K). 3.B --  
Second  
Amended and  
Restated  
Agreement of  
Limited  
Partnership  
effective as  
of August 31,  
2000 (Exhibit  
3.B to our  
Report on  
Form 8-K  
dated March  
6, 2001). 4.D  
-- Indenture  
dated as of  
May 27, 1999  
among El Paso  
Energy  
Partners,  
L.P., El Paso  
Energy  
Partners  
Finance  
Corporation,  
the  
Subsidiary  
Guarantors  
and Chase  
Bank of  
Texas, as  
Trustee  
(Exhibit 4.1  
to our  
Registration  
Statement on  
Form S-4,  
filed on June  
24, 1999,  
File Nos.  
333-81143  
through 333-  
81143-17).  
\*4.D.3 --  
Eighth  
Supplemental  
Indenture  
dated as of  
October 10,  
2002 to the  
Indenture  
dated as of  
May 27, 1999  
among El Paso  
Energy  
Partners,  
L.P., El Paso  
Energy  
Partners  
Finance  
Corporation,  
the  
Subsidiary  
Guarantors  
and JPMorgan

Chase Bank,  
as Trustee.  
4.E --  
Indenture  
dated as of  
May 17, 2001  
among El Paso  
Energy  
Partners,  
L.P., El Paso  
Energy  
Partners  
Finance  
Corporation,  
the  
Subsidiary  
Guarantors  
and The Chase  
Manhattan  
Bank, as  
Trustee  
(Exhibit 4.1  
to our  
Registration  
Statement on  
Form S-4,  
filed June  
25, 2001,  
Registration  
Nos. 333-  
63800 through  
333-63800-  
20). \*4.E.3 -  
- Third  
Supplemental  
Indenture  
dated as of  
October 10,  
2002 to the  
Indenture  
dated as of  
May 17, 2001  
among El Paso  
Energy  
Partners,  
L.P., El Paso  
Energy  
Partners  
Finance  
Corporation,  
the  
Subsidiary  
Guarantors  
and JPMorgan  
Chase Bank,  
as Trustee.  
\*10.B --  
Sixth Amended  
and Restated  
Credit  
Agreement  
dated as of  
March 23,  
1995, as  
amended and  
restated  
through  
October 10,  
2002 by and  
among El Paso  
Energy  
Partners,  
L.P., El Paso  
Energy  
Partners  
Finance  
Corporation,  
Credit  
Lyonnais New  
York Branch  
and First  
Union  
National  
Bank, as Co-  
Syndication  
Agents, Fleet

National Bank  
and Fortis  
Capital  
Corp., as Co-  
Documentation  
Agents, The  
Chase  
Manhattan  
Bank, as  
Administrative  
Agent, and  
the several  
banks and  
other  
financial  
institutions  
signatories  
thereto.

\*10.Q --

Amended and  
Restated  
Credit  
Agreement  
among EPN  
Holding  
Company,  
L.P., the  
Lender party  
thereto, Banc  
One Capital  
Markets, Inc.  
and Wachovia  
Bank, N.A.,  
as Co-  
Syndication  
Agents, Fleet  
National Bank  
and Fortis  
Capital  
Corp., as Co-  
Documentation  
Agents, and  
JP Morgan  
Chase Bank,  
as

Administrative  
Agent, dated  
as of April  
8, 2002, as  
amended and  
restated  
through  
October 10,  
2002. \*99.A -

-  
Certification  
of the Chief  
Executive  
Officer,  
pursuant to  
18 U.S.C.  
Section 1350,  
as adopted  
pursuant to  
Section 906  
of the  
Sarbanes-  
Oxley Act of  
2002. \*99.B -

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

=====

EL PASO ENERGY PARTNERS, L.P.  
EL PASO ENERGY PARTNERS FINANCE CORPORATION, AS THE ISSUERS,

AND

THE SUBSIDIARIES PARTY HERETO, AS SUBSIDIARY GUARANTORS

AND

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

-----

EIGHTH SUPPLEMENTAL INDENTURE

DATED AS OF OCTOBER 10, 2002

TO

INDENTURE

DATED AS OF MAY 27, 1999

-----

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

=====

EIGHTH SUPPLEMENTAL INDENTURE

THIS EIGHTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of October 10, 2002 is by and among El Paso Energy Partners, L.P., a Delaware limited partnership (formerly Leviathan Gas Pipeline Partners, L.P.) (the "Partnership"), El Paso Energy Partners Finance Corporation, a Delaware corporation (formerly Leviathan Finance Corporation), the guarantor parties hereto, and JPMorgan Chase Bank, a New York state banking corporation, as successor trustee to the Chase Bank of Texas, National Association, as Trustee.

W I T N E S S E T H:

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

WHEREAS, the Partnership desires to redesignate the subsidiaries of the Partnership set forth on Schedule I attached hereto (the "NEW GUARANTORS") as Restricted Subsidiaries and, accordingly, cause such subsidiaries to become Subsidiary Guarantors under the Indenture pursuant to the terms of this Supplemental Indenture;

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

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

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

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

SECTION 1. INCORPORATION OF INDENTURE; DEFINITIONS

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

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



## SECTION 2. SUPPLEMENTAL PROVISIONS

2.1 UNCONDITIONAL GUARANTEE. Subject to the provisions of Article 11 of the Indenture, the New Guarantors shall be Subsidiary Guarantors under the terms of the Indenture and hereby unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the Obligations of the Issuers under the Indenture or the Notes, that:

- (a) the principal of, premium, interest and Liquidated Damages, if any, on the Notes shall be promptly paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, interest and Liquidated Damages, if any, on the Notes, if any, if lawful, and all other Obligations of the Issuers to the Holders or the Trustee under the Indenture and the Notes shall be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Notes; and
- (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately.

The New Guarantors hereby agree that their obligations hereunder and under the Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions of the Indenture and the Notes, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. The New Guarantors hereby waive diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenant that the Guarantees shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

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

The New Guarantors further agree that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations

guaranteed under the Indenture may be accelerated as provided in Article 6 of the Indenture for the purposes of these Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed under the Indenture, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 6 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Subsidiary Guarantors for the purpose of these Guarantees. The New Guarantors agree that the Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under these Guarantees.

2.2 OTHER GUARANTEE TERMS. The New Guarantors hereby confirm, adopt and acknowledge each of the provisions of the Indenture relating to the Subsidiary Guarantors and the Guarantees, including, but not limited to, Articles 4 and 11 thereof.

### SECTION 3. MISCELLANEOUS

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

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

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

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

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

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

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

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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

EL PASO ENERGY PARTNERS, L.P.  
by its general partner  
EL PASO ENERGY PARTNERS  
COMPANY

EL PASO ENERGY PARTNERS  
FINANCE CORPORATION

By: /s/ D. Mark Leland  
-----  
Name: D. Mark Leland  
Title: Senior Vice President and  
Controller

By: /s/ D. Mark Leland  
-----  
Name: D. Mark Leland  
Title: Senior Vice President  
and Controller

JP MORGAN CHASE BANK, as successor trustee

By: /s/ Rebecca A. Newman  
-----  
Name: Rebecca A. Newman  
Title: Vice President & Trust Officer

NEW GUARANTORS:

El Paso offshore Gathering & Transmission, L.P.  
El Paso Energy Warwink I Company, L.P.  
El Paso Energy Warwink II Company, L.P.  
El Paso Hub Services Company, L.L.C.  
El Paso Indian Basin, L.P.  
El Paso ENERGY Intrastate, L.P.  
EPGT Texas Pipeline, L.P.  
EPN Gathering and Treating Company, L.P.  
EPN Gathering and Treating GP Holding, L.L.C.  
EPN GP Holding, L.L.C.  
EPN GP Holding I, L.L.C.  
EPN Holding Company, L.P.  
EPN Holding Company I, L.P.  
EPN Pipeline GP Holding, L.L.C.

WARWINK GATHERING AND TREATING COMPANY

By: El Paso Energy Warwink I Company, L.P., its 99% partner and  
El Paso Energy Warwink II Company, L.P., its 1% partner

By: /s/ Keith Forman

-----

Name: Keith Forman

Title: Vice President and Chief Financial Officer

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

ARGO, L.L.C.  
ARGO I, L.L.C.  
ARGO II, L.L.C.  
CHACO LIQUIDS PLANT TRUST  
By: El Paso Energy Partners Operating Company, L.L.C., its Trustee  
CRYSTAL HOLDING, L.L.C.  
DELOS OFFSHORE COMPANY, L.L.C.  
East Breaks Gathering Company, L.L.C.  
EL PASO ENERGY PARTNERS DEEPWATER, L.L.C.  
EL PASO ENERGY PARTNERS OIL TRANSPORT, L.L.C.  
EL PASO ENERGY PARTNERS OPERATING COMPANY, L.L.C.  
EPN NGL STORAGE, L.L.C.  
FIRST RESERVE GAS, L.L.C.  
FLEXTREND DEVELOPMENT COMPANY, L.L.C.  
GREEN CANYON PIPE LINE COMPANY, L.P.  
HATTIESBURG GAS STORAGE COMPANY  
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.  
High Island Offshore System, L.L.C.  
MANTA RAY GATHERING COMPANY, L.L.C.  
PETAL GAS STORAGE, L.L.C.  
POSEIDON PIPELINE COMPANY, L.L.C.  
VK DEEPWATER GATHERING COMPANY, L.L.C.  
VK-MAIN PASS GATHERING COMPANY, L.L.C.

By: /s/ D. Mark Leland  
-----  
Name: D. Mark Leland  
Title: Senior Vice President and  
Controller of each such entity

SCHEDULE I

El Paso Offshore Gathering & Transmission, L.P. , a Delaware limited partnership  
El Paso Energy Warwink I Company, L.P. , a Delaware limited partnership  
El Paso Energy Warwink II Company, L.P. , a Delaware limited partnership  
El Paso Hub Services Company, L.L.C., a Delaware limited liability company  
El Paso Indian Basin, L.P. , a Delaware limited partnership  
El Paso Energy Intrastate, L.P. , a Delaware limited partnership  
EPGT Texas Pipeline, L.P. , a Delaware limited partnership  
EPN Gathering and Treating Company, L.P. , a Delaware limited partnership  
EPN Gathering and Treating GP Holding, L.L.C. , a Delaware limited liability  
company  
EPN GP Holding, L.L.C. , a Delaware limited liability company  
EPN GP Holding I, L.L.C., a Delaware limited liability company  
EPN Holding Company, L.P. , a Delaware limited partnership  
EPN Holding Company I, L.P., a Delaware limited partnership  
EPN Pipeline GP Holding, L.L.C. , a Delaware limited liability company  
Warwink Gathering and Treating Company, a Delaware general partnership

=====

EL PASO ENERGY PARTNERS, L.P.  
EL PASO ENERGY PARTNERS FINANCE CORPORATION, AS THE ISSUERS,

AND

THE SUBSIDIARIES PARTY HERETO, AS SUBSIDIARY GUARANTORS

AND

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

-----

THIRD SUPPLEMENTAL INDENTURE

DATED AS OF OCTOBER 10, 2002

TO

INDENTURE

DATED AS OF MAY 17, 2001

-----

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

=====



### THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of October 10, 2002 is by and among El Paso Energy Partners, L.P., a Delaware limited partnership (formerly Leviathan Gas Pipeline Partners, L.P.) (the "Partnership"), El Paso Energy Partners Finance Corporation, a Delaware corporation (formerly Leviathan Finance Corporation), the guarantor parties hereto, and JPMorgan Chase Bank, a New York state banking corporation, as successor trustee to The Chase Manhattan Bank, a New York state banking corporation, as Trustee.

#### W I T N E S S E T H:

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

WHEREAS, the Partnership desires to redesignate the subsidiaries of the Partnership set forth on Schedule I attached hereto (the "NEW GUARANTORS") as Restricted Subsidiaries and, accordingly, cause such subsidiaries to become Subsidiary Guarantors under the Indenture pursuant to the terms of this Supplemental Indenture;

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

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

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

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

#### SECTION 1. INCORPORATION OF INDENTURE; DEFINITIONS

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

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

## SECTION 2. SUPPLEMENTAL PROVISIONS

2.1 UNCONDITIONAL GUARANTEE. Subject to the provisions of Article 11 of the Indenture, the New Guarantors shall be Subsidiary Guarantors under the terms of the Indenture and hereby unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the Obligations of the Issuers under the Indenture or the Notes, that:

- (a) the principal of, premium, interest and Liquidated Damages, if any, on the Notes shall be promptly paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, interest and Liquidated Damages, if any, on the Notes, if any, if lawful, and all other Obligations of the Issuers to the Holders or the Trustee under the Indenture and the Notes shall be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Notes; and
- (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately.

The New Guarantors hereby agree that their obligations hereunder and under the Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions of the Indenture and the Notes, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. The New Guarantors hereby waive diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenant that the Guarantees shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

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

The New Guarantors further agree that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations

guaranteed under the Indenture may be accelerated as provided in Article 6 of the Indenture for the purposes of these Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed under the Indenture, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 6 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Subsidiary Guarantors for the purpose of these Guarantees. The New Guarantors agree that the Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under these Guarantees.

2.2 OTHER GUARANTEE TERMS. The New Guarantors hereby confirm, adopt and acknowledge each of the provisions of the Indenture relating to the Subsidiary Guarantors and the Guarantees, including, but not limited to, Articles 4 and 11 thereof.

### SECTION 3. MISCELLANEOUS

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

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

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

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

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

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

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

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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

EL PASO ENERGY PARTNERS, L.P.  
by its general partner  
EL PASO ENERGY PARTNERS  
COMPANY

EL PASO ENERGY PARTNERS  
FINANCE CORPORATION

By: /s/ D. Mark Leland  
-----  
Name: D. Mark Leland  
Title: Senior Vice President and  
Controller

By: /s/ D. Mark Leland  
-----  
Name: D. Mark Leland  
Title: Senior Vice President and  
Controller

JP MORGAN CHASE BANK, as successor trustee

By: /s/ Rebecca A. Newman  
-----  
Name: Rebecca A. Newman  
Title: Vice President & Trust Officer

NEW GUARANTORS:

El Paso offshore Gathering & Transmission, L.P.  
El Paso Energy Warwink I Company, L.P.  
El Paso Energy Warwink II Company, L.P.  
El Paso Hub Services Company, L.L.C.  
El Paso Indian Basin, L.P.  
El Paso ENERGY Intrastate, L.P.  
EPGT Texas Pipeline, L.P.  
EPN Gathering AND Treating Company, L.P.  
EPN Gathering AND Treating GP Holding, L.L.C.  
EPN GP Holding, L.L.C.  
EPN GP Holding I, L.L.C.  
EPN Holding Company, L.P.  
EPN Holding Company I, L.P.  
EPN Pipeline GP Holding, L.L.C.

WARWINK GATHERING AND TREATING COMPANY

By: El Paso Energy Warwink I Company, L.P., its 99% partner and  
El Paso Energy Warwink II Company, L.P., its 1% partner

By: /s/ Keith Forman

Name: Keith Forman  
Title: Vice President and Chief Financial Officer

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

ARGO, L.L.C.  
ARGO I, L.L.C.  
ARGO II, L.L.C.  
CHACO LIQUIDS PLANT TRUST  
By: El Paso Energy Partners Operating Company, L.L.C., its Trustee  
CRYSTAL HOLDING, L.L.C.  
DELOS OFFSHORE COMPANY, L.L.C.  
East Breaks Gathering Company, L.L.C.  
EL PASO ENERGY PARTNERS DEEPWATER, L.L.C.  
EL PASO ENERGY PARTNERS OIL TRANSPORT, L.L.C.  
EL PASO ENERGY PARTNERS OPERATING COMPANY, L.L.C.  
EPN NGL STORAGE, L.L.C.  
FIRST RESERVE GAS, L.L.C.  
FLEXTREND DEVELOPMENT COMPANY, L.L.C.  
GREEN CANYON PIPE LINE COMPANY, L.P.  
HATTIESBURG GAS STORAGE COMPANY  
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.  
High Island Offshore System, L.L.C.  
MANTA RAY GATHERING COMPANY, L.L.C.  
PETAL GAS STORAGE, L.L.C.  
POSEIDON PIPELINE COMPANY, L.L.C.  
VK DEEPWATER GATHERING COMPANY, L.L.C.  
VK-MAIN PASS GATHERING COMPANY, L.L.C.

By: /s/ D. Mark Leland  
-----  
Name: D. Mark Leland  
Title: Senior Vice President and  
Controller of each such entity

SCHEDULE I

El Paso Offshore Gathering & Transmission, L.P. , a Delaware limited partnership  
El Paso Energy Warwink I Company, L.P. , a Delaware limited partnership  
El Paso Energy Warwink II Company, L.P. , a Delaware limited partnership  
El Paso Hub Services Company, L.L.C., a Delaware limited liability company  
El Paso Indian Basin, L.P. , a Delaware limited partnership  
El Paso Energy Intrastate, L.P. , a Delaware limited partnership  
EPGT Texas Pipeline, L.P. , a Delaware limited partnership  
EPN Gathering and Treating Company, L.P. , a Delaware limited partnership  
EPN Gathering and Treating GP Holding, L.L.C. , a Delaware limited liability  
company  
EPN GP Holding, L.L.C. , a Delaware limited liability company  
EPN GP Holding I, L.L.C., a Delaware limited liability company  
EPN Holding Company, L.P. , a Delaware limited partnership  
EPN Holding Company I, L.P., a Delaware limited partnership  
EPN Pipeline GP Holding, L.L.C. , a Delaware limited liability company  
Warwink Gathering and Treating Company, a Delaware general partnership



SIXTH AMENDED AND RESTATED  
CREDIT AGREEMENT  
AMONG  
EL PASO ENERGY PARTNERS, L.P.,  
EL PASO ENERGY PARTNERS FINANCE CORPORATION,

THE SEVERAL LENDERS  
FROM TIME TO TIME PARTIES HERETO,  
CREDIT LYONNAIS NEW YORK BRANCH  
AND WACHOVIA BANK, NATIONAL ASSOCIATION,  
AS CO-SYNDICATION AGENTS  
FLEET NATIONAL BANK AND FORTIS CAPITAL CORP.,

AS CO-DOCUMENTATION AGENTS

AND

JPMORGAN CHASE BANK,  
AS ADMINISTRATIVE AGENT  
DATED AS OF MARCH 23, 1995,  
AS AMENDED AND RESTATED  
THROUGH OCTOBER 10, 2002

-----  
J.P. MORGAN SECURITIES INC.,  
AS LEAD ARRANGER AND BOOK RUNNER

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- Exhibit E Form of Borrower Security Agreement
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- Exhibit O Description of Chaco Transactions

SIXTH AMENDED AND RESTATED CREDIT AGREEMENT, dated as of March 23, 1995, as amended and restated through October 10, 2002 (this "Agreement"), among EL PASO ENERGY PARTNERS, L.P., a Delaware limited partnership (the "Borrower"), EL PASO ENERGY PARTNERS FINANCE CORPORATION, a Delaware corporation (the "Co-Borrower"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), CREDIT LYONNAIS NEW YORK BRANCH and WACHOVIA BANK, NATIONAL ASSOCIATION (as successor in interest to First Union National Bank), as co-syndication agents for the Lenders hereunder (in such capacity, the "Co-Syndication Agents"), FLEET NATIONAL BANK and FORTIS CAPITAL CORP., as co-documentation agents for the Lenders hereunder (in such capacity, the "Co-Documentation Agents"), and JPMORGAN CHASE BANK (formerly known as The Chase Manhattan Bank), a New York banking corporation, as administrative agent for the Lenders hereunder (in such capacity, the "Administrative Agent").

W I T N E S S E T H :

WHEREAS, the Borrower, the Co-Borrower, certain of the Lenders and the Administrative Agent are parties to the Fifth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through May 16, 2001, as amended by that certain First Amendment to Fifth Amended and Restated Credit Agreement dated as of October 10, 2001, and as further amended by that certain Second Amendment to Fifth Amended and Restated Credit Agreement dated as of March 28, 2002 (and as further amended prior to the date hereof, the "Existing Credit Agreement");

WHEREAS, the Borrower has requested that the Existing Credit Agreement be amended and restated (a) to provide for initial term loans in an amount up to \$160,000,000 to be available to the Borrower and its Restricted Subsidiaries, (b) to provide for additional term loans in an amount equal to \$500,000,000 less the aggregate principal amount of any outstanding initial term loans referenced in (a) above and any outstanding term loans made pursuant to the existing Credit Agreement dated as of April 8, 2002, by and among EPN Holding Company, L.P., a wholly owned indirect subsidiary of the Borrower, the lenders party thereto, Banc One Capital Markets, Inc. and Wachovia Bank, National Association, as co-syndication agents, Fleet National Bank and Fortis Capital Corp., as co-documentation agents, and JPMorgan Chase Bank, as administrative agent, to be available to the Borrower and its Restricted Subsidiaries, (c) to provide for additional financial institutions to become parties thereto as Term Loan Lenders (as hereinafter defined), (d) to amend certain covenants, (e) to consent to the Redesignation of certain Unrestricted Subsidiaries as Restricted Subsidiaries, including, without limitation, EPN Holding Company, L.P., and (e) otherwise to amend the Existing Credit Agreement and restate it in its entirety as more fully set forth herein;

WHEREAS, the Lenders, the Administrative Agent, the Co-Syndication Agents and the Co-Documentation Agents are willing so to amend and restate the Existing Credit Agreement, and the Term Loan Lenders are willing to become parties hereto, but only on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree that on the Restatement Closing Date (as

hereinafter defined) the Existing Credit Agreement shall be amended and restated in its entirety as follows:

ARTICLE I  
DEFINITIONS

Section 1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Acquired Business": as defined in subsection 8.8(e).

"Additional Term Loans": as defined in Section 2.1(c).

"Additional Term Loan Commitment": as to any Additional Term Loan Lender, the obligation of such Term Loan Lender to make an Additional Term Loan of any series hereunder in an aggregate principal amount not to exceed the amount set forth in any Term Loan Addendum pursuant to which such Additional Term Loan Lender agrees to make an Additional Term Loan of such series as a party hereto or in any assignment and acceptance, as such amount shall be reduced in accordance with the provisions of this Agreement.

"Additional Term Loan Lenders": any Lender having an Additional Term Loan or, on or prior to the Additional Term Loan Closing Date, an Additional Term Loan Commitment outstanding hereunder.

"Additional Term Loan Closing Date": as to each series of Additional Term Loans created hereunder, the closing date set forth in the Term Loan Addendum creating such Additional Term Loans.

"Additional Term Loan Maturity Date": as to each series of Additional Term Loans created hereunder, the maturity date set forth in the Term Loan Addendum creating such Additional Term Loans.

"Additional Term Loan Note": as defined in Section 2.2(e).

"Administrative Agent": as defined in the introductory paragraph of this Agreement.

"Affiliate": as to any Person, any other Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors (or similar authority) of such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise; provided, that any third Person which also beneficially owns 10% or more of the securities having ordinary voting power for the election of directors (or similar authority) of a Joint Venture or Subsidiary shall not be deemed to be an Affiliate of the Borrower and its Subsidiaries or Joint Ventures merely because of such common ownership.



"Aggregate Outstanding Revolving Credit Extensions of Credit": as to any Revolving Credit Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Credit Loans made by such Lender then outstanding and (b) such Lender's Commitment Percentage of the L/C Obligations then outstanding.

"Agreement": the Existing Credit Agreement, as amended and restated by this Agreement, as further amended, supplemented or otherwise modified from time to time.

"Alternate Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City (each change in the Prime Rate to be effective on the date such change is publicly announced); and "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Alternate Base Rate Loans": Loans the rate of interest applicable to which is based upon the Alternate Base Rate.

"Applicable Lender": with respect to any borrowing of Revolving Credit Loans, each Revolving Credit Lender; with respect to any borrowing of Initial Term Loans, each Initial Term Loan Lender and with respect to any borrowing of Additional Term Loans of any series, each Additional Term Loan Lender with respect to such series.

"Applicable Margin": on any day and with respect to any (a) Initial Term Loans that are Alternate Base Rate Loans, 2.25% per annum and for any Initial Term Loans that are Eurodollar Loans, 3.50% per annum, subject in each case to adjustment pursuant to the terms of Section 4.4(e), (b) series of Additional Term Loans, the "Applicable Margin" set forth in the Term Loan Addendum establishing such series of Additional Term Loans and (c) Type of Revolving Credit Loan and the Commitment Fee payable pursuant to Section 2.5, the rate per annum specified in Annex I attached hereto, which rate is based on the ratio of Consolidated Total Indebtedness of the Borrower at such time to Consolidated EBITDA for the most recently ended Calculation Period (the "Leverage Ratio") and the ratings by Standard & Poor's Ratings Services (or any successor statistical rating organization) ("S&P"), or Moody's Investors

Service, Inc. (or any successor statistical rating organization) ("Moody's") of the senior, long-term unsecured debt of the Borrower in effect at the time of such determination. The Applicable Margin for any Revolving Credit Loan and the Commitment Fee for any date shall be determined by reference to the Leverage Ratio as of the last day of the fiscal quarter most recently ended as of such date and for the Calculation Period ended on such last day, and any change (i) shall become effective upon the delivery to the Administrative Agent of a certificate of a Responsible Officer of the Borrower (which certificate may be delivered prior to delivery of the relevant financial statements or may be incorporated in the certificate delivered pursuant to subsection 7.2(b)) with respect to the financial statements to be delivered pursuant to Section 7.1 for the most recently ended fiscal quarter (x) setting forth in reasonable detail the calculation of the Leverage Ratio at the end of such fiscal quarter and (y) stating that the signer has reviewed the terms of this Agreement and other Loan Documents and has made, or caused to be made under his or her supervision, a review in reasonable detail of the transactions and condition of the Borrower and the Restricted Subsidiaries during the accounting period, and that the signer does not have knowledge of the existence as at the date of such officers' certificate of any Event of Default or Default, and (ii) shall apply (A) in the case of the Alternate Base Rate Loans, to Alternate Base Rate Loans outstanding on such delivery date or made on and after such delivery date and (B) in the case of the Eurodollar Loans, to Eurodollar Loans made on and after such delivery date. It is understood that the foregoing certificate of a Responsible Officer shall be permitted to be delivered prior to, but in no event later than, the time of the actual delivery of the financial statements required to be delivered pursuant to Section 7.1. Notwithstanding the foregoing, at any time during which the Borrower has failed to deliver the certificate referred to above in this definition as required under subsection 7.2(b) with respect to a fiscal quarter following the date the delivery thereof is due, the Leverage Ratio shall be deemed, solely for the purposes of this definition, to be greater than 4.0 to 1.0 until such time as Borrower shall deliver such compliance certificate.

"Applicable Percentage": as to any Revolving Credit Lender, such Lender's Revolving Credit Commitment Percentage; as to any Initial Term Loan Lender, a percentage, the numerator of which is such Lender's Initial Term Loan Commitment and the denominator of which is the aggregate Initial Term Loan Commitments; and as to any Term Loan Lender in respect of Additional Term Loans of any series, a percentage, the numerator of which is such Lender's Additional Term Loan Commitment in respect of such series and the denominator of which is the aggregate Additional Term Loan Commitments in respect of such series.

"Application": an application, in such form as the Issuing Bank may specify, requesting the Issuing Bank to issue a Letter of Credit.

"Approved Fund": any Person (other than a natural person) that is (or will be) engaged in making, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Argo": Argo, L.L.C., a Delaware limited liability company.

"Argo I": Argo I, L.L.C., a Delaware limited liability company.

"Argo II": Argo II, L.L.C., a Delaware limited liability company.

"Arizona Gas": Arizona Gas Storage, L.L.C., a Delaware limited liability company.

"Atlantis": Atlantis Offshore, L.L.C., a Delaware limited liability company.

"Available Revolving Credit Commitment": as to any Revolving Credit Lender at any time, an amount equal to the excess, if any, of (a) the amount of such Lender's Revolving Credit Commitment over (b) such Lender's Aggregate Outstanding Revolving Credit Extensions of Credit.

"Borrower": as defined in the introductory paragraph of this Agreement.

"Borrower Guarantee": the Guarantee made by the Borrower and the Co-Borrower in favor of the EPNHC Administrative Agent for the benefit of the EPNHC Lenders.

"Borrower Pledge Agreement": the Amended and Restated Borrower Pledge and Security Agreement made by the Borrower in favor of the Collateral Agent for the benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit D hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrower Security Agreement": the Amended and Restated Borrower Security Agreement made by the Borrower in favor of the Collateral Agent for the benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit E hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrowing Date": any Business Day specified in a notice pursuant to Section 2.3 or 3.2 as a date on which the Borrower requests the Revolving Credit Lenders to make Revolving Credit Loans, the Initial Term Loan Lenders to make Initial Term Loans, the Additional Term Loan Lenders of any series to make Additional Term Loans or the Issuing Bank to issue a Letter of Credit hereunder.

"Business": as defined in Section 5.17.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Calculation Period": each period of four consecutive fiscal quarters of the Borrower.

"Capital Lease": any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing. In addition, with respect to the Borrower, "Capital Stock" shall include the Units and the General Partnership Interest.

"Cash Equivalents": (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody's; (iii) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody's; (iv) certificates of deposit or banker's acceptances maturing within one year from the date of acquisition thereof issued by (x) any Lender, (y) any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than \$250,000,000 or (z) any bank which has a short-term commercial paper rating meeting the requirements of clause (iii) above (any such Lender or bank, a "Qualifying Lender"); (v) eurodollar time deposits having a maturity of less than one year purchased directly from any Lender (whether such deposit is with such Lender or any other Lender hereunder) or issued by any Qualifying Lender; and (vi) repurchase agreements and reverse repurchase agreements with a term of not more than 14 days with any Qualifying Lender relating to marketable direct obligations issued or unconditionally guaranteed by the United States.

"Chaco": The Chaco Liquids Plant Trust, a Massachusetts business trust, which became a Restricted Subsidiary of the Borrower in connection with the Chaco Transactions.

"Chaco Transactions": The series of related transactions among the Borrower, certain subsidiaries of El Paso and certain other entities with respect to the Chaco cryogenic plant and certain related facilities located in San Juan County, New Mexico, which transactions are more specifically described as of May 16, 2001 on Exhibit O hereto.

"Change in Control": (a) the acquisition by any Person or two or more Persons acting in concert (other than the management of El Paso as of the Restatement Closing Date and the shareholders of El Paso as of the Restatement Closing Date) of beneficial ownership (within the meaning of Rule 13d-3, promulgated by the Securities and Exchange Commission and now in effect under the Securities Exchange Act of 1934, as amended) of 50% or more of the issued and outstanding shares of voting stock of El Paso; (b) the occurrence of a "change in control" under the Senior Subordinated Note Indentures; or (c) the occurrence of any of the following:

(1) the sale, transfer, lease, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Borrower and its Restricted Subsidiaries taken as a whole to any "person" (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) other than the El Paso Group;

(2) the adoption of a plan relating to the liquidation or dissolution of the Borrower or the General Partner; or

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

Notwithstanding the foregoing, (i) a conversion of the Borrower from a limited partnership to a corporation, limited liability company or other form of entity or an exchange of all of the outstanding limited partnership interests for Capital Stock in a corporation, for member interests in a limited liability company or for any other equity interests in such other form of entity shall not constitute a Change of Control, so long as following such conversion or exchange the El Paso Group beneficially owns, directly or indirectly, in the aggregate more than 50% of the securities having ordinary voting power for the election of directors of such entity, or any combination thereof, and continues to own a sufficient number of the outstanding voting securities of such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity, and (ii) consummation of the i-share Transactions shall not constitute a Change of Control.

"Co-Borrower": as defined in the introductory paragraph to this Agreement.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Collateral": the "Collateral" as defined in the several Security Documents.

"Collateral Agent": JPMorgan, in its capacity as Collateral Agent as appointed by the EPN Group Lenders and its successors and assigns.

"Commitment Fee": the commitment fee payable pursuant to Section 2.5.

"Commodity Hedging Program": any hedge agreement designed to protect the Borrower or any of its Subsidiaries against fluctuations in petroleum prices.

"Common Unit": a partnership interest of a limited partner of the Borrower representing a fractional part of the partnership interests of all limited partners of the Borrower and having the rights and obligations specified with respect to Common Units in the Partnership Agreement.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414 of the Code.

"Consolidated EBITDA": for any period and in accordance with Section 4.13, the Consolidated Net Income ((i) including earnings and losses from discontinued operations, except to the extent that any such losses represent reserves for losses attributable to the planned disposition of material assets, (ii) excluding extraordinary gains, and gains and losses arising from the sale of material assets, and (iii) including other non-recurring losses) for such period, plus (x) the aggregate amount of cash distributions received by the Borrower and its consolidated Subsidiaries (excluding Unrestricted Subsidiaries and Joint Ventures) from Unrestricted Subsidiaries and Joint Ventures (other than cash proceeds funded from the refinancing of the original capital investment by the Borrower and its Subsidiaries in Unrestricted Subsidiaries and

Joint Ventures), and (y) to the extent reflected as a charge in the statement of Consolidated Net Income for such period, the sum of (a) interest expense, amortization of debt discount and debt issuance costs (including the write-off of such costs in connection with prepayments of debt) and commissions, discounts and other fees and charges associated with standby letters of credit, (b) taxes measured by income accrued as an expense during such period, (c) depreciation, depletion, and amortization expense, and (d) non-cash compensation expense resulting from the accounting treatment applied, in accordance with GAAP, to management's equity interest minus the equity of the Borrower and its consolidated Subsidiaries (excluding Unrestricted Subsidiaries and Joint Ventures) in the earnings of Unrestricted Subsidiaries and Joint Ventures; provided that Consolidated EBITDA shall exclude any insurance proceeds relating to the Poseidon casualty described in SEC reports up to an aggregate amount of \$6,000,000.

"Consolidated Interest Expense": for any period, and in accordance with Section 4.13, total cash interest expense (including that attributable to Capital Leases) of the Borrower and its Subsidiaries (excluding Unrestricted Subsidiaries and Joint Ventures) for such period with respect to all outstanding Indebtedness of the Borrower and such Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Hedge Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP).

"Consolidated Net Income": for any period, and in accordance with Section 4.13, the net income or net loss of the Borrower and its consolidated Subsidiaries (excluding Unrestricted Subsidiaries and Joint Ventures) for such period determined in accordance with GAAP on a consolidated basis.

"Consolidated Net Worth": as of the date of determination, all items which in conformity with GAAP would be included under shareholders' equity on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries (excluding Unrestricted Subsidiaries) at such date.

"Consolidated Tangible Net Worth": as of the date of determination and in accordance with Section 4.13, Consolidated Net Worth after deducting therefrom the following:

(a) goodwill, including any amounts (however designated on the balance sheet) representing the cost of acquisitions of Subsidiaries in excess of underlying tangible assets;

(b) patents, trademarks, copyrights;

(c) leasehold improvements not recoverable at the expiration of a lease; and

(d) deferred charges (including, but not limited to, unamortized debt discount and expense, organization expenses and experimental and development expenses, but excluding prepaid expenses).

"Consolidated Total Indebtedness": at any time and in accordance with Section 4.13, all Indebtedness of the Borrower and its consolidated Subsidiaries (excluding Unrestricted Subsidiaries) at such time.

"Consolidated Total Senior Indebtedness": at any time and in accordance with Section 4.13, Consolidated Total Indebtedness less the aggregate outstanding principal amount of the Senior Subordinated Notes at such time.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Copper Eagle": Copper Eagle Gas Storage, L.L.C., a Delaware limited liability company.

"Crystal Holding": Crystal Holding, L.L.C., a Delaware limited liability company.

"Default": any of the events specified in Article IX, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Delos": Delos Offshore Company, L.L.C., a Delaware limited liability company.

"Documents": as defined in subsection 5.20(b).

"Dollars" and "\$": dollars in lawful currency of the United States of America.

"East Breaks": East Breaks Gathering Company, L.L.C., a Delaware limited liability company.

"El Paso": El Paso Corporation, a Delaware corporation.

"El Paso Energy Management": means El Paso Energy Management, L.L.C., a Delaware limited liability company.

"El Paso Energy Management Registration Statements": means the Forms S-1 and S-3 (registration numbers 333-97963 and 333-97963-01, respectively) jointly filed, with the Securities and Exchange Commission by El Paso Energy Management and the Borrower, respectively, as such registration statements are amended and supplemented from time to time.

"El Paso Group": collectively, (1) El Paso, and (2) each Person which is a direct or indirect Subsidiary of El Paso, including, without limitation, El Paso Energy Management.

"Environmental Laws": any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes, as now or may at any time hereafter be in effect.

"EP Deepwater": El Paso Energy Partners Deepwater, LLC, a Delaware limited liability company.

"EP Operating": El Paso Energy Partners Operating Company, L.L.C., a Delaware limited liability company.

"EPEPC": El Paso Energy Partners Company, a Delaware corporation.

"EPEPC Guarantee": the Amended and Restated EPEPC Guarantee made by EPEPC in favor of the EPN Group Administrative Agents for the benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit F hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"EPEPC Security Agreement": the Amended and Restated EPEPC Security Agreement (G&A Agreement) made by EPEPC in favor of the Collateral Agent for the benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit G hereto, which amends and restates the Amended and Restated EPEPC Security Agreement (Management Agreement), as the same may be amended, supplemented or otherwise modified from time to time.

"EPGT Texas Pipeline": EPGT Texas Pipeline, L.P., a Delaware limited partnership.

"EPN Arizona": EPN Arizona Gas, L.L.C., a Delaware limited liability company.

"EPN GP Holding I": EPN GP Holding I, L.L.C., a Delaware limited liability company.

"EPN Holding Company I": EPN Holding Company I, L.P., a Delaware limited partnership.

"EPN Gathering and Treating": EPN Gathering and Treating Company, L.P., a Delaware limited partnership.

"EPN Gathering and Treating GP Holding": EPN Gathering and Treating GP Holding, L.L.C., a Delaware limited liability company.

"EPN GP Holding": EPN GP Holding, L.L.C., a Delaware limited liability company.

"EPN Group Administrative Agents": the Administrative Agent and the EPNHC Administrative Agent.

"EPN Group Lenders": the Lenders and the EPNHC Lenders.

"EPNHC": EPN Holding Company, L.P., a Delaware limited partnership.

"EPNHC Administrative Agent": shall have the same meaning as the defined term "Administrative Agent" in the EPNHC Credit Agreement.

"EPNHC Credit Agreement": that certain Credit Agreement, dated as of April 8, 2002, as amended and restated through October 10, 2002, among EPNHC, the EPNHC Lenders party



thereto, Banc One Capital Markets, Inc. and Wachovia Bank, National Association, as co-syndication agents, Fleet National Bank and Fortis Capital Corp., as co-documentation agents, and JPMorgan, as administrative agent, as such agreement may be amended, supplemented or otherwise modified from time to time in accordance with Section 8.9.

"EPNHC Lenders": shall have the same meaning as the defined term "Lenders" in the EPNHC Credit Agreement.

"EPNHC Loan Documents": shall have the same meaning as the defined term "Loan Documents" in the EPNHC Credit Agreement.

"EPNHC Loan Obligations": shall have the same meaning as the defined term "Obligations" in the EPNHC Credit Agreement.

"EPNHC Term Loans": shall have the same meaning as the defined term "Term Loans" in the EPNHC Credit Agreement.

"EPN NGL": EPN NGL Storage, L.L.C., a Delaware limited liability company, formerly known as Crystal Properties and Trading Company, L.L.C.

"EP Transport" El Paso Energy Partners Oil Transport Systems, L.L.C., a Delaware limited liability company.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate appearing on page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 A.M., London time, two Working Days prior to the beginning of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "Eurodollar Base Rate" with respect to such Eurodollar Loans for such Interest Period shall be the rate at which dollar deposits of a comparable amount to such Eurodollar Loans and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 A.M., London time, two Working Days prior to the commencement of such Interest Period.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

Eurodollar Base Rate  
1.00 - Eurocurrency Reserve Requirements

"Event of Default": any of the events specified in Article IX, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Existing Credit Agreement": as defined in the recitals hereto.

"Existing EPNHC Credit Agreement": that certain Credit Agreement, dated as of April 8, 2002 (as in effect prior to the execution of the EPNHC Credit Agreement), among EPNHC, the Lenders party thereto, Banc One Capital Markets, Inc. and Wachovia Bank, National Association, as co-syndication agents, Fleet National Bank and Fortis Capital Corp., as co-documentation agents, and JPMorgan, as administrative agent.

"Expiry Date": with respect to any Letter of Credit at any time, the then stated expiration date of such Letter of Credit as set forth in such Letter of Credit.

"FASB 121": Statement of Financial Accounting Standards No. 121 of the Financial Accounting Standards Board, as the same may be amended and interpreted by the Financial Accounting Standards Board.

"FERC": the Federal Energy Regulatory Commission and any successor thereto.

"First Reserve": First Reserve Gas, L.L.C., a Delaware limited liability company.

"Flextrend": Flextrend Development Company, L.L.C., a Delaware limited liability company.

"G&A Agreement" means (i) the General and Administrative Services Agreement (formerly the Management Agreement (as defined in the Existing Credit Agreement)), dated as of April 8, 2002 by and between DeepTech International Inc., a Delaware corporation, the General Partner and El Paso Field Services, L.P., a Delaware limited partnership, as in effect on the Restatement Closing Date, and as further amended, modified or supplemented from time to time in accordance with Section 8.9, or (ii) any other agreement or arrangement, reasonably acceptable to the Administrative Agent, providing management, administrative, operational and other functions to the Borrower adequate to allow the Borrower to conduct operations consistent with past practices.

"GAAP": generally accepted accounting principles in the United States of America in effect from time to time.

"Gateway": Deepwater Gateway L.L.C., a Delaware limited liability company and a Joint Venture created by the Borrower and Cal Dive International, Inc. to initially develop and construct the Marco Polo Platform by, among other things, building and constructing platforms located in, and providing related services with respect to, the Marco Polo Field.

"General Partner": EPEPC in its capacity as the general partner of the Borrower or any other Person acting as general partner of the Borrower.

"General Partnership Interest": all general partnership interests in the Borrower.

"Governmental Approval": any authorization, consent, approval, license, lease, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, publication, notice to, declaration of or with or registration by or with any Governmental Authority.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Green Canyon": Green Canyon Pipe Line Company, L.P., a Delaware limited partnership.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Guarantees": collectively, the EPEPC Guarantee and the Subsidiaries Guarantee.

"Hattiesburg Sales": Hattiesburg Industrial Gas Sales, L.L.C., a Delaware limited liability company.

"Hattiesburg Storage": Hattiesburg Gas Storage Company, a Delaware general partnership.

"Hazardous Materials": any hazardous materials, hazardous wastes, hazardous constituents, hazardous or toxic substances, petroleum products (including crude oil or any fraction thereof), defined or regulated as such in or under any Environmental Law.

"Hedge Agreements": all interest rate swaps, caps or collar agreements or similar arrangements dealing with interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies.

"High Island": High Island Offshore System, L.L.C., a Delaware limited liability company.

"Hub Services": El Paso Hub Services Company, L.L.C., a Delaware limited liability company.

"Indebtedness": of any Person at any date, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices and which in any event are no more than 120 days past due or, if more than 120 days past due, are being contested in good faith and adequate reserves with respect thereto have been made on the books, of such Person), (b) any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument, (c) all obligations of such Person under Capital Leases, (d) all obligations of such Person in respect of outstanding letters of credit (other than commercial letters of credit with an initial maturity date of less than 90 days), acceptances and similar obligations issued or created for the account of such Person, (e) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof and (f) for purposes of the covenants set forth in Section 8.1, the net obligations of such Person under Hedge Agreements.

"Indian Basin": El Paso Indian Basin, L.P., a Delaware limited partnership.

"Initial Term Loans": as defined in Section 2.1(b).

"Initial Term Loan Commitment": as to any Initial Term Loan Lender, the obligation of such Term Loan Lender to make an Initial Term Loan hereunder in an aggregate principal amount not to exceed the amount set forth opposite such Initial Term Loan Lender's name on Schedule I under the heading "Initial Term Loan Commitment" or in any assignment and acceptance, as such amount shall be reduced in accordance with the provisions of this Agreement.

"Initial Term Loan Lenders": any Lender having an Initial Term Loan or, on or prior to the Restatement Closing Date, an Initial Term Loan Commitment outstanding hereunder.

"Initial Term Loan Maturity Date": the fifth anniversary of the Restatement Closing Date.

"Initial Term Loan Note": as defined in Section 2.2(e).

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Intercreditor Agreement": the Intercreditor Agreement dated as of the Restatement Closing Date between the Administrative Agent, for the benefit of the Lenders, the EPNHC Administrative Agent, for the benefit of the EPNHC Lenders, the administrative agent for the lenders in connection with the Marco Polo Financing Documents, for the benefit of the lenders thereunder, and the Collateral Agent and acknowledged by the Borrower and EPNHC, as amended, modified and supplemented from time to time.

"Interest Payment Date": (a) as to any Alternate Base Rate Loan, the last day of each March, June, September and December, commencing December 31, 2002, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day which is three months or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

"Interest Period": with respect to any Eurodollar Loan:

(a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Working Days prior to the last day of the then current Interest Period with respect thereto;

provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(1) if any Interest Period pertaining to a Eurodollar Loan would otherwise end on a day that is not a Working Day, such Interest Period shall be extended to the next succeeding Working Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Working Day;

(2) any Interest Period that would otherwise extend beyond the Revolving Credit Termination Date or the Term Loan Maturity Date, as applicable, shall end on the Revolving Credit Termination Date or the Term Loan Maturity Date, as applicable;

(3) any Interest Period pertaining to a Eurodollar Loan that begins on the last Working Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Working Day of a calendar month; and

(4) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Intrastate": El Paso Energy Intrastate, L.P., a Delaware limited partnership.

"i-share Transactions": as defined in subsection 11.22(b).

"Issuing Bank": JPMorgan, in its capacity as issuer of any Letter of Credit.

"Joint Venture": any Person in which the Borrower and/or its Subsidiaries hold more than 5% but less than a majority of the equity interests, and which does not constitute a Subsidiary of the Borrower, whether direct or indirect; provided that Gateway, Atlantis, Copper Eagle and Poseidon and their respective Subsidiaries shall be deemed a Joint Venture for purpose of the Loan Documents unless any such Person becomes a Subsidiary in accordance with the definition thereof and the Borrower designates such Person as a Subsidiary.

"Joint Venture Charter": with respect to each Joint Venture, the partnership agreement, certificate of incorporation, by-laws, limited liability company agreement or other constitutive documents of such Joint Venture, as each of the same may be further amended, supplemented or otherwise modified in accordance with Section 8.9.

"JPMorgan": JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank.

"L/C Commitment Amount": \$25,000,000.

"L/C Commitment Percentage": as to any L/C Participant at any time, the percentage determined under paragraph (a) of the definition of "Revolving Credit Commitment Percentage" in this Section 1.1.

"L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the Letters of Credit and (b) the aggregate amount of drawings under the Letters of Credit which have not then been reimbursed pursuant to subsection 3.5(a).

"L/C Participants": the collective reference to all Lenders with Revolving Credit Commitments (other than the Issuing Bank).

"Lenders": as defined in the preamble to this Agreement.

"Letters of Credit": as defined in subsection 3.1(a).

"Leverage Ratio": as defined in the definition of "Applicable Margin".

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority, preferential arrangement or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

"Loan": a Revolving Credit Loan or a Term Loan and "Loans" shall mean collectively the Revolving Credit Loans or the Term Loans or one or more of them.

"Loan Documents": this Agreement, the Notes, the Guarantees, the Security Documents, any confirmation of such Guarantees and Security Documents, any Term Loan Addendum, the Intercreditor Agreement and the Applications.

"Loan Parties": the Borrower, the Co-Borrower, EPEPC, the Subsidiary Guarantors and each other Affiliate of the Borrower or EPEPC that from time to time is party to a Loan Document.

"Manta Ray": Manta Ray Gathering Company, L.L.C., a Delaware limited liability company.

"Marco Polo Clawback": the "clawback" and similar obligations incurred by the Borrower and any Restricted Subsidiary under the Marco Polo Financing Documents in an aggregate amount not to exceed \$22,500,000 at any one time outstanding.

"Marco Polo Financing": the loans made to Gateway under the Marco Polo Financing Documents.

"Marco Polo Financing Documents": (i) the Credit Agreement dated as of August 15, 2002, among Gateway, as borrower, JPMorgan Chase Bank, individually and as administrative agent, Wachovia Bank, National Association and Bank One, N.A., as syndication agents, Fortis Capital Corp. and BNP Paribas, as documentation agents, and the lenders party thereto and (ii) the other financing documents (as identified therein); in the case of (i) and (ii) above, as amended, restated, renewed, replaced, supplemented or otherwise modified from time to time.

"Marco Polo Field": the oil and gas property known as the "Marco Polo Field" located offshore Louisiana, in the Gulf of Mexico Outer Continental Shelf, including Green Canyon Blocks 474, 518-520, 562-564, 606-608, 652, and 830.

"Marco Polo Lenders": shall have the same meaning as the defined term "Lenders" in the Marco Polo Financing Documents.

"Marco Polo Platform": the Moses-type four-column tension leg platform floating hull facility, pipelines, processing facilities, and appurtenances in connection with the development of the Marco Polo Field to be constructed, installed and owned by Gateway.

"Material Adverse Effect": a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or prospects of the Borrower and its Restricted Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform its obligations under this Agreement, any of the Notes or any of the other Loan Documents or (c) the validity or enforceability of this Agreement, any of the Notes or any of the other Loan Documents or the rights or remedies of the Administrative Agent, Collateral Agent or the Lenders hereunder or thereunder.

"Material Environmental Amount": an amount payable by the Borrower and/or its Subsidiaries in excess of \$5,000,000 for remedial costs, compliance costs, compensatory damages, punitive damages, fines, penalties or any combination thereof.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"MIAGS": Matagorda Island Area Gathering System, a Texas joint venture.

"Multiemployer Plan": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Equity Proceeds": 100% of the cash or non-cash proceeds from the issuance or sale by the Borrower or any of its Restricted Subsidiaries of any equity securities, net of all reasonable out-of-pocket fees (including investment banking fees), commissions, costs and other reasonable out-of-pocket expenses incurred in connection with such issuance or sale. For purposes of calculating "Net Equity Proceeds", fees, commissions and other costs and expenses payable to the Borrower or any of its Affiliates shall be disregarded.

"Non-Recourse Obligations": Indebtedness, Guarantee Obligations and other obligations of any type (a) as to which neither the Borrower nor any Restricted Subsidiary (i) is obligated to provide credit support in any form, or (ii) is directly or indirectly liable, and (b) no default with respect to which (including any rights which the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any Indebtedness or Guarantee Obligation of the Borrower or any Restricted Subsidiary to declare a default on such Indebtedness or Guarantee Obligation of the Borrower or any Restricted Subsidiary or cause the payment of any such Indebtedness to be accelerated or payable prior to its stated maturity or cause any such Guarantee Obligation to become payable, in the case of (a) and (b) above, except for clawbacks and other Guarantee Obligations permitted under subsections 8.4(e), (f) and (g).

"Notes": the Revolving Credit Notes, the Initial Term Loan Notes and the Additional Term Loan Notes.



"Obligations": the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and reimbursement obligations in respect of Letters of Credit and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Administrative Agent, the Collateral Agent or to any Lender (or, in the case of Hedge Agreements, any Affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Hedge Agreement entered into with any Lender or any Affiliate of any Lender or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent, the Collateral Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise.

"Offshore Gathering & Transmission": El Paso Offshore Gathering & Transmission, L.P., a Delaware limited partnership.

"Original Closing Date": May 16, 2001.

"Participants": as defined in subsection 11.6(b).

"Partnership Agreement": the Second Amended and Restated Agreement of Limited Partnership of the Borrower among the partners of the Borrower effective as of August 31, 2000 and as in effect on the Restatement Closing Date, as amended, modified and supplemented from time to time in accordance with Section 8.9.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Petal Gas Storage": Petal Gas Storage, L.L.C., a Delaware limited liability company.

"Petal Gas Storage Facilities" the salt-dome gas storage facilities located in Hattiesburg, Mississippi.

"Petroleum": oil, gas and other liquid or gaseous hydrocarbons, including, without limitation, all liquefiable hydrocarbons and other products which may be extracted from gas and gas condensate by the processing thereof in a gas processing plant.

"Pipeline GP Holding": EPN Pipeline GP Holding, L.L.C., a Delaware limited liability company.

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements": collectively, the Borrower Pledge Agreement, the Subsidiary Pledge Agreement and any other pledge agreement executed and delivered pursuant to Section 8.17.

"Poseidon": Poseidon Pipeline Company, L.L.C., a Delaware limited liability company.

"Poseidon Venture": Poseidon Oil Pipeline Company, L.L.C., a Delaware limited liability company.

"Preference Unit": a partnership interest in the Borrower representing a fractional part of the partnership interests of all limited partners of the Borrower and having the rights and obligations specified with respect to Preference Units in the Partnership Agreement.

"Properties": the facilities and properties owned, leased or operated by the Borrower or any of its Subsidiaries or any Joint Venture.

"Purchasing Lenders": as defined in subsection 11.6(c).

"Redesignation": any designation of a Restricted Subsidiary as an Unrestricted Subsidiary in accordance with the penultimate sentence of the definition of "Unrestricted Subsidiary"; and any designation of an Unrestricted Subsidiary or a Joint Venture as a Restricted Subsidiary in accordance with the last sentence of the definition of "Restricted Subsidiary".

"Regulation U": Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Reimbursement Obligation": the obligation of the Borrower to reimburse the Issuing Bank pursuant to subsection 3.5(a) for amounts drawn under the Letters of Credit.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .13, .14, .16, .18, .19 or .20 of PBGC Reg. Section 2615.

"Required EPN Group Lenders": at any time, EPN Group Lenders the Total EPN Group Credit Percentages of which aggregate at least 51%.

"Required Lenders": at any time, Lenders the Total Credit Percentages of which aggregate at least 51%.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, the Treasurer or any vice president of the General Partner or the Borrower.

"Restatement Closing Date": the date on which the conditions set forth in Section 6.3 are first satisfied or waived, which shall occur on or prior to October 10, 2002.

"Restricted Payment": as defined in Section 8.7.

"Restricted Subsidiary": any Subsidiary of the Borrower other than an Unrestricted Subsidiary. Subject to the right to redesignate certain Restricted Subsidiaries as Unrestricted Subsidiaries in accordance with the definition of "Unrestricted Subsidiary", all of the Subsidiaries of the Borrower as of the date hereof other than Arizona Gas, EPN Arizona and MIAGS are Restricted Subsidiaries. Notwithstanding the foregoing, any Subsidiary which guarantees the Senior Subordinated Notes shall be a Restricted Subsidiary. Any Subsidiary designated as an Unrestricted Subsidiary may be redesignated as a Restricted Subsidiary with the consent of the Required Lenders as long as, after giving effect thereto, no Default or Event of Default has occurred and is continuing and the Borrower would be in pro forma compliance with the covenants set forth in Section 8.1 after giving effect thereto.

"Revolving Credit Commitment": as to any Revolving Credit Lender, the obligation of such Revolving Credit Lender to make Revolving Credit Loans to and/or issue or participate in Letters of Credit issued on behalf of the Borrower hereunder in an aggregate principal and/or face amount at any one time outstanding not to exceed the amount set forth opposite such Revolving Credit Lender's name on Schedule I under the heading "Revolving Credit Commitment" or in any assignment and acceptance pursuant to which such Revolving Credit Lender becomes a party hereto, as such amount may be reduced from time to time in accordance with the provisions of this Agreement.

"Revolving Credit Commitment Percentage": as to any Revolving Credit Lender at any time, with respect to any credit to be extended under, payment or prepayment to be made under, conversion or continuation under, participation in a Letter of Credit issued under, or other matter with respect to, the Revolving Credit Commitments, (a) a percentage, the numerator of which is such Lender's Revolving Credit Commitment and the denominator of which is the aggregate Revolving Credit Commitments then in effect or (b) if the Revolving Credit Commitments have been terminated, as to any Lender at any time, a percentage, the numerator of which is such Lender's Aggregate Outstanding Revolving Credit Extensions of Credit and the denominator of which is the Aggregate Outstanding Revolving Credit Extensions of Credit of all Lenders at such time.

"Revolving Credit Commitment Period": the period from and including the Original Closing Date to but not including the Revolving Credit Termination Date or such earlier date on which the Revolving Credit Commitments shall terminate as provided herein.

"Revolving Credit Lender": any Lender having a Revolving Credit Commitment or any Aggregate Outstanding Revolving Credit Extensions of Credit hereunder.

"Revolving Credit Loans": as defined in Section 2.1(a).

"Revolving Credit Note": as defined in Section 2.2(e).

"Revolving Credit Termination Date": the third anniversary of the Original Closing Date, as such termination date may from time to time be extended pursuant to Section 2.7, and any other date on which the Revolving Credit Commitments are terminated.

"Security Agreements": collectively, the Borrower Security Agreement, the EPEPC Security Agreement and the Subsidiary Security Agreement.

"Security Documents": collectively, the Pledge Agreements and the Security Agreements.

"Senior Subordinated Note Indentures": means (i) the Indenture dated as of May 27, 1999 among the Borrower, the Co-Borrower and certain of their respective Subsidiaries pursuant to which the 10-3/8% Senior Subordinated Notes due 2009 were issued, and (ii) the Indenture dated as of May 17, 2001 among the Borrower, the Co-Borrower and certain of their respective Subsidiaries pursuant to which the 8 1/2% Senior Subordinated Notes due 2011 were issued, each together with all instruments and other agreements entered into by the Borrower, the Co-Borrower or such Subsidiaries in connection therewith, as each may be amended, supplemented or otherwise modified from time to time in accordance with Section 8.9.

"Senior Subordinated Notes": means, collectively, (i) the 10-3/8% Senior Subordinated Notes due 2009 and (ii) the 8 1/2% Senior Subordinated Notes due 2011, of the Borrower and the Co-Borrower issued pursuant to the Senior Subordinated Note Indentures.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Subject Properties": the Properties containing Petroleum in which Borrower or any Restricted Subsidiary owns an interest, including, but not limited to, those known as Viosca Knoll 817, Garden Banks 72 and Garden Banks 117 in the Gulf of Mexico.

"Subsidiaries Guarantee": the Consolidated Amended and Restated Subsidiaries Guarantee made by the Subsidiary Guarantors in favor of the EPN Group Administrative Agents, for the benefit of the EPN Group Lenders and Marco Polo Lenders, substantially in the form of Exhibit I hereto, which amends and restates as a single instrument the "Subsidiaries Guarantee" referred to in the Existing Credit Agreement and the "Subsidiaries Guarantee" and the "Parent Guarantees" referred to in the Existing EPNHC Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary": as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantors": collectively, Argo, Argo I, Argo II, Chaco, Crystal Holding, Delos, EP Deepwater, EP Operating, EP Transport, EPN NGL, First Reserve, Flextrend, Green Canyon, Hattiesburg Sales, Hattiesburg Storage, Manta Ray, Petal Gas Storage, Poseidon, VK Deepwater, VK Main Pass, East Breaks, High Island, EPN GP Holding I, EPN Holding Company I, EPN GP Holding, EPNHC, Intrastate, Pipeline GP Holding, EPGT Texas Pipeline, Hub Services, Warwink I, Warwink II, Warwink Gathering and Treating, Offshore Gathering & Transmission, Indian Basin, EPN Gathering and Treating, EPN Gathering and Treating GP, each other Restricted Subsidiary and any other Subsidiary of the Borrower which, from time to time, may become party to the Subsidiaries Guarantee. Notwithstanding anything to the contrary in the Loan Documents, El Paso Energy Partners Finance Corporation shall be the Co-Borrower and not a Subsidiary Guarantor.

"Subsidiary Pledge Agreement": the Consolidated Amended and Restated Subsidiary Pledge Agreement made by each of the Subsidiary Guarantors (including any pledge agreement executed and delivered pursuant to Section 8.17) in favor of the Collateral Agent for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit J hereto, which amends and restates as a single instrument the "Subsidiary Pledge Agreement" referred to in the Existing Credit Agreement and the "Subsidiary Pledge Agreement," the "Borrower Pledge Agreement" and the "Parent Pledge Agreement" referred to in the Existing EPNHC Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary Security Agreement": the Consolidated Amended and Restated Subsidiary Security Agreement made by each of the Subsidiary Guarantors (including any security agreement executed and delivered pursuant to Section 8.17) in favor of the Collateral Agent for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit K hereto, which amends and restates as a single instrument the "Subsidiary Security Agreement" referred to in the Existing Credit Agreement and the "Subsidiary Security Agreement" and the "Borrower Security Agreement" referred to in the Existing EPNHC Credit Agreement as the same may be amended, supplemented or otherwise modified from time to time.

"Term Loan": as defined in Section 2.1(c).

"Term Loan Addendum": a Term Loan Addendum substantially in the form attached hereto as Exhibit B.

"Term Loan Commitment": as to any Term Loan Lender, such Lender's Initial Term Loan Commitment and Additional Term Loan Commitment, if any.

"Term Loan Commitment Percentage": (a) as to any Initial Term Loan Lender at any time, a percentage, the numerator of which is such Lender's Initial Term Loan Commitment and the denominator of which is the aggregate Initial Term Loan Commitments then in effect and (b) as to any Additional Term Loan Lender at any time, a percentage, the numerator of which is such Lender's Additional Term Loan Commitment with respect to a particular series of Additional Term Loans and the denominator of which is the aggregate Additional Term Loan Commitments for such series of Additional Term Loans.

"Term Loan Lender": any Lender having a Term Loan outstanding hereunder.

"Term Loan Maturity Date": as to any Initial Term Loan, the Initial Term Loan Maturity Date, and as to any Additional Term Loan, the applicable Additional Term Loan Maturity Date.

"Term Loan Percentage": as to any Term Loan Lender, the percentage which such Lender's Term Loans then outstanding constitutes of the aggregate Term Loans then outstanding.

"Total Credit Percentage": as to any Lender at any time, the percentage of the sum of the aggregate Revolving Credit Commitments and the aggregate Term Loans then constituted by the sum of its Revolving Credit Commitment and its Term Loans (it being agreed that in the case of the termination or expiration of the Revolving Credit Commitments, the aggregate Revolving Credit Commitment and such Lender's Revolving Credit Commitment shall be determined by reference to the Aggregate Outstanding Revolving Credit Extensions of Credit of all Lenders and such Lender's Aggregate Outstanding Revolving Credit Extensions of Credit).

"Total EPN Group Credit Percentage": as to any EPN Group Lender at any time, the percentage of the aggregate Revolving Credit Commitments, Term Loans and EPNHC Term Loans then constituted by its Revolving Credit Commitments, its Term Loans and its EPNHC Term Loans (it being agreed that in the case of the termination or expiration of the Revolving Credit Commitments, the aggregate Revolving Credit Commitments and such Lender's Revolving Credit Commitment shall be determined by reference to the Aggregate Outstanding Revolving Credit Extensions of Credit of all EPN Group Lenders and such EPN Group Lender's Aggregate Outstanding Revolving Credit Extensions of Credit).

"Tranche": the collective reference to Eurodollar Loans the Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Revolving Credit Loans or Term Loans shall originally have been made on the same day).

"Transferee": as defined in subsection 11.6(f).

"Type": as to any Loan, its nature as an Alternate Base Rate Loan or a Eurodollar Loan.

"Uniform Customs": the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be amended from time to time.

"Unit": a Common Unit, a Preference Unit, or any other partnership interest of a limited partner of the Borrower representing a fractional part of the partnership interests of all limited partners of the Borrower.

"Unrestricted Subsidiary": any Subsidiary of the Borrower (a) which becomes a Subsidiary of the Borrower after the date hereof and, at the time it becomes a Subsidiary, is designated as an Unrestricted Subsidiary, in each case pursuant to a written notice from the Borrower to the Administrative Agent, (b) which has not acquired any assets (other than cash made available pursuant to this Agreement) from the Borrower or any Restricted Subsidiary, (c) which has no Indebtedness, Guarantee Obligations or other obligations other than Non-Recourse Obligations and (d) which has not guaranteed the Senior Subordinated Notes. Any Subsidiary designated as a Restricted Subsidiary may be redesignated as an Unrestricted Subsidiary with the consent of the Required Lenders as long as, after giving effect thereto, no Default or Event of Default has occurred and is continuing and the Borrower would be in pro forma compliance with the financial covenants in Section 8.1 after giving effect thereto. Notwithstanding the foregoing, Arizona Gas, EPN Arizona and MIAGS shall each be deemed to be an Unrestricted Subsidiary unless redesignated as a Restricted Subsidiary in accordance with this Agreement.

"VK Deepwater": VK Deepwater Gathering Company, L.L.C., a Delaware limited liability company.

"VK Main Pass": VK-Main Pass Gathering Company, L.L.C., a Delaware limited liability company.

"Warwink I": El Paso Energy Warwink I Company, L.P., a Delaware limited partnership.

"Warwink II": El Paso Energy Warwink II Company, L.P., a Delaware limited partnership.

"Warwink Gathering and Treating": Warwink Gathering and Treating Company, a Texas general partnership.

"Working Day": any Business Day on which dealings in foreign currencies and exchange between banks may be carried on in London, England.

#### Section 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other

document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignments set forth herein), (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (iv) all references herein to Articles, Sections, subsection, Exhibits, Annexes and Schedules shall be construed to refer to Articles, Sections and subsections of, and Exhibits, Annexes and Schedules to, this Agreement.

(c) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

## ARTICLE II AMOUNT AND TERMS OF LOANS

### Section 2.1 Loans and Commitments.

(a) Subject to the terms and conditions hereof, each Revolving Credit Lender severally agrees to make revolving credit loans (the "Revolving Credit Loans") to the Borrower from time to time during the Revolving Credit Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Credit Commitment Percentage of the then outstanding L/C Obligations, does not exceed the amount of such Lender's Revolving Credit Commitment, provided that no such Revolving Credit Loan shall be made if, after giving effect thereto, Section 2.4 would be contravened. During the Revolving Credit Commitment Period the Borrower may use the Revolving Credit Commitments by borrowing, prepaying the Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof.

(b) Subject to the terms and conditions hereof, each Initial Term Loan Lender severally agrees to make, on the Restatement Closing Date, term loans (the "Initial Term Loans") to the Borrower in an aggregate principal amount not to exceed such Lender's Initial Term Loan Commitment. Once repaid, Initial Term Loans may not be reborrowed.

(c) Subject to the terms and conditions hereof, from time to time the Borrower, the Co-Borrower and the Administrative Agent may enter into a Term Loan Addendum with additional financial institutions or Lenders in order to permit the issuance of a series of additional term loans (the "Additional Term Loans" and collectively, with the Initial



Term Loans, the "Term Loans") hereunder. Each such Term Loan Addendum shall set forth the following terms with respect to such series of Additional Term Loans: (i) the aggregate principal amount thereof, (ii) the amortization thereof, if any, (iii) the Applicable Margin, (iv) the Additional Term Loan Maturity Date, which date shall be on or after the Initial Term Loan Maturity Date, (v) the Additional Term Loan Closing Date, (vi) the Additional Term Loan Commitment for each Additional Term Loan Lender party to such Term Loan Addendum and (vii) the fees related thereto, if any; provided, however, that on any date the aggregate principal amount of all series of Additional Term Loans shall not exceed an amount equal to \$500,000,000 less, as of the date of such determination, the aggregate outstanding principal amount of (x) the Initial Term Loans and (y) the EPNHC Term Loans. Subject to the terms and conditions hereof, upon execution and delivery of the Term Loan Addendum as to Additional Term Loans of any series, each Additional Term Loan Lender in respect of such series severally agrees to make, on the Additional Term Loan Closing Date for such series, Additional Term Loans to the Borrower in an aggregate principal amount not to exceed such Additional Term Loan Lender's Additional Term Loan Commitment for such series. Upon the execution and delivery of each Term Loan Addendum by the Borrower, the Co-Borrower, the Administrative Agent and the Additional Term Loan Lenders in accordance with the terms of this Section 2.1(c), this Agreement shall be supplemented and modified by the terms contained therein and such Term Loan Addendum shall become a Loan Document hereunder and no additional consent or approval shall be required from the Required Lenders for the execution and effectiveness of such Term Loan Addendum. Any series of Additional Term Loans made pursuant to this Section 2.1(c) shall be in a minimum aggregate amount equal to \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof. No Term Loan Lender shall be obligated to make any Additional Term Loans unless it is a signatory to the Term Loan Addendum relating to such series of Additional Term Loans.

(d) In the event that the Applicable Margin set forth in any Term Loan Addendum with respect to any series of Additional Term Loans is more favorable or beneficial to the Term Loan Lenders for such series of Additional Term Loans than the Applicable Margin with respect to any Term Loans outstanding as of the effective date of such Term Loan Addendum, the Applicable Margin with respect to all outstanding Term Loans, without any further action on the part of the Borrower or any further action or approval required of the Administrative Agent or the Lenders, shall be deemed to be amended automatically to provide that the Applicable Margin in such Term Loan Addendum shall apply to all Term Loans outstanding immediately prior to the effective date of such Term Loan Addendum.

(e) The Loans may from time to time be (i) Eurodollar Loans, (ii) Alternate Base Rate Loans or (iii) a combination thereof, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.3 and 4.2, provided that no Loan shall be made as a Eurodollar Loan after the day that is one month prior to the Revolving Credit Termination Date or Term Loan Maturity Date, as applicable.

(f) The revolving credit loans outstanding on the Restatement Closing Date under the Existing Credit Agreement shall continue to be outstanding and shall be continued Revolving Credit Loans under this Agreement.

## Section 2.2 Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each (i) Revolving Credit Lender the then unpaid principal amount of each Revolving Credit Loan on the Revolving Credit Termination Date, (ii) Initial Term Loan Lender (x) in semi-annual installments beginning on the date six months following the Restatement Closing Date and ending on the date six months prior to the Initial Term Loan Maturity Date, an amount equal to \$2,500,000 for each installment and (y) the then unpaid principal amount of each Initial Term Loan on the Initial Term Loan Maturity Date and (iii) each Additional Term Loan Lender the amounts indicated in the applicable Term Loan Addendum at such times as therein indicated.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder; the Type thereof; whether such Loan is a Term Loan or a Revolving Credit Loan; for each Term Loan, whether such Term Loan is an Initial Term Loan or Additional Term Loan; for each Additional Term Loan, the series designation for such Additional Term Loan; and the Interest Period applicable to each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section 2.2 shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that the Revolving Credit Loans or the Term Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note substantially in the form of Exhibit A-1 hereto (a "Revolving Credit Note"), or a promissory note substantially in the form of Exhibit A-2 hereto (a "Initial Term Loan Note"), or a promissory note substantially in the form of Exhibit A-3 hereto (a "Additional Term Loan Note"), as applicable, payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by any such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.6) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

## Section 2.3 Procedure for Borrowing.

(a) The Borrower may borrow under the Revolving Credit Commitments during the Revolving Credit Commitment Period on any Working Day, if all or any part of the requested Revolving Credit Loans are to be initially Eurodollar Loans, or on any Business Day,

otherwise, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, (i) three Working Days prior to the requested Borrowing Date, if all or any part of the requested Revolving Credit Loans are to be initially Eurodollar Loans, or (ii) one Business Day prior to the requested Borrowing Date, otherwise), specifying (w) the amount to be borrowed, (x) the requested Borrowing Date, (y) whether the borrowing is to be of Eurodollar Loans, Alternate Base Rate Loans or a combination thereof, and (z) if the borrowing is to be entirely or partly of Eurodollar Loans, the respective amounts of such Type of Revolving Credit Loan and the respective lengths of the initial Interest Periods therefor. Each borrowing under the Revolving Credit Commitments shall be in an amount equal to (1) in the case of Alternate Base Rate Loans, \$500,000 or a whole multiple thereof (or, if the then Available Revolving Credit Commitments are less than \$500,000, such lesser amount) and (2) in the case of Eurodollar Loans, \$1,000,000 or a whole multiple of \$100,000 in excess thereof. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Revolving Credit Lender thereof. Each Revolving Credit Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 11:00 A.M., New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Revolving Credit Lenders and in like funds as received by the Administrative Agent.

(b) The Borrower may borrow under the Initial Term Loan Commitments on the Restatement Closing Date, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, on the Restatement Closing Date), specifying (x) the amount to be borrowed, (y) that such Initial Term Loan shall be incurred on the Restatement Closing Date and (z) that such borrowing is to be of Alternate Base Rate Loans. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Initial Term Loan Lender thereof. Each Initial Term Loan Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 2:00 P.M., New York City time, on the Restatement Closing Date in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Initial Term Loan Lenders and in like funds as received by the Administrative Agent.

(c) The Borrower may borrow under the Additional Term Loan Commitments for a particular series of Additional Term Loans on the applicable Additional Term Loan Closing Date, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, on the applicable Additional Term Loan Closing Date), specifying (x) the amount to be borrowed, (y) that such Additional Term Loan shall be incurred on the Additional Term Loan Closing Date and (z) that such borrowing is to be of Alternate Base Rate Loans. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each

Additional Term Loan Lender for such series of Additional Term Loans thereof. Each Additional Term Loan Lender for such series of Additional Term Loans will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 2:00 P.M., New York City time, on the applicable Additional Term Loan Closing Date in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Additional Term Loan Lenders for such series of Additional Term Loans and in like funds as received by the Administrative Agent.

Section 2.4 Limitations on Loans. No requested Revolving Credit Loan shall be made if the sum of the Aggregate Outstanding Revolving Credit Extensions of Credit (after giving effect to such requested Revolving Credit Loan) would exceed the then aggregate Revolving Credit Commitments. The aggregate amount of the Term Loans shall not exceed the aggregate Term Loan Commitments.

Section 2.5 Commitment Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Credit Lender a commitment fee for the period from and including the date hereof to the Revolving Credit Termination Date, computed at the rate per annum equal to the then Applicable Margin for the Commitment Fee as set forth under the column heading "Applicable Margin for the Commitment Fee" of Annex I on the average daily amount of the Available Revolving Credit Commitment of such Lender, during the period for which payment is made, payable quarterly in arrears on the last day of each March, June, September and December, commencing December 31, 2002, and on the Revolving Credit Termination Date or such earlier date as the Revolving Credit Commitments shall terminate as provided herein, commencing on the first of such dates to occur after the date hereof.

Section 2.6 Termination or Reduction of Commitments.

(a) The Borrower shall have the right, upon not less than five Business Days' notice to the Administrative Agent, to terminate the Revolving Credit Commitments or, from time to time, to reduce the amount of the Revolving Credit Commitments, provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Credit Loans made on the effective date thereof, the aggregate principal amount of the Revolving Credit Loans then outstanding, when added to the then outstanding L/C Obligations, would exceed the Revolving Credit Commitments then in effect. Any such reduction shall be in an amount equal to \$5,000,000 or a whole multiple thereof.

(b) Any reduction of Revolving Credit Commitments pursuant to subsection 2.6(a) above or 4.1(b) shall reduce permanently the Revolving Credit Commitments then in effect.

(c) Any or all of the Initial Term Loan Commitments remaining unused shall automatically terminate at 5:00 P.M., New York City time, on the Restatement Closing Date.

(d) Any or all of the Additional Term Loan Commitments for any series of Additional Term Loans remaining unused shall automatically terminate at 5:00 P.M., New York City time, on the applicable Additional Term Loan Closing Date.

Section 2.7 Extensions of Revolving Credit Termination Date. The Borrower may, by irrevocable written notice to the Administrative Agent received no later than 120 days prior to the Revolving Credit Termination Date then in effect, request the Revolving Credit Lenders to extend such Revolving Credit Termination Date to the date 364 days following such then scheduled Revolving Credit Termination Date. Upon receipt of any such notice, the Administrative Agent shall promptly notify each Revolving Credit Lender thereof. Each Revolving Credit Lender may consent or refuse to consent to such change, in its sole discretion, at any time on or prior to the date which is 60 days prior to the Revolving Credit Termination Date then in effect. Upon the receipt by the Administrative Agent of the written consent of each of the Revolving Credit Lenders to such change in the Revolving Credit Termination Date on or prior to 2:00 p.m., New York time, on the date which is 60 days prior to the Revolving Credit Termination Date then in effect, the Revolving Credit Termination Date shall be changed to such subsequent date 364 days following the Revolving Credit Termination Date then in effect, and the term "Revolving Credit Termination Date" for all purposes of this Agreement and the other Loan Documents shall thereupon be deemed to refer to such subsequent date. Any failure of a Revolving Credit Lender to provide any such consent shall be deemed to be a refusal to consent to such change.

ARTICLE III  
LETTERS OF CREDIT

Section 3.1 Issuance of Letters of Credit.

(a) Subject to the terms and conditions hereof, the Issuing Bank, in reliance on the agreements of the other Revolving Credit Lenders set forth in subsection 3.3(a), agrees to issue letters of credit (the "Letters of Credit") for the account of the Borrower on any Business Day during the Revolving Credit Commitment Period in such form as may be approved from time to time by the Issuing Bank; provided that the Issuing Bank shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (1) the L/C Obligations would exceed the L/C Commitment or (2) the Available Revolving Credit Commitment would be less than zero or (3) the Aggregate Outstanding Revolving Credit Extensions of Credit would exceed the then aggregate Revolving Credit Commitments.

(b) Each Letter of Credit shall:

(i) be denominated in Dollars and shall be either (A) a standby letter of credit issued to support obligations of the Borrower or any Restricted Subsidiary, contingent or otherwise, in connection with the working capital and business needs of the Borrower or such Restricted Subsidiary, as the case may be, in the ordinary course of business, or (B) a commercial letter of credit issued in respect of the purchase of goods or services by the Borrower or any Restricted Subsidiary in the ordinary course of business; and

(ii) expire no later than the earlier of (A) one year after the date of issuance or renewal thereof in accordance with the term of such Letter of Credit; provided that any Letter of Credit with an expiry date occurring one year after its issuance may be renewed for additional one-year periods and (B) five Business Days prior to the Revolving Credit Termination Date.

(c) Each Letter of Credit shall be subject to the Uniform Customs and, to the extent not inconsistent therewith, the laws of the State of New York.

(d) The Issuing Bank shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Bank or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law.

(e) Letters of Credit issued under the Existing Credit Agreement which are outstanding on the Restatement Closing Date shall be deemed to be Letters of Credit issued under this Agreement on the Restatement Closing Date.

Section 3.2 Procedure for Issuance of Letters of Credit. The Borrower may from time to time request that the Issuing Bank issue a Letter of Credit by delivering to the Issuing Bank at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Bank, and such other certificates, documents and other papers and information as the Issuing Bank may reasonably request. Upon receipt of any Application, the Issuing Bank will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Bank be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by the Issuing Bank and the Borrower. The Issuing Bank shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof.

Section 3.3 Participations and Payments in Respect of the Letters of Credit.

(a) The Issuing Bank irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce the Issuing Bank to issue Letters of Credit hereunder, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Bank, on the terms and conditions hereinafter stated, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's L/C Commitment Percentage in the Issuing Bank's obligations and rights under each Letter of Credit issued hereunder and the amount of each draft paid by the Issuing Bank thereunder.

(b) Each L/C Participant unconditionally and irrevocably agrees with the Issuing Bank that, if a draft is paid under any Letter of Credit for which the Issuing Bank is not reimbursed on the day of such payment in full by the Borrower in immediately available funds, such Revolving Credit Lender shall pay to the Issuing Bank upon demand at the Issuing Bank's address for notices specified herein an amount equal to such L/C Participant's L/C Commitment Percentage of the amount of such draft, or any part thereof, which is not so reimbursed. Each

L/C Participant's obligation to make each such payment to the Issuing Bank, and the Issuing Bank's right to receive the same, are absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limiting the effect of the foregoing, the occurrence or continuance of a Default or Event of Default or the failure of any other L/C Participant to make any payment under this Section 3.3, and each L/C Participant further agrees that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each L/C Participant shall indemnify and hold harmless the Issuing Bank from and against any and all losses, liabilities (including, without limitation, liabilities for penalties), actions, suits, judgments, demands, costs and expenses (including reasonable attorneys' fees) resulting from any failure of such L/C Participant to provide, or from any delay in providing, the Issuing Bank with such L/C Participant's L/C Commitment Percentage of such payment in accordance with the provisions of this Section 3.3, but no L/C Participant shall be so liable for any such failure on the part of any other L/C Participant.

(c) If any amount required to be paid by any L/C Participant to the Issuing Bank pursuant to subsection 3.3(a) in respect of any unreimbursed portion of any payment made by the Issuing Bank under any Letter of Credit is paid to the Issuing Bank within two Business Days after the date such payment is due, such L/C Participant shall pay to the Issuing Bank on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal funds rate, as quoted by the Issuing Bank, during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Bank, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to subsection 3.3(a) is not in fact made available to the Issuing Bank by such L/C Participant within two Business Days after the date such payment is due, the Issuing Bank shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to Alternate Base Rate Loans hereunder. A certificate of the Issuing Bank submitted to any L/C Participant with respect to any amounts owing under this Section 3.3 shall be conclusive in the absence of manifest error.

(d) Whenever, at any time after the Issuing Bank has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with subsection 3.3(a), the Issuing Bank receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by the Issuing Bank), or any payment of interest on account thereof, the Issuing Bank will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by the Issuing Bank shall be required to be returned by the Issuing Bank, such L/C Participant shall return to the Issuing Bank the portion thereof previously distributed by the Issuing Bank to it.

#### Section 3.4 Fees, Commissions and Other Charges.

(a) The Borrower shall pay to the Administrative Agent, for the account of the Issuing Bank, a fronting fee with respect to each Letter of Credit for the period from and including the date of issuance thereof to but not including the Expiry Date thereof, computed at the rate of 1/8 of 1% per annum on the average daily amount of the undrawn and unexpired amount of such Letter of Credit. Such fronting fee shall be payable quarterly in advance on the

date of issuance of each Letter of Credit and on the last day of each March, June, September and December thereafter, commencing June 30, 2001. Such fee shall be nonrefundable.

(b) The Borrower shall pay to the Administrative Agent, for the account of the Issuing Bank and the L/C Participants, a letter of credit commission with respect to each Letter of Credit for the period from and including the date of issuance thereof to but not including the Expiry Date thereof, computed at the rate of the then Applicable Margin for Eurodollar Loans per annum on the average daily amount of the undrawn and unexpired amount of such Letter of Credit. Such commission shall be payable to the L/C Participants to be shared ratably among them in accordance with their respective L/C Commitment Percentages. Such commission shall be payable quarterly in advance on the date of issuance of each Letter of Credit and on the last day of each March, June, September and December thereafter, commencing June 30, 2001. Such fee shall be nonrefundable.

(c) In addition to the foregoing fees and commissions, the Borrower shall pay or reimburse the Issuing Bank for such normal and customary costs and expenses as are incurred or charged by the Issuing Bank in issuing, effecting payment under, amending or otherwise administering any Letter of Credit.

(d) The Administrative Agent shall, promptly following its receipt thereof, distribute to the Issuing Bank and the L/C Participants all fees and commissions received by the Administrative Agent for their respective accounts pursuant to this Section 3.4.

(e) The fees and commissions described in the preceding paragraphs (a) and (b) shall be based on a 360 day year. If any amounts in the preceding paragraphs (a) and (b) shall be payable on a day that is not a Working Day, such amount shall be extended to the next succeeding Working Day unless the result of such extension would be to carry such amount into another calendar month in which event such amount shall be payable on the immediately preceding Working Day.

#### Section 3.5 Reimbursement Obligation of the Borrower.

(a) The Borrower agrees to reimburse the Issuing Bank on each date on which the Issuing Bank notifies the Borrower of the date and amount of a draft presented under any Letter of Credit and paid by the Issuing Bank for the amount of (i) such draft so paid and (ii) any taxes, fees, charges or other costs or expenses incurred by the Issuing Bank in connection with such payment. Each such payment shall be made to the Issuing Bank at its address for notices specified herein in lawful money of the United States of America and in immediately available funds.

(b) Unless otherwise notified by the Borrower, each drawing under a Letter of Credit shall constitute a request by the Borrower to the Administrative Agent for a borrowing pursuant to Section 2.3 of Revolving Credit Loans which are Alternate Base Rate Loans in the amount of such drawing, subject to satisfaction of the conditions set forth in Section 6.2. The Borrowing Date with respect to such borrowing shall be the date of such drawing.

(c) Interest shall be payable on any and all amounts remaining unpaid by the Borrower under this Section 3.5 from the date such amounts become payable (whether at stated



maturity, by acceleration or otherwise) until payment in full at the rate which would be payable on any outstanding Revolving Credit Loans which are Alternate Base Rate Loans which were then overdue.

#### Section 3.6 Obligations Absolute.

(a) The Borrower's obligations under this Article III shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which the Borrower may have or have had against the Issuing Bank or any beneficiary of any Letter of Credit.

(b) The Borrower also agrees with the Issuing Bank that the Issuing Bank shall not be responsible for, and the Borrower's Reimbursement Obligations under subsection 3.5(a) shall not be affected by, among other things, (i) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or (ii) any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or (iii) any claims whatsoever of the Borrower against any beneficiary of any Letter of Credit or any such transferee.

(c) The Issuing Bank shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by the Issuing Bank's gross negligence or willful misconduct.

(d) The Borrower agrees that any action taken or omitted by the Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Commercial Code of the State of New York, shall be binding on the Borrower and shall not result in any liability of the Issuing Bank to the Borrower.

Section 3.7 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the Issuing Bank shall promptly notify the Borrower of the date and amount thereof. The responsibility of the Issuing Bank to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit.

Section 3.8 Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Article III, the provisions of this Article III shall apply.

ARTICLE IV  
GENERAL PROVISIONS FOR LOANS

Section 4.1 Optional and Mandatory Prepayments.

(a) The Borrower may on the last day of any Interest Period with respect thereto (or at other times with the payment of applicable breakage costs), in the case of Eurodollar Loans, or at any time and from time to time, in the case of Alternate Base Rate Loans, prepay the Revolving Credit Loans, the Initial Term Loans, the Additional Term Loans of any series, or any combination thereof, in whole or in part, without premium or penalty (except as set forth in Section 4.1(e) below), upon at least four Business Days' irrevocable notice to the Administrative Agent, specifying (i) the date and amount of prepayment, (ii) whether the prepayment is of Eurodollar Loans, Alternate Base Rate Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each, (iii) whether the prepayment is of Revolving Credit Loans, Initial Term Loans, the Additional Term Loans of any series, or any combination thereof, and, if of a combination thereof, the amount allocable to each and (iv) if the prepayment includes Term Loans, the amount allocable, if any, to the Initial Term Loans or the Additional Term Loans of each series. Upon receipt of any such notice the Administrative Agent shall promptly notify each Applicable Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, with accrued interest to such date on the amount prepaid in the case of prepayment of Term Loans. Partial prepayments (x) of Revolving Credit Loans shall be in an aggregate principal amount of \$1,000,000 or a whole multiple thereof and (y) of any Term Loans shall be in an aggregate principal amount of \$5,000,000 or a whole multiple thereof.

(b) If on any date (including any date on which a certificate of a Responsible Officer of the Borrower is delivered pursuant to subsection 7.2(b)) the sum of the Aggregate Outstanding Revolving Credit Extensions of Credit then outstanding exceeds the then aggregate Revolving Credit Commitments, then, without notice or demand, the Borrower shall promptly prepay the Revolving Credit Loans in an amount equal to such excess. The Borrower may, subject to the terms and conditions of this Agreement, reborrow the amount of any prepayment made under this subsection 4.1(b).

(c) The application of any prepayment of Initial Term Loans or Additional Term Loans of any series pursuant to subsection 4.1(a) shall be made to the remaining installments of such Initial Term Loans or Additional Term Loans of such series, as applicable, in the inverse order of their maturity.

(d) The application of any prepayment pursuant to subsection 4.1(b) shall be made first to Alternate Base Rate Loans and second to Eurodollar Loans. Each prepayment of the Loans under subsection 4.1(b) (other than Alternate Base Rate Loans) shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

(e) With respect to any optional prepayment made by the Borrower in connection with the Initial Term Loans on or before the first anniversary of the Restatement Closing Date, the Borrower shall pay to the Administrative Agent, for the account of the applicable Initial Term Loan Lenders, a prepayment in an amount (including principal and

premium) equal to 101% of the aggregate principal amount of the Initial Term Loans to be prepaid as set forth pursuant to the notice of prepayment provided to the Administrative Agent pursuant to Section 4.1(a) above plus all accrued, unpaid interest to the date of such prepayment.

#### Section 4.2 Conversion and Continuation Options.

(a) The Borrower may elect from time to time to convert Eurodollar Loans to Alternate Base Rate Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert Alternate Base Rate Loans to Eurodollar Loans by giving the Administrative Agent at least three Working Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Applicable Lender thereof. All or any part of outstanding Eurodollar Loans and Alternate Base Rate Loans may be converted as provided herein, provided that (i) no Loan may be converted into a Eurodollar Loan when any Default or Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined that such a conversion is not appropriate, (ii) any such conversion may only be made if, after giving effect thereto, Section 4.3 shall not have been contravened and (iii) no Loan may be converted into a Eurodollar Loan after the date that is one month prior to the Revolving Credit Termination Date or applicable Term Loan Maturity Date, as applicable.

(b) Any Eurodollar Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such (i) when any Default or Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined that such a continuation is not appropriate, (ii) if, after giving effect thereto, Section 4.3 would be contravened or (iii) after the date that is one month prior to the Revolving Credit Termination Date or applicable Term Loan Maturity Date, as applicable, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to Alternate Base Rate Loans on the last day of such then expiring Interest Period.

Section 4.3 Minimum Amounts of Tranches. All borrowings, conversions and continuations of Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, (a) the aggregate principal amount of the Loans comprising each Tranche shall be equal to \$2,000,000 or a whole multiple of \$100,000 in excess thereof, and (b) the number of Tranches then outstanding shall not exceed eight.

#### Section 4.4 Interest Rates and Payment Dates.

(a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each Alternate Base Rate Loan shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(c) If all or a portion of (i) the principal amount of any Loan, (ii) any interest payable thereon or (iii) any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is the higher of (A) the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section 4.4 plus 2% and (B) the Alternate Base Rate plus 1%, in each case from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section 4.4 shall be payable from time to time on demand.

(e) With respect to any Initial Term Loan, whether an Alternate Base Rate Loan or a Eurodollar Loan, in the event that, on any date, (i) the Borrower's senior, long-term unsecured debt rating issued by S&P is less than BB+ and (ii) the Borrower's senior, long-term unsecured debt rating issued by Moody's is less than Ba2 or the Borrower's senior secured debt rating issued by Moody's is less than Ba1, then on such date the Applicable Margin with respect to Initial Term Loans that are Alternate Base Rate Loans shall be 3.25% per annum and the Applicable Margin for Initial Term Loans that are Eurodollar Loans shall be 4.50% per annum, which adjustment to the Applicable Margin for Initial Term Loans shall become effective on the date that such event occurs and the increase shall continue until the date upon which (x) the Borrower's senior, long-term unsecured debt rating issued by S&P is equal to or greater than BB+ and (y) the Borrower's senior, long-term unsecured debt rating issued by Moody's is equal to or greater than Ba2 or the Borrower's senior secured debt rating issued by Moody's is equal to or greater than Ba1, on which date the Applicable Margin for Initial Term Loans will return to 2.25% per annum for Alternate Base Rate Loans and 3.50% per annum for Eurodollar Loans.

#### Section 4.5 Computation of Interest and Fees.

(a) Interest on Alternate Base Rate Loans, commitment fees and interest on overdue interest, commitment fees and other amounts payable hereunder shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. Interest on Eurodollar Loans shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the Alternate Base Rate or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to subsection 4.4(a).

Section 4.6 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Alternate Base Rate Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be converted to or continued as Alternate Base Rate Loans and (z) any outstanding Eurodollar Loans shall be converted, on the first day of such Interest Period, to Alternate Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans.

Section 4.7 Pro Rata Treatment and Payments.

(a) Each borrowing by the Borrower from the Revolving Credit Lenders hereunder, each payment by the Borrower on account of any commitment fee payable pursuant to Section 2.5 hereunder and any reduction of the Revolving Credit Commitments of the Lenders shall be made pro rata according to the respective Revolving Credit Commitment Percentages of the Revolving Credit Lenders. Each borrowing by the Borrower from the Term Loan Lenders hereunder with respect to the Initial Term Loans or Additional Term Loans of any series shall be made pro rata according to the respective Term Loan Commitment Percentages applicable to such Initial Term Loans or such Additional Term Loans of such Term Loan Lenders. Each payment (including each prepayment) by the Borrower on account of principal of and interest on (i) the Initial Term Loans or Additional Term Loans of any series shall be made pro rata according to the respective outstanding principal amounts of the Initial Terms Loans or the Additional Term Loans of such series then held by the Term Loan Lenders, or (ii) the Revolving Credit Loans shall be made pro rata according to the respective outstanding principal amounts of the Revolving Credit Loans then held by the Revolving Credit Lenders. All payments (including prepayments) to be made by the Borrower hereunder and under the Notes, whether on account of principal, interest, fees or otherwise, shall be made without set off or counterclaim and shall be

made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office specified in Section 11.2, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Applicable Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension and with respect to payments of fees, such fees accruing during such extension shall be payable on the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Working Day, the maturity thereof shall be extended to the next succeeding Working Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Working Day.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a Borrowing Date that such Lender will not make the amount that would constitute its Applicable Percentage of the borrowing on such date available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such Borrowing Date, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is made available to the Administrative Agent on a date after such Borrowing Date, such Lender shall pay to the Administrative Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period, times (ii) the amount of such Lender's Applicable Percentage of such borrowing, times (iii) a fraction the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which such Lender's Applicable Percentage of such borrowing shall have become immediately available to the Administrative Agent and the denominator of which is 360. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 4.7 shall be conclusive in the absence of manifest error. If such Lender's Applicable Percentage of such borrowing is not in fact made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall be entitled to recover such amount with interest thereon at the rate per annum applicable to Alternate Base Rate Loans hereunder, on demand, from the Borrower.

Section 4.8 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert Alternate Base Rate Loans to Eurodollar Loans shall forthwith be cancelled and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Alternate Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 4.11.

Section 4.9 Requirements of Law.

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Note, any Letter of Credit, any Application or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for taxes covered by Section 4.10 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or issuing or participating in the Letters of Credit or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this Section 4.9, it shall promptly notify the Borrower, through the Administrative Agent, of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section 4.9 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

Section 4.10 Taxes.

(a) All payments made by the Borrower under this Agreement and the Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding, in the case of the Administrative Agent, the Collateral Agent and each Lender, net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent, the Collateral Agent or such Lender, as the case may be, as a result of a present or former connection between the jurisdiction of the government or taxing authority imposing such tax and the Administrative Agent, the Collateral Agent or such Lender (excluding a connection arising solely from the Administrative Agent, the Collateral Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or the Notes) or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Administrative Agent, the Collateral Agent or any Lender hereunder or under the Notes, the amounts so payable to the Administrative Agent, the Collateral Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent, the Collateral Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the Notes. Whenever any Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account, for the account of the Collateral Agent or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent, the Collateral Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent, the Collateral Agent or any Lender as a result of any such failure. The agreements in this Section 4.10 shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

(b) Each Lender that is not incorporated under the laws of the United States of America or a state thereof shall:

(i) deliver to the Borrower and the Administrative Agent (A) two duly completed copies of United States Internal Revenue Service Form W8-ECI or W8-BEN, or successor applicable form, as the case may be, and (B) an Internal Revenue Service Form W-8 or W-9, or successor applicable form, as the case may be;

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent;



unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent. Such Lender shall certify (i) in the case of a Form W8-ECI or W8-BEN, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and (ii) in the case of a Form W-8 or W-9, that it is entitled to an exemption from United States backup withholding tax. Each Person that shall become a Lender or a Participant pursuant to Section 11.6 shall, upon the effectiveness of the related transfer, be required to provide all of the forms and statements required pursuant to this Section 4.10, provided that in the case of a Participant such Participant shall furnish all such required forms and statements to the Lender from which the related participation shall have been purchased.

Section 4.11 Indemnity. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Borrower in payment when due of the principal amount of or interest on any Eurodollar Loan, (b) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (c) default by the Borrower in making any prepayment after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (d) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

Section 4.12 Lenders Obligation to Mitigate. Each Lender agrees that, as promptly as practicable after it becomes aware that it has been or will be affected by the occurrence of an event or the existence of a condition described under Section 4.8 or subsection 4.9(a) or 4.10(a), it will, to the extent not inconsistent with such Lender's internal policies, use its best efforts (a) to provide written notice to the Borrower describing such condition and the anticipated effect thereof and (b) to make, fund or maintain the affected Eurodollar Loans of such Lender through another lending office of such Lender if as a result thereof the additional moneys which would otherwise be required to be paid in respect of such Loans pursuant to Section 4.8 or subsection 4.9(a) or 4.10(a) would be materially reduced or the illegality or other adverse circumstances which would otherwise require such payment pursuant to Section 4.8 or subsection 4.9(a) or 4.10(a) would cease to exist and if, as determined by such Lender, in its sole discretion, the making, funding or maintaining of such Loans through such other lending office would not otherwise adversely affect such Loans or such Lender. The Borrower hereby agrees to pay all reasonable expenses incurred by any Lender in utilizing another lending office of such Lender pursuant to this Section 4.12.

Section 4.13 Acquisition; Disposition; Redesignation. If the Borrower or any of its Restricted Subsidiaries acquires any Acquired Business or makes any sale or disposition of any assets or property having a value in excess of \$20,000,000 pursuant to subsection 8.6(b) or 8.6(e)

or there is a Redesignation of any Subsidiary during any Calculation Period, Consolidated EBITDA, Consolidated Tangible Net Worth, Consolidated Interest Expense, Consolidated Total Senior Indebtedness and Consolidated Total Indebtedness for such Calculation Period will be determined on a pro forma basis as if such Acquired Business were acquired, such assets or property was sold or disposed of or such Redesignation occurred, on the first day thereof. Such pro forma adjustments will be subject to delivery to the Administrative Agent of a certificate of a Responsible Officer of the Borrower. Such certificate may be delivered at any time with respect to any Redesignation and at any time after the last day of the first fiscal quarter of the Borrower to end after the related acquisition date with respect to any Acquired Business or the related disposition date with respect to any such sale or disposition. Each such certificate shall be accompanied by supporting information and calculations with respect to each such Acquired Business, sale or disposition or Redesignation and such other information as any Lender, through the Administrative Agent, may reasonably request. For purposes of determining satisfaction of Section 6.2(d), effect shall be given on the date of determination to pro forma adjustments as described in this Section 4.13 with respect to any Acquired Business that has been acquired as of such date.

Section 4.14 Redesignated Senior Indebtedness. The Borrower and the Co-Borrower hereby designate all Obligations of the Borrower and its Subsidiaries (including the Co-Borrower) under this Agreement and the other Loan Documents as Designated Senior Debt, as such term is defined in the Senior Subordinated Note Indentures.

#### ARTICLE V REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

Section 5.1 Financial Condition. The consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at December 31, 2001, and the related consolidated statements of operations and of cash flows for the fiscal year ended December 31, 2001, reported on by PricewaterhouseCoopers LLP, copies of which have heretofore been furnished to each Lender, present fairly the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date, and the consolidated results of their operations and their consolidated cash flows for the year then ended. The consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at June 30, 2002 and the related consolidated statements of operations and of cash flows for the six months ended June 30, 2002, copies of which have heretofore been furnished to each Lender, present fairly the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date, and the consolidated results of their operations and their consolidated cash flows for the six-month period then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by such accountants and as disclosed therein and, with respect to the June 30, 2002 financial statements, for the absence of footnotes and year-end adjustments). Except as set forth on Schedule 5.1 or as permitted by subsection 8.4(c), neither the Borrower nor any of its consolidated Subsidiaries had, at the date of the most recent balance sheet referred to above, any

material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the notes thereto. Except as set forth on Schedule 5.1, during the period from June 30, 2002 to and including the Restatement Closing Date there has been no sale, transfer or other disposition by the Borrower or any of its consolidated Subsidiaries of any material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any other Person) material in relation to the consolidated financial condition of the Borrower and its consolidated Subsidiaries at June 30, 2002.

Section 5.2 No Change. Since December 31, 2001 (a) there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect and (b) no dividends or other distributions have been declared, paid or made upon the Capital Stock of the Borrower except as permitted by Section 8.7, nor has any of the Capital Stock of the Borrower been redeemed, retired, purchased or otherwise acquired for value by the Borrower or any of its Subsidiaries.

Section 5.3 Existence; Compliance with Law. Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation, limited partnership or limited liability company, as the case may be, and, where applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.4 Power; Authorization; Enforceable Obligations.

(a) The Borrower has the power and authority, and the legal right, to make, deliver and perform this Agreement, the Notes and the other Loan Documents to which it is a party and to borrow hereunder and has taken all necessary action to authorize the borrowings on the terms and conditions of this Agreement and the Notes and to authorize the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or the Notes or the Applications. This Agreement has been, and each Note and the Applications will be, duly executed and delivered on behalf of the Borrower. This Agreement constitutes, and each Note and each other Loan Document to which the Borrower is a party when executed and delivered will constitute, a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) Each of the Subsidiary Guarantors has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Loan Documents to which such Subsidiary Guarantor is a party. Each of the Loan Documents to which such Subsidiary Guarantor is a party will be duly executed and delivered on behalf of such Subsidiary Guarantor. Each Loan Document to which such Subsidiary Guarantor is a party will, when executed and delivered, constitute a legal, valid and binding obligation of such Subsidiary Guarantor enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 5.5 No Legal Bar. The execution, delivery and performance of this Agreement, the Notes and the other Loan Documents, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or Contractual Obligation of any Loan Party, or, to the best knowledge of the Borrower, any Joint Venture any of the interests in which is owned by a Restricted Subsidiary, and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any such Requirement of Law or Contractual Obligation.

Section 5.6 No Material Litigation. Except as set forth on Schedule 5.6, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries, or, to the best knowledge of the Borrower, any Joint Venture any of the interests in which is owned by a Restricted Subsidiary, or against any of its or their respective properties or revenues (a) with respect to this Agreement, the Notes or any of the other Loan Documents or any of the transactions contemplated hereby or thereby, or (b) which could reasonably be expected to have a Material Adverse Effect.

Section 5.7 No Default. No Loan Party, and, to the best knowledge of the Borrower, no Joint Venture any of the interests in which is owned by a Restricted Subsidiary, is in default under or with respect to any of its Contractual Obligations in any respect which could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

Section 5.8 Ownership of Property; Liens. Each of the Borrower and its Restricted Subsidiaries has good record and marketable title in fee simple to, or a valid leasehold interest in, all its real property necessary for its operations as then conducted, and good title to, or a valid leasehold interest in, all its other property, and none of such property necessary for its operations as then conducted is subject to any Lien except as permitted by Section 8.3.

Section 5.9 Intellectual Property. The Borrower and each of its Restricted Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, technology,

know-how and processes necessary for the conduct of its business as currently conducted except for those the failure to own or license which could not have a Material Adverse Effect (the "Intellectual Property"). No claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of such Intellectual Property by the Borrower and its Restricted Subsidiaries does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, do not have a Material Adverse Effect.

Section 5.10 No Burdensome Restrictions. The Borrower, in good faith, does not believe any Requirement of Law or Contractual Obligation of the Borrower or any of its Restricted Subsidiaries could reasonably be expected to have a Material Adverse Effect.

Section 5.11 Taxes. Each of the Borrower and its Subsidiaries has filed or caused to be filed all tax returns which, to the knowledge of the Borrower, are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be); no tax Lien has been filed, and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax, fee or other charge.

Section 5.12 Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect or for any purpose which violates the provisions of the Regulations of such Board of Governors. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

Section 5.13 ERISA. No Loan Party has or is a party to, or has any matured or contingent obligations under, any Plans.

Section 5.14 Investment Company Act; Other Regulations. The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. The Borrower is not subject to regulation under any Federal or State statute or regulation which limits its ability to incur Indebtedness.

Section 5.15 Subsidiaries. The Persons set forth on Schedule 5.15 constitute all of the Subsidiaries of the Borrower, and all Joint Ventures in which the Borrower owns any interest, as of the Restatement Closing Date, and the percentage of the equity interests owned by the Borrower in each such Person as of such date. Except for Arizona Gas, EPN Arizona and MIAGS, each of the Subsidiaries listed on Schedule 5.15 is as of the Restatement Closing Date a Restricted Subsidiary.

Section 5.16 Purpose of Loans, Letters of Credit. The proceeds of the Initial Term Loans shall be used by the Borrower (a) to refinance up to \$160,000,000 of the existing Indebtedness of the Borrower and EPNHC and (b) for general corporate purposes. The proceeds of the Revolving Credit Loans shall be used by the Borrower (a) to refinance Indebtedness under the Existing Credit Agreement and (b) for general corporate purposes. The Letters of Credit shall be used for the purposes described in subsection 3.1(b). The proceeds of any series of Additional Term Loans shall be used for general corporate purposes, including, without limitation, the refinancing of any existing Indebtedness of the Borrower or EPNHC.

Section 5.17 Environmental Matters. Except as set forth on Schedule 5.17:

(a) To the best knowledge of the Borrower, the Properties do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations which (i) constitute or constituted a violation of, or (ii) give rise to liability under, any Environmental Law, except in either case insofar as such violation or liability, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(b) To the best knowledge of the Borrower, the Properties and all operations at the Properties are in compliance, and have in the period commencing six months prior to the date hereof been in compliance, in all material respects with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the business operated by the Borrower or any of its Subsidiaries or any Joint Venture (the "Business") which could materially interfere with the continued operation of any material Property or which could reasonably be expected to have a Material Adverse Effect.

(c) Neither the Borrower nor any of its Subsidiaries nor, to the best knowledge of the Borrower, any Joint Venture has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the Business, nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened except insofar as such notice or threatened notice, or any aggregation thereof, does not involve a matter or matters that is or could reasonably be expected to result in the payment of a Material Environmental Amount.

(d) To the best knowledge of the Borrower, Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location which could reasonably be expected to give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could reasonably be expected to give rise to liability under, any applicable Environmental Law except insofar as any such violation or liability referred to in this paragraph, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which the Borrower or any Subsidiary, or, to the best knowledge of the Borrower, any Joint Venture, is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business except insofar as such proceeding, action, decree, order or other requirement, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(f) To the best knowledge of the Borrower, there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of the Borrower or any Subsidiary or any Joint Venture, in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws except insofar as any such violation or liability referred to in this paragraph, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(g) There are no Liens arising under or pursuant to any Environmental Laws on any of the real properties or properties owned or leased by any Loan Party, and no government actions have been taken or are in process which could subject any of such properties to such Liens and no Loan Party would be required to place any notice or restriction relating to the presence of Hazardous Materials at any properties owned by it in any deed to such properties.

(h) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or which are in the possession of any Loan Party in relation to any properties or facility now or previously owned or leased by any Loan Party which have not been made available to the Lenders.

Section 5.18 Accuracy and Completeness of Information. The factual statements contained in the financial statements (other than financial projections) referred to in Section 5.1, the Loan Documents, the Confidential Information Memorandum dated July 2002 and any other certificates or documents furnished or to be furnished (but only, with respect to documents furnished after the Restatement Closing Date, documents provided pursuant to subsection 7.2(d)) to the Administrative Agent or the Lenders from time to time in connection with this Agreement, taken as a whole, do not and will not, to the knowledge of the Borrower, as of the date when made, contain any untrue statement of a material fact or omit to state a material fact (other than omissions that pertain to matters of a general economic nature, matters generally known to the Administrative Agent or matters of public knowledge that generally affect any of the industry segments included in the Business of the Borrower, its Subsidiaries or any Joint Venture) necessary in order to make the statements contained therein not misleading in light of the circumstances in which the same were made, such knowledge qualification being given only with respect to factual statements made by Persons other than the Borrower, and all financial projections contained in any such document or certificate have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable.

Section 5.19 Security Documents. The Pledge Agreements are each effective to create in favor of the Collateral Agent, for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, a legal, valid and enforceable security interest in the respective Interests described therein and proceeds thereof, and the Pledge Agreements each constitute a fully perfected first Lien on, and security interest in, all right, title and interest of the Borrower and the Subsidiary Guarantors, respectively, in such Interests and Pledged Certificates described therein and in proceeds thereof superior in right to any other Person (subject to the Liens permitted pursuant to Section 8.3). Each Security Agreement is effective to create in favor of the Collateral Agent, for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, a legal, valid and enforceable security interest in the respective collateral described therein and proceeds thereof, and the Security Agreements constitute fully perfected, first priority Liens on, and security interests in (subject to the Liens permitted pursuant to Section 8.3), all right, title and interest of the Borrower, EPEPC and the Subsidiary Guarantors in such collateral and the proceeds thereof superior in right to any other Person other than Liens permitted hereby.

Section 5.20 Joint Venture Charters, G&A Agreement, etc.

(a) As of the Restatement Closing Date, the Administrative Agent has received, with a copy for each Lender, a complete copy of each of the Joint Venture Charters of each Joint Venture any of the interests in which is owned by a Restricted Subsidiary and all amendments thereto, waivers relating thereto and other side letters or agreements affecting the terms thereof.

(b) As of the Restatement Closing Date, the Administrative Agent has received a complete copy of the Partnership Agreement, the G&A Agreement and each credit agreement to which any Joint Venture any of the interests in which is owned by a Restricted Subsidiary is a party (including all exhibits, schedules and disclosure letters referred to therein or delivered pursuant thereto, if any) and all amendments thereto, waivers, relating thereto and other side letters or agreements affecting the terms thereof (collectively, such agreements and documents described in paragraphs (a) and (b) of this Section 5.20 are referred to as the "Documents"). None of the Documents has been amended or supplemented, nor have any of the provisions thereof been waived, except (i) pursuant to a written agreement or instrument which has heretofore been consented to in writing by the Required Lenders or (ii) in accordance with the provisions of this Agreement.

(c) Except as disclosed on Schedule 5.6, each of the Documents has been duly executed and delivered by each of the Borrower and its Subsidiaries party thereto and, to the Borrower's knowledge, by each of the other parties thereto, is in full force and effect and constitutes a legal, valid and binding enforceable obligation of each of the Borrower and its Subsidiaries party thereto and, to the Borrower's knowledge, each other party thereto. None of the Borrower or any of its Subsidiaries party to any of the Documents, is in default in the performance of any of its obligations thereunder in any material respect which would give any other party to such Document a right to accelerate payment of amounts due under, or terminate, such Document.

Section 5.21 Senior Debt. The Obligations constitute "Senior Debt" of the Borrower under and as defined in the Senior Subordinated Note Indentures. The obligations of each



Subsidiary Guarantor under the Loan Documents to which it is a party constitute "Guarantor Senior Debt" of such Subsidiary Guarantor under and as defined in the Senior Subordinated Note Indentures.

ARTICLE VI  
CONDITIONS PRECEDENT

Section 6.1 Conditions to Initial Extensions of Revolving Credit. The agreement of each Revolving Credit Lender to make the initial extension of revolving credit requested to be made by it was subject to the satisfaction, immediately prior to or concurrently with the making of such extension of credit on the Original Closing Date, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received (i) the Existing Credit Agreement, executed and delivered by a duly authorized officer of the Borrower and the Co-Borrower, (ii) for the account of each Revolving Credit Lender which requests the same, a Revolving Credit Note executed and delivered by a duly authorized officer of the Borrower and the Co-Borrower, and (iii) a confirmation of each of the Guarantees (as defined in the Existing Credit Agreement) and Security Documents (as defined in the Existing Credit Agreement), executed and delivered by a duly authorized officer of each Loan Party thereto and satisfactory in form to the Administrative Agent.

(b) Related Agreements. The Administrative Agent shall have received true and correct copies, certified as to authenticity by the Borrower, of the Partnership Agreement (as defined in the Existing Credit Agreement), the certificate of limited partnership of the Borrower, the G&A Agreement, the letter agreement dated December 8, 2000, by and between El Paso and the Borrower relating to the purchase of designated transportation and fractionation assets of El Paso Field Services Company, the limited liability company agreement, or certificate of incorporation and by-laws, as the case may be, of each Subsidiary, the Joint Venture Charter of each Joint Venture and each agreement evidencing, securing or under which is issued Indebtedness of any of the Joint Ventures under their respective credit facilities, and such other documents or instruments as may be reasonably requested by the Administrative Agent, including, without limitation, a copy of any debt instrument, security agreement or other material contract to which any Joint Venture may be a party.

(c) Borrowing Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated as of the Original Closing Date, substantially in the form of Exhibit L to the Existing Credit Agreement, with appropriate insertions and attachments, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President of the Borrower and the Secretary or any Assistant Secretary of the Borrower.

(d) Partnership Proceedings of the Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of the General Partner authorizing on behalf of the Borrower (i) the execution, delivery and performance of the Existing Credit Agreement, the Revolving Credit Notes and the other Loan Documents (as defined in the Existing Credit Agreement) to which the Borrower is a party, (ii) the borrowings contemplated hereunder and

(iii) the granting by the Borrower of the Liens created pursuant to the Security Documents (as defined in the Existing Credit Agreement) to which it is a party, certified by the Secretary or an Assistant Secretary of the General Partner on behalf of the Borrower as of the Original Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(e) Borrowers' Incumbency Certificate. The Administrative Agent shall have received a certificate of the Borrower and the Co-Borrower, dated as of the Original Closing Date, as to the incumbency and signature of the officers of the Borrower and the Co-Borrower, respectively, executing any Loan Document (as defined in the Existing Credit Agreement), satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of the Borrower and the Co-Borrower, respectively.

(f) Corporate Proceedings of Co-Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of the Co-Borrower authorizing (i) the execution, delivery and performance of the Loan Documents (as defined in the Existing Credit Agreement) to which the Co-Borrower is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents (as defined in the Existing Credit Agreement) to which it is a party, certified by the Secretary or an Assistant Secretary of the Co-Borrower as of the Original Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(g) Corporate Proceedings of EPEPC. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of EPEPC authorizing (i) the execution, delivery and performance of the Loan Documents (as defined in the Existing Credit Agreement) to which EPEPC is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents (as defined in the Existing Credit Agreement) to which it is a party, certified by the Secretary or an Assistant Secretary of EPEPC as of the Original Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(h) EPEPC Incumbency Certificate. The Administrative Agent shall have received a certificate of EPEPC, dated the Original Closing Date, as to the incumbency and signature of the officers of EPEPC executing any Loan Document (as defined in the Existing Credit Agreement), satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of EPEPC.

(i) Proceedings of Subsidiaries. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Member or the Board of Directors, as applicable, of each Subsidiary of the Borrower which is a party to a Loan Document (as defined in the Existing Credit Agreement)

authorizing (i) the execution, delivery and performance of the Loan Documents (as defined in the Existing Credit Agreement) to which it is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents (as defined in the Existing Credit Agreement) to which it is a party, certified by the Secretary or an Assistant Secretary of such Subsidiary as of the Original Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(j) Subsidiary Incumbency Certificates. The Administrative Agent shall have received a certificate of each Subsidiary of the Borrower which is a Loan Party, dated the Original Closing Date, as to the incumbency and signature of the officers of such Subsidiary executing any Loan Document (as defined in the Existing Credit Agreement), satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of each such Subsidiary.

(k) Corporate Documents. The Administrative Agent shall have received true and complete copies of the certificate of incorporation and by-laws of EPEPC and the Co-Borrower and the certificate of formation or certificate of incorporation, as the case may be, of each Subsidiary of the Borrower, certified as of the Original Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of EPEPC, the Co-Borrower or such Subsidiary, as the case may be.

(l) Consents, Licenses and Approvals. The Administrative Agent shall have received, with a counterpart for each Revolving Credit Lender, a certificate of a Responsible Officer of the Borrower (i) attaching copies of all consents, authorizations and filings referred to in Section 5.4, and (ii) stating that such consents, licenses and filings are in full force and effect, and each such consent, authorization and filing shall be in form and substance satisfactory to the Administrative Agent.

(m) Fees. The Administrative Agent and each Revolving Credit Lender shall have received the fees to be received on the Original Closing Date as separately agreed to between each of them and the Borrower.

(n) Legal Opinion. The Administrative Agent shall have received, with a counterpart for each Revolving Credit Lender, the executed legal opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel to the Borrower and the other Loan Parties, addressed to the Administrative Agent and each Revolving Credit Lender in form and substance reasonably satisfactory to the Administrative Agent.

(o) Pledged Stock; Stock Powers. The Administrative Agent shall have received the certificates, if any, representing the shares and limited liability company interests pledged pursuant to each of the Pledge Agreements (as defined in the Existing Credit Agreement), together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof. Each Instruction to Register Pledge referred to in such Pledge Agreements (as defined in the Existing Credit Agreement) shall have been delivered to the Borrower and its Subsidiaries, and each Initial Transaction Statement referred to

in such Pledge Agreements (as defined in the Existing Credit Agreement) shall have been delivered to the Administrative Agent, as are required by any of the Pledge Agreements (as defined in the Existing Credit Agreement).

(p) Actions to Perfect Liens. The Administrative Agent shall have received evidence in form and substance satisfactory to it that all filings, recordings, registrations and other actions, including, without limitation, the filing of duly completed financing statements on form UCC-1 and amendments to financing statements on form UCC-3, necessary or, in the opinion of the Administrative Agent, desirable to perfect the Liens created by the Security Documents (as defined in the Existing Credit Agreement) shall have been completed.

(q) Insurance.

(i) The Administrative Agent shall have received evidence in form and substance satisfactory to it and all of the requirements of Section 7.5 shall have been satisfied.

(ii) The Revolving Credit Lenders shall have received a schedule detailing, and shall be satisfied with, the amount, coverage and carriers of the insurance carried by the Borrower, the Restricted Subsidiaries and EPEPC.

(r) Good Standing Certificates. The Administrative Agent shall have received copies of certificates dated as of a recent date from the Secretary of State or other appropriate authority of such jurisdiction, evidencing the good standing of the Borrower and each other Loan Party in each state where the ownership, lease or operation of property or the conduct of business requires it to qualify as a foreign corporation, partnership or limited liability company, as the case may be.

(s) Senior Subordinated Notes. The Borrower shall have reasonably demonstrated to the Administrative Agent, in a certificate delivered by a Responsible Officer of the Borrower, that the Obligations and the guarantees thereof under the Loan Documents (as defined in the Existing Credit Agreement) are permitted under the Senior Subordinated Note Indentures and constitute "Senior Debt," as applicable, under the Senior Subordinated Note Indentures.

(t) Litigation, Etc. No suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction or order by a state or federal court shall have been entered (i) in connection with any Loan Document (as defined in the Existing Credit Agreement) or any of the transactions contemplated hereby or thereby or (ii) which, in any such case could have a Material Adverse Effect.

(u) Consents. All material governmental and third party approvals (or arrangements satisfactory to the Revolving Credit Lenders in lieu of such approvals) necessary or advisable in connection with the transactions and financings contemplated hereby and by the other Loan Documents (as defined in the Existing Credit Agreement) and the continuing operations of the Borrower, the Subsidiaries and the Joint Ventures (including, without

limitation, any consent of other partners of and lenders to any Joint Venture) shall have been obtained and be in full force and effect.

(v) Material Adverse Effect. No event which has or could have a Material Adverse Effect shall have occurred.

(w) Financial Statements. The Administrative Agent shall have received, with a counterpart for each Revolving Credit Lender, complete copies of the financial statements described in Section 5.1 of the Existing Credit Agreement.

(x) Commodity Hedging Program. The Administrative Agent shall have received, with a counterpart for each Revolving Credit Lender, a report on the status of the Commodity Hedging Programs of the Borrower covering the Borrower's interest in production from the Subject Properties in amounts and for periods reasonably satisfactory to the Administrative Agent.

(y) Accrued Interest and Fees. The Borrower shall have paid to the Administrative Agent all unpaid interest, commitment fees and letter of credit commissions accrued under the Existing Credit Agreement (as defined in the Existing Credit Agreement) through the Original Closing Date.

(z) Reallocation of Revolving Credit Loans; Assignments. The Revolving Credit Lenders shall have reallocated the Revolving Credit Loans outstanding under the Existing Credit Agreement (as defined in the Existing Credit Agreement) immediately prior to the Original Closing Date, and the Revolving Credit Lenders and the lenders under the Existing Credit Agreement (as defined in the Existing Credit Agreement) shall be deemed to have made such assignments of the Revolving Credit Commitments among themselves, as directed by the Administrative Agent in order to reflect the Revolving Credit Commitments under the Existing Credit Agreement (as defined herein).

(aa) Additional Matters. All corporate, company, partnership and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by the Existing Credit Agreement and the other Loan Documents (as defined in the Existing Credit Agreement) shall be reasonably satisfactory in form and substance to the Revolving Credit Lenders, and the Revolving Credit Lenders shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as any of them shall reasonably request.

Section 6.2 Conditions to Each Extension of Revolving Credit. The agreement of each Revolving Credit Lender to make any extension of revolving credit (including the renewal or extension of a Letter of Credit) requested to be made by it on any date (including, without limitation, its initial extension of revolving credit) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by the Borrower and the other Loan Parties in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date (unless such representations and warranties are stated to relate to a specific

earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) Additional Matters. The Administrative Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or by the other Loan Documents as it shall reasonably request.

(d) Financial Covenants. At the time of and immediately after giving effect to such extension of credit, (i) the ratio of (A) Consolidated Total Senior Indebtedness at such date to (B) the Consolidated EBITDA for the most recent Calculation Period shall not exceed 3.25 to 1.0. and (ii) the ratio of (X) Consolidated Total Indebtedness at such date to (Y) the Consolidated EBITDA for the most recent Calculation Period shall not exceed 5.0 to 1.0. Each borrowing of a Revolving Credit Loan by the Borrower hereunder, and each issuance or renewal or extension of a Letter of Credit hereunder, shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the conditions contained in this Section 6.2 have been satisfied; provided that with respect to paragraph (d) above, such representation and warranty shall be made by the Borrower in good faith based upon assumptions believed by the Borrower to be reasonable.

Section 6.3 Conditions Precedent to Making the Initial Term Loans. The agreement of each Initial Term Loan Lender to make the Initial Term Loans on the Restatement Closing Date and the closing and effectiveness of this Agreement is subject to the satisfaction, immediately prior to or concurrently with the making of such Term Loans on the Restatement Closing Date, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of the Borrower and the Co-Borrower, (ii) for the account of each Initial Term Loan Lender which requests the same, an Initial Term Loan Note executed and delivered by a duly authorized officer of the Borrower, (iii) the Subsidiaries Guarantee, the Subsidiary Security Agreement, and Subsidiary Pledge Agreement executed and delivered by a duly authorized officer of each Loan Party thereto, (iv) the EPEPC Guarantee, EPEPC Security Agreement, Borrower Pledge Agreement and Borrower Security Agreement, executed and delivered by a duly authorized officer of each Loan Party thereto and (v) such additional security documents reasonably requested by the Administrative Agent.

(b) EPNHC Credit Agreement. The Administrative Agent shall have received a certified copy of (i) the EPNHC Credit Agreement and (ii) the Borrower Guarantee.

(c) Intercreditor Agreement. The Administrative Agent shall have received the Intercreditor Agreement, executed and delivered by a duly authorized officer of each party thereto.

(d) EPNHC Revolving Credit Loans. The Administrative Agent shall have received satisfactory evidence as to the termination of all revolving credit commitments under the Existing EPNHC Credit Agreement and the repayment of all revolving credit loans outstanding thereunder.

(e) Related Agreements. The Administrative Agent shall have received true and correct copies, certified as to authenticity by the Borrower, of the Partnership Agreement, the certificate of limited partnership of the Borrower, the G&A Agreement, the limited liability company agreement, or certificate of incorporation and by-laws, as the case may be, of each Subsidiary, the Joint Venture Charter of each Joint Venture and each agreement evidencing, securing or under which is issued Indebtedness of any of the Joint Ventures under their respective credit facilities, and such other documents or instruments as may be reasonably requested by the Administrative Agent, including, without limitation, a copy of any debt instrument, security agreement or other material contract to which any Joint Venture may be a party.

(f) Borrowing Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated the Restatement Closing Date, substantially in the form of Exhibit L hereto, with appropriate insertions and attachments, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President of the Borrower and the Secretary or any Assistant Secretary of the Borrower.

(g) Partnership Proceedings of the Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of the General Partner authorizing on behalf of the Borrower (i) the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which the Borrower is a party, (ii) the borrowings contemplated hereunder and (iii) the granting by the Borrower of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of the General Partner on behalf of the Borrower as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(h) Borrowers' Incumbency Certificate. The Administrative Agent shall have received a certificate of the Borrower and the Co-Borrower, dated the Restatement Closing Date, as to the incumbency and signature of the officers of the Borrower and the Co-Borrower, respectively, executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of the Borrower and the Co-Borrower, respectively.

(i) Corporate Proceedings of Co-Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of the Co-Borrower authorizing (i) the execution, delivery and performance of the Loan Documents to which the Co-Borrower is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents to which it is a party, certified by the

Secretary or an Assistant Secretary of the Co-Borrower as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(j) Corporate Proceedings of EPEPC. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of EPEPC authorizing (i) the execution, delivery and performance of the Loan Documents to which EPEPC is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of EPEPC as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(k) EPEPC Incumbency Certificate. The Administrative Agent shall have received a certificate of EPEPC, dated the Restatement Closing Date, as to the incumbency and signature of the officers of EPEPC executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of EPEPC.

(l) Proceedings of Subsidiaries. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Member or the Board of Directors, as applicable, of each Subsidiary of the Borrower which is a party to a Loan Document authorizing (i) the execution, delivery and performance of the Loan Documents to which it is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of such Subsidiary as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(m) Subsidiary Incumbency Certificates. The Administrative Agent shall have received a certificate of each Subsidiary of the Borrower which is a Loan Party, dated the Restatement Closing Date, as to the incumbency and signature of the officers of such Subsidiary executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of each such Subsidiary.

(n) Corporate Documents. The Administrative Agent shall have received true and complete copies of the certificate of incorporation and by-laws of EPEPC and the Co-Borrower and the certificate of formation or certificate of incorporation, as the case may be, of each Subsidiary of the Borrower, certified as of the Restatement Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of EPEPC, the Co-Borrower or such Subsidiary, as the case may be.



(o) Consents, Licenses and Approvals. The Administrative Agent shall have received, with a counterpart for each Lender, a certificate of a Responsible Officer of the Borrower (i) attaching copies of all consents, authorizations and filings referred to in Section 5.4, and (ii) stating that such consents, licenses and filings are in full force and effect, and each such consent, authorization and filing shall be in form and substance satisfactory to the Administrative Agent.

(p) Fees. The Borrower shall have paid to (i) the Administrative Agent and each Lender the fees to be received on the Restatement Closing Date as separately agreed to between each of them and the Borrower and (ii) the Administrative Agent all then due and payable interest, commitment fees and letter of credit commissions accrued under the Existing Credit Agreement through the Restatement Closing Date.

(q) Legal Opinions. The Administrative Agent shall have received, with a counterpart for each Lender, (i) the executed legal opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel to the Borrower and the other Loan Parties, and (ii) the executed legal opinion of Robert W. Baker, Esq., in house counsel to the Borrower and the other Loan Parties as to certain matters, each addressed to the Administrative Agent, the Collateral Agent and each Lender in form and substance reasonably satisfactory to the Administrative Agent.

(r) Actions to Perfect Liens. The Collateral Agent shall have received evidence in form and substance satisfactory to it that all filings, recordings, registrations and other actions, including, without limitation, the filing of duly completed financing statements on form UCC-1 and amendments to financing statements on form UCC-3, necessary or, in the opinion of the Collateral Agent, desirable to perfect the Liens created by the Security Documents shall have been completed and the Collateral Agent shall have received from the EPN Group Administrative Agents each of the certificates, if any, representing the shares and limited liability company interests pledged pursuant to each of the Pledge Agreements, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(s) Good Standing Certificates. The Administrative Agent shall have received copies of certificates dated as of a recent date from the Secretary of State or other appropriate authority of such jurisdiction, evidencing the good standing of the Borrower and each other Loan Party in each state where the ownership, lease or operation of property or the conduct of business requires it to qualify as a foreign corporation, partnership or limited liability company, as the case may be.

(t) Senior Subordinated Notes. The Borrower shall have reasonably demonstrated to the Administrative Agent, in a certificate delivered by a Responsible Officer of the Borrower, that the Obligations and the guarantees thereof under the Loan Documents and the EPNHC Loan Obligations and the guarantees thereof under the EPNHC Loan Documents are permitted under the Senior Subordinated Note Indentures and constitute "Senior Debt" or "Guarantor Senior Debt," as applicable, under the Senior Subordinated Note Indentures.

(u) Litigation, Etc. Except as disclosed in Schedule 5.6, no suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or

promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction or order by a state or federal court shall have been entered (i) in connection with any Loan Document or any of the transactions contemplated hereby or thereby or (ii) which, in any such case could have a Material Adverse Effect.

(v) Consents. All material governmental and third party approvals (or arrangements satisfactory to the Lenders in lieu of such approvals) necessary or advisable in connection with the transactions and financings contemplated hereby and by the other Loan Documents and the continuing operations of the Borrower, the Restricted Subsidiaries and the Joint Ventures (including, without limitation, any consents of other partners of and lenders to any Joint Venture) shall have been obtained and be in full force and effect.

(w) Material Adverse Effect. No event which has or could have a Material Adverse Effect shall have occurred.

(x) Financial Statements. The Administrative Agent shall have received, with a counterpart for each Lender, complete copies of the financial statements described in Section 5.1.

(y) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(z) EPNHC Letters of Credit. If any Letters of Credit (as defined in the Existing EPNHC Credit Agreement) shall have been issued under the Existing EPNHC Credit Agreement, any such Letter of Credit shall have been surrendered by the beneficiary in exchange for a like Letter of Credit issued under this Agreement.

(aa) Additional Matters. All corporate, company, partnership and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement, the other Loan Documents and the EPNHC Loan Documents shall be reasonably satisfactory in form and substance to the Lenders, and the Lenders shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as any of them shall reasonably request.

Section 6.4 Conditions Precedent to Making the Additional Term Loans. The agreement of each Additional Term Loan Lender to make on any Additional Term Loan Closing Date any Additional Term Loans pursuant to a Term Loan Addendum is subject to the satisfaction, immediately prior to or concurrently with the making of such Additional Term Loans, of the following conditions precedent:

(a) Term Loan Addendum. The Administrative Agent shall have received (i) a Term Loan Addendum, executed and delivered by a duly authorized officer of the Borrower and the Co-Borrower, (ii) for the account of each Additional Term Loan Lender which requests the same, an Additional Term Loan Note executed and delivered by a duly authorized officer of the Borrower, (iii) a confirmation of each of the Guarantees and Security Documents substantially in

the form of Exhibit C hereto, executed and delivered by a duly authorized officer of each Loan Party and (iv) such additional security documents reasonably requested by the Administrative Agent.

(b) Borrowing Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated the Restatement Closing Date, substantially in the form of Exhibit L hereto, with appropriate insertions and attachments, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President of the Borrower and the Secretary or any Assistant Secretary of the Borrower.

(c) Partnership Proceedings of the Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of the General Partner authorizing on behalf of the Borrower (i) the execution, delivery and performance of the Term Loan Addendum, each Additional Term Loan Note delivered pursuant to Section 6.4(a) and the other Loan Documents to which the Borrower is a party, (ii) the borrowings contemplated under the Term Loan Addendum and (iii) the confirmation by the Borrower of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of the General Partner on behalf of the Borrower as of the closing date for such series of Additional Term Loans, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(d) Borrowers' Incumbency Certificate. The Administrative Agent shall have received a certificate of the Borrower and the Co-Borrower, dated as of the closing date for such series of Additional Term Loans, as to the incumbency and signature of the officers of the Borrower and the Co-Borrower, respectively, executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of the Borrower and the Co-Borrower, respectively.

(e) Corporate Proceedings of Co-Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of the Co-Borrower authorizing (i) the execution, delivery and performance of the Term Loan Addendum, each Additional Term Loan Note delivered pursuant to Section 6.4(a) and the other Loan Documents to which the Co-Borrower is a party, and (ii) the confirmation by it of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of the Co-Borrower as of the closing date for such series of Additional Term Loans, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(f) Fees. The Borrower shall have paid to (i) the Administrative Agent and each Additional Term Loan Lender the fees to be received on the closing date for such series of Additional Term Loans, as separately agreed to between each of them and the Borrower and (ii)

the Administrative Agent all unpaid interest, commitment fees and letter of credit commissions accrued under this Agreement through the closing date for such series of Additional Term Loans.

(g) Good Standing Certificates. The Administrative Agent shall have received copies of certificates dated as of a recent date from the Secretary of State or other appropriate authority of such jurisdiction, evidencing the good standing of the Borrower and each other Loan Party in each state where the ownership, lease or operation of property or the conduct of business requires it to qualify as a foreign corporation, partnership or limited liability company, as the case may be.

(h) Consents, Licenses and Approvals. The Administrative Agent shall have received, with a counterpart for each Additional Term Loan Lender, a certificate of a Responsible Officer of the Borrower (i) attaching copies of all consents, authorizations and filings referred to in Section 5.4 not previously delivered, and (ii) stating that such consents, licenses and filings are in full force and effect, and each such consent, authorization and filing shall be in form and substance satisfactory to the Administrative Agent.

(i) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(j) Additional Matters. The Administrative Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated by the Term Loan Addendum or by the other Loan Documents as it shall reasonably request.

#### ARTICLE VII AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Revolving Credit Commitments remain in effect, any Term Loan, Note or any Letter of Credit remains outstanding and unpaid or any other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall and (except in the case of delivery of financial information, reports, and notices) shall cause each of its Restricted Subsidiaries and, with respect to Section 7.11, each of its Unrestricted Subsidiaries, to:

Section 7.1 Financial Statements. Furnish to the Administrative Agent, with copies for the Lenders and the Collateral Agent:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related consolidated statements of income and retained earnings and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by PricewaterhouseCoopers LLP or other independent certified public accountants of nationally recognized standing;

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated and consolidating balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated and consolidating statements of income and retained earnings and of cash flows of the Borrower and its consolidated Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects when considered in relation to the consolidated and consolidating financial statements of the Borrower and its consolidated Subsidiaries (subject to normal year-end audit adjustments);

(c) concurrently with the delivery of the financial statements for any fiscal year described in paragraph (a) of this Section 7.1, the unaudited consolidating balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year and the related unaudited consolidating statements of income and retained earnings and of cash flows of the Borrower and its consolidated Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects when considered in relation to the consolidating financial statements of the Borrower and its consolidated Subsidiaries;

(d) as soon as available, but in any event within 120 days after the end of each fiscal year of each material Joint Venture any of the interests in which is owned by a Restricted Subsidiary, a copy of the audited balance sheet of such Joint Venture, as at the end of such year and the related unaudited statements of income and retained earnings and of cash flows of such Joint Venture, for such year, setting forth in each case in a comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by independent certified public accountants of nationally recognized standing; and

(e) concurrently with the delivery of the financial statements referred to in subsection 7.1(b), the unaudited balance sheet of each Joint Venture any of the interests in which is owned by a Restricted Subsidiary, as at the end of each such quarter of such Joint Venture, and the related unaudited consolidated statements of income and retained earnings and of cash flows of such Joint Venture, for such month and the portion of the fiscal year through the end of such month, setting forth in each case in comparative form the figures for the previous year, in each case received by the Borrower or any of its Subsidiaries during such fiscal quarter;

all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and (except for the financial statements of any Joint Venture) in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein and, with respect to unaudited interim financial statements, for the absence of footnotes and year-end adjustments).

Section 7.2 Certificates; Other Information. Furnish to the Administrative Agent, with copies for the Lenders and the Collateral Agent:

(a) concurrently with the delivery of the financial statements referred to in subsection 7.1(a), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default relating to accounting issues, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) and 7.1(b), a certificate of a Responsible Officer of the Borrower, (i) stating that, to the best of such Officer's knowledge, the Borrower and its Subsidiaries during such period have observed or performed all of their respective covenants and other agreements, and satisfied every condition, contained in this Agreement, the Notes and the other Loan Documents to be observed, performed or satisfied by them, and that such Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate, and (ii) setting forth in reasonable detail the calculation of the covenants set forth in Section 8.1 for the Calculation Period ending on the last day of such fiscal quarter;

(c) not later than thirty days after the beginning of each fiscal year of the Borrower, a copy of the projections by the Borrower of the operating budget and cash flow budget of the Borrower for such fiscal year, such projections to be accompanied by a certificate of a Responsible Officer to the effect that such projections have been prepared on the basis of sound financial planning practice and that such Officer has no reason to believe they are incorrect or misleading in any material respect;

(d) within five days after the same are sent, copies of all financial statements and reports which the Borrower sends to the holders of its Capital Stock, and within five days after the same are filed, copies of all financial statements and reports which the Borrower may make to, or file with, the Securities and Exchange Commission or any successor or analogous Governmental Authority;

(e) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries, a copy of the projections by each Joint Venture any of the interests in which is owned by a Restricted Subsidiary, as the case may be, of the operating budget and cash flow budget of such Joint Venture for the succeeding fiscal year;

(f) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries, within thirty days of the end of each of the quarterly periods of each fiscal year of each Joint Venture any of the interests in which is owned by a Restricted Subsidiary, a list of all shippers that have used such Joint Venture during such quarterly period and the volumes and revenues attributable to each such shipper;

(g) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries, copies of all compliance certificates delivered by each Joint Venture any of the interests in which is owned by a Restricted Subsidiary, pursuant to any credit agreement to which such Joint Venture is a party;

(h) upon the request of any Lender, within five days after the same are received by the Borrower, a copy of any FERC Form 2 for any Joint Venture any of the interests in which is owned by a Restricted Subsidiary;

(i) concurrently with the delivery of the financial statements referred to in subsection 7.1(a), a certificate signed by the President, Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Borrower in the form of Exhibit N hereto. Further, if requested by the Required Lenders (by notice to the Administrative Agent, which will give notice of such request to the Borrower and each Lender), the Borrower shall permit and cooperate with an environmental and safety review made in connection with the operations of Borrower's properties once during each fiscal year of the Borrower, by independent environmental consultants chosen by the Borrower and acceptable to the Required Lenders, which review shall, if requested by such Lender or Lenders, be arranged and supervised by environmental legal counsel for the Lenders, all at the Borrower's cost and expense. The consultant shall render a verbal or written report, as specified by the Lenders, based upon such review, at the Borrower's cost and expense. Notwithstanding anything in this paragraph (i) to the contrary, the maximum amount of cost and expense for which the Borrower shall be responsible with respect to any such review in any fiscal year shall be \$25,000;

(j) promptly upon the knowledge of any Responsible Officer of the Borrower, a notice of any material change in EPEPC's percentage ownership of the Capital Stock of the Borrower, including, without limitation, any change resulting from any contribution by or on behalf of EPEPC for which it receives equity or any issuance of additional Units (other than the issuance of Units pursuant to exercises of options or other derivative securities granted to current or former employees of the Borrower or the El Paso Group);

(k) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) and 7.1(b), a throughput report setting forth the throughputs of each pipeline owned by the Borrower or any Restricted Subsidiary; and

(l) promptly, such additional financial and other information concerning any Loan Party, any Unrestricted Subsidiary or any Joint Venture as any Lender may from time to time reasonably request.

Section 7.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be, and except where the failure to so pay, discharge or satisfy such obligations could not reasonably be expected to have a Material Adverse Effect.

Section 7.4 Conduct of Business and Maintenance of Existence. Continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; comply with all Contractual Obligations and Requirements of Law except to the extent that failure to

comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 7.5 Maintenance of Property; Insurance. Keep all property useful and necessary in its business in good working order and condition; maintain with financially sound and reputable insurance companies insurance on all its property and its business in at least such amounts and against at least such risks (but including in any event fire, casualty, public liability, environmental liability and product liability) as are usually insured against in the same general area by companies engaged in the same or a similar business; and furnish to each Lender, upon written request, full information as to the insurance carried. Upon demand by any Lender (by notice to the Administrative Agent, which shall give notice of such demand to the Borrower and each Lender) any insurance policies covering Collateral shall be endorsed to provide that such policies may not be cancelled or reduced or affected in any material manner for any reason without 15 days prior notice to the Lenders. The Borrower shall, and shall cause each of its Restricted Subsidiaries to, at all times maintain liability and other insurance in accordance with and in the amounts set forth on the schedule delivered pursuant to subsection 6.1(p)(ii), which insurance shall be by financially sound and reputable insurers.

Section 7.6 Inspection of Property; Books and Records; Discussions. Keep proper books of records and accounts in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; and permit representatives of any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Borrower and its Restricted Subsidiaries with officers and employees of the Borrower and its Restricted Subsidiaries and with its independent certified public accountants.

Section 7.7 Notices. Promptly give notice to the Administrative Agent, the Collateral Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting the Borrower or any of its Subsidiaries in which the amount involved is \$5,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal



from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan; and

(e) any development or event which could reasonably be expected to have a Material Adverse Effect or cause the incurrence of an environmental liability in excess of the Material Environmental Amount.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

#### Section 7.8 Environmental Laws.

(a) Comply with, and ensure compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect; and

(c) Defend, indemnify and hold harmless the Administrative Agent, the Collateral Agent and the Lenders, and their respective employees, agents, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements and damages, and reasonable costs and expenses, of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower, any of its Subsidiaries or the Properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, REGARDLESS OF WHETHER OR NOT SUCH INDEMNIFIED LIABILITIES ARE IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF THE PARTY SEEKING INDEMNIFICATION THEREFORE; provided that the Borrower shall have no obligation hereunder to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this paragraph shall survive repayment of the Notes and all other amounts payable hereunder.

Section 7.9 Maintenance of Liens of the Security Documents. Promptly, upon the request of the Collateral Agent, at the Borrower's expense, execute, acknowledge and deliver, or

cause the execution, acknowledgement and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Security Documents or otherwise deemed by the Collateral Agent necessary or desirable for the continued validity, perfection and priority of the Liens on the collateral covered thereby.

Section 7.10 Pledge of After-Acquired Property.

(a) With respect to any right, title or interest of any Loan Party in any Capital Stock or other property of a type subject to the Security Documents and acquired after the Restatement Closing Date, promptly grant or cause to be granted to the Collateral Agent, for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, a first Lien of record on all such Capital Stock and property (other than such Capital Stock and property subject to (i) prior Liens in existence at the time of acquisition thereof and not created in anticipation of such acquisition, in which case the Lien of the Lenders shall be of such priority as is permitted by such prior Lien and (ii) other Liens that are expressly permitted by this Agreement), upon terms substantially the same as those set forth in the Security Documents, and satisfy the conditions with respect thereto set forth in Section 6.1 and 6.3. The Borrower, at its own expense, shall execute, acknowledge and deliver, or cause its Restricted Subsidiaries to execute, acknowledge and deliver, and thereafter register, file or record, or cause its Restricted Subsidiaries to register, file or record, in an appropriate governmental office, any document or instrument deemed by the Collateral Agent to be necessary or desirable for the creation and perfection of the foregoing Liens and deliver Uniform Commercial Code searches in jurisdictions requested by the Collateral Agent with respect to such Capital Stock and other property and legal opinions requested by the Collateral Agent and shall pay, or cause to be paid, all taxes and fees related to such registration, filing or recording.

(b) With respect to any new Restricted Subsidiary created or acquired after the Restatement Closing Date by the Borrower, promptly cause such Restricted Subsidiary to execute and deliver to the Administrative Agent the Subsidiary Guarantee, and, if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to such Restricted Subsidiary and the Subsidiary Guarantee, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(c) Notwithstanding anything to the contrary in any Loan Document, neither the Borrower nor any Restricted Subsidiary shall be obligated to (a) pledge under the Loan Documents any of its equity interest in any Joint Venture if such pledge is prohibited by any Contractual Obligation or (b) pledge under the Loan Documents any of its real property except to the extent of any fixtures as and to the extent specified in the Security Agreements.

(d) Notwithstanding anything to the contrary in any Loan Document, if the Borrower or any Restricted Subsidiary has pledged its interest in any Joint Venture and the Borrower or such Restricted Subsidiary desires to make a contribution of or investment with such interest to or in a second Joint Venture in accordance with subsection 8.8(f), the Lien held by the Lenders upon such interest shall terminate as long as the interest held by the Borrower or Restricted Subsidiary in the second Joint Venture shall be subject to a Lien under the Loan

Documents in accordance with subsection 8.8(f) unless otherwise agreed by the Required Lenders.

#### Section 7.11 Agreements Respecting Unrestricted Subsidiaries.

(a) Operate each Unrestricted Subsidiary in such a manner as to make it apparent to all creditors of such Unrestricted Subsidiary that such Unrestricted Subsidiary is a legal entity separate and distinct from the Borrower or any Restricted Subsidiary and as such is solely responsible for its debts, and such manner shall include, but shall not be limited to, the maintenance of a separate board of directors for such Unrestricted Subsidiary.

(b) In connection with any Indebtedness, Guarantee Obligations or other obligations incurred by each Unrestricted Subsidiary, (i) incur such Indebtedness only on a basis which does not permit, allow or provide for recourse to the Borrower or any Restricted Subsidiary, and (ii) incur any such Indebtedness, Guarantee Obligations or other obligations in excess of \$500,000 only under a loan agreement, note, lease, instrument or other contractual obligation that expressly states that such Indebtedness is being incurred by such Unrestricted Subsidiary on a basis which is non-recourse to the Borrower and its Restricted Subsidiaries, provided that no such agreement, note, lease, instrument or other obligation shall be required to include such statement if such agreement, note, lease, instrument or other obligation was in effect on the date such Subsidiary became an Unrestricted Subsidiary.

(c) Notwithstanding any provision of the Loan Documents to the contrary (i) the Borrower and the Restricted Subsidiaries may incur Guarantee Obligations supporting obligations of Gateway that were assumed by it from Delos in connection with its formation and the Marco Polo Financing and (ii) the Borrower and the Restricted Subsidiaries may incur Guarantee Obligations (including Guarantee Obligations of which any lenders under the Marco Polo Financing Documents are the beneficiaries) consisting of guarantees of performance obligations of Unrestricted Subsidiaries as long as such guarantees do not constitute guarantees of payment.

Section 7.12 Joint Venture Charters, G&A Agreement, etc. Deliver to the Administrative Agent (a) any amendments to the Documents previously delivered, written waivers relating thereto and other side letters or agreements in writing affecting the terms thereof and (b) any Documents relating to any new Joint Venture any of the interests in which is owned by a Restricted Subsidiary.

#### ARTICLE VIII NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as the Revolving Credit Commitments remain in effect, any Loan, Note or Letter of Credit remains outstanding and unpaid or any other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall not, and (except with respect to Section 8.1) shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

Section 8.1 Financial Condition Covenants.

(a) Tangible Net Worth. Permit Consolidated Tangible Net Worth at any time to be less than \$447,000,000 plus 75% of the Net Equity Proceeds received by the Borrower from the sale or issuance of any equity securities (including the Units) by the Borrower on and after the Restatement Closing Date;

(b) Interest Coverage Ratio. Permit for any Calculation Period the ratio of (i) Consolidated EBITDA for such period to (ii) Consolidated Interest Expense for such period to be less than 2.0 to 1.0;

(c) Senior Leverage Ratio. Permit, on the last day of any fiscal quarter of the Borrower, the ratio of (x) Consolidated Total Senior Indebtedness at such date to (y) the Consolidated EBITDA for the Calculation Period ending on such date to exceed 3.25 to 1.0; or

(d) Leverage Ratio. Permit, on the last day of any fiscal quarter of the Borrower, the ratio of (x) Consolidated Total Indebtedness at such date to (y) the Consolidated EBITDA for the Calculation Period ending on such date to exceed 5.0 to 1.0.

Section 8.2 Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of the Borrower and its Subsidiaries under the Loan Documents;

(b) Indebtedness of the Borrower to any Subsidiary Guarantor, and of any Subsidiary Guarantor to the Borrower or any other Subsidiary Guarantor;

(c) Indebtedness permitted pursuant to Sections 8.3 and 8.8;

(d) Indebtedness of the Borrower and the Co-Borrower in respect of the Senior Subordinated Notes;

(e) Indebtedness incurred pursuant to any Hedge Agreement to the extent permitted by Section 8.22;

(f) Indebtedness (i) of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of the Borrower or any Restricted Subsidiary or (ii) to which any asset is subject existing at the time such asset is acquired by the Borrower or any Restricted Subsidiary; provided that (A) no Default shall have occurred and be continuing at the time of, or after giving effect to, the incurring of such Indebtedness and (B) after giving effect to the incurrence of such Indebtedness the Borrower would be in pro forma compliance with the covenants set forth in Section 8.1;

(g) other unsecured Indebtedness of the Borrower in an aggregate principal amount not to exceed \$10,000,000 outstanding at any time less the aggregate amount of Guarantee Obligations incurred pursuant to subsection 8.4(f) then outstanding;

(h) Indebtedness consisting of Guarantee Obligations permitted by subsections 8.4(e), (f), (g) and (i); and

(i) Indebtedness of EPNHC consisting of the EPNHC Loan Obligations, including term loans evidenced by and pursuant to the EPNHC Credit Agreement in an aggregate principal amount not to exceed \$160,000,000.

Section 8.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Restricted Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or such Restricted Subsidiary;

(f) Liens created pursuant to construction, operating, farmout and maintenance agreements, space lease agreements, Joint Venture Charters and related documents (to the extent requiring a Lien on the equity interest of the Borrower or any Restricted Subsidiary, as the case may be, in the applicable Joint Venture is required thereunder), division orders, contracts for sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other similar agreements, in each case having ordinary and customary terms and entered into in the ordinary course of business by the Borrower and its Restricted Subsidiaries;

(g) additional Liens securing Indebtedness and other obligations not to exceed \$1,000,000 at any one time outstanding;

(h) the Borrower and its Restricted Subsidiaries may pledge on a non-recourse basis their equity interest in Gateway to secure Indebtedness of Gateway under the Marco Polo Financing Documents;

(i) Liens on the Collateral securing the EPNHC Loan Obligations permitted by Section 8.2(i) and the Guarantee Obligations permitted by subsections 8.4(g) and 8.4(i) on a pari passu basis with the Liens on the Collateral securing the Obligations and guarantees thereof, subject to the Intercreditor Agreement;

(j) Liens created pursuant to the Loan Documents;

(k) Liens securing Indebtedness permitted under Section 8.2(b) to the extent that such Liens arise as a result of the consummation by the Borrower and its Subsidiaries of the Chaco Transactions; and

(l) Liens securing Indebtedness permitted under Section 8.2(f), provided that (i) such Liens are not created in contemplation of or in connection with (A) any Person being merged with or into or becoming a Subsidiary of the Borrower or any Restricted Subsidiary as described in Section 8.2(f)(i), or (B) any asset being acquired by the Borrower or any Restricted Subsidiary as described in Section 8.2(f)(ii), as the case may be, (ii) such Liens shall secure only those obligations which such Liens secure on the date on which (A) such Person merges into or becomes a Subsidiary of the Borrower or any Restricted Subsidiary or (B) such asset is acquired by the Borrower or any Restricted Subsidiary, as the case may be, and any refinancing, refunding or replacement of such obligations (provided that such refinancing, refunding or replacement does not result in an increase in the amount of such obligations), and (iii) such Liens shall not apply to any property or assets of the Borrower or any of its Subsidiaries or any Restricted Subsidiary other than property or assets as to which a Lien has been granted prior to the date on which (A) such Person merges into or becomes a Subsidiary of the Borrower or any Restricted Subsidiary or (B) such asset is acquired by the Borrower or any Restricted Subsidiary, as the case may be, and the proceeds thereof.

This Section 8.3 shall not restrict the ability of any Joint Venture or Unrestricted Subsidiary to create, incur, assume or suffer to exist any Lien on any of its property.

Section 8.4 Limitation on Guarantee Obligations. Create, incur, assume or suffer to exist any Guarantee Obligation except:

(a) Guarantee Obligations created pursuant to the Loan Documents in respect of the Obligations;

(b) Guarantee Obligations of the Borrower or any Restricted Subsidiary incurred after the Restatement Closing Date in an aggregate amount not to exceed \$1,000,000 at any one time outstanding;

(c) Guarantee Obligations constituting performance guarantees provided in the ordinary course of business by the Borrower and its Restricted Subsidiaries supporting obligations of the Borrower and/or Restricted Subsidiaries which obligations have been incurred in the ordinary course of business (including in connection with the operation, construction or acquisition of pipelines, platforms and related facilities);

(d) Guarantee Obligations of any Subsidiary Guarantor in respect of the Senior Subordinated Notes, provided that such Guarantee Obligations are subordinated to such

Subsidiary Guarantor's obligations under the Loan Documents to the same extent as the obligations of the Borrower in respect of the Senior Subordinated Notes;

(e) Guarantee Obligations in an aggregate amount not to exceed \$11,500,000 at any one time outstanding incurred pursuant to clawback and other similar arrangements;

(f) Guarantee Obligations, in addition to those described in clauses (e) and (g) of this Section 8.4, incurred pursuant to clawback and other similar arrangements in an aggregate amount not to exceed \$10,000,000 outstanding at any time less the aggregate amount of Indebtedness incurred pursuant to subsection 8.2(g) then outstanding;

(g) Guarantee Obligations, in addition to those described in clauses (e) and (f) of this Section 8.4, of up to \$22,500,000 in the aggregate incurred pursuant to the Marco Polo Clawback;

(h) Guarantee Obligations permitted by subsection 7.11(c); and

(i) Guarantee Obligations of the Borrower created pursuant to the Borrower Guarantee and of its Subsidiaries created pursuant to the Guarantees, in each case with respect to the EPNHC Loan Obligations.

Section 8.5 Limitations on Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or make any material change in its present method of conducting business, except:

(a) any Restricted Subsidiary may be merged or consolidated with or into the Borrower (as long as the Borrower is the surviving entity) or any one or more Restricted Subsidiaries which is a Subsidiary Guarantor (provided that, if any of such Restricted Subsidiaries is not wholly owned by the Borrower and the General Partner, the Restricted Subsidiary or Restricted Subsidiaries in which the Borrower owns the greatest interest shall be the continuing or surviving corporation);

(b) any Restricted Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any other Restricted Subsidiary which is a Subsidiary Guarantor and in which, if not wholly owned by the Borrower and the General Partner, the Borrower owns at least the same percentage interests as the Borrower owns in the transferor Restricted Subsidiary; and

(c) the Borrower or any Restricted Subsidiary may enter into a merger, consolidation or share exchange with any other Person so long as:

(i) such transaction is permitted under Section 8.8;

(ii) such transaction shall be effected in such manner so that (A) if the Borrower is a party to such transaction, the Borrower is the surviving entity and (B) otherwise, the Restricted Subsidiary shall be the continuing or surviving entity or the continuing or surviving entity shall become a Restricted Subsidiary;

(iii) at the time of such acquisition and after giving effect thereto, no Default or Event of Default shall have occurred and shall be continuing; and

(d) solely to effect any transaction permitted by subsection 8.6(b).

The transactions permitted under this Section 8.5 shall be permitted notwithstanding anything to the contrary in subsection 4(j) of the Borrower Pledge Agreement and subsection 4(j) of the Subsidiary Pledge Agreement.

Section 8.6 Limitation on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired, except:

(a) as permitted by Section 8.5;

(b) as long as no Default or Event of Default has occurred and is continuing or would result therefrom the Borrower and the Restricted Subsidiaries may sell or otherwise dispose of property in any fiscal year having an aggregate value not in excess of 5% of Consolidated Tangible Net Worth calculated on the last day of the prior fiscal quarter;

(c) the Borrower and its Restricted Subsidiaries may enter into customary farmout and operating agreements and customary agreements for exchanges of working interests;

(d) the Borrower and its Restricted Subsidiaries may sell or otherwise dispose of any or all of their oil and gas interests;

(e) the Borrower and its Restricted Subsidiaries may during the period commencing on the Original Closing Date to and including the Revolving Credit Termination Date exchange assets with El Paso (or a Subsidiary thereof) having a fair market value not to exceed \$20,000,000 in the aggregate for other assets as long as (i) each such exchange is for fair market value and is on fair and reasonable terms no less favorable to the Borrower or the applicable Restricted Subsidiary, as the case may be, than it would obtain in an arm's length transaction and (ii) the assets received in each such exchange become Collateral to the extent required by the Loan Documents;

(f) the Borrower and its Restricted Subsidiaries may sell or otherwise dispose of any Unrestricted Subsidiary; and

(g) as permitted by Section 8.8.

The transactions permitted under this Section 8.6 shall be permitted notwithstanding anything to the contrary in subsection 4(j) of the Borrower Pledge Agreement and subsection 4(j) of the Subsidiary Pledge Agreement.

Section 8.7 Limitation on Dividends. Declare or pay any dividend or distribution on (other than dividends, including splits, payable solely in non-mandatorily redeemable Capital Stock or mandatorily redeemable Capital Stock that does not require redemption prior to the first anniversary of the Revolving Credit Termination Date), or make any payment on account of, or



set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any shares of any class of Capital Stock of the Borrower or any warrants or options to purchase any such Capital Stock, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower or any Restricted Subsidiary (such declarations, payments, setting apart, purchases, redemptions, defeasances, retirements, acquisitions and distributions being herein called "Restricted Payments"), except that as long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Borrower may make Restricted Payments once each fiscal quarter consisting of cash distributions in accordance with the terms of the Partnership Agreement on its Units and the General Partnership Interest. Notwithstanding anything in this Agreement to the contrary, the Borrower may purchase, redeem, defease, retire or otherwise acquire, or make a distribution in respect of, any of its Series B Preference Units in exchange for, or out of the net cash proceeds of, an issuance of Common Units occurring within 120 days of such purchase, redemption, defeasance, retirement, acquisition, or distribution.

Section 8.8 Limitation on Investments, Loans and Advances. Make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets constituting a business unit of, or make any other investment in, any Person, except:

(a) extensions of trade credit in the ordinary course of business;

(b) investments in Cash Equivalents;

(c) capital contributions, loans or other investments made by the Borrower to any Restricted Subsidiary which is a Subsidiary Guarantor and by any Restricted Subsidiary to the Borrower or any Restricted Subsidiary which is a Subsidiary Guarantor;

(d) capital contributions, loans or other investments by Subsidiaries of the Borrower or any Joint Venture to or in the Borrower or any Restricted Subsidiary, provided that no Default or Event of Default shall have occurred and be continuing, or would occur as a result of such investment;

(e) other non-hostile acquisitions of equity securities of, or assets constituting a business unit of, any Person (an "Acquired Business"), provided that (i) immediately prior to and after giving effect to any such acquisition, no Default or Event of Default shall have occurred or be continuing (whether under Section 8.17 or otherwise), (ii) such acquisition is consummated in accordance with applicable law, (iii) if such acquisition is of equity securities of a Person, such Person becomes a Restricted Subsidiary, (iv) the Borrower shall be in pro forma compliance with the covenants set forth in Section 8.1 after giving effect to such acquisition and (v) the Acquired Business shall not be subject to any material liabilities which would be expressly prohibited by this Agreement after such acquisition;

(f) the contribution by the Borrower or any Restricted Subsidiary of the equity interests owned by it in a Joint Venture to another Joint Venture or the investment by the Borrower or any Restricted Subsidiary in another Joint Venture to the extent made with equity

interests in a Joint Venture owned by it as long as (i) the Borrower or such Restricted Subsidiary receives in exchange equity interests in such transferee Joint Venture and (ii) unless otherwise agreed by the Required Lenders, if the transferred equity interests are subject to a Lien under the Loan Documents, the equity interests received in exchange become subject to a Lien under the Loan Documents;

(g) capital contributions, loans or other investments, in addition to those otherwise permitted by subsections 8.8(a) through (f) and 8.8(h)-(i), in an aggregate amount not to exceed \$25,000,000 during any fiscal year of the Borrower beginning with the fiscal year commencing on January 1, 2002; and

(h) capital contributions, loans, or other investments to or in Gateway consisting of up to \$41,000,000, in the aggregate, of cash and other assets related to the Marco Polo Platform.

#### Section 8.9 Limitation on Optional Payments and Modifications of Debt Instruments and Other Agreements.

(a) Make any optional payment or prepayment on, redemption of or purchase of, or voluntarily defease, or directly or indirectly voluntarily or optionally purchase, redeem, retire or otherwise acquire, the Senior Subordinated Notes or any other Indebtedness or Guarantee Obligations (other than the Loans or the EPNHC Term Loans), or make any payment under or on account of the G&A Agreement except as required pursuant to the terms thereof, (b) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of the Senior Subordinated Notes or the Senior Subordinated Note Indentures (other than any such amendment, modification or change which would extend the maturity or reduce the amount of any payment of principal thereof or which would reduce the rate or extend the date for payment of interest thereon), (c) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of the EPNHC Loan Documents without the written consent of the Required Lenders, (d) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of any Indebtedness or Guarantee Obligations other than the Senior Subordinated Notes and the EPNHC Loan Obligations, and Guarantee Obligations in respect thereof (other than any such amendment, modification or change which would extend the maturity or reduce the amount of any payment of principal thereof or which would reduce the rate or extend the date for payment of interest thereon), except to the extent the same could not reasonably be expected to have a Material Adverse Effect, (e) amend, modify or change, or consent to any amendment, modification or change to, any of the terms of, the Partnership Agreement, the Borrower's certificate of limited partnership, the G&A Agreement or any Joint Venture Charter, except to the extent the same could not reasonably be expected to have a Material Adverse Effect, (f) waive or otherwise relinquish any of its rights or causes of action arising out of the Partnership Agreement, the Borrower's certificate of limited partnership, the G&A Agreement or any Joint Venture Charter, except to the extent the same could not reasonably be expected to have a Material Adverse Effect or (g) designate any Indebtedness as "Designated Senior Indebtedness" under the Senior Subordinated Note Indentures without the consent of the Administrative Agent (other than the Obligations and the EPNHC Loan Obligations). Notwithstanding any provision contained in this Section 8.9, the Borrower and its Restricted Subsidiaries shall have the absolute right to amend any Joint Venture

Charter to the extent necessary or reasonably appropriate to evidence the substitution, replacement or other changes of partners, members or owners in any Joint Venture not in violation of Section 8.19 or Section 8.21.

Section 8.10 Limitation on Transactions with Affiliates. Subject to the rights set forth in Section 8.13, enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction is (a) otherwise permitted under this Agreement, and (b) except for the G&A Agreement, upon fair and reasonable terms no less favorable to the Borrower or such Restricted Subsidiary, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

Section 8.11 Limitation on Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by the Borrower or any Restricted Subsidiary of real or personal property which has been or is to be sold or transferred by the Borrower or such Restricted Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or such Restricted Subsidiary, except that Petal Gas Storage may enter into a sale and leaseback arrangement of the Petal Gas Storage Facilities and the intended improvements to be made thereto in connection with the Firm Storage Services Agreement dated as of December 22, 2000 by and between Petal Gas Storage and Southern Company Services, Inc.; provided, that the obligations incurred (or guaranteed) under such sale and leaseback arrangement shall not exceed in the aggregate \$140,000,000.

Section 8.12 Limitation on Changes in Fiscal Year. Permit the fiscal year of the Borrower to end on a day other than December 31.

Section 8.13 Limitation on Lines of Business. Enter into any business, either directly or through any Subsidiary or Joint Venture, except for (a) gathering, transporting (by barge, pipeline, ship, truck or other modes of hydrocarbon transportation), terminalling, storing, producing, acquiring, developing, exploring for, processing, dehydrating, fractionating and otherwise handling hydrocarbons, including, without limitation, constructing pipeline, platform, dehydration, processing and other energy-related facilities, and activities or services reasonably related or ancillary thereto and (b) other businesses as long as the consolidated total assets principally relating to such other businesses do not exceed 3% of the consolidated total assets of the Borrower and its Restricted Subsidiaries at any time.

Section 8.14 Corporate Documents. Permit the amendment or modification of the limited liability company agreement or certificate of formation or incorporation of any Restricted Subsidiary if such amendment could reasonably be expected to have a Material Adverse Effect, or would authorize or issue any Capital Stock not authorized or issued on the Restatement Closing Date, except to the extent such authorization or issuance would have the same substantive effect as any transaction permitted by Section 8.5 or 8.6.

#### Section 8.15 Compliance with ERISA.

(a) Terminate any Plan so as to result in any material liability to PBGC, (b) engage in any "prohibited transaction" (as defined in Section 4975 of the Code) involving any Plan which could result in a material liability for an excise tax or civil penalty in connection therewith, (c) incur or suffer to exist any material "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived involving any Plan, or (d) allow or suffer to exist any event or condition, which presents a material risk of incurring a material liability to PBGC by reason of termination of any such Plan.

Section 8.16 Limitation on Restrictions Affecting Subsidiaries. Enter into, or suffer to exist, any agreement with any Person, other than the Lenders pursuant hereto or the EPNHC Lenders pursuant to the EPNHC Loan Documents and other than the arrangements described in subsections 8.2(c) and 8.4(d) or which exist on the Restatement Closing Date, which prohibits or limits the ability of any Restricted Subsidiary to (a) pay dividends or make other distributions or pay any Indebtedness owed to the Borrower or any Restricted Subsidiary, (b) make loans or advances to or make other investments in the Borrower or any Restricted Subsidiary, (c) transfer any of its properties or assets to the Borrower or any Restricted Subsidiary, (d) create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired.

Section 8.17 Creation of Restricted Subsidiaries. Create or acquire any new Restricted Subsidiary of the Borrower or any of its Restricted Subsidiaries, unless, immediately upon the creation or acquisition of any such Restricted Subsidiary, (a) such Restricted Subsidiary shall become party to the Subsidiaries Guarantee as a Subsidiary Guarantor pursuant to an addendum thereto or other documentation in form and substance reasonably satisfactory to the Administrative Agent, (b) such Restricted Subsidiary shall become party to the Subsidiary Security Agreement as a grantor pursuant to an addendum thereto or other documentation in form and substance reasonably satisfactory to the Collateral Agent, and all actions required to perfect the Liens granted thereby, all filings required thereunder and all consents necessitated thereby shall have been taken, made or obtained, (c) all Capital Stock issued by such Restricted Subsidiary owned by the Borrower or any other Restricted Subsidiary shall have been pledged to the Collateral Agent pursuant to an addendum or amendment to the Borrower Pledge Agreement, the Subsidiary Pledge Agreement or other documentation in form and substance satisfactory to the Collateral Agent, (d) all corporate, company, partnership or other proceedings, and all documents, instruments and other legal matters in connection with the creation of such Restricted Subsidiary and the transactions contemplated by this Section 8.17 shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent and the Collateral Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of such creation or such transactions as it shall reasonably request and (e) no Default or Event of Default shall have occurred and be continuing after giving effect thereto.

Section 8.18 Hazardous Materials. Except to the extent that the same could not reasonably be expected to have a Material Adverse Effect, permit the manufacture, storage, transmission or presence of any Hazardous Materials over or upon any of its properties except in accordance with all applicable Requirements of Law or release, discharge or otherwise dispose of any Hazardous Materials on any of its properties except that the Borrower and its Restricted

Subsidiaries may treat, store and transport petroleum, its derivatives, by-products and other hydrocarbons, hydrogen sulfide and sulfur dioxide in the ordinary course of their business.

Section 8.19 Holding Companies. Notwithstanding any other provisions of this Agreement and the other Loan Documents, permit any Restricted Subsidiary which is a general partner in or owner of a general partnership interest in a Joint Venture to incur or suffer to exist any obligations or indebtedness of any kind, whether contingent or fixed (excluding any contingent liability of such Restricted Subsidiary to creditors of such Joint Venture arising solely as a result of its status as a general partner or owner of such Joint Venture and Guarantee Obligations referred to in subsections 8.4(d), 8.4(e), 8.4(f), 8.4(g) and 8.4(h)) or create or suffer to exist any Liens, in each case except to the extent any such obligations, indebtedness or Liens arise under or pursuant to the Joint Venture Charter for such Joint Venture as in effect on the Restatement Closing Date (or, if later, the date of acquisition or formation of such Joint Venture) or the Loan Documents or are otherwise permitted by the Loan Documents; or permit any Restricted Subsidiary which is a general partner in or owner of a general partnership interest in a Joint Venture to acquire any property or asset after the Restatement Closing Date (or, if later, the date of acquisition or formation of such Joint Venture) except for distributions made to it by such Joint Venture; or permit any Restricted Subsidiary which is a general partner in or owner of a general partnership interest in a Joint Venture to engage in any business or activity other than holding the general partnership interest in (or other ownership interest) such Joint Venture held by it on the Restatement Closing Date (or, if later, the date of formation of such Joint Venture).

Section 8.20 No Voluntary Termination of Joint Venture Charters. Permit any Restricted Subsidiary which is a partner in, or owner of any interest in, any Joint Venture to voluntarily terminate any Joint Venture Charter and liquidate such Joint Venture to the extent permitted thereunder.

Section 8.21 Actions by Joint Ventures. (a) Consent or agree to or acquiesce in any Joint Venture the interests in which are owned by a Restricted Subsidiary adversely changing its policy of making distributions of available cash to partners, or (b) so long as any interest therein is owned by a Restricted Subsidiary, consent or agree to or acquiesce in any Joint Venture's taking any actions that could reasonably be expected to have a Material Adverse Effect.

Section 8.22 Hedging Transactions. Enter into any interest rate, cross-currency, commodity, equity or other security, swap, collar or similar hedging agreement or purchase any option to purchase or sell or to cap any interest rate, cross-currency, commodity, equity or other security, in any such case, other than to hedge risk exposures in the operation of its business, ownership of assets or the management of its liabilities; provided, however, that such permitted hedging agreements, including, without limitation, any Commodity Hedging Programs, shall not exceed 80% of annual production at any time.

#### ARTICLE IX EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Note or any Reimbursement Obligation which is not funded by a Loan when due in accordance with the terms thereof or hereof; or the Borrower shall fail to pay any interest on any Note, or any other amount payable hereunder, within five days after any such interest or other amount becomes due in accordance with the terms thereof or hereof; or

(b) Any representation or warranty made or deemed made by the Borrower or any other Loan Party herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrower shall default in the observance or performance of any agreement contained in Article VIII (other than subsection 8.1(a)) or in Section 7.11; or any Loan Party shall default in the observance or performance of any agreement contained in Section 5(h), (i), (j) or (o) of the Borrower Security Agreement or the Subsidiary Security Agreement, or Section 5(h), (i), (j) or (l) of the EPEPC Security Agreement, Section 9(j) of the EPEPC Guarantee, Section 4(b) of the Borrower Pledge Agreement or Section 4(b) of the Subsidiary Pledge Agreement; or the Borrower shall default in the observance or performance of any agreement contained in subsection 8.1(a) and such default shall continue uncured for a period of 15 days; or

(d) The Borrower or any other Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Article IX), and such default shall continue unremedied for a period of 30 days after the earlier of receipt of written notice thereof from the Administrative Agent or any Lender and the date upon which the Borrower was required to give notice of such default as contained in Section 7.7(a); or

(e) (i) Any "Event of Default" under and as defined in the EPNHC Credit Agreement shall occur and be continuing; or (ii) any Loan Party or any Restricted Subsidiary of the Borrower shall (A) default in any payment of principal of or interest on any Indebtedness (other than the Notes) or in the payment of any Guarantee Obligation, beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; or (B) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guarantee Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guarantee Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable; provided, however, that the aggregate principal amount of Indebtedness and Guarantee Obligations with respect to which such defaults shall have occurred shall equal or exceed \$5,000,000; or

(f) (i) Any Loan Party shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Loan Party shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Loan Party any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against any Loan Party any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Loan Party shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Loan Party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Borrower or any of its Restricted Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance) of \$5,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof;

(i) Except with respect to matters disclosed on Schedule 5.17, which matters shall not, in the aggregate, incur remediation and/or environmental compliance expenses and/or fines, penalties or other charges in excess of \$35,000,000, if at any time any Loan Party shall become liable for remediation and/or environmental compliance expenses and/or fines, penalties

or other charges which, in the aggregate, are in excess of the Material Environmental Amount for any Loan Party and the Subsidiaries of the Borrower; or

(j) For any reason (other than any act on the part of the Administrative Agent, the EPNHC Administrative Agent, the Collateral Agent or the EPN Group Lenders) (i) any Security Document ceases to be in full force and effect or any party thereto (other than the Administrative Agent, the EPNHC Administrative Agent, the Collateral Agent or the EPN Group Lenders) shall so assert in writing or the Lien intended to be created by any Security Document ceases to be or is not a valid and perfected Lien having the priority contemplated thereby; or (ii) any Guarantee ceases to be in full force and effect or any party thereto (other than the Administrative Agent, the EPNHC Administrative Agent, the Collateral Agent or the EPN Group Lenders) shall so assert in writing; or

(k) A Change of Control shall occur; or

(l) Except in connection with transactions permitted by Section 8.5 and subsection 8.6(b), the Borrower shall cease to own legally and beneficially at least the percentage of the managing limited liability company or other equity interest in each Restricted Subsidiary of the Borrower which is a limited liability company owned by it on the date hereof (or, if later, the date of acquisition or formation of such Subsidiary); or EPEPC and the Borrower together shall cease to own legally and beneficially the percentage of the equity interest in each Restricted Subsidiary of the Borrower owned by it on the date hereof (or, if later, the date of acquisition or formation of such Subsidiary); or

(m) Any Person that owns an equity interest in any Joint Venture shall exercise its rights and remedies (other than dilution of the equity interests owned by the Borrower and its Restricted Subsidiaries in any Joint Venture pursuant to contractual dilution provisions existing with respect to the Joint Ventures) with respect to its Lien on any equity interest in such Joint Venture the equity interest in which has been pledged to such Person; provided that the amount of claims secured by such Lien shall equal or exceed \$5,000,000 and such claim shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof; or

(n) (i) The G&A Agreement shall cease to be in full force and effect prior to the end of the initial term thereof substantially as in effect on the date hereof; or (ii) DeepTech International, Inc. or El Paso or any of its wholly-owned Subsidiaries shall default in the observance or performance of any material provision of the G&A Agreement; or

(o) the Senior Subordinated Notes or the guarantees thereof shall cease, for any reason, to be validly subordinated to the Obligations or the obligations of the Subsidiary Guarantors under the Loan Documents to which they are parties, as the case may be, as provided in the Senior Subordinated Note Indentures, or any Loan Party, any Affiliate of any Loan Party, the trustee in respect of the Senior Subordinated Notes or the holders of at least 25% in aggregate principal amount of a series of such Senior Subordinated Notes shall so assert;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, automatically the Revolving Credit



Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) and the Notes shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Revolving Credit Commitments to be terminated forthwith, whereupon the Revolving Credit Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) and the Notes to be due and payable forthwith, whereupon the same shall immediately become due and payable. If presentment for honor under any Letter of Credit shall not have occurred at the time of an acceleration pursuant to the preceding sentence, the Borrower shall at such time deposit in a cash collateral account opened by the Collateral Agent an amount equal to the aggregate then undrawn and unexpired amount of the Letters of Credit. The Borrower hereby grants to the Collateral Agent, for the benefit of the Issuing Bank and the Lenders, a security interest in such cash collateral to secure all obligations of the Borrower under this Agreement and the other Loan Documents. Amounts held in such cash collateral account shall be applied by the Collateral Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder and under the Notes. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder and under the Notes shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower. The Borrower shall execute and deliver to the Collateral Agent, for the account of the Issuing Bank and the Lenders, such further documents and instruments as the Collateral Agent may request to evidence the creation and perfection of the within security interest in such cash collateral account. Except as expressly provided above in this Section, presentment, demand, protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind are hereby expressly waived.

ARTICLE X  
THE ADMINISTRATIVE AGENT

Section 10.1 Appointment. Each Lender hereby irrevocably designates and appoints JPMorgan as the Administrative Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes JPMorgan, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto.

Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

Section 10.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

Section 10.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the Notes or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

Section 10.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the Notes and the other Loan Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

Section 10.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 10.6 Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 10.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Total Credit Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations,

losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section 10.7 shall survive the payment of the Notes and all other amounts payable hereunder.

Section 10.8 Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the Administrative Agent hereunder and under the other Loan Documents. With respect to its Loans made or renewed by it and any Note issued to it and with respect to the Letters of Credit, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not the Administrative Agent. The terms "Lender," "Lenders," "Revolving Credit Lenders," "Term Loan Lenders," and similar terms shall include the Administrative Agent in its individual capacity as applicable.

Section 10.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' written notice to the Lenders. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Borrower, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

Section 10.10 Other Agents. None of the Lenders identified on the cover page or the preamble of this Agreement as a "co-syndication agent" or a "co-documentation agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders so identified as a "co-syndication agent" or a "co-documentation agent" shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders so identified in deciding to enter into this Agreement or in taking or not taking any action hereunder.

#### ARTICLE XI MISCELLANEOUS

Section 11.1 Amendments and Waivers. Neither this Agreement, any Revolving Credit Note, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower or the Loan party thereto written amendments, supplements or modifications hereto and to the Revolving Credit Notes and the other Loan

Documents for the purpose of adding any provisions to this Agreement or the Revolving Credit Notes or the other Loan Documents or changing in any manner the rights of the Lenders or of the Borrower or any other Loan Party hereunder or thereunder or (b) waive in writing, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement, the Notes or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) reduce the amount or extend the scheduled date of maturity of any Revolving Credit Note or of any installment thereof, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Revolving Credit Commitment, in each case without the consent of each Lender affected thereby, or (ii) amend, modify or waive any provision of this Section 11.1 or reduce the percentage specified in the definition of Required Lenders, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents (except in a transaction permitted by Section 8.5), in each case without the written consent of all the Lenders, or (iii) amend, modify or waive any provision of Article X without the written consent of the then Administrative Agent, (iv) release the Lenders' Liens on all or substantially all of the Collateral under the Security Documents without the consent of each Lender or (v) except to the extent relating to the Redesignation of any Restricted Subsidiary, the sale or other disposition of any Restricted Subsidiary as otherwise permitted by this Agreement or any other transaction permitted by this Agreement, release any Guarantee. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, the Administrative Agent and all future holders of the Revolving Credit Notes. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Revolving Credit Notes and any other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Section 11.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower, the Collateral Agent and the Administrative Agent, and as set forth in Schedule I hereto or to any Term Loan Addendum or in any Assignment or Acceptance in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Borrower:           El Paso Energy Partners, L.P.  
                          4 Greenway Plaza  
                          Houston, Texas 77046  
                          Attention: Chief Financial Officer  
                          Telecopy: (713) 420-5477

with a copy to: Akin, Gump, Strauss, Hauer & Feld, L.L.P.  
711 Louisiana, Suite 1900  
Houston, Texas 77002  
Telecopy: (713) 236-0822  
Attention: J. Vincent Kendrick, Esq.

The Administrative Agent  
or the Collateral Agent: JPMorgan Chase Bank  
One Chase Manhattan Plaza  
8th Floor  
New York, New York 10081  
Attention: Lisa Pucciarelli  
Telecopy: (212) 552-5777

provided that any notice, request or demand to or upon the Administrative Agent, the Collateral Agent or the Lenders pursuant to Section 2.3, 3.2, 2.6, 2.7, 2.11, 4.1 or 4.2 shall not be effective until received, provided, further, that the failure by the Administrative Agent, the Collateral Agent or any Lender to provide a copy to the Borrower's counsel shall not cause any notice to the Borrower to be ineffective.

Section 11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, the Collateral Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 11.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes.

Section 11.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent and the Collateral Agent for all their respective reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement, the Notes and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including, without limitation, the fees and disbursements of counsel to the Administrative Agent and the Collateral Agent, (b) to pay or reimburse each Lender, the Administrative Agent and the Collateral Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes, the other Loan Documents and any such other documents, including, without limitation, the fees and disbursements of counsel to the Administrative Agent, to the Collateral Agent and to the several Lenders, (c) to pay, indemnify, and hold each Lender, the Administrative Agent and the Collateral Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any,

which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender, the Administrative Agent, the Collateral Agent, the Co-Syndication Agents, the Co-Documentation Agents, and their Affiliates, and their respective directors, officers, employees, agents and advisors (each such person being called an "Indemnified Party") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments and suits, and reasonable costs, expenses or disbursements, of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the Notes and the other Loan Documents, the use of the proceeds of the Loans, including the use and reliance on electronic, telecommunications or other information or transmission systems in connection with the Loan Documents (all the foregoing in this clause (d), collectively, the "indemnified liabilities"), REGARDLESS OF WHETHER OR NOT SUCH INDEMNIFIED LIABILITIES ARE IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY AN INDEMNIFIED PARTY, provided, that the Borrower shall have no obligation hereunder to an Indemnified Party with respect to indemnified liabilities arising from (i) the gross negligence or willful misconduct of such Indemnified Party or (ii) legal proceedings commenced against an Indemnified Party by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such. The agreements in this Section shall survive repayment of the Notes and all other amounts payable hereunder.

Section 11.6 Successors and Assigns; Participations; Purchasing Lenders.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, the Collateral Agent, all future holders of the Notes and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, and after notice to the Borrower, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Revolving Credit Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement and the other Loan Documents, and the Borrower, the Administrative Agent and the Collateral Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. The Borrower agrees that if amounts outstanding under this Agreement and the Notes are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in

amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any Note, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in subsection 11.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 4.9, 4.10 and 4.11 with respect to its participation in the Revolving Credit Commitments, the Loans and the Letters of Credit outstanding from time to time; provided, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred. No Lender shall be entitled to create in favor of any Participant, in the participation agreement pursuant to which such Participant's participating interest shall be created or otherwise, any right to vote on, consent to or approve any matter relating to this Agreement or any other Loan Document except for those specified in clauses (i) to (v) of the proviso of subsection 11.1(b) to the extent the Participant is directly affected thereby.

(c) Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to any Lender or any successor or Affiliate thereof and with respect to any Term Loan Lender, such Term Loan Lender may sell to any Lender, an Approved Fund or any successor or Affiliate thereof and, as to any Lender, with the consent of the Borrower and the Administrative Agent (which in each case shall not be unreasonably withheld or, with respect to the Borrower, shall not be required during the continuance of any Event of Default), to one or more additional banks or financial institutions or funds that regularly purchase loans ("Purchasing Lenders") all or any part of its rights and obligations under this Agreement and the Notes pursuant to an Assignment and Acceptance, substantially in the form of Exhibit M, executed by such Purchasing Lender, such transferor Lender (and, in the case of a Purchasing Lender that is not then a Lender, an Approved Fund or an Affiliate thereof, by the Borrower and the Administrative Agent except to the extent the Borrower's consent is not required hereunder) and delivered to the Administrative Agent for its acceptance and recording in the Register, provided that (i) no such assignment to an assignee (other than any Lender, an Approved Fund or any Affiliate of any Lender) shall be in an aggregate principal amount of less than \$10,000,000, in the case of Revolving Credit Loans, or \$1,000,000, in the case of Term Loans (in each case, other than in the case of an assignment of all of a Lender's interest under this Agreement) and (ii) with respect to an assignment involving Revolving Credit Notes, Revolving Credit Loans or Revolving Credit Commitments, the assigning Revolving Credit Lender shall have retained at least \$10,000,000 of Revolving Credit Commitments (unless it is assigning all of its Revolving Credit Commitments and Revolving Credit Loans), in each case, unless otherwise agreed by the Borrower and the Administrative Agent. For purposes of the proviso contained in the preceding sentence, the amount described therein shall be aggregated in respect to each Lender and its related Affiliates, if any. Upon such execution, delivery, acceptance and recording, from and after the Transfer Effective Date determined pursuant to such Assignment and Acceptance, (x) the Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Revolving Credit Commitment, if applicable, as set forth therein, and (y) the transferor Lender thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of a transferor Lender's rights



and obligations under this Agreement, such transferor Lender shall cease to be a party hereto but shall continue to be entitled to the benefit of the indemnity and expense reimbursement provisions of the Loan Documents to the extent relating to matters during the time it was a Lender). Such Assignment and Acceptance shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of Total Credit Percentages, Total EPN Group Lender Credit Percentages or Revolving Credit Commitment Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and any Note. On or prior to the Transfer Effective Date determined pursuant to such Assignment and Acceptance, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the Note of the transferor Lender a new Revolving Credit Note, Initial Term Loan Note or Additional Term Loan Note, as applicable, to the order of such Purchasing Lender in an amount equal to the Revolving Credit Commitment or Term Loan, as applicable, assumed by it pursuant to such Assignment and Acceptance and, if the transferor Lender has retained Revolving Credit Commitments or Term Loans, as applicable, hereunder, a new Revolving Credit Note, Initial Term Loan Note or Additional Term Loan Note, as applicable, to the order of the transferor Lender in an amount equal to the Revolving Credit Commitment or Term Loans, as applicable, retained by it hereunder. Such new Revolving Credit Notes, Initial Term Loan Notes or Additional Term Loan Notes, as applicable, shall be dated the Original Closing Date or the Restatement Closing Date, as applicable, and shall otherwise be in the form of the Revolving Credit Note, Initial Term Loan Note or Additional Term Loan Note, as applicable, replaced thereby. The Revolving Credit Notes, Initial Term Loan Note or Additional Term Loan Note, as applicable, surrendered by the transferor Lender shall be returned by the Administrative Agent to the Borrower marked "cancelled."

(d) The Administrative Agent, on behalf of the Borrower, shall maintain at its address referred to in Section 11.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Revolving Credit Commitment, if any, of and principal amount of the Loans, owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent, the Collateral Agent and the Lenders may treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement, notwithstanding any notice to the contrary. Any assignment of any Loan or other Obligations hereunder not evidenced by a Note shall be effective only upon appropriate entries with respect thereto being made in the Register. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by a transferor Lender and Purchasing Lender (and, in the case of a Purchasing Lender that is not then a Lender or an Affiliate thereof, by the Borrower and the Administrative Agent) together with payment to the Administrative Agent of a registration and processing fee of \$4,000, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) on the Transfer Effective Date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Lenders and the Borrower.

(f) The Borrower authorizes each Lender to disclose to any Participant or Purchasing Lender (each, a "Transferee") and any prospective Transferee any and all financial information in such Lender's possession concerning the Borrower and its Affiliates which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement.

(g) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section concerning assignments of Loans and Notes relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by a Lender of any Loan or Note to any Federal Reserve Bank in accordance with applicable law without any notice to or consent of the Borrower or the Administrative Agent.

#### Section 11.7 Adjustments; Set-off.

(a) If any Lender (a "benefitted Lender") shall at any time receive any payment of all or part of its Loans or the Reimbursement Obligations owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Article IX(1), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans of the same type or the Reimbursement Obligations owing to it, as the case may be, or interest thereon, such benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loan or the Reimbursement Obligations owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder or under the Notes (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 11.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts

taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

Section 11.9 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.10 Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Administrative Agent, the Collateral Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Collateral Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

Section 11.11 Usury Savings Clause. It is the intention of the parties hereto to comply with applicable usury laws (now or hereafter enacted); accordingly, notwithstanding any provision to the contrary in this Agreement, the Notes, any of the other Loan Documents or any other document related hereto, in no event shall this Agreement or any such other document require the payment or permit the collection of interest in excess of the maximum amount permitted by such laws. If from any circumstances whatsoever, fulfillment of any provision of this Agreement or of any other document pertaining hereto or thereto, shall involve transcending the limit of validity prescribed by applicable law for the collection or charging of interest, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstances the Administrative Agent, the Collateral Agent and the Lenders shall ever receive anything of value as interest or deemed interest by applicable law under this Agreement, the Notes, any of the other Loan Documents or any other document pertaining hereto or otherwise an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing under the Notes or on account of any other indebtedness of the Borrower, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of such indebtedness, such excess shall be refunded to the Borrower. In determining whether or not the interest paid or payable with respect to any indebtedness of the Borrower to the Administrative Agent and the Lenders, under any specified contingency, exceeds the Highest Lawful Rate (as hereinafter defined), the Borrower, the Administrative Agent and the Lenders shall, to the maximum extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, (c) amortize, prorate, allocate and spread the total amount of interest throughout the full term of such indebtedness so that interest thereon does not exceed the maximum amount permitted by applicable law, and/or (d) allocate interest between portions of such indebtedness, to the end that no such portion shall bear interest at a rate greater than that permitted by applicable law.

To the extent that Article 5069-1D.001 et seq., as amended, of the Texas Revised Civil Statutes is relevant to the Administrative Agent and the Lenders for the purpose of determining the Highest Lawful Rate, the Administrative Agent and the Lenders hereby elect to determine the

applicable rate ceiling under such Article by the indicated (weekly) rate ceiling from time to time in effect. Nothing set forth in this Section 11.11 is intended to or shall limit the effect or operation of Section 11.12. In no event shall Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts) apply to this Agreement or the Revolving Credit Notes.

For purposes of this Section 11.11, "Highest Lawful Rate" shall mean the maximum rate of nonusurious interest that may be contracted for, charged, taken, reserved or received on the Notes under laws applicable to the Administrative Agent and the Lenders.

Section 11.12 GOVERNING LAW. THIS AGREEMENT AND THE NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 11.13 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 11.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary or punitive damages (including, without limitation, damages arising from the use of electronic, telecommunications or other information transmissions systems in connection with the Loan Documents).

Section 11.14 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement, the Notes and the other Loan Documents;

(b) none of the Administrative Agent, the Collateral Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any other Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent, the Collateral Agent and Lenders, on one hand, and the Borrower and the other Loan Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture exists among the Lenders or among the Borrower and the other Loan Parties and the Lenders.

Section 11.15 Confidentiality. Each of the Administrative Agent, the Collateral Agent and each Lender agrees that it will hold in confidence, any information provided to such Person pursuant to this Agreement; provided, that nothing in this Section 11.15 shall be deemed to prevent the disclosure by the Administrative Agent, the Collateral Agent or any Lender of any such information (a) to any employee, officer, director, accountant, attorney or consultant of such Person, or any examiner or other Governmental Authority, (b) that has been or is made public by EPEPC, the Borrower or any of its Subsidiaries or Affiliates or by any third party without breach of this Agreement or that otherwise becomes generally available to the public other than as a result of a disclosure in violation of this Section 11.15, (c) that is or becomes available to any such Person from a third party on a non-confidential basis, (d) that is required to be disclosed by any Requirement of Law, including to any bank examiners or regulatory authorities, (e) that is required to be disclosed by any court, agency, arbitrator or legislative body, or (f) to any Transferee or proposed Transferee.

Section 11.16 WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

Section 11.17 ACKNOWLEDGEMENT OF NO CLAIMS, OFFSETS OR DEFENSES; RELEASE BY THE LOAN PARTIES. BORROWER, ON BEHALF OF ITSELF AND EACH OF THE OTHER LOAN PARTIES, ACKNOWLEDGES THAT NO LOAN PARTY NOR ANY OF THEIR RESPECTIVE OWNERS, DIRECTORS, SUCCESSORS, ASSIGNS, AGENTS, OFFICERS, EMPLOYEES, AND REPRESENTATIVES (COLLECTIVELY, THE "BORROWER AFFILIATES PARTIES") HAS ANY CLAIM, DEMAND, RIGHT OF OFFSET, CAUSE OF ACTION IN LAW OR IN EQUITY, LIABILITY OR DAMAGES OF ANY NATURE WHATSOEVER, WHETHER FIXED OR CONTINGENT (HEREINAFTER COLLECTIVE CALLED "CLAIMS") THAT COULD BE ASSERTED IN CONNECTION WITH, OR WHICH WOULD IN ANY OTHER MANNER BE RELATED TO, THE EXISTING CREDIT AGREEMENT OR ANY PROMISSORY NOTES OR OTHER AGREEMENTS, TRANSACTIONS OR OTHER ACTIONS PRIOR TO THE DATE HEREOF INVOLVING ANY OF THE BORROWER AFFILIATED PARTIES AND LENDERS ("THE PRIOR AGREEMENTS AND ACTIVITIES"). NOTWITHSTANDING THE FOREGOING, HOWEVER, BORROWER HEREBY AGREES THAT IN CONSIDERATION OF THE CREDIT EXTENDED TO BORROWER UNDER THE LOAN DOCUMENTS AND AS A MATERIAL INDUCEMENT TO THE LENDERS TO ENTER INTO SUCH LOAN

DOCUMENTS AND EXTEND SUCH CREDIT TO BORROWER, BORROWER, ON BEHALF OF ITSELF AND ALL OF THE OTHER BORROWER AFFILIATED PARTIES HEREBY RELEASES AND FOREVER DISCHARGES, EACH LENDER, EACH SUBSEQUENT HOLDER OF ANY OF THE NOTES, AND EACH AND ALL OF THEIR PARENT, SUBSIDIARY AND AFFILIATED CORPORATIONS PAST AND PRESENT, AS WELL AS THEIR RESPECTIVE OWNERS, DIRECTORS, SUCCESSORS, ASSIGNS, AGENTS, OFFICERS, EMPLOYEES, AND REPRESENTATIVES (COLLECTIVELY, THE "RELEASED PARTIES"), OF AND FROM ANY AND ALL CLAIMS WHICH BORROWER AND THE OTHER BORROWER AFFILIATED PARTIES MAY HAVE OR HEREAFTER ACQUIRE AGAINST ANY OR ALL OF THE RELEASED PARTIES BY REASON OF, OR RELATED IN ANY WAY TO, THE PRIOR AGREEMENTS AND ACTIVITIES.

Section 11.18 Releases.

(a) At such time as the Loans, the Reimbursement Obligations and any other obligations under this Agreement shall have been paid in full, the Revolving Credit Commitments have been terminated and no Letters of Credit shall be outstanding, the Collateral shall be released from the Liens created by the Loan Documents, and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent, the Collateral Agent and each Loan Party thereunder and under the other Loan Documents shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the respective Loan Parties. At the request and expense of any Loan Party following any such termination, the Collateral Agent shall deliver to such Loan Party any Collateral held by the Collateral Agent under the Security Documents, and execute and deliver to such Loan Party such documents as such Loan Party shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Loan Party in a transaction permitted by this Agreement or such Loan Party is designated as an Unrestricted Subsidiary in accordance with the terms of this Agreement, then the Lenders authorize the Collateral Agent, at the request and expense of such Loan Party, to execute and deliver to such Loan Party all releases or other documents reasonably necessary or desirable for the release of the Liens created by the applicable Security Documents on such Collateral. At the request and sole expense of the Borrower, the Lenders authorize the Collateral Agent to release a Loan Party from its obligations under the applicable Security Document in the event that all the Capital Stock of such Loan Party shall be sold, transferred or otherwise disposed of in a transaction permitted by this Agreement or such Loan Party is designated as an Unrestricted Subsidiary in accordance with the terms of this Agreement, provided that the Borrower shall have delivered to the Collateral Agent, at least five Business Days prior to the date of the proposed release, a written request for release identifying the relevant Loan Party and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with this Agreement and the other Loan Documents.

Section 11.19 Co-Borrower's Obligations. The Co-Borrower is a party hereto for purposes of providing co-extensive obligors (on a joint and several basis) for the Obligations, although the parties acknowledge that the Co-Borrower shall not have any substantial assets or

other property. All references in this Agreement and the other Loan Documents to the "Borrower" shall be deemed to include a reference to the Co-Borrower, mutatis mutandis, whether or not actual reference is made thereto; provided, that, without limiting the generality of the foregoing, any obligations by any of the parties hereto to the Borrower shall be deemed fulfilled with respect to the Co-Borrower when fulfilled with respect to the Borrower.

Section 11.20 Intercreditor Agreement. Each Lender (including each Purchasing Lender which becomes a Lender) consents and agrees to the provisions of the Intercreditor Agreement, including the indemnity provisions set forth in Section 7 thereof. The Lenders also hereby authorize and appoint the Administrative Agent to act as their agent with respect to the execution and delivery of the Intercreditor Agreement.

Section 11.21 Term Loan Addendums. Upon execution and delivery of any Term Loan Addendum by the parties thereto, from and after the applicable Additional Term Loan Closing Date set forth therein, each Additional Term Loan Lender party thereto shall be a party to this Agreement and have the rights and obligations of a Lender hereunder.

Section 11.22 Term Loan Amendments. No waiver and no amendment, supplement or modification otherwise permitted by Section 11.1 shall (i) reduce the amount or extend the scheduled date of maturity of any Term Loan or of any installment thereof, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Term Loan Commitment, in each case without the consent of each Lender affected thereby or (ii) amend, modify or waive any provisions of this Section 11.22 without the consent of each Term Loan Lender.

Section 11.23 Certain Permitted Transactions. Notwithstanding any provision in the Loan Documents and without increasing the obligations of the Lenders under Articles II and III of this Agreement, EPEPC, the Borrower and its Subsidiaries shall have the right to consummate the following transactions:

(a) Petal Gas Storage Facilities. A sale leaseback arrangement with respect to the Petal Gas Storage Facilities and intended improvements to be made thereto in connection with the Firm Storage Services Agreement dated as of December 22, 2000 by and between Petal Gas Storage and Southern Company Services, Inc., provided that the obligations under such arrangement or guarantee shall not exceed \$140,000,000.

(b) El Paso Energy Management Offering. The transactions and matters described in the El Paso Energy Management Registration Statements (collectively, the "i-share Transactions"), including: (i) the offering and sale to the public and El Paso of shares representing limited liability company interests; (ii) the offering and sale by the Borrower to El Paso Energy Management of limited partnership units designated as "i-units"; (iii) the delegation by the General Partner of its authority (subject to certain approval rights) to direct the management of the Borrower; (iv) the payment by El Paso Energy Management of \$0.5 million to El Paso for certain tax indemnity obligations assumed by El Paso in connection with the i-share Transactions; (v) the splitting, from time to time, of the outstanding i-units contemporaneously with the payment of cash distributions to the holders of Common Units; (vi) the distribution of additional shares to the holders of El Paso Energy Management shares in connection with the unit splits described in (b)(v) above; (vii) the amendment of the G&A

Agreement to, among other things, add El Paso Energy Management as a party and beneficiary; and (viii) the offering and sale, from time to time, of additional i-units by the Borrower and of additional shares by El Paso Energy Management as described in the El Paso Energy Management Registration Statements.

## ARTICLE XII THE COLLATERAL AGENT

Section 12.1 Appointment. Each Lender hereby irrevocably designates and appoints JPMorgan as the Collateral Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes JPMorgan, as the Collateral Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Collateral Agent.

Section 12.2 Delegation of Duties. The Collateral Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Collateral Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

Section 12.3 Exculpatory Provisions. Neither the Collateral Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Collateral Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Collateral Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

Section 12.4 Reliance by Collateral Agent. The Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent



or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Collateral Agent. The Collateral Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Collateral Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required EPN Group Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

Section 12.5 Notice of Default. The Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Collateral Agent has received notice from the Administrative Agent, a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Collateral Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the EPN Group Administrative Agents acting jointly or the Required EPN Group Lenders; provided that unless and until the Collateral Agent shall have received such directions, the Collateral Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the EPN Group Lenders.

Section 12.6 Indemnification. The Lenders agree to indemnify the Collateral Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Total EPN Group Credit Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Collateral Agent in any way relating to or arising out of this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Collateral Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Collateral Agent's gross negligence or willful misconduct. The agreements in this Section 12.6 shall survive the payment of the Loans and all other amounts payable hereunder.

Section 12.7 Successor Collateral Agent. The Collateral Agent may resign as Collateral Agent upon 10 days' written notice to the Lenders. If the Collateral Agent shall resign as Collateral Agent under this Agreement and the other Loan Documents, then the Required EPN Group Lenders shall appoint from among the EPN Group Lenders a successor agent for the EPN Group Lenders, which successor agent shall be approved by the Borrower, whereupon such successor agent shall succeed to the rights, powers and duties of the Collateral Agent, and the

term "Collateral Agent" shall mean such successor agent effective upon such appointment and approval, and the former Collateral Agent's rights, powers and duties as Collateral Agent shall be terminated, without any other or further act or deed on the part of such former Collateral Agent or any of the parties to this Agreement. After any retiring Collateral Agent's resignation as Collateral Agent, the provisions of this Section shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement and the other Loan Documents.

Section 12.8 Amendment. None of the terms or provisions of this Article XII may be amended, modified or waived without the written consent of the then Collateral Agent.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the Restatement Closing Date.

THE BORROWER & CO-BORROWER:

EL PASO ENERGY PARTNERS, L.P.

By: /s/ Keith Forman

-----  
Name: Keith Forman

-----  
Title: Vice President and Chief Financial Officer  
-----

EL PASO ENERGY PARTNERS  
FINANCE CORPORATION

By: /s/ Keith Forman

-----  
Name: Keith Forman

-----  
Title: Vice President and Chief Financial Officer  
-----

THE ADMINISTRATIVE AGENT AND THE LENDERS:

JPMORGAN CHASE BANK,  
as Administrative Agent and as a Lender

By: /s/ Steven Wood  
-----  
Name: Steven Wood  
-----  
Title: Vice President  
-----

Signature Page--2

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Olivier Audemard  
-----  
Name: Olivier Audemard  
-----  
Title: Senior Vice President  
-----

WACHOVIA BANK, NATIONAL  
ASSOCIATION

By: /s/ Philip Trinder  
-----  
Name: Philip Trinder  
-----  
Title: Vice President  
-----

FLEET NATIONAL BANK

By: /s/ Daniel S. Schockling

Name: Daniel S. Schockling

Title: Director

FORTIS CAPITAL CORP.

By: /s/ Karel Louman  
-----  
Name: Karel Louman  
-----  
Title: Chief Executive Officer  
-----

By: /s/ David Montgomery  
-----  
Name: David Montgomery  
-----  
Title: Senior Vice President  
-----



BANK OF SCOTLAND

By: /s/ Joseph Fratus

Name: Joseph Fratus

Title: First Vice President

Signature Page--7

BAYERISCHE HYPO-UND VERIENS BANK,  
AG (New York Branch)

By: /s/ Steven Atwell  
-----  
Name: Steven Atwell  
-----  
Title: Director  
-----

By: /s/ Shannon Batchman  
-----  
Name: Shannon Batchman  
-----  
Title: Director  
-----

THE ROYAL BANK OF SCOTLAND plc,

By: /s/ Patricia J. Dundee

Name: Patricia J. Dundee

Title: Senior Vice President

Signature Page--9

BNP PARIBAS

By: /s/ Mark A. Cox

Name: Mark A. Cox

Title: Director

By: /s/ Greg Smothers

Name: Greg Smothers

Title: Vice President

Signature Page--10

SUNTRUST BANK

By: /s/ Joseph M. McCreery

Name: Joseph M. McCreery

Title: Vice President

Signature Page--11

CREDIT AGRICOLE INDOSUEZ

By: /s/ Mark Lvoff  
-----  
Name: Mark Lvoff  
-----  
Title: First Vice President  
-----  
Head of Energy Platform  
-----

By: /s/ Michael D. Willis  
-----  
Name: Michael D. Willis  
-----  
Title: Vice President  
-----

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert J. Ivosevich  
-----  
Name: Robert J. Ivosevich  
-----  
Title: Deputy General Manager  
-----

By: /s/ Charles F. Azzara  
-----  
Name: Charles F. Azzara  
-----  
Title: Vice President  
-----

BANK OF AMERICA, N.A.

By: /s/ Ronald E. McKaig

Name: Ronald E. McKaig

Title: Managing Director

Signature Page--14



CITICORP USA

By: /s/ Amy K. Pincu

Name: Amy K. Pincu

Title: Vice President

Signature Page--15

KBC BANK N.V.

By: /s/ Robert Snauffer  
-----  
Name: Robert Snauffer  
-----  
Title: First Vice President  
-----

By: /s/ Eric Raskin  
-----  
Name: Eric Raskin  
-----  
Title: Vice President  
-----

MIZUHO CORPORATE BANK, LTD.

By: /s/ Toru Maeda  
-----  
Name: Toru Maeda  
-----  
Title: General Manager  
-----

Signature Page--17

NATEXIS BANQUES POPULAIRES

By: /s/ Louis P. Laville, III  
-----  
Name: Louis P. Laville, III  
-----  
Title: Vice President and Group Manager  
-----

By: /s/ Timothy L. Polvado  
-----  
Name: Timothy L. Polvado  
-----  
Title: Vice President and Group Manager  
-----

WELLS FARGO BANK TEXAS, N.A.

By: /s/ Paul A. Squires

Name: Paul A. Squires

Title: Vice President

Signature Page--19

BANK ONE, NA

By: /s/ Dianne L. Russell

Name: Dianne L. Russell

Title: Director

Signature Page--20

CREDIT SUISSE FIRST BOSTON

By: /s/ James P. Moran  
-----  
Name: James P. Moran  
-----  
Title: Director  
-----

By: /s/ Ian W. Nalitt  
-----  
Name: Ian W. Nalitt  
-----  
Title: Associate  
-----

ROYAL BANK OF CANADA

By: /s/ Tom J. Oberaigner

Name: Tom J. Oberaigner

Title: Senior Manager

Signature Page--22



RZB FINANCE LLC

By: /s/ Frank J. Yautz  
-----  
Name: Frank J. Yautz  
-----  
Title: First Vice President  
-----

By: /s/ John A. Valiska  
-----  
Name: John A. Valiska  
-----  
Title: Group Vice President  
-----

THE BANK OF NOVA SCOTIA

By: /s/ N. Bell

Name: N. Bell

Title: Senior Manager

Signature Page--24

SOUTHWEST BANK OF TEXAS, N.A.

By: /s/ W. Bryan Chapman

Name: W. Bryan Chapman

Title: Vice President of Energy Lending

Signature Page--25

GENERAL ELECTRIC CAPITAL  
CORPORATION

By: /s/ James Kopack  
-----  
Name: James Kopack  
-----  
Title: Vice President Risk - Capital Funding Group  
-----

SCHEDULE I

1. Revolving Credit Lenders, Revolving Credit Commitments and Revolving Credit Commitment Percentages

----- REVOLVING  
CREDIT REVOLVING CREDIT LENDER NAME AND REVOLVING CREDIT COMMITMENT ADDRESS TITLE COMMITMENT PERCENTAGE -----  
----- JPMorgan Chase Bank  
Administrative Agent \$37,000,000 6.167% 270 Park Avenue, 21st Floor New York, New York 10017 Attention: Steven G. Wood, Vice President Telephone: 212-270-7056 Fax: 212-270-3897 with a copy to: J.P. Morgan Securities Inc. 707 Travis, 8-CBBN-96 Houston, TX 77002 Attention: Lee Beckelman Telephone: 713-216-4913 Fax: 713-216-2339 - -----  
----- Credit Lyonnais Co-Syndication Agent \$37,000,000 6.167% 1000 Louisiana Suite 5360 Houston, Texas 77002 Attention: Robert LaRocque Telephone: 713-753-8719 Fax: 713-751-0307 - -----  
----- Wachovia Bank, National Association Co-Syndication Agent \$37,000,000 6.167% 1001 Fannin Suite 2255 Houston, Texas 77002 Attention: Philip Trinder Telephone: 713-346-2718 Fax: 713-650-6354 - -----  
----- Schedule I (Page 1)

----- REVOLVING  
CREDIT REVOLVING CREDIT LENDER NAME AND REVOLVING CREDIT COMMITMENT ADDRESS TITLE COMMITMENT PERCENTAGE -----  
----- Fleet National Bank  
Co-Documentation Agent \$37,000,000 6.167% 100 Federal Street Boston, Massachusetts 02110 Attention: Christopher Holmgren Telephone: 617-434-4067 Fax: 617-434-3692 - -----  
----- Fortis Capital Corp. Co-Documentation Agent \$37,000,000 6.167% 100 Crescent Court Suite 1750 Dallas, Texas 75201 Attention: Darrell Holley Telephone: 214-754-0009 Fax: 214-754-5981 - -----  
----- Bank of Scotland Managing Agent \$30,000,000 5.00% 1021 Main Street, Suite 1370 Houston, Texas 77002 Attention: Byron L. Cooley Telephone: 713-650-0036 Fax: 713-651-9714 - -----  
----- Bayerische Hypo-Und Veriensbank Managing Agent \$30,000,000 5.00% 150 East 42nd Street New York, New York 10017 Attention: Yoram Dankner Telephone: 212-672-5446 Fax: 212-672-5530 - -----  
----- Royal Bank of Scotland plc Managing Agent \$30,000,000 5.00% 600 Travis Avenue Suite 6070 Houston, Texas 77002 Attention: Jill Gander Telephone: 713-221-2417 Fax: 713-221-2430 - -----  
----- Schedule I (Page 2)

----- REVOLVING  
CREDIT REVOLVING CREDIT LENDER NAME AND REVOLVING CREDIT COMMITMENT ADDRESS TITLE COMMITMENT PERCENTAGE -----  
----- BNP Paribas Managing Agent \$30,000,000 5.00% 1200 Smith Suite 3100 Houston, Texas 77002 Attention: Marion Livingston Telephone: 713-659-4811 Fax: 713-659-6915 - -----  
----- SunTrust Bank Managing Agent \$30,000,000 5.00% 303 Peachtree Street N.E. 15th Floor, MC 1929 Atlanta, Georgia 30308 Attention: Joe McCreery Telephone: 404-658-0274 Fax: 404-827-6270 - -----  
----- Credit Agricole Indosuez Co-Agent \$25,000,000 4.167% 600 Travis Suite 2340 Houston, Texas 77002-3005 Attention: Doug Whiddon Telephone: 713-223-7003 Fax: 713-223-7029 - -----  
----- Arab Banking Corporation (B.S.C.) Co-Agent \$25,000,000 4.167% 277 Park Avenue 32nd Floor New York, New York 10172 Attention: Barbara Sanderson Telephone: 212-583-4752 Fax: 212-583-0921 - -----  
----- Bank of America, N.A. Co-Agent \$25,000,000 4.167% 333 Clay Street Suite 550 Houston, Texas 77002 Attention: Ron McKaig Telephone: 713-651-4881 Fax: 713-651-4807 - -----  
----- Schedule I (Page 3)

----- REVOLVING  
CREDIT REVOLVING CREDIT LENDER NAME AND REVOLVING CREDIT COMMITMENT ADDRESS TITLE COMMITMENT PERCENTAGE -----  
----- Citicorp USA Co-Agent \$25,000,000 4.167% 1200 Smith Street Suite 2000 Houston, Texas 77002 Attention: Todd J. Mogil Telephone: 713-654-3559 Fax: 713-654-2849 - -----  
----- KBC Bank N.V. Co-Agent \$25,000,000 4.167% 1349 West Peachtree Street Suite 1750 Atlanta, Georgia 30309 Attention: Michael Sawicki Telephone: 404-876-2556 Fax: 404-876-3212 - -----  
----- Mizuho Corporate Bank, Ltd. Co-Agent \$25,000,000 4.167% 1221 McKinney Houston, Texas 77012 Attention: Mark Polasek Telephone: 713-650-7863 Fax: 713-759-0717 - -----  
----- Natexis Banque Populaires \$20,000,000 3.33% 333 Clay Street Suite 4340 Houston, Texas 77002 Attention: Daniel Payer Telephone: 713-759-9401 Fax: 713-759-9908 with a copy to: Natexis Banques Populaires 1251 Avenue of the Americas 34th Floor New York, New York 10020 Attention: Telephone: Fax: - -----  
----- Schedule I (Page 4)

----- REVOLVING  
CREDIT REVOLVING CREDIT LENDER NAME AND REVOLVING CREDIT COMMITMENT ADDRESS TITLE COMMITMENT PERCENTAGE -----  
----- Wells Fargo Bank Texas, N.A. \$20,000,000 3.33% 1000 Louisiana 3rd Floor Houston, Texas 77002 Attention: Christina Faith Telephone: 713-319-1370 Fax: 713-739-1087 - -----  
----- Bank One, NA \$15,000,000 2.50% One Bank One Plaza Suite IL1-0362 Chicago, Illinois 60670 Attention: Kenneth Fatur Telephone: 312-732-3117 Fax: 312-732-3055 - -----  
----- Schedule I (Page 5)

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- REVOLVING  
CREDIT  
REVOLVING  
CREDIT LENDER  
NAME AND  
REVOLVING  
CREDIT  
COMMITMENT  
ADDRESS TITLE  
COMMITMENT  
PERCENTAGE -  
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Credit Suisse  
First Boston  
\$15,000,000  
2.50% 11  
Madison  
Avenue 5th  
Floor New  
York, New  
York 10010  
Attention:  
James Moran  
Telephone:  
212-325-9176  
Fax: 212-325-  
1878 - -----  
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----- Royal  
Bank of  
Canada  
\$15,000,000  
2.50% New  
York Branch  
One Liberty  
Plaza, 3rd  
Floor New  
York, New  
York 10006-  
1404  
Attention:  
Manager,  
Loans  
Administration  
Telephone:  
212-428-6338  
Fax: 212-428-  
2372 With  
copies to:  
2800 Post Oak  
Boulevard  
Suite 5700  
Houston,  
Texas 77056  
Attention:  
Tom  
Oberaigner  
Telephone:  
713-403-5678  
Fax: 713-403-  
5624 - -----  
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----- RZB  
Finance LLC  
\$15,000,000  
2.50% 1133

Avenue of the  
Americas 16th  
Floor New  
York, New  
York 10036 -  
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The Bank of  
Nova Scotia  
\$15,000,000  
2.50% 1100  
Louisiana  
Suite 3000  
Houston,  
Texas 77002  
Attention:  
Todd Mogil  
Telephone:  
713-759-3445  
Fax: 713-752-  
2425 - -----  
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----- Total  
\$600,000,000  
100% - -----  
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RATING  
LEVEL III:  
2.00%  
1.00%  
0.50% - --  
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RATING  
LEVEL IV:  
2.50%  
1.50%  
0.50% - --  
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\* Rating Levels are described below (the relevant Rating Level is determined by the higher of the S&P and Moody's ratings): Rating Level I: If the Borrower's senior, long-term unsecured debt is rated equal to or greater than BBB- by S&P or Baa3 by Moody's; Rating Level II: If the Borrower's senior, long-term unsecured debt is rated equal to BB+ by S&P or Ba1 by Moody's but less than Rating Level I; Rating Level III: If the Borrower's senior, long-term unsecured debt is rated equal to BB by S&P or Ba2 by Moody's but less than Rating Levels I and II; and Rating Level IV: If the Borrower's senior, long-term unsecured debt is rated equal to or less than BB- by S&P or Ba3 by Moody's.  
\*\* For purposes of determining the Applicable Margin for any Revolving Credit Eurodollar Loan the Rating Level shall be determined as of the first day of the applicable Interest Period for such Loan. \*\*\* For purposes of determining the Applicable Margin for the Commitment Fee, the Rating Level for each calendar quarter shall be determined as of the first day of such quarter. Annex I to Schedule I (Page 1)

SCHEDULE 5.1 GUARANTEE OBLIGATIONS, CONTINGENT LIABILITIES AND DISPOSITIONS 1. Guarantee Obligations and Contingent Liabilities: 1.1 Clawbacks The Borrower is party to a sponsor agreement under the terms of the Deepwater Gateway, L.L.C. Credit Agreement, as amended, restated or otherwise modified through the date of this Agreement. The Borrower's obligations under such agreement are capped at \$30.0 million. The Borrower is party to a sponsor agreement under the Poseidon Oil Pipeline Company, L.L.C. Credit Agreement, as amended, restated or otherwise modified through the date of this Agreement pursuant to which the Borrower guarantees the performance of Poseidon Pipeline Company L.L.C.'s obligations under the limited liability company agreement of Poseidon Oil Pipeline Company, L.L.C. 2. Dispositions or Acquisitions of Business Properties since June 30, 2002: None Schedule 5.1 (Page 2)

SCHEDULE 5.6 MATERIAL LITIGATION In 1997, the Borrower, along with several subsidiaries of El Paso Corporation, were named defendants in actions brought by Jack Grynberg on behalf of the U.S. Government under the False Claims Act. Generally, these complaints allege an industry-wide conspiracy to under report the heating value as well as the volumes of the natural gas produced from federal and Native American lands, which deprived the U.S. Government of royalties. These matters have been consolidated for pretrial purposes (In re: Natural Gas Royalties Qui Tam Litigation, U.S. District Court for the District of Wyoming, filed June 1997). In May 2001, the court denied the defendants' motions to dismiss. The Borrower has also been named a defendant in *Quinque Operating Company, et al v. Gas Pipelines and Their Predecessors, et al*, filed in 1999 in the District Court of Stevens County, Kansas. This class action complaint alleges that the defendants mismeasured natural gas volumes and heating content of natural gas on non-federal and non-Native American lands. The Quinque complaint was transferred to the same court handling the Grynberg complaint and has now been sent back to Kansas State Court for further proceedings. A motion to dismiss this case is pending. Under the terms of the Borrower's agreement to acquire the EPNHC assets, subsidiaries of El Paso Corporation have agreed to indemnify the Borrower against all obligations related to existing legal matters at the acquisition date, including the legal matters involving Leapartners, L.P., City of Edinburg (the "City") and Houston Pipe Line Company LP discussed below. During 2000, Leapartners, L.P. filed a suit against an affiliate of El Paso Corporation and others in the District Court of Loving County, Texas, alleging a breach of contract to gather and process gas in areas of western Texas related to an asset now owned by EPNHC. In May 2001, the court ruled in favor of Leapartners, L.P. and entered a judgment against El Paso Field Services, L.P. of approximately \$10 million. El Paso Field Services, L.P. has filed an appeal with the Eighth Court of Appeals in El Paso, Texas. Also, EPGT Texas Pipeline, now owned by EPNHC, is involved in litigation with the City concerning the City's claim that EPGT Texas Pipeline was required to pay pipeline franchise fees under a contract the City had with Rio Grande Valley Gas Company, which was previously owned by EPGT Texas Pipeline and is now owned by Southern Union Gas Company ("Southern Union"). An adverse judgment against Southern Union and EPGT Texas Pipeline was rendered in December 1998 and upheld for breach of contract, holding both EPGT Texas Pipeline and Southern Union jointly and severally liable to the City for approximately \$4.7 million. The judgment relies on the single business enterprise doctrine to impose contractual obligations on EPGT Texas Pipeline and Southern Union's entities that were not parties to the contract with the City. EPGT Texas Pipeline has appealed this case to the Texas Supreme Court seeking reversal of the judgment rendered against EPGT Texas Pipeline. The City seeks a remand to the trial court of its claim of tortious interference against EPGT Texas Pipeline. The briefing before the Texas Supreme Court is complete. Schedule 5.6 (Page 1)

In December 2000, a 30-inch natural gas pipeline jointly owned now by EPNHC and Houston Pipe Line Company LP ruptured in Mont Belvieu, Texas, near Baytown, resulting in substantial property damage and minor physical injury. EPNHC is the operator of the pipeline. Lawsuits have been filed in state district court in Chambers County, Texas. An additional landowner has intervened in the Chambers County suits, as well as the homeowners' insurers. The suits seek recovery for physical pain and suffering, mental anguish, physical impairment, medical expenses, and property damage. Houston Pipe Line Company LP has been added as an additional defendant. In accordance with the terms of the operating agreement, EPNHC has agreed to assume the defense of and to indemnify Houston Pipe Line Company LP in the litigated cases. Discovery is proceeding and trial is set for November 2002. As discussed above, any obligation to Houston Pipe Line Company LP incurred by EPNHC is indemnified by subsidiaries of El Paso Corporation. Schedule 5.6

(Page 2)



SCHEDULE 5.15 SUBSIDIARIES AND JOINT VENTURES Subsidiaries (all owned 100%) unless otherwise noted: (All Delaware limited liability companies and limited partnerships unless otherwise noted) 1. Argo, L.L.C. 2. Argo I, L.L.C. 3. Argo II, L.L.C. 4. Arizona Gas Storage, L.L.C. (60.00%) 5. Crystal Holding, L.L.C. 6. Delos Offshore Company, L.L.C. 7. East Breaks Gathering Company L.L.C. 8. El Paso Energy Intrastate, L.P. 9. El Paso Energy Partners Finance Corporation (Co-Borrower) 10. El Paso Energy Partners Deepwater, L.L.C. 11. El Paso Energy Partners Operating Company, L.L.C. 12. El Paso Energy Partners Oil Transport, L.L.C. 13. El Paso Energy Warwink I Company, L.P. 14. El Paso Energy Warwink II Company, L.P. 15. El Paso Hub Services Company, L.L.C. 16. El Paso Indian Basin, L.P. 17. El Paso Offshore Gathering & Transmission, L.P. 18. EPGT Texas Pipeline, L.P. 19. EPN Arizona Gas, L.L.C. 20. EPN Gathering and Treating Company, L.P. 21. EPN Gathering and Treating GP Holding, L.L.C. 22. EPN GP Holding, L.L.C. 23. EPN GP Holding I, L.L.C. 24. EPN Holding Company, L.P. 25. EPN Holding Company I, L.P. 26. EPN NGL Storage, L.L.C. 27. EPN Pipeline GP Holding, L.L.C. 28. First Reserve Gas, L.L.C. 29. Flextrend Development Company, L.L.C. 30. Green Canyon Pipe Line Company, L.P. 31. Hattiesburg Industrial Gas Sales, L.L.C. 32. Hattiesburg Gas Storage Company, a Delaware general partnership 33. High Island Offshore System, L.L.C. 34. Manta Ray Gathering Company, L.L.C. 35. Matagorda Island Area Gathering System, a Texas joint venture (83.00%) 36. Petal Gas Storage, L.L.C. 37. Poseidon Pipeline Company, L.L.C. Schedule 5.15 (Page 1)

38. Chaco Liquids Plant Trust, a Massachusetts business trust 39. VK Deepwater Gathering Company, L.L.C. 40. VK-  
Main Pass Gathering Company, L.L.C. 41. Warwink Gathering and Treating Company, a Texas general partnership Joint  
Ventures: - ..... 1.  
Atlantis Offshore, L.L.C. 50.00% - .....  
----- 2. Copper Eagle Gas Storage, L.L.C. 50.00% - .....  
----- 3. Poseidon Oil Pipeline Company, L.L.C. 36.00% - .....  
----- 4. Deepwater Gateway, L.L.C. 50.00% - .....  
----- Schedule 5.15 (Page 2)

SCHEDULE 5.17 ENVIRONMENTAL MATTERS 1. Mercury contamination has been identified along the PG&E/GTT Pipeline system (which now comprises a part of the EPGT Pipeline system) where mercury meters are located or were previously located. 2. El Paso Corporation commissioned Montgomery Watson Harza in 2001 to perform an evaluation of the GTT Pipeline System to evaluate potential environmental issues and liabilities associated with 18 gas treatment/processing/storage facilities and 92 compressor stations within the GTT Pipeline System. 3. El Paso Corporation commissioned The IT Group in 2001 to perform a pilot study within the GTT Pipeline System to identify and assess remediation issues associated with mercury-containing manometers used on the GTT pipeline system.

Schedule 5.17 (Page 1)

EXHIBIT A-1 FORM OF REVOLVING CREDIT NOTE \$\_\_\_\_\_ New York, New York October 10, 2002 FOR VALUE RECEIVED, the undersigned, EL PASO ENERGY PARTNERS, L.P., a Delaware limited partnership (the "Borrower") and EL PASO ENERGY PARTNERS FINANCE CORPORATION, a Delaware corporation (the "Co-Borrower"), hereby jointly and severally, unconditionally promise to pay to the order of \_\_\_\_\_ (the "Lender") at the office of JPMorgan Chase Bank located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, the principal amount of the lesser of (a) \_\_\_\_\_ (\$\_\_\_\_\_), and (b) the aggregate unpaid principal amount of all Revolving Credit Loans made by the Lender to the undersigned pursuant to Section 2.1 of the Credit Agreement hereinafter referred to, on the Revolving Credit Termination Date (as defined in the Credit Agreement) such principal to be paid on the date and in the amounts set forth in Section 2.2 of the Credit Agreement and on such other dates and in such other amounts set forth in the Credit Agreement. Each of the undersigned further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time from the date hereof at the applicable rate per annum set forth in Section 4.4 of the Credit Agreement until any such amount shall become due and payable (whether at the stated maturity, by acceleration or otherwise), and thereafter on such overdue amount at the rate per annum set forth in subsection 4.4(c) of said Credit Agreement until paid in full (both before and after judgment). Interest shall be payable in arrears on each Interest Payment Date commencing on the first such date to occur after the date hereof, provided that interest accruing pursuant to subsection 4.4(c) of the Credit Agreement shall be payable on demand. In no event shall the interest payable hereon, whether before or after maturity, exceed the maximum interest which, under applicable law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The holder of this Note is authorized to record the date, type and amount of each Revolving Credit Loan made by the Lender pursuant to Section 2.1 of said Credit Agreement, each continuation thereof, each conversion of all or a portion thereof to another type, the date and amount of each payment or prepayment of principal with respect thereto, and, in the case of Eurodollar Loans, the length of each Interest Period with respect thereto, on the schedules annexed hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof, which recordation shall constitute prima facie evidence of the accuracy of the information recorded in the absence of manifest error; provided that failure by the Lender to make any such recordation on this Note shall not affect the obligations of the Borrower under this Note or said Credit Agreement. Exhibit A-1 (Page 1)

This Note is one of the Revolving Credit Notes referred to in the Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended (the "Existing Credit Agreement"), as amended and restated through October 10, 2002 (as further amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Co-Borrower, the Lender, the other financial institutions parties thereto and JPMorgan Chase Bank, as Administrative Agent, is entitled to the benefits thereof, is secured as provided therein and is subject to optional and mandatory prepayment in whole or in part as provided therein. Terms used herein which are defined in the Credit Agreement shall have such defined meanings unless otherwise defined herein or unless the context otherwise requires. Upon the occurrence of any one or more of the Events of Default specified in said Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided therein. This Note and the other Revolving Credit Notes are given in replacement and substitution for, but not payment or satisfaction of, certain revolving credit notes previously issued under the Credit Agreement. The indebtedness evidenced by such other revolving credit notes is continued in full force and effect hereunder. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE

STATE OF NEW YORK. This Note evidences existing indebtedness under the Existing Credit Agreement (and its predecessors) and does not constitute payment of such indebtedness, and such indebtedness continues in full force and effect, as amended and restated in the Credit Agreement. EL PASO ENERGY PARTNERS, L.P. By: -----  
----- Name: ----- Title: ----- EL PASO  
ENERGY PARTNERS FINANCE CORPORATION By: ----- Name: -----  
----- Title: ----- Exhibit A-1 (Page 2)











EXHIBIT A-2 FORM OF INITIAL TERM LOAN NOTE \$\_\_\_\_\_ New York, New York October 10, 2002 FOR VALUE RECEIVED, the undersigned, EL PASO ENERGY PARTNERS, L.P., a Delaware limited partnership (the "Borrower") and EL PASO ENERGY PARTNERS FINANCE CORPORATION, a Delaware corporation (the "Co-Borrower"), hereby jointly and severally, unconditionally promise to pay to the order of \_\_\_\_\_ (the "Lender") at the office of JPMorgan Chase Bank located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, the principal amount of \_\_\_\_\_ (\$\_\_\_\_\_), in installments on the dates and in the principal amounts provided in Section 2.2 of the Credit Agreement hereinafter referred to, and on such other dates and in such other amounts set forth in the Credit Agreement. Each of the undersigned further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time from the date hereof at the applicable rate per annum set forth in Section 4.4 of the Credit Agreement until any such amount shall become due and payable (whether at the stated maturity, by acceleration or otherwise), and thereafter on such overdue amount at the rate per annum set forth in subsection 4.4(c) of said Credit Agreement until paid in full (both before and after judgment). Interest shall be payable in arrears on each Interest Payment Date commencing on the first such date to occur after the date hereof, provided that interest accruing pursuant to subsection 4.4(c) of the Credit Agreement shall be payable on demand. In no event shall the interest payable hereon, whether before or after maturity, exceed the maximum interest which, under applicable law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The holder of this Note is authorized to record the date, type and amount of each Initial Term Loan made by the Lender pursuant to Section 2.1 of said Credit Agreement, each continuation thereof, each conversion of all or a portion thereof to another type, the date and amount of each payment or prepayment of principal with respect thereto, and, in the case of Eurodollar Loans, the length of each Interest Period with respect thereto, on the schedules annexed hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof, which recordation shall constitute prima facie evidence of the accuracy of the information recorded in the absence of manifest error; provided that failure by the Lender to make any such recordation on this Note shall not affect the obligations of the Borrower under this Note or said Credit Agreement. This Note is one of the Initial Term Loan Notes referred to in the Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through October 10, 2002 (as further amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Co-Borrower, the Lender, the other financial institutions parties thereto and JPMorgan Chase Bank, as Administrative Agent, is entitled to the

benefits thereof, is secured as provided therein and is subject to optional and mandatory prepayment in whole or in part as provided therein. Terms used herein which are defined in the Credit Agreement shall have such defined meanings unless otherwise defined herein or unless the context otherwise requires. Upon the occurrence of any one or more of the Events of Default specified in said Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided therein. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EL PASO ENERGY PARTNERS, L.P. By: ----- Name: ----- Title: -----  
----- EL PASO ENERGY PARTNERS FINANCE CORPORATION By: -----  
Name: ----- Title: ----- Exhibit A-2 (Page 2)









EXHIBIT A-3 FORM OF ADDITIONAL TERM LOAN NOTE \$ \_\_\_\_\_ New York, New York \_\_\_\_\_, 200\_\_ FOR VALUE RECEIVED, the undersigned, EL PASO ENERGY PARTNERS, L.P., a Delaware limited partnership (the "Borrower") and EL PASO ENERGY PARTNERS FINANCE CORPORATION, a Delaware corporation (the "Co-Borrower"), hereby jointly and severally, unconditionally promise to pay to the order of \_\_\_\_\_ (the "Lender") at the office of JPMorgan Chase Bank located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, the principal amount of \_\_\_\_\_ (\$ \_\_\_\_\_), in installments on the dates and in the principal amounts provided in the that certain Term Loan Supplement dated \_\_\_\_\_, 200\_\_ by and among the Borrower, Co-Borrower, the Administrative Agent and the Additional Term Loan Lenders party thereto (the "Term Loan Supplement"), and on such other dates and in such other amounts set forth in the Credit Agreement hereinafter referred to. Each of the undersigned further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time from the date hereof at the applicable rate per annum set forth in Section 4.4 of the Credit Agreement until any such amount shall become due and payable (whether at the stated maturity, by acceleration or otherwise), and thereafter on such overdue amount at the rate per annum set forth in subsection 4.4(c) of said Credit Agreement until paid in full (both before and after judgment). Interest shall be payable in arrears on each Interest Payment Date commencing on the first such date to occur after the date hereof, provided that interest accruing pursuant to subsection 4.4(c) of the Credit Agreement shall be payable on demand. In no event shall the interest payable hereon, whether before or after maturity, exceed the maximum interest which, under applicable law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The holder of this Note is authorized to record the date, type and amount of each Additional Term Loan made by the Lender pursuant to Section 2.1 of said Credit Agreement and the Term Loan Supplement, each continuation thereof, each conversion of all or a portion thereof to another type, the date and amount of each payment or prepayment of principal with respect thereto, and, in the case of Eurodollar Loans, the length of each Interest Period with respect thereto, on the schedules annexed hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof, which recordation shall constitute prima facie evidence of the accuracy of the information recorded in the absence of manifest error; provided that failure by the Lender to make any such recordation on this Note shall not affect the obligations of the Borrower under this Note, the Term Loan Supplement or said Credit Agreement. This Note is one of the Additional Term Loan Notes referred to in the Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated Exhibit A-3 (Page 1)



through October 10, 2002 (as further amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Co-Borrower, the Lender, the other financial institutions parties thereto and JPMorgan Chase Bank, as Administrative Agent, is entitled to the benefits thereof, is secured as provided therein and is subject to optional and mandatory prepayment in whole or in part as provided therein. Terms used herein which are defined in the Credit Agreement shall have such defined meanings unless otherwise defined herein or unless the context otherwise requires. Upon the occurrence of any one or more of the Events of Default specified in said Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided therein. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EL PASO ENERGY PARTNERS, L.P. By: -----  
----- Name: ----- Title: ----- EL PASO ENERGY PARTNERS  
FINANCE CORPORATION By: ----- Name: ----- Title: -----









EXHIBIT B [FORM OF TERM LOAN ADDENDUM] Pursuant to subsection 2.1(c) of the Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through October 10, 2002 (the "Credit Agreement"), among El Paso Energy Partners, L.P., a Delaware limited partnership (the "Borrower"), El Paso Energy Partners Finance Corporation, a Delaware corporation (the "Co-Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), and JPMorgan Chase Bank, as administrative agent (the "Administrative Agent"), the undersigned hereby execute this Term Loan Addendum dated as of \_\_\_\_\_, 200\_ (this "Addendum"). Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement. In consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows: 1. Subject to the terms and conditions hereof and in the Credit Agreement, each Additional Term Loan Lender party to this Addendum agrees to make, on the Additional Term Loan Closing Date, term loans (the "Series [\_\_\_] Additional Term Loans") to the Borrower in an aggregate principal amount not to exceed such Lender's Additional Term Loan Commitment set forth on Schedule I attached hereto under the heading "Additional Term Loan Commitment". Once repaid, the Series [\_\_\_] Additional Term Loans may not be reborrowed. 2. The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Additional Term Loan Lender party to this Addendum (a) [Insert repayment terms] and (b) the then unpaid principal amount of each Series [\_\_\_] Additional Term Loan on the Additional Term Loan Maturity Date (as defined below). 3. The "Applicable Margin" for the Series [\_\_\_] Additional Term Loans shall be [Insert pricing terms]. 4. The "Additional Term Loan Maturity Date" for the Series [\_\_\_] Additional Term Loans shall be [Insert maturity date]. 5. The "Additional Term Loan Closing Date" for the Series [\_\_\_] Additional Term Loans shall be the date on which the conditions set forth in Section 6.4 of the Credit Agreement are first satisfied or waived in respect of the Series \_\_\_ Additional Term Loans, which shall occur on or prior to \_\_\_\_\_, 200\_. 6. Each Additional Term Loan Lender party to this Addendum hereby acknowledges that it has received and reviewed a copy (in execution form) of the Credit Agreement, and agrees, effective as of the Additional Term Loan Closing Date, to: (a) join the Credit Agreement as an Additional Term Loan Lender thereunder; Exhibit B (Page 1)

(b) be bound by all the terms in the Credit Agreement, other Loan Documents existing as of the date hereof and any other Loan Document to which it is a party; and (c) perform all obligations required of it by the Credit Agreement and any other Loan Document to which it is a party, including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 4.10 of the Credit Agreement to deliver the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement, or such other documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty. 7. Subject to Article X of the Credit Agreement, each Additional Term Loan Lender party to this Addendum hereby irrevocably designates and appoints JPMorgan as the Administrative Agent of such Lender under the Credit Agreement, this Addendum and the other Loan Documents, and each such Lender irrevocably authorizes JPMorgan, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of the Credit Agreement, this Addendum and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of the Credit Agreement, this Addendum and the other Loan Documents, together with such other powers as are reasonably incidental thereto. 8. Subject to Article XII of the Credit Agreement, each Additional Term Loan Lender party to this Addendum hereby irrevocably designates and appoints JPMorgan as the Collateral Agent of such Lender under the Credit Agreement, this Addendum and the other Loan Documents, and each such Lender irrevocably authorizes JPMorgan, as the Collateral Agent for such Lender, to take such action on its behalf under the provisions of the Credit Agreement, this Addendum and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms of the Credit Agreement, this Addendum and the other Loan Documents, together with such other powers as are reasonably incidental thereto. 9. Each Additional Term Loan Lender party to this Addendum hereby consents and agrees (i) to the provisions of the Intercreditor Agreement, including the indemnity provisions set forth in [Section 5] thereof and (ii) that the address for notices under Section 11.1 of the Credit Agreement to such Additional Term Loan Lender is specified in Schedule I attached hereto. 10. THIS ADDENDUM AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS ADDENDUM SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. 11. This Addendum may be executed by one or more of the parties to this Addendum on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Addendum signed by all the parties shall be lodged with the Borrower and the Administrative Agent. Exhibit B (Page 2)

IN WITNESS WHEREOF, the undersigned has executed this Addendum as of the \_\_\_th day of \_\_\_\_\_, 200\_. BORROWER: EL PASO ENERGY PARTNERS, L.P. By: ----- Name: ----- Title: -----  
----- CO-BORROWER: EL PASO ENERGY PARTNERS FINANCE CORPORATION By: -----  
----- Name: ----- Title: ----- ADMINISTRATIVE AGENT:  
JPMorgan Chase Bank, as Administrative Agent By: ----- Name: -----  
----- Title: ----- ADDITIONAL TERM LOAN LENDERS: By: -----  
Name: ----- Title: ----- Exhibit B (Page 3)



ADDITIONAL TERM LOAN LENDERS: By: ----- Name: ----- Title: -----  
----- ADDITIONAL TERM LOAN LENDERS: By: ----- Name: -----  
----- Title: ----- ADDITIONAL TERM LOAN LENDERS: By: -----  
----- Name: ----- Title: ----- Exhibit B (Page 4)

SCHEDULE I TO TERM LOAN ADDENDUM FOR SERIES [ ] ADDITIONAL TERM LOANS ADDITIONAL TERM LOAN LENDERS, ADDITIONAL TERM LOAN COMMITMENTS AND TERM LOAN COMMITMENT PERCENTAGES

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ADDITIONAL TERM LOAN LENDER NAME AND TITLE ADDITIONAL TERM TERM LOAN COMMITMENT ADDRESS FOR NOTICES LOAN COMMITMENT PERCENTAGE - -----  
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----- Schedule I to Term Loan Addendum (Page 1)

EXHIBIT L [FORM OF BORROWING CERTIFICATE] Pursuant to subsection 6.3(e) of the Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through October 10, 2002 (the "Credit Agreement"), among El Paso Energy Partners, L.P., a Delaware limited partnership (the "Borrower"), El Paso Energy Partners Finance Corporation, a Delaware corporation (the "Co-Borrower"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), and JPMorgan Chase Bank, as administrative agent (the "Administrative Agent"), the undersigned hereby certifies as follows: 1. The representations and warranties made by the Borrower in or pursuant to each of the Loan Documents to which it is a party are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof and after giving effect to the Loans requested to be made pursuant to the Credit Agreement (unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); and 2. Immediately prior to and immediately after the making of the Loans requested to be made pursuant to the Agreement on the date hereof, no Default or Event of Default will have occurred and will be continuing under the Credit Agreement. 3. At the time of and immediately after the making of any [Initial Term Loan] [Additional Term Loan] requested to be made pursuant to the Agreement on the date hereof, (i) the ratio of (A) Consolidated Total Senior Indebtedness at such date to (B) the Consolidated EBITDA for the most recent Calculation Period shall not exceed 3.25 to 1.0 and (ii) the ratio of (X) Consolidated Total Indebtedness at such date to (Y) the Consolidated EBITDA for the most recent Calculation Period shall not exceed 5.0 to 1.0; provided, however, that the foregoing certification contained in this paragraph 3 is made by the Borrower in good faith based upon assumptions believed by the Borrower to be reasonable. 4. [Immediately after the making of any Additional Term Loan requested to be made pursuant to the Agreement on the date hereof, the aggregate principal amount of all outstanding Additional Term Loans does not exceed an amount equal to \$500,000,000 less, as of the time of such determination, the aggregate outstanding principal amount of (x) the Initial Term Loans and (y) the EPNHC term loans owed to the EPNHC Lenders pursuant to the EPNHC Credit Agreement.] Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement. Exhibit L (Page 1)

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the \_\_\_th day of \_\_\_\_\_, 2002. EL PASO ENERGY PARTNERS, L.P. By: ----- Name: Title: EL PASO ENERGY PARTNERS FINANCE CORPORATION By: ----- Name: Title: Exhibit L (Page 2)

EXHIBIT M FORM OF ASSIGNMENT AND ACCEPTANCE Reference is made to the Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through October 10, 2002 (as further amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among El Paso Energy Partners, L.P. , a Delaware limited partnership (the "Borrower"), El Paso Energy Partners Finance Corporation, a Delaware corporation (the "Co-Borrower"), the Lenders named therein and JPMorgan Chase Bank, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"). Terms defined in the Credit Agreement are used herein with the same meanings. \_\_\_\_\_ (the "Assignor") and \_\_\_\_\_ (the "Assignee") agree as follows: (a) The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), a \_\_\_% interest (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to the credit facility contained in the Credit Agreement as are set forth on Schedule 1 in a principal amount as set forth on Schedule 1. (b) The Assignor (i) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that it is the legal and beneficial owner of the interest conveyed and it has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower, any of its Subsidiaries or any other obligor or the performance or observance by the Borrower, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; and (iii) attaches the Note(s) held by it evidencing the Assigned Interest and requests that the Administrative Agent exchange such Note(s) for a new Note or Notes payable to the Assignor and (if the Assignor has retained any interest in the Credit Agreement) a new Note or Notes payable to the Assignee in the respective amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date). (c) The Assignee (i) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (ii) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements delivered pursuant to Section 5.1 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (iii) agrees that it will, independently and without reliance upon the Assignor, the Administrative Agent or any other Exhibit M (Page 1)

Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (iv) appoints and authorizes the Administrative Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent and the Collateral Agent by the terms thereof, together with such powers as are incidental thereto; (v) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 4.10 of the Credit Agreement to deliver the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement, or such other documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty; and (vi) agrees that the address for notices pursuant to Section 11.2 of the Credit Agreement to the Assignee is set forth on Schedule I. (d) The effective date of this Assignment and Acceptance shall be \_\_\_\_\_, \_\_\_\_\_ (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by it and recording by the Administrative Agent pursuant to subsection 11.6(f) of the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent). (e) Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves. (f) From and after the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Loan Documents and shall be bound by the provisions thereof and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement. (g) This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York. Exhibit M (Page 2)

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto. Exhibit M (Page 3)

Schedule 1 to Assignment and Acceptance relating to the Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through October 10, 2002, among El Paso Energy Partners, L.P., El Paso Energy Partners Finance Corporation, the Lenders named therein, and JPMorgan Chase Bank, as administrative agent for the Lenders (in such capacity, the "Administrative Agent") Name of Assignor: Name of Assignee: Effective Date of Assignment: Principal Amount of Revolving Loan Assigned: Principal Amount of Initial Term Loan Assigned: Principal Amount of Series [\_\_\_\_] Additional Term Loan Assigned: Revolving Credit Commitment Percentage Assigned: [(to at least fifteen decimals) (shown as a percentage of aggregate principal amount of all Lenders)] Address for Notice to Assignee: Accepted: - ----- JP Morgan Chase Bank, as Administrative Agent [ASSIGNEE] By: By: -----  
----- Name: Name: Title: Title: [ASSIGNOR] By: -----  
----- Name: Title: Exhibit M (Schedule 1) - 1





EXHIBIT N Environmental Compliance Certificate The undersigned, being the Chief Executive Officer or the Chief Financial Officer of El Paso Energy Partners, L.P. (the "Borrower"), pursuant to subsection 7.2(i) of the Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended restated through October 10, 2002, among the Borrower, El Paso Energy Partners Finance Corporation (the "Co-Borrower"), and JPMorgan Chase Bank, as administrative agent (the "Administrative Agent"), and the banks and other financial institutions which are parties thereto (the "Lenders") (such Credit Agreement, as the same may from time to time be amended, supplemented or otherwise modified, is referred to herein as the "Credit Agreement"), after due inquiry and consultation with the senior operating officers of the Borrower, does hereby certify as of the date hereof to the Lenders as follows: 1. For the fiscal year ending immediately prior to the date hereof, except as set forth in Schedule I attached hereto, the Borrower and its Subsidiaries have complied and are complying with Section 7.8 of the Credit Agreement; 2. To the best knowledge of the undersigned after due inquiry and except as set forth in Schedule 5.17, the Borrower and its Subsidiaries are in compliance with all applicable Environmental Laws, noncompliance with which could give rise to a liability in a Material Environmental Amount; 3. The Borrower and its Subsidiaries have taken steps to minimize the generation of potentially harmful effluents; 4. The Borrower and its Subsidiaries have established a program of conducting an internal audit of each operating facility of the Borrower and its Subsidiaries to identify actual or potential environmental liabilities which could give rise to a liability in a Material Environmental Amount; and 5. The Borrower and its Subsidiaries have established a program of training their respective employees in issues of environmental, health and safety compliance, and the Borrower and its Subsidiaries have one or more individuals in charge of implementing the training program. Exhibit N - 1

For purposes of this Certificate, all capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement. EL PASO ENERGY PARTNERS, L.P. By: ----- Name:  
Title: Dated: Exhibit N - 2

EXHIBIT 0 Description of Chaco Transactions I. The Chaco Plant The Chaco Plant, the third largest natural gas processing plant in the United States measured by liquids produced, is located in the San Juan Basin in New Mexico. It is capable of processing up to 600 Mmcf/d of natural gas and handling up to 50,000 bbls/d of NGLs. The Chaco Plant is a state of the art cryogenic plant that uses high pressures and extremely low temperatures to remove water, impurities and excess hydrocarbon liquids from the raw natural gas stream and recover ethane as well as propane and the heavier hydrocarbons. The Chaco Plant receives and processes natural gas from the San Juan Gathering System (the "Gathering System"), an over 5,500 mile natural gas gathering system in New Mexico owned and operated by an Affiliate of El Paso Field Services, L.P. ("Field Services"). II. Current Status of Chaco Plant As of October 2001, the Borrower acquired certain interests, indirectly, in the Chaco Plant through the consummation of the following transactions: 1. Delos Offshore Company, L.L.C. ("Delos"), a Restricted Subsidiary of the Borrower, purchased all of the notes and certificates issued by The Chaco Liquids Plant Trust, a Massachusetts business trust (the "Trust"), to the sale-leaseback lenders in connection with the sale-leaseback financing transaction that Field Services put in place in 1995; 2. The effect of the purchase of such notes and certificates was that Delos became the beneficiary of the Trust and acquired title to the Chaco Plant subject to the existing lease documents; 3. Delos became the agent for the Trust; 4. El Paso Energy Partners Operating Company, L.L.C., another Restricted Subsidiary of the Borrower, was appointed as trustee of the Trust, replacing State Street Bank and Trust Company; 5. The Trust was designated as a Restricted Subsidiary of the Borrower which designation was consented by the Lenders pursuant to the First Amendment to the Existing Credit Agreement dated as of October 10, 2001, and is therefore a Subsidiary Guarantor and has pledged its assets as collateral for the Obligations; 6. Delos and Field Services entered into a Tolling Agreement under which (a) Field Services dedicated all of the natural gas received into the Gathering System to the Chaco Plant for processing (except for certain amounts of natural gas that were previously dedicated to the nearby Conoco/Blanco Plant, and certain other amounts of natural gas that are used for fuel use, farm taps and lift gas, or temporarily offloaded due to capacity restraints on the Gathering System pursuant to terms of existing gathering agreements), (b) Field Services became obligated to attempt to acquire additional processing rights for Exhibit 0 - 1

gas gathered by the Gathering System, and (c) gas delivered to the Chaco Plant by Field Services has a processing priority over other gas; and 7. Field Services personnel continue to operate and provide other services related to the Chaco Plant. Exhibit 0 - 2

[JPMORGAN LOGO]

AMENDED AND RESTATED

CREDIT AGREEMENT

AMONG

EPN HOLDING COMPANY, L.P.,

THE LENDERS PARTY HERETO,

BANC ONE CAPITAL MARKETS, INC. AND WACHOVIA BANK, NATIONAL ASSOCIATION,

AS CO-SYNDICATION AGENTS

FLEET NATIONAL BANK AND FORTIS CAPITAL CORP.,

AS CO-DOCUMENTATION AGENTS

AND

JPMORGAN CHASE BANK,

AS ADMINISTRATIVE AGENT

DATED AS OF APRIL 8, 2002

AS AMENDED AND RESTATED THROUGH OCTOBER 10, 2002

-----

J.P. MORGAN SECURITIES INC.

AS SOLE BOOK RUNNER AND LEAD ARRANGER

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Form of Environmental Compliance Certificate

AMENDED AND RESTATED CREDIT AGREEMENT, dated as of April 8, 2002, as amended and restated through October 10, 2002, among EPN HOLDING COMPANY, L.P., a Delaware limited partnership (the "Borrower"), each bank and other financial institution from time to time party to this Agreement (the "Lenders"), and JPMORGAN CHASE BANK, as administrative agent for the Lenders hereunder (in such capacity, the "Administrative Agent").

W I T N E S S E T H :

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to the Credit Agreement, dated as of April 8, 2002 (as in effect prior to the date hereof, the "Existing EPNHC Credit Agreement");

WHEREAS, the Borrower has requested that the Existing EPNHC Credit Agreement be amended and restated (a) to amend certain covenants, (b) to terminate the revolving credit facility and (c) otherwise to amend and restate it in its entirety as more fully set forth herein;

WHEREAS, the Lenders and the Administrative Agent are willing to so amend and restate the Existing EPNHC Credit Agreement, but only on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree that on the Restatement Closing Date (as hereinafter defined) the Existing EPNHC Credit Agreement shall be amended and restated in its entirety as follows:

ARTICLE I  
DEFINITIONS

Section 1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings and capitalized terms that are used herein but not defined herein shall have the meanings given them in the EPN Credit Agreement:

"Acquired Business": as defined in Section 8.8(e).

"Acquisition": the purchase by the Borrower (or its Affiliates) of certain equity interests and assets owned by the Sellers or their Subsidiaries for aggregate consideration of up to \$735,000,000 (including payments for acquired indebtedness) pursuant to the Acquisition Documents.

"Acquisition Documents": collectively, the Purchase, Sale and Merger Agreement, by and between El Paso Tennessee Pipeline Co, as seller, and EPN, as buyer, dated as of April 1, 2002, the Prince PSA and the Contribution Agreement, by and between El Paso Field Services Holding Company, as seller, and EPN, as buyer, dated as of April 1, 2002.

"Administrative Agent": as defined in the introductory paragraph of this Agreement.

"Administrative Questionnaire": an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate": as to any Person, any other Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors (or similar authority) of such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise; provided, that any third Person which also beneficially owns 10% or more of the securities having ordinary voting power for the election of directors (or similar authority) of a Joint Venture or Subsidiary shall not be deemed to be an Affiliate of the Borrower and its Subsidiaries or Joint Ventures merely because of such common ownership.

"Agreement": the Existing EPNHC Credit Agreement, as amended and restated by this Credit Agreement, as further amended, supplemented or otherwise modified from time to time.

"Alternate Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City (each change in the Prime Rate to be effective on the date such change is publicly announced); and "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Alternate Base Rate Loans": Loans the rate of interest applicable to which is based upon the Alternate Base Rate.

"Applicable Margin": for each Type of Loan, the rate per annum specified in Annex I attached hereto, which rate is based on the ratio of Consolidated Total Indebtedness of the Borrower at such time to Consolidated EBITDA for the most recently ended Calculation Period (the "Leverage Ratio"). The Applicable Margin for any date shall be determined by reference to the Leverage Ratio as of the last day of the fiscal quarter most recently ended as of such date and for the Calculation Period ended on such last day, and any change (i) shall become effective upon the delivery to the Administrative Agent of a certificate of a Responsible Officer of the Borrower (which certificate may be delivered prior to delivery of the relevant financial statements or may be incorporated in the certificate delivered pursuant to subsection 7.2(b)) with

respect to the financial statements to be delivered pursuant to Section 7.1 for the most recently ended fiscal quarter (x) setting forth in reasonable detail the calculation of the Leverage Ratio at the end of such fiscal quarter and (y) stating that the signer has reviewed the terms of this Agreement and other Loan Documents and has made, or caused to be made under his or her supervision, a review in reasonable detail of the transactions and condition of the Borrower and its Subsidiaries during the accounting period, and that the signer does not have knowledge of the existence as at the date of such officers' certificate of any Event of Default or Default, and (ii) shall apply (A) in the case of the Alternate Base Rate Loans, to Alternate Base Rate Loans outstanding on such delivery date or made on and after such delivery date and (B) in the case of the Eurodollar Loans, to Eurodollar Loans made on and after such delivery date. It is understood that the foregoing certificate of a Responsible Officer shall be permitted to be delivered prior to, but in no event later than, the time of the actual delivery of the financial statements required to be delivered pursuant to Section 7.1. Notwithstanding the foregoing, at any time during which the Borrower has failed to deliver the certificate referred to above in this definition as required under subsection 7.2(b) with respect to a fiscal quarter following the date the delivery thereof is due, the Leverage Ratio shall be deemed, solely for the purposes of this definition, to be greater than 5.0 to 1.0 until such time as Borrower shall deliver such compliance certificate.

"Assignment and Assumption": an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.6), and accepted by the Administrative Agent, in the form of Exhibit L or any other form approved by the Administrative Agent.

"Borrower": as defined in the introductory paragraph of this Agreement.

"Business": as defined in Section 5.17.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Calculation Period": each period of four consecutive fiscal quarters of the Borrower.

"Capital Lease": any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

"Cash Equivalents": (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody's; (iii) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody's; (iv) certificates of deposit or banker's acceptances maturing within one year from the date of acquisition thereof issued by (x) any Lender, (y) any commercial bank organized under the laws of the United States of America

or any state thereof or the District of Columbia having combined capital and surplus of not less than \$250,000,000 or (z) any bank which has a short-term commercial paper rating meeting the requirements of clause (iii) above (any such Lender or bank, a "Qualifying Lender"); (v) eurodollar time deposits having a maturity of less than one year purchased directly from any Lender (whether such deposit is with such Lender or any other Lender hereunder) or issued by any Qualifying Lender; and (vi) repurchase agreements and reverse repurchase agreements with a term of not more than 14 days with any Qualifying Lender relating to marketable direct obligations issued or unconditionally guaranteed by the United States.

"Channel Pipeline": the natural gas gathering system and related facilities and assets generally known as the Channel Pipeline System.

"Channel Recovery Event": A Recovery Event resulting from the rupture of the Channel Pipeline in October, 2001.

"Co-Documentation Agents": collectively, Fleet National Bank and Fortis Capital Corp., each in its capacity as co-documentation agent for the Lenders hereunder.

"Co-Syndication Agents": collectively, Banc One Capital Markets, Inc. and Wachovia Bank, National Association, each in its capacity as co-syndication agent for the Lenders hereunder.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Collateral": the "Collateral" as defined in the several Security Documents.

"Collateral Agent": JPMorgan, in its capacity as Collateral Agent as appointed by the EPN Group Lenders and its successors and assigns.

"Commitment": as to any Lender, the obligation of such Lender to have made Loans hereunder on the Original Closing Date or on the Additional Term Loan Borrowing Date (as defined in the Existing EPNHC Credit Agreement) in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name on Schedule I, as such amount shall be reduced in accordance with the provisions of this Agreement.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414 of the Code.

"Consolidated EBITDA": for any period and in accordance with Section 4.13, the Consolidated Net Income ((i) including earnings and losses from discontinued operations, except to the extent that any such losses represent reserves for losses attributable to the planned disposition of material assets, (ii) excluding extraordinary gains, and gains and losses arising from the sale of material assets, and (iii) including other non-recurring losses) for such period, plus (x) the aggregate amount of cash distributions received by the Borrower and its Subsidiaries (excluding Joint Ventures) from Joint Ventures (other than cash proceeds funded from the refinancing of the original capital investment by the Borrower and its Subsidiaries in Joint

Ventures), and (y), to the extent reflected as a charge in the statement of Consolidated Net Income for such period, the sum of (a) interest expense, amortization of debt discount and debt issuance costs (including the write-off of such costs in connection with prepayments of debt) and commissions, discounts and other fees and charges associated with standby letters of credit, (b) taxes measured by income accrued as an expense during such period, (c) depreciation, depletion, and amortization expense, and (d) non-cash compensation expense resulting from the accounting treatment applied, in accordance with GAAP, to management's equity interest minus the equity of the Borrower and its Subsidiaries (excluding Joint Ventures) in the earnings of Joint Ventures; provided that Consolidated EBITDA shall exclude any insurance proceeds relating to a Channel Recovery Event. For any Calculation Period commencing prior to the Original Closing Date, Consolidated EBITDA shall be calculated as if the Borrower and its Subsidiaries had acquired the assets acquired pursuant to the Acquisition on the first day of such period and, with respect to any portion of such period prior to the Original Closing Date, based on the historical consolidated financial information of such assets (subject to pro forma adjustments reasonably satisfactory to the Administrative Agent).

"Consolidated Interest Expense": for any period, and in accordance with Section 4.13, total cash interest expense (including that attributable to Capital Leases) of the Borrower and its Subsidiaries (excluding Joint Ventures) for such period with respect to all outstanding Indebtedness of the Borrower and such Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Hedge Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP); provided, that for the Calculation Periods ending on June 30, 2002, September 30, 2002, and December 31, 2002, Consolidated Interest Expense shall be deemed to equal actual Consolidated Interest Expense for the full fiscal quarters of the Borrower subsequent to the Original Closing Date multiplied by 4, 2, and 4/3 respectively.

"Consolidated Net Income": for any period, and in accordance with Section 4.13, the net income or net loss of the Borrower and its consolidated Subsidiaries (excluding Joint Ventures) for such period determined in accordance with GAAP on a consolidated basis.

"Consolidated Net Worth": as of the date of determination, all items which in conformity with GAAP would be included under shareholders' equity on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries at such date.

"Consolidated Tangible Net Worth": as of the date of determination and in accordance with Section 4.13, Consolidated Net Worth after deducting therefrom the following:

- (a) goodwill, including any amounts (however designated on the balance sheet) representing the cost of acquisitions of Subsidiaries in excess of underlying tangible assets;
- (b) patents, trademarks, copyrights;
- (c) leasehold improvements not recoverable at the expiration of a lease; and

(d) deferred charges (including, but not limited to, unamortized debt discount and expense, organization expenses and experimental and development expenses, but excluding prepaid expenses).

"Consolidated Total Indebtedness": at any time and in accordance with Section 4.13, all Indebtedness of the Borrower and its consolidated Subsidiaries at such time.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Default": any of the events specified in Article IX, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Disposition": with respect to any Property, any sale, lease, assignment, conveyance, transfer, or other disposition thereof; and the terms "Dispose" and "Disposed of" shall have correlative meanings.

"Dollars" and "\$": dollars in lawful currency of the United States of America.

"El Paso": El Paso Corporation, a Delaware corporation.

"Environmental Laws": any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes, as now or may at any time hereafter be in effect.

"EPEPC": El Paso Energy Partners Company, a Delaware corporation.

"EPEPC Guarantee": the Amended and Restated Guarantee made by EPEPC in favor of the EPN Group Administrative Agents for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit C hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"EPEPC Security Agreement": the Amended and Restated Security Agreement (G&A Agreement) made by EPEPC in favor of the Collateral Agent for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit D hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"EPEPFC": El Paso Energy Partners Finance Corporation, a Delaware corporation.

"EPGT Texas Pipeline": EPGT Texas Pipeline, L.P., a Delaware limited partnership.



"EPN": El Paso Energy Partners, L.P., a Delaware limited partnership and the indirect parent of the Borrower.

"EPN Administrative Agent": JPMorgan in its capacity as administrative agent under the EPN Credit Agreement.

"EPN Aggregate Outstanding Revolving Credit Extensions of Credit": shall have the same meaning as the defined term "Aggregate Outstanding Revolving Credit Extensions of Credit" in the EPN Credit Agreement.

"EPN Credit Agreement": The Sixth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through October 10, 2002, among EPN, EPEPFC, the EPN Lenders party thereto, Credit Lyonnais New York Branch and Wachovia Bank, National Association, as co-syndication agents, Fleet National Bank and Fortis Capital Corp., as co-documentation agents, and JPMorgan, as administrative agent, as amended, supplemented or otherwise modified from time to time.

"EPN Gathering and Treating": EPN Gathering and Treating Company, L.P., a Delaware limited partnership.

"EPN Gathering and Treating GP Holding": EPN Gathering and Treating GP Holding, L.L.C., a Delaware limited liability company.

"EPN Group Administrative Agents": the Administrative Agent and the EPN Administrative Agent.

"EPN Group Lenders": the Lenders and the EPN Lenders.

"EPN Guarantee": the Guarantee made by EPN and EPEPFC in favor of the Administrative Agent for the ratable benefit of the Lenders, substantially in the form of Exhibit E hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"EPN Lenders": shall have the same meaning as the defined term "Lenders" in the EPN Credit Agreement.

"EPN Loan Documents": shall have the same meaning as the defined term "Loan Documents" in the EPN Credit Agreement.

"EPN Loan Obligations": shall have the same meaning as the defined term "Obligations" in the EPN Credit Agreement.

"EPN Pledge Agreement": the Amended and Restated Pledge and Security Agreement made by EPN and EPEPFC in favor of the Collateral Agent for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit F hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"EPN Revolving Credit Commitments": shall have the same meaning as the defined term "Revolving Credit Commitments" in the EPN Credit Agreement.

"EPN Security Agreement": the Amended and Restated Security Agreement made by EPN and EPEPFC in favor of the Collateral Agent for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit G hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"EPN Term Loans": shall have the same meaning as the defined term "Term Loans" in the EPN Credit Agreement.

"Equity Contribution": an equity contribution having a fair market value of approximately \$200,000,000 (but no less than \$190,000,000) paid or otherwise effected contemporaneous with the consummation of the Acquisition by EPN or its Subsidiaries on behalf of the Borrower.

"Equity Interests": shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate appearing on page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 A.M., London time, two Working Days prior to the beginning of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "Eurodollar Base Rate" with respect to such Eurodollar Loans for such Interest Period shall be the rate at which dollar deposits of a comparable amount to such Eurodollar Loans and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 A.M., London time, two Working Days prior to the commencement of such Interest Period.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

Eurodollar Base Rate

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1.00 - Eurocurrency Reserve Requirements

"Event of Default": any of the events specified in Article IX, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Existing EPN Credit Agreement": that certain Fifth Amended and Restated Credit Agreement dated as of March 23, 1995, as amended and restated through May 16, 2001, by and among EPN, EPEPFC, the EPN Lenders party thereto, Credit Lyonnais New York Branch and Wachovia Bank, National Association, as co-syndication agents, Fleet National Bank and Fortis Capital Corp., as co-documentation agents, and JPMorgan, as administrative agent, as amended, supplemented or otherwise modified from time to time prior to the execution of the EPN Credit Agreement.

"Existing EPNHC Credit Agreement": as defined in the Recitals hereto.

"Federal Funds Effective Rate": as defined in the definition of Alternate Base Rate.

"Foreign Lender": any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP": generally accepted accounting principles in the United States of America in effect from time to time.

"General Partner": EPN GP Holding, L.L.C., a Delaware limited liability company, or any other Person acting as general partner of the Borrower.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary

obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Guarantees": collectively, the EPEPC Guarantee, the EPN Guarantee, and the Subsidiaries Guarantee.

"Hazardous Materials": any hazardous materials, hazardous wastes, hazardous constituents, hazardous or toxic substances, petroleum products (including crude oil or any fraction thereof), defined or regulated as such in or under any Environmental Law.

"Hedge Agreements": all interest rate swaps, caps or collar agreements or similar arrangements dealing with interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies.

"Hub Services": El Paso Hub Services Company, L.L.C., a Delaware limited liability company.

"Indebtedness": of any Person at any date, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices and which in any event are no more than 120 days past due or, if more than 120 days past due, are being contested in good faith and adequate reserves with respect thereto have been made on the books, of such Person), (b) any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument, (c) all obligations of such Person under Capital Leases, (d) all obligations of such Person in respect of outstanding letters of credit (other than commercial letters of credit with an initial maturity date of less than 90 days), acceptances and similar obligations issued or created for the account of such Person, (e) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof and (f) for purposes of the covenants set forth in Section 8.1, the net obligations of such Person under Hedge Agreements.

"Indian Basin": El Paso Indian Basin, L.P., a Delaware limited partnership.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Intercreditor Agreement": the Intercreditor Agreement dated as of the Restatement Closing Date between the Administrative Agent, for the benefit of the Lenders, the EPN Administrative Agent, for the benefit of the EPN Lenders, the administrative agent for the lenders in connection with Marco Polo Financing Documents, for the benefit of the lenders thereunder, and the Collateral Agent and acknowledged by the Borrower and EPN, as amended, modified and supplemented from time to time.

"Interest Payment Date": (a) as to any Alternate Base Rate Loan, the Quarterly Dates, commencing on December 31, 2002, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day which is three months or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

"Interest Period": with respect to any Eurodollar Loan:

(a) initially, the period commencing on the Borrowing Date (as defined in the Existing EPNHC Credit Agreement) or conversion date with respect to such Eurodollar Loan and ending fourteen days (if available) or one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending fourteen days (if available) or one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Working Days prior to the last day of the then current Interest Period with respect thereto;

provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(1) if any Interest Period pertaining to a Eurodollar Loan would otherwise end on a day that is not a Working Day, such Interest Period shall be extended to the next succeeding Working Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Working Day;

(2) any Interest Period that would otherwise extend beyond Maturity Date shall end on the Maturity Date;

(3) any Interest Period pertaining to a Eurodollar Loan that begins on the last Working Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Working Day of a calendar month; and

(4) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Intrastate": El Paso Energy Intrastate, L.P., a Delaware limited partnership.

"Joint Venture": any Person in which the Borrower and/or its Subsidiaries hold more than 5% but less than a majority of the equity interests, and which does not constitute a Subsidiary of the Borrower, whether direct or indirect.

"Joint Venture Charter": with respect to each Joint Venture, the partnership agreement, certificate of incorporation, by-laws, limited liability company agreement or other constitutive documents of such Joint Venture, as each of the same may be further amended, supplemented or otherwise modified in accordance with Section 8.9.

"JPMorgan": JPMorgan Chase Bank.

"Lenders": as defined in the opening paragraph of this Agreement.

"Leverage Ratio": as defined in the definition of "Applicable Margin".

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority, preferential arrangement or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

"Limited Partner": EPN Holding Company I, L.P., a Delaware limited partnership, or any other Person acting as limited partner of the Borrower.

"Loan": as defined in Section 2.1(a).

"Loan Documents": this Agreement, the Notes, the Guarantees, the Security Documents, and the Intercreditor Agreement.

"Loan Parties": EPN, EPEPC, EPEPFC, the Borrower, the General Partner, the Limited Partner, the Subsidiary Guarantors and each other Affiliate of the Borrower that from time to time is party to a Loan Document.

"Loan Percentage": as to any Lender, the percentage which such Lender's Loans then outstanding constitutes of the aggregate Loans then outstanding.

"Marco Polo Financing Documents": (i) the Credit Agreement dated as of August 15, 2002, among Deepwater Gateway L.L.C., a Delaware limited liability company, as borrower, JPMorgan, individually and as administrative agent, Wachovia Bank, National Association and Bank One, N.A., as syndication agents, Fortis Capital Corp. and BNP Paribas, as documentation agents, and the lenders party thereto and (ii) the other financing documents (as identified therein); in the case of (i) and (ii) above, as amended, restated, renewed, replaced, supplemented or otherwise modified from time to time.

"Marco Polo Lenders": shall have the same meaning as the defined term "Lenders" in the Marco Polo Financing Documents.

"Material Adverse Effect": a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or prospects of the Borrower, EPN and the Restricted Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform its obligations under this Agreement or any of the other Loan Documents or (c) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights or remedies of the Administrative Agent, the Collateral Agent or the Lenders hereunder or thereunder.

"Material Environmental Amount": an amount payable by EPN and/or its Subsidiaries in excess of \$5,000,000 for remedial costs, compliance costs, compensatory damages, punitive damages, fines, penalties or any combination thereof.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Maturity Date": the third anniversary of the Original Closing Date.

"MIAGS": Matagorda Island Area Gathering System, a Texas joint venture.

"Multiemployer Plan": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Notes": as defined in Section 2.2(e).

"Obligations": the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Administrative Agent, the Collateral Agent or to any Lender (or, in the case of Hedge Agreements, any Affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, any Hedge Agreement entered into with any Lender or any Affiliate of any Lender or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent, to the Collateral Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise.

"Offshore Gathering & Transmission": El Paso Offshore Gathering & Transmission, L.P., a Delaware limited partnership.

"Original Closing Date": April 8, 2002.

"Participants": as defined in subsection 11.6(c).

"Partnership Agreement": the Agreement of Limited Partnership of the Borrower among the partners of the Borrower effective as of March 7, 2002 and as in effect on the Restatement Closing Date, as amended, modified and supplemented from time to time in accordance with Section 8.9.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature (the term "Person" shall not be deemed to include, however, any joint tenancy or tenancy-in-common pursuant to which any property or assets may be owned in an undivided interest).

"Pipeline GP Holding": EPN Pipeline GP Holding, L.L.C., a Delaware limited liability company.

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements": collectively, the EPN Pledge Agreement, the Subsidiary Pledge Agreement, and any other pledge agreement executed and delivered pursuant to Section 8.17.

"Prince PSA": the Purchase and Sale Agreement, by and between EPN, as seller, and El Paso Production GOM Inc., as buyer, dated as of April 1, 2002.

"Projections": the projections which were prepared by or on behalf of the Borrower in connection with the Transaction and delivered to the Administrative Agent and the Lenders prior to the Original Closing Date.

"Properties": the facilities and properties owned, leased or operated by the Borrower or any of its Subsidiaries or any Joint Venture.

"Property": any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Purchase Price Adjustment": the amount by which the aggregate consideration paid to the Sellers on the Original Closing Date is adjusted by an amount equal to the net of (i) total Purchase Price Decreases or Issue Price Decreases (as such terms are defined in the Acquisition Documents, other than the Prince PSA), as the case may be, and (ii) total Purchase Price Increases or Issue Price Increases (as such terms are defined in the Acquisition Documents, other than the Prince PSA), as the case may be, as determined as of 7:00 a.m. (Central time) on April 1, 2002.



"Quarterly Dates": the last day of each March, June, September and December in each year.

"Recovery Event": any settlement of or payment in respect of any property insurance or casualty insurance claim or any condemnation proceeding relating to any Property of the Borrower or any of its Subsidiaries, excluding any such settlement or payment which, together with any related settlement or payment, yields gross proceeds to the Borrower or any of its Subsidiaries of less than \$1,000,000.

"Register": as defined in Section 11.6(b)(iv).

"Regulation U": Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Related Parties": with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .13, .14, .16, .18, .19 or .20 of PBGC Reg. Section 2615.

"Required EPN Group Lenders": at any time, EPN Group Lenders the Total EPN Group Credit Percentages of which aggregate at least 51%.

"Required Lenders": at any time, Lenders the Loan Percentages of which aggregate at least 51%.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, the Treasurer or any vice president of the General Partner or the Borrower or EPN.

"Restatement Closing Date": the date on which the conditions set forth in Section 7.2 are first satisfied or waived, which shall occur on or prior to October 10, 2002.

"Restricted Payment": as defined in Section 8.7.

"Restricted Subsidiary": shall have the same meaning as the defined term "Restricted Subsidiary" in the EPN Credit Agreement and shall, on the Restatement Closing Date, include, without limitation, the Borrower.

"Security Agreements": collectively, the EPEPC Security Agreement, the EPN Security Agreement, and the Subsidiary Security Agreement.

"Security Documents": collectively, the Pledge Agreements and the Security Agreements.

"Sellers": collectively, El Paso Tennessee Pipeline Co, a Delaware corporation, and El Paso Field Services Holding Company, a Delaware corporation.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Solvent": with respect to any Person on a particular date, the condition that, on such date, (a) the fair value of the Property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's Property would constitute an unreasonably small amount of capital. In computing the amount of contingent liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subsidiaries Guarantee": the Consolidated Amended and Restated Subsidiaries Guarantee made by the Borrower, the General Partner, the Limited Partner, and the other Subsidiary Guarantors in favor of the EPN Group Administrative Agents, for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit H hereto, which amends and restates as a single instrument the "Subsidiaries Guarantee" and the "Parent Guarantees" referred to in the Existing EPNHC Credit Agreement and the "Subsidiaries Guarantee" referred to in the Existing EPN Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary": as to any Person (solely for purposes of this definition, the "Owning Person"), a corporation, partnership or other Person (solely for purposes of this definition, the "Owned Person") of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of the Owned Person are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Owning Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantors": collectively, Intrastate, Pipeline GP Holding, EPGT Texas Pipeline, Hub Services, Warwink I, Warwink II, Warwink Gathering and Treating, Offshore Gathering and Transmission, Indian Basin, EPN Gathering and Treating GP Holding, EPN Gathering and Treating, each other "Subsidiary Guarantor" (as defined in the EPN Credit Agreement) and each other Subsidiary of EPN which, from time to time, may become party to the Subsidiaries Guarantee. Notwithstanding anything to the contrary in the Loan Documents, EPEPFC shall not be a Subsidiary Guarantor.

"Subsidiary Pledge Agreement": the Consolidated Amended and Restated Subsidiary Pledge Agreement made by each of the Borrower, the General Partner, the Limited Partner and the other Subsidiary Guarantors (including any pledge agreement executed and delivered pursuant to Section 8.17) in favor of the Collateral Agent for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit I hereto, which amends and restates as a single instrument the "Subsidiary Pledge Agreement," the "Borrower Pledge Agreement" and the "Parent Pledge Agreement" referred to in the Existing EPNHC Credit Agreement and the "Subsidiary Pledge Agreement" referred to in the Existing EPN Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary Security Agreement": the Consolidated Amended and Restated Subsidiary Security Agreement made by each of the Borrower, the General Partner, the Limited Partner and the other Subsidiary Guarantors (including any security agreement executed and delivered pursuant to Section 8.17) in favor of the Collateral Agent for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, substantially in the form of Exhibit J hereto, which amends and restates as a single instrument the "Subsidiary Security Agreement" and the "Borrower Security Agreement" referred to in the Existing EPNHC Credit Agreement and the "Subsidiary Security Agreement" referred to in the Existing EPN Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Total EPN Group Credit Percentage": as to any EPN Group Lender at any time, the percentage of the aggregate EPN Revolving Credit Commitments, EPN Term Loans and Loans then constituted by its EPN Revolving Credit Commitments, its EPN Term Loans and its Loans (it being agreed that in the case of the termination or expiration of the EPN Revolving Credit Commitments, the aggregate EPN Revolving Credit Commitment and such EPN Lender's EPN Revolving Credit Commitment shall be determined by reference to the EPN Aggregate Outstanding Revolving Credit Extensions of Credit of all EPN Group Lenders and such EPN Group Lender's EPN Aggregate Outstanding Revolving Credit Extensions of Credit).

"Tranche": the collective reference to Eurodollar Loans the Interest Periods with respect to all of which begin on the same date and end on the same later date.

"Transaction": collectively, (i) the Acquisition, (ii) the Equity Contribution, (iii) the entering into of the Loan Documents and the incurrence of the Loans on the Original Closing Date and (iv) the payment of fees and expenses owing in connection with the foregoing.

"Transaction Documents": the Loan Documents (as defined in the Existing EPNHC Credit Agreement) and the Acquisition Documents.

"Transferee": any (i) Participant or (ii) assignee of this Agreement pursuant to Section 11.6(b).

"Type": as to any Loan, its nature as an Alternate Base Rate Loan or a Eurodollar Loan.

"Uniform Customs": the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be amended from time to time.

"Unrestricted Subsidiary": shall have the same meaning as the defined term "Unrestricted Subsidiary" in the EPN Credit Agreement.

"Warwink I": El Paso Energy Warwink I Company, L.P., a Delaware limited partnership.

"Warwink II": El Paso Energy Warwink II Company, L.P., a Delaware limited partnership.

"Warwink Gathering and Treating": Warwink Gathering and Treating Company, a Texas general partnership.

"Working Day": any Business Day on which dealings in foreign currencies and exchange between banks may be carried on in London, England.

#### Section 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignments set forth herein), (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (iv) all references herein to Articles, Sections, Exhibits, Annexes and Schedules shall be construed to refer to Articles and Sections of, and Exhibits, Annexes and Schedules to, this Agreement.

(c) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time;

provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II  
AMOUNT AND TERMS OF LOANS

Section 2.1 Loans.

(a) Subject to the terms and conditions hereof, each Lender severally agrees to maintain outstanding, on the Restatement Closing Date, its term loans (the "Loans") to the Borrower. Once repaid, Loans may not be reborrowed.

(b) The Loans may from time to time be (i) Eurodollar Loans, (ii) Alternate Base Rate Loans or (iii) a combination thereof, as determined by the Borrower and notified to the Administrative Agent in accordance with Section 4.2, provided that no Loan shall be made as a Eurodollar Loan after the day that is one month prior to the Maturity Date.

(c) Any and all of the Initial Term Loan Commitments (as defined in the Existing EPNHC Credit Agreement) terminated at 5:00 p.m. (New York City time) on the Original Closing Date, and any and all of the Additional Term Loan Commitments (as defined in the Existing EPNHC Credit Agreement) terminated at 5:00 p.m. (New York City time) on the Additional Term Loan Borrowing Date (as defined in the Existing EPNHC Credit Agreement) or on such earlier date as any Additional Term Loans (as defined in the Existing EPNHC Credit Agreement) were funded.

Section 2.2 Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof, and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received

by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section 2.2 shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note substantially in the form of Exhibit B hereto (a "Note"), as applicable, payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by any such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.6) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.3 Limitations on Loans. No requested Loan shall be made, if the aggregate amount of the Loans outstanding (after giving effect to such requested Loan) would exceed the then aggregate Commitments.

Section 2.4 Termination of Revolving Credit Commitments. The Revolving Credit Commitments (as defined in the Existing EPNHC Credit Agreement) have been terminated, and there are no Revolving Credit Loans (as defined in the Existing EPNHC Credit Agreement) outstanding.

ARTICLE III  
[RESERVED]

ARTICLE IV  
GENERAL PROVISIONS FOR LOANS

Section 4.1 Optional and Mandatory Prepayments.

(a) The Borrower may on the last day of any Interest Period with respect thereto (or at other times with the payment of applicable breakage costs), in the case of Eurodollar Loans, or at any time and from time to time, in the case of Alternate Base Rate Loans, prepay the Loans, in whole or in part, without premium or penalty, upon at least four Business Days' irrevocable notice to the Administrative Agent, specifying (i) the date and amount of prepayment and (ii) whether the prepayment is of Eurodollar Loans, Alternate Base Rate Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, with accrued interest to such date on the amount prepaid. Partial prepayments shall be in an aggregate principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof.

(b) The application of any prepayment pursuant to subsection 4.1(a) shall be made first to Alternate Base Rate Loans and second to Eurodollar Loans and shall be made to the remaining installments of such Loans in the inverse order of their maturity. Each prepayment of the Loans under subsection 4.1(a) shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

Section 4.2 Conversion and Continuation Options.

(a) The Borrower may elect from time to time to convert Eurodollar Loans to Alternate Base Rate Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert Alternate Base Rate Loans to Eurodollar Loans by giving the Administrative Agent at least three Working Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. All or any part of outstanding Eurodollar Loans and Alternate Base Rate Loans may be converted as provided herein, provided that (i) no Loan may be converted into a Eurodollar Loan when any Default or Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined that such a conversion is not appropriate, (ii) any such conversion may only be made if, after giving effect thereto, Section 4.3 shall not have been contravened and (iii) no Loan may be converted into a Eurodollar Loan after the date that is one month prior to the Maturity Date.

(b) Any Eurodollar Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period"

set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such (i) when any Default or Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined that such a continuation is not appropriate, (ii) if, after giving effect thereto, Section 4.3 would be contravened or (iii) after the date that is one month prior to the Maturity Date, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to Alternate Base Rate Loans on the last day of such then expiring Interest Period.

Section 4.3 Minimum Amounts of Tranches. All borrowings, conversions and continuations of Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, (a) the aggregate principal amount of the Loans comprising each Tranche shall be equal to \$2,000,000 or a whole multiple of \$500,000 in excess thereof, and (b) the number of Tranches then outstanding shall not exceed eight.

#### Section 4.4 Interest Rates and Payment Dates.

(a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each Alternate Base Rate Loan shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(c) If all or a portion of (i) the principal amount of any Loan, (ii) any interest payable thereon or (iii) any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is the higher of (A) the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section 4.4 plus 2% and (B) the Alternate Base Rate plus 1%, in each case from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section 4.4 shall be payable from time to time on demand.

#### Section 4.5 Computation of Interest and Fees.

(a) Interest on Alternate Base Rate Loans, commitment fees and interest on overdue interest, commitment fees and other amounts payable hereunder shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. Interest on Eurodollar Loans shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the Alternate Base Rate or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes



effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to subsection 4.4(a).

Section 4.6 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Alternate Base Rate Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be converted to or continued as Alternate Base Rate Loans and (z) any outstanding Eurodollar Loans shall be converted, on the first day of such Interest Period, to Alternate Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans.

Section 4.7 Pro Rata Treatment and Payments. Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Loans shall be made pro rata according to the respective outstanding principal amounts of the Loans then held by the Lenders. All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office specified in Section 11.2, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension and with respect to payments of fees, such fees accruing during such extension shall be payable on the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Working

Day, the maturity thereof shall be extended to the next succeeding Working Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Working Day.

Section 4.8 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert Alternate Base Rate Loans to Eurodollar Loans shall forthwith be cancelled and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Alternate Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 4.11.

Section 4.9 Requirements of Law.

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Note, or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for taxes covered by Section 4.10 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this Section 4.9, it shall promptly notify the Borrower, through the Administrative Agent, of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section 4.9 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

#### Section 4.10 Taxes.

(a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding, in the case of the Administrative Agent, the Collateral Agent and each Lender, net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent, the Collateral Agent or such Lender, as the case may be, as a result of a present or former connection between the jurisdiction of the government or taxing authority imposing such tax and the Administrative Agent, the Collateral Agent or such Lender (excluding a connection arising solely from the Administrative Agent, the Collateral Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement) or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Administrative Agent, the Collateral Agent or any Lender hereunder, the amounts so payable to the Administrative Agent, the Collateral Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent, the Collateral Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement. Whenever any Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account, for the account of the Collateral Agent or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent, the Collateral Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent, the Collateral Agent or any Lender as a result of any such failure. The agreements in this Section 4.10 shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

(b) Each Lender that is not incorporated under the laws of the United States of America or a state thereof shall:

(i) deliver to the Borrower and the Administrative Agent (A) two duly completed copies of United States Internal Revenue Service Form W8-ECI or W8-BEN, or successor applicable form, as the case may be, and (B) an Internal Revenue Service Form W-8 or W-9, or successor applicable form, as the case may be;

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent;

unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent. Such Lender shall certify (i) in the case of a Form W8-ECI or W8-BEN, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and (ii) in the case of a Form W-8 or W-9, that it is entitled to an exemption from United States backup withholding tax. Each Person that shall become a Lender or a Participant pursuant to Section 11.6 shall, upon the effectiveness of the related transfer, be required to provide all of the forms and statements required pursuant to this Section 4.10, provided that in the case of a Participant such Participant shall furnish all such required forms and statements to the Lender from which the related participation shall have been purchased.

Section 4.11 Indemnity. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Borrower in payment when due of the principal amount of or interest on any Eurodollar Loan, (b) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (c) default by the Borrower in making any prepayment after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (d) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

Section 4.12 Lenders Obligation to Mitigate. Each Lender agrees that, as promptly as practicable after it becomes aware that it has been or will be affected by the occurrence of an event or the existence of a condition described under Section 4.8 or subsection 4.9(a) or 4.10(a), it will, to the extent not inconsistent with such Lender's internal policies, use its best efforts (a) to provide written notice to the Borrower describing such condition and the anticipated effect thereof and (b) to make, fund or maintain the affected Eurodollar Loans of such Lender through

another lending office of such Lender if as a result thereof the additional moneys which would otherwise be required to be paid in respect of such Loans pursuant to Section 4.8 or subsection 4.9(a) or 4.10(a) would be materially reduced or the illegality or other adverse circumstances which would otherwise require such payment pursuant to Section 4.8 or subsection 4.9(a) or 4.10(a) would cease to exist and if, as determined by such Lender, in its sole discretion, the making, funding or maintaining of such Loans through such other lending office would not otherwise adversely affect such Loans or such Lender. The Borrower hereby agrees to pay all reasonable expenses incurred by any Lender in utilizing another lending office of such Lender pursuant to this Section 4.12.

Section 4.13 Acquisition; Disposition; Redesignation. If the Borrower or any of its Subsidiaries that is a Restricted Subsidiary acquires any Acquired Business or makes any sale or disposition of any assets or property having a value in excess of \$5,000,000 pursuant to subsection 8.6(b) or there is a Redesignation of any Subsidiary during any Calculation Period, Consolidated EBITDA, Consolidated Tangible Net Worth, Consolidated Interest Expense, and Consolidated Total Indebtedness for such Calculation Period will be determined on a pro forma basis as if such Acquired Business were acquired, such assets or property was sold or disposed of or such Redesignation occurred, on the first day thereof. Such pro forma adjustments will be subject to delivery to the Administrative Agent of a certificate of a Responsible Officer of the Borrower. Such certificate may be delivered at any time with respect to any Redesignation and at any time after the last day of the first fiscal quarter of the Borrower to end after the related acquisition date with respect to any Acquired Business or the related disposition date with respect to any such sale or disposition. Each such certificate shall be accompanied by supporting information and calculations with respect to each such Acquired Business, sale or disposition or Redesignation and such other information as any Lender, through the Administrative Agent, may reasonably request.

Section 4.14 Redesignated Senior Indebtedness. The Borrower hereby designates all Obligations of the Borrower and its Subsidiaries under this Agreement and the other Loan Documents as "Designated Senior Debt," as such term is defined in the Senior Subordinated Note Indentures.

#### ARTICLE V REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

Section 5.1 Financial Condition.(a) The unaudited pro forma combined balance sheet of the Borrower and its Subsidiaries as of the Original Closing Date and the unaudited pro forma combined income statements of the assets acquired by the Borrower and its Subsidiaries pursuant to the Acquisition (together with the data needed to calculate Consolidated EBITDA) for each of the years ended December 31, 2000 and December 31, 2001, respectively, copies of which have been heretofore been furnished to the Administrative Agent and each Lender, present fairly on an actual basis, with respect to the balance sheet, the financial position of the Borrower and its Subsidiaries on the Original Closing Date and on a historical basis, with respect to the income statements, the financial position of the assets acquired by the Borrower and its Subsidiaries pursuant to the Acquisition, for the periods covered thereby, and are based on good

faith assumptions believed by the management of the Borrower to be reasonable at the time made.

(b) The Projections delivered to the Administrative Agent and the Lenders prior to the Original Closing Date have been prepared in good faith and are based on reasonable assumptions on the Original Closing Date, and there are no statements or conclusions in the Projections which are based upon or include information known to the Borrower on the Original Closing Date to be misleading in any material respect or which fail to take into account material information known to the Borrower on the Original Closing Date regarding the matters reported therein. On the Original Closing Date, Borrower believed that the Projections were reasonable; it being recognized by the Administrative Agent and the Lenders, however, that projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by the Projections may differ from the projected results and such differences may be material.

(c) The consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at June 30, 2002 and the related consolidated statements of operations and of cash flows for the six months ended June 30, 2002, respectively, copies of which have heretofore been furnished to each Lender, present fairly the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date, and the consolidated results of their operations and their consolidated cash flows for the six-month period then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by such accountants and as disclosed therein and, with respect to the June 30, 2002 financial statements, for the absence of footnotes and year-end adjustments). Except as set forth on Schedule 5.1 or as permitted by subsection 8.4(c), neither the Borrower nor any of its consolidated Subsidiaries had, at the date of the most recent balance sheet referred to above, any material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the notes thereto. Except as set forth on Schedule 5.1, during the period from June 30, 2002 to and including the Restatement Closing Date there has been no sale, transfer or other disposition by the Borrower or any of its consolidated Subsidiaries of any material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any other Person) material in relation to the consolidated financial condition of the Borrower and its consolidated Subsidiaries at June 30, 2002.

(d) The consolidated balance sheet of EPN and its consolidated Subsidiaries as at June 30, 2002 and the related consolidated statements of operations and of cash flows for the six months ended June 30, 2002, respectively, copies of which have heretofore been furnished to each Lender, present fairly the consolidated financial condition of EPN and its consolidated Subsidiaries as at such date, and the consolidated results of their operations and their consolidated cash flows for the six-month period then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by such accountants and as disclosed therein and, with respect to the June 30, 2002 financial statements, for the absence of footnotes and year-end adjustments). Except as set forth on Schedule 5.1 or as

permitted by subsection 8.4(c), neither EPN nor any of its consolidated Subsidiaries had, at the date of the most recent balance sheet referred to above, any material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the notes thereto. Except as set forth on Schedule 5.1, during the period from June 30, 2002 to and including the Restatement Closing Date there has been no sale, transfer or other disposition by EPN or any of its consolidated Subsidiaries of any material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any other Person) material in relation to the consolidated financial condition of EPN and its consolidated Subsidiaries at June 30, 2002.

Section 5.2 No Change. Since December 31, 2001 (but for this purpose, assuming that the Transaction had occurred immediately prior thereto), (a) there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect and (b) no dividends or other distributions have been declared, paid or made upon the Equity Interests of the Borrower except as permitted by Section 8.7, nor has any of the Equity Interests of the Borrower been redeemed, retired, purchased or otherwise acquired for value by the Borrower or any of its Subsidiaries.

Section 5.3 Existence; Compliance with Law. Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation, limited partnership, or limited liability company, as the case may be, and, where applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

#### Section 5.4 Power; Authorization; Enforceable Obligations.

(a) The Borrower has the power and authority, and the legal right, to make, deliver and perform this Agreement, the Notes and the other Loan Documents to which it is a party and to borrow hereunder and has taken all necessary action to authorize the borrowings on the terms and conditions of this Agreement and the Notes and to authorize the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or the Notes. This Agreement has been, and each Note has been or will be, duly executed and delivered on behalf of the Borrower. This Agreement constitutes, and each Note and each other Loan Document to which the Borrower is a party when executed and delivered will constitute, a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of

creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) Each of the Subsidiary Guarantors has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Loan Documents to which such Subsidiary Guarantor is a party. Each of the Loan Documents to which such Subsidiary Guarantor is a party will be duly executed and delivered on behalf of such Subsidiary Guarantor. Each Loan Document to which such Subsidiary Guarantor is a party will, when executed and delivered, constitute a legal, valid and binding obligation of such Subsidiary Guarantor enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 5.5 No Legal Bar. The execution, delivery and performance of this Agreement, the Notes and the other Loan Documents, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or Contractual Obligation of any Loan Party, or, to the best knowledge of the Borrower, any Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any such Requirement of Law or Contractual Obligation.

Section 5.6 No Material Litigation. Except as set forth on Schedule 5.6, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries, or, to the best knowledge of the Borrower, any Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, or against any of its or their respective properties or revenues (a) with respect to this Agreement, the Notes or any of the other Loan Documents or any of the transactions contemplated hereby or thereby, or (b) which could reasonably be expected to have a Material Adverse Effect.

Section 5.7 No Default. As of the Restatement Closing Date, all Contractual Obligations of the Borrower, the General Partner, the Limited Partner and each of the Subsidiaries of the Borrower that is a Subsidiary Guarantor are in full force and effect except in any respect which could not reasonably be expected to have a Material Adverse Effect. No Loan Party, and, to the best knowledge of the Borrower, no Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, is in default under or with respect to any of its Contractual Obligations in any respect which could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.



Section 5.8 Ownership of Property; Liens. Each of the Borrower and its Subsidiaries that is a Restricted Subsidiary has good record and marketable title in fee simple to, or a valid leasehold interest in, all its real property necessary for its operations as then conducted, and good title to, or a valid leasehold interest in, all its other property, and none of such property necessary for its operations as then conducted is subject to any Lien except as permitted by Section 8.3.

Section 5.9 Intellectual Property. The Borrower and each of its Subsidiaries that is a Restricted Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted except for those the failure to own or license which could not have a Material Adverse Effect (the "Intellectual Property"). No claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of such Intellectual Property by the Borrower and its Subsidiaries that is a Restricted Subsidiary does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, do not have a Material Adverse Effect.

Section 5.10 No Burdensome Restrictions. The Borrower, in good faith, does not believe any Requirement of Law or Contractual Obligation of the Borrower or any of its Subsidiaries that is a Restricted Subsidiary could reasonably be expected to have a Material Adverse Effect.

Section 5.11 Taxes. Each of the Borrower and its Subsidiaries has filed or caused to be filed all tax returns which, to the knowledge of the Borrower, are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be); no tax Lien has been filed, and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax, fee or other charge.

Section 5.12 Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect or for any purpose which violates the provisions of the Regulations of such Board of Governors. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

Section 5.13 ERISA. No Loan Party has or is a party to, or has any matured or contingent obligations under, any Plans.

Section 5.14 Investment Company Act; Other Regulations. The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. The Borrower is not subject to

regulation under any Federal or State statute or regulation which limits its ability to incur Indebtedness.

Section 5.15 Subsidiaries. The Persons set forth on Schedule 5.15 constitute all of the Subsidiaries of the Borrower as of the Restatement Closing Date and the percentage of the Equity Interests owned by the Borrower in each such Person as of such date. Except for MIAGS, each of the Subsidiaries listed on Schedule 5.15 is as of the Restatement Closing Date, a Restricted Subsidiary. As of the Restatement Closing Date, there are no Joint Ventures.

Section 5.16 Purpose of Loans. All proceeds of the Initial Term Loans (as defined in the Existing EPNHC Credit Agreement) were used on the Original Closing Date to finance a portion of the Acquisition and to pay related fees and expenses. All proceeds of the Additional Term Loans (as defined in the Existing EPNHC Credit Agreement) were used on or prior to the Additional Term Loan Borrowing Date (as defined in the Existing EPNHC Credit Agreement) to repay the Indian Basin Indebtedness (as defined in the Existing EPNHC Credit Agreement).

Section 5.17 Environmental Matters. Except as set forth on Schedule 5.17:

(a) To the best knowledge of the Borrower, the Properties do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations which (i) constitute or constituted a violation of, or (ii) give rise to liability under, any Environmental Law, except in either case insofar as such violation or liability, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(b) To the best knowledge of the Borrower, the Properties and all operations at the Properties are in compliance, and have in the period commencing six months prior to the date hereof been in compliance, in all material respects with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the business operated by the Borrower or any of its Subsidiaries or any Joint Venture (the "Business") which could materially interfere with the continued operation of any material Property or which could reasonably be expected to have a Material Adverse Effect.

(c) Neither the Borrower nor any of its Subsidiaries nor, to the best knowledge of the Borrower, any Joint Venture has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the Business, nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened except insofar as such notice or threatened notice, or any aggregation thereof, does not involve a matter or matters that is or could reasonably be expected to result in the payment of a Material Environmental Amount.

(d) To the best knowledge of the Borrower, Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location which could reasonably be expected to give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated,

stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could reasonably be expected to give rise to liability under, any applicable Environmental Law except insofar as any such violation or liability referred to in this paragraph, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which the Borrower or any Subsidiary, or, to the best knowledge of the Borrower, any Joint Venture, is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business except insofar as such proceeding, action, decree, order or other requirement, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(f) To the best knowledge of the Borrower, there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of the Borrower or any Subsidiary or any Joint Venture, in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws except insofar as any such violation or liability referred to in this paragraph, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(g) There are no Liens arising under or pursuant to any Environmental Laws on any of the real properties or properties owned or leased by any Loan Party, and no government actions have been taken or are in process which could subject any of such properties to such Liens and no Loan Party would be required to place any notice or restriction relating to the presence of Hazardous Materials at any properties owned by it in any deed to such properties.

(h) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or which are in the possession of any Loan Party in relation to any properties or facility now or previously owned or leased by any Loan Party which have not been made available to the Lenders.

Section 5.18 Accuracy and Completeness of Information. The factual statements contained in the financial statements (other than financial projections) referred to in Section 5.1, the Loan Documents, the Confidential Information Memorandum dated March 2002, the Confidential Information Memorandum dated July 2002 and any other certificates or documents furnished or to be furnished (but only, with respect to documents furnished after the Restatement Closing Date, documents provided pursuant to subsection 7.2(d)) to the Administrative Agent or the Lenders from time to time in connection with this Agreement, taken as a whole, do not and will not, to the knowledge of the Borrower, as of the date when made, contain any untrue statement of a material fact or omit to state a material fact (other than omissions that pertain to matters of a general economic nature, matters generally known to the Administrative Agent or matters of public knowledge that generally affect any of the industry segments included in the Business of the Borrower, its Subsidiaries or any Joint Venture) necessary in order to make the

statements contained therein not misleading in light of the circumstances in which the same were made, such knowledge qualification being given only with respect to factual statements made by Persons other than the Borrower, and all financial projections contained in any such document or certificate have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable.

Section 5.19 Security Documents. The Pledge Agreements are each effective to create in favor of the Collateral Agent, for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, a legal, valid and enforceable security interest in the respective Interests described therein and proceeds thereof, and the Pledge Agreements each constitute a fully perfected first Lien on, and security interest in, all right, title and interest of EPN, the Borrower, the General Partner, the Limited Partner and the Subsidiary Guarantors, respectively, in such Interests and Pledged Certificates described therein and in proceeds thereof superior in right to any other Person (subject to the Liens permitted pursuant to Section 8.3). Each Security Agreement is effective to create in favor of the Collateral Agent, for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, a legal, valid and enforceable security interest in the respective collateral described therein and proceeds thereof, and the Security Agreements constitute fully perfected, first priority Liens on, and security interests in (subject to the Liens permitted pursuant to Section 8.3), all right, title and interest of EPEPC, EPN, the Borrower, the General Partner, the Limited Partner and the Subsidiary Guarantors, respectively, in such collateral and the proceeds thereof superior in right to any other Person other than Liens permitted hereby.

Section 5.20 Solvency. The Borrower and its Subsidiaries, on a consolidated basis, are Solvent.

Section 5.21 Transaction. At the time of the consummation thereof, the Transaction was consummated in all material respects in accordance with the terms of the respective Transaction Documents and all applicable laws. All actions taken by any Loan Party pursuant to or in furtherance of the Transaction have been taken in all material respects in compliance with the respective Transaction Documents and all applicable laws.

Section 5.22 Insurance. Schedule 5.22 sets forth a true and complete description of all insurance maintained by the Borrower and its Subsidiaries as of the Restatement Closing Date, with the amounts insured (and any deductibles) set forth therein.

Section 5.23 Senior Debt. The Obligations, as guaranteed by EPN pursuant to the EPN Guarantee, constitute "Senior Debt" of EPN under and as defined in the Senior Subordinated Note Indentures. The obligations of the Borrower and each other Subsidiary Guarantor under the Loan Documents to which it is a party constitute "Guarantor Senior Debt" of such Person under and as defined in the Senior Subordinated Note Indentures.

#### ARTICLE VI CONDITIONS PRECEDENT

Section 6.1 Conditions to Initial Extensions of Credit. The agreement of each Lender (as defined in the Existing EPNHC Credit Agreement) to make the initial extension of credit

requested to be made by it was subject to the satisfaction, immediately prior to or concurrently with the making of such extension of credit on the Original Closing Date, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received (i) the Existing EPNHC Credit Agreement, executed and delivered by a duly authorized officer of the Borrower, (ii) for the account of each Lender (as defined in the Existing EPNHC Credit Agreement) which requests the same, a Revolving Credit Note (as defined in the Existing EPNHC Credit Agreement) and/or a Term Note (as defined in the Existing EPNHC Credit Agreement), as applicable, executed and delivered by a duly authorized officer of the Borrower, and (iii) each of the Guarantees (as defined in the Existing EPNHC Credit Agreement) and Security Documents (as defined in the Existing EPNHC Credit Agreement), executed and delivered by a duly authorized officer of each Loan Party (as defined in the Existing EPNHC Credit Agreement) thereto and satisfactory in form to the Administrative Agent.

(b) Related Agreements. The Administrative Agent shall have received true and correct copies, certified as to authenticity by the Borrower, of the Partnership Agreement (as defined in the Existing EPNHC Credit Agreement), the certificate of limited partnership of the Borrower, the limited liability company agreement, limited partnership agreement, or other equivalent governance documents, as the case may be, of each Subsidiary of the Borrower, the General Partner and the Limited Partner, and such other documents or instruments as may be reasonably requested by the Administrative Agent.

(c) Borrowing Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated the Original Closing Date, substantially in the form of Exhibit K to the Existing EPNHC Credit Agreement, with appropriate insertions and attachments, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President of the Borrower and the Secretary or any Assistant Secretary of the Borrower.

(d) Partnership Proceedings of the Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Members of the General Partner authorizing on behalf of the Borrower (i) the execution, delivery and performance of the Existing EPNHC Credit Agreement and the other Loan Documents (as defined in the Existing EPNHC Credit Agreement) to which the Borrower is a party, (ii) the borrowings contemplated hereunder and (iii) the granting by the Borrower of the Liens created pursuant to the Security Documents (as defined in the Existing EPNHC Credit Agreement) to which it is a party, certified by the Secretary or an Assistant Secretary of the General Partner on behalf of the Borrower as of the Original Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded (except in connection with the Reorganization Transactions (as defined in the Existing EPNHC Credit Agreement)).

(e) Borrower's Incumbency Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated the Original Closing Date, as to the incumbency and signature of the officers of the Borrower executing any Loan Document (as defined in the

Existing EPNHC Credit Agreement), satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of the Borrower.

(f) Corporate Proceedings of the Borrower Partners. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of both the Managing Members of the General Partner and the general partner of the Limited Partner authorizing (i) the execution, delivery and performance of the Loan Documents (as defined in the Existing EPNHC Credit Agreement) to which the General Partner or the Limited Partner, as applicable, is a party and (ii) the granting by the General Partner or the Limited Partner, as applicable, of the Liens created pursuant to the Security Documents (as defined in the Existing EPNHC Credit Agreement) to which it is a party, certified by the Secretary or an Assistant Secretary of the General Partner or the Limited Partner, as applicable, as of the Original Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded (except in connection with the Reorganization Transactions (as defined in the Existing EPNHC Credit Agreement)).

(g) Borrower Partners' Incumbency Certificates. The Administrative Agent shall have received both a certificate of each of the Borrower Partners (as defined in the Existing EPNHC Credit Agreement), dated the Original Closing Date, as to the incumbency and signature of the officers of the General Partner or the Limited Partner, as applicable, executing any Loan Document (as defined in the Existing EPNHC Credit Agreement), satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of the General Partner or the Limited Partner, as applicable.

(h) Proceedings of Subsidiaries. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Member(s), the Board of Directors, or the Managing Members of the General Partner, as applicable, of each Subsidiary of the Borrower which is a party to a Loan Document (as defined in the Existing EPNHC Credit Agreement) authorizing (i) the execution, delivery and performance of the Loan Documents (as defined in the Existing EPNHC Credit Agreement) to which it is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents (as defined in the Existing EPNHC Credit Agreement) to which it is a party, certified by the Secretary or an Assistant Secretary of such Subsidiary as of the Original Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded (except in connection with the Reorganization Transactions (as defined in the Existing EPNHC Credit Agreement)).

(i) Subsidiary Incumbency Certificates. The Administrative Agent shall have received a certificate of each Subsidiary of the Borrower which is a Loan Party (as defined in the Existing EPNHC Credit Agreement), dated the Original Closing Date, as to the incumbency and signature of the officers of such Subsidiary executing any Loan Document (as defined in the Existing EPNHC Credit Agreement), satisfactory in form and substance to the Administrative

Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of each such Subsidiary.

(j) Corporate Documents. The Administrative Agent shall have received true and complete copies of the certificate of formation, certificate of limited partnership or equivalent document, as the case may be, of the General Partner, the Limited Partner, and each Subsidiary of the Borrower, certified as of the Original Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of such Subsidiary.

(k) Consummation of the Transaction. (i) There shall have been delivered to the Administrative Agent true and correct copies of the Acquisition Documents. The Acquisition Documents shall be in form and substance reasonably satisfactory to the Administrative Agent and shall not have been amended in any material respect without the consent of the Administrative Agent. All of the conditions precedent to the consummation of the Acquisition as set forth in the Acquisition Documents shall have been satisfied (and not waived, unless consented to by the Administrative Agent) to the reasonable satisfaction of the Administrative Agent. The Acquisition shall, substantially contemporaneously with the funding of the Initial Term Loans (as defined in the Existing EPNHC Credit Agreement), be consummated in accordance with the terms and conditions of the Acquisition Documents and all applicable laws. In addition, all assets acquired by the Borrower and its Subsidiaries pursuant to the Acquisition shall be free and clear from any Liens.

(ii) (A) The Equity Contribution shall have been paid or otherwise effected in form and in substance satisfactory to the Administrative Agent and (B) the proceeds of the cash portion of the Equity Contribution shall have been used to make payments owing in connection with the Transaction, and the remaining portion of the Equity Contribution shall have been effected in connection with the Transaction, substantially contemporaneously with the use of the proceeds of the Initial Term Loans (as defined in the Existing EPNHC Credit Agreement) incurred on the Original Closing Date for such purpose. The Equity Contribution shall have been consummated in accordance with all applicable laws.

(l) Consents, Licenses and Approvals. The Administrative Agent shall have received, with a counterpart for each Lender (as defined in the Existing EPNHC Credit Agreement), a certificate of a Responsible Officer of the Borrower (i) attaching copies of all consents, authorizations and filings referred to in Section 5.4, and (ii) stating that such consents, licenses and filings are in full force and effect, and each such consent, authorization and filing shall be in form and substance satisfactory to the Administrative Agent.

(m) Fees. The Administrative Agent and each Lender (as defined in the Existing EPNHC Credit Agreement) shall have received the fees to be received on or before the Original Closing Date as separately agreed to between each of them and the Borrower.

(n) Legal Opinions. The Administrative Agent shall have received, with a counterpart for each Lender (as defined in the Existing EPNHC Credit Agreement), the executed legal opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel to the Borrower and the other Loan Parties (as defined in the Existing EPNHC Credit Agreement), addressed to the

Administrative Agent and each Lender (as defined in the Existing EPNHC Credit Agreement) in form and substance reasonably satisfactory to the Administrative Agent.

(o) Pledged Stock; Stock Powers. The Administrative Agent shall have received the certificates, if any, representing the limited partnership interests, limited liability company interests and general partnership interests pledged pursuant to each of the Pledge Agreements (as defined in the Existing EPNHC Credit Agreement), together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(p) Lien Searches. The Administrative Agent shall have received lien searches reflecting no prior Liens on the Collateral (as defined in the Existing EPNHC Credit Agreement).

(q) Actions to Perfect Liens. The Administrative Agent shall have received evidence in form and substance satisfactory to it that all filings, recordings, registrations and other actions, including, without limitation, the filing of duly completed financing statements on form UCC-1 and amendments to financing statements on form UCC-3, necessary or, in the opinion of the Administrative Agent, desirable to perfect the Liens created by the Security Documents (as defined in the Existing EPNHC Credit Agreement) shall have been completed (subject only to filings thereof to be completed within 10 days of the Original Closing Date).

(r) Insurance.

(i) The Administrative Agent shall have received evidence in form and substance satisfactory to it that all of the requirements of Section 7.5 shall have been satisfied.

(ii) The Lenders (as defined in the Existing EPNHC Credit Agreement) shall be satisfied with, the amount, coverage and carriers of the insurance carried by the Borrower and its Subsidiaries (as set forth in Schedule 5.22).

(s) Good Standing Certificates. The Administrative Agent shall have received copies of certificates dated as of a recent date from the Secretary of State or other appropriate authority of such jurisdiction, evidencing the good standing of the Borrower and each other Loan Party (as defined in the Existing EPNHC Credit Agreement) in each state where the ownership, lease or operation of property or the conduct of business requires it to qualify as a foreign corporation, partnership or limited liability company, as the case may be.

(t) Litigation, Etc. Except as set forth on Schedule 5.6 to the Existing EPNHC Credit Agreement, no suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction, order, or judgment by a state or federal court shall have been entered (i) in connection with any Loan Document (as defined in the Existing EPNHC Credit Agreement) or any of the transactions contemplated hereby or thereby or (ii) which, in any such case could reasonably be expected to have a Material Adverse Effect.



(u) Consents. All material governmental and third party approvals (or arrangements satisfactory to the Lenders (as defined in the Existing EPNHC Credit Agreement) in lieu of such approvals) necessary or advisable in connection with the Transaction or the financings or other transactions contemplated hereby and by the other Loan Documents (as defined in the Existing EPNHC Credit Agreement) and the continuing operations of the Borrower and its Subsidiaries shall have been obtained and be in full force and effect, and all material applicable waiting periods shall have expired without any action being taken by any competent authority which restrains, prevents, or imposes materially adverse conditions upon, the consummation of the Transaction or the financings or other transactions contemplated hereby. No judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions upon, or making economically unfeasible, the consummation of the Transaction or the transactions contemplated by the Transaction shall have been entered.

(v) Material Adverse Effect. No event which has or could have a Material Adverse Effect shall have occurred.

(w) Financial Statements. The Administrative Agent shall have received, with a counterpart for each Lender (as defined in the Existing EPNHC Credit Agreement), complete copies of the financial statements and Projections described in Section 5.1 of the Existing EPNHC Credit Agreement.

(x) Subsidiaries. Except MIAGS, each of the Loan Parties (as defined in the Existing EPNHC Credit Agreement) shall be a wholly-owned, indirect subsidiary of EPN.

(y) Leverage Ratio. (i) On the Original Closing Date (and immediately after giving effect to the Transaction and the related financings), the Leverage Ratio for the year ended December 31, 2001 (calculated as if the Borrower or its Subsidiaries had acquired the assets acquired pursuant to the Acquisition on the first day of such period) shall be no greater than 5.50:1.00 and (ii) the Administrative Agent shall have received a certificate of the Borrower's chief financial officer certifying (and showing the calculations therefor in reasonable detail) as to such Leverage Ratio on the Original Closing Date (it being understood that any pro forma adjustments from the actual Consolidated EBITDA for the year ended December 31, 2001 of the assets acquired pursuant to the Acquisition shall be reasonably satisfactory to the Administrative Agent).

(z) Second Amendment. The Administrative Agent shall have received a copy of the Second Amendment (as defined in the Existing EPNHC Credit Agreement), executed and delivered by a duly authorized officer of EPN, El Paso Energy Partners Finance Corporation, JPMorgan and the Required Lenders (as such term is defined in the Existing EPN Credit Agreement).

(aa) Additional Matters. All corporate, company, partnership and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by the Existing EPNHC Credit Agreement and the other Loan Documents (as defined in the Existing EPNHC Credit Agreement) shall be reasonably satisfactory in form and substance to the Lenders (as defined in the Existing EPNHC Credit Agreement), and the Lenders (as defined in the Existing EPNHC Credit Agreement) shall have

received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as any of them shall reasonably request.

Section 6.2 Conditions to Restatement. The closing and effectiveness of this Agreement is subject to the satisfaction, immediately prior to or concurrently with such closing on the Restatement Closing Date, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of the Borrower and by the Required Lenders, (ii) for the account of each Lender which requests the same, a Note executed and delivered by a duly authorized officer of the Borrower, and (iii) each of the Guarantees and Security Documents, executed and delivered by a duly authorized officer of each Loan Party thereto and satisfactory in form to the Administrative Agent.

(b) Related Agreements. The Administrative Agent shall have received true and correct copies, certified as to authenticity by the Borrower, of the Partnership Agreement, the certificate of limited partnership of the Borrower, the limited liability company agreement, limited partnership agreement, or other equivalent governance documents, as the case may be, of each Subsidiary of the Borrower, the General Partner and the Limited Partner, and such other documents or instruments as may be reasonably requested by the Administrative Agent.

(c) EPN Credit Agreement. The Administrative Agent shall have received the EPN Credit Agreement, executed by a duly authorized officer of each of EPN, EPEPFC and the EPN Lenders party thereto and delivered by a duly authorized officer of each party thereto; provided, that, such execution and delivery may be substantially contemporaneous with the execution of this Agreement. All conditions precedent to the EPN Credit Agreement shall have been satisfied or waived.

(d) EPNHC Revolving Credit Loans. The Administrative Agent shall have received satisfactory evidence as to the termination of the Revolving Credit Commitments (as defined in the Existing EPNHC Credit Agreement) and the repayment of all Revolving Credit Loans (as defined in the Existing EPNHC Credit Agreement).

(e) Accrued Interest and Fees. The Borrower shall have paid to the Administrative Agent all unpaid interest, commitment fees and letter of credit commissions accrued under the Existing EPNHC Credit Agreement through the Restatement Closing Date.

(f) Partnership Proceedings of the Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Members of the General Partner authorizing on behalf of the Borrower (i) the execution, delivery and performance of this Agreement and the other Loan Documents to which the Borrower is a party and (ii) the granting by the Borrower of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of the General Partner on behalf of the Borrower as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(g) Borrower's Incumbency Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated the Restatement Closing Date, as to the incumbency and signature of the officers of the Borrower executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of the Borrower.

(h) Partnership Proceedings of EPN. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of EPEPC authorizing on behalf of EPN (i) the execution, delivery and performance of the EPN Credit Agreement and the other Loan Documents to which EPN is a party, and (ii) the granting by EPN of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of EPEPC on behalf of EPN as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(i) EPN and EPEPFC Incumbency Certificates. The Administrative Agent shall have received a certificate of EPN and EPEPFC, dated the Restatement Closing Date, as to the incumbency and signature of the officers of EPN and EPEPFC, respectively, executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of EPN and EPEPFC, respectively.

(j) Corporate Proceedings of EPEPFC. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of EPEPFC authorizing (i) the execution, delivery and performance of the Loan Documents to which EPEPFC is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of EPEPFC as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(k) Corporate Proceedings of EPEPC. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of EPEPC authorizing (i) the execution, delivery and performance of the Loan Documents to which EPEPC is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of EPEPC as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(l) EPEPC Incumbency Certificate. The Administrative Agent shall have received a certificate of EPEPC, dated the Restatement Closing Date, as to the incumbency and signature of the officers of EPEPC executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating

Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of EPEPC.

(m) Proceedings of the Subsidiaries of EPN and the Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Member or the Board of Directors, as applicable, of each Subsidiary of EPN that is a party to a Loan Document authorizing (i) the execution, delivery and performance of the Loan Documents to which it is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of such Subsidiary as of the Restatement Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(n) Subsidiary Incumbency Certificates. The Administrative Agent shall have received a certificate of each Subsidiary of EPN that is a Loan Party, dated the Restatement Closing Date, as to the incumbency and signature of the officers of such Subsidiary executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of each such Subsidiary.

(o) Corporate Documents. The Administrative Agent shall have received true and complete copies of the certificate of formation, certificate of limited partnership or equivalent document, as the case may be, of EPEPC, EPN, EPEPFC and each Subsidiary of EPN that is a party to a Loan Document, certified as of the Restatement Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of such entity.

(p) Consents, Licenses and Approvals. The Administrative Agent shall have received, with a counterpart for each Lender, a certificate of a Responsible Officer of the Borrower (i) attaching copies of all consents, authorizations and filings referred to in Section 5.4, and (ii) stating that such consents, licenses and filings are in full force and effect, and each such consent, authorization and filing shall be in form and substance satisfactory to the Administrative Agent.

(q) Fees. The Administrative Agent and each Lender shall have received the fees to be received on or before the Restatement Closing Date as separately agreed to between each of them and the Borrower or EPN.

(r) Legal Opinions. The Administrative Agent shall have received, with a counterpart for each Lender, (i) the executed legal opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel to the Borrower and the other Loan Parties, and (ii) the executed legal opinion of Robert W. Baker, Esq., in-house counsel to the Borrower and the other Loan Parties as to certain matters, each addressed to the Administrative Agent, the Collateral Agent and each Lender in form and substance reasonably satisfactory to the Administrative Agent.

(s) Actions to Perfect Liens. The Collateral Agent shall have received evidence in form and substance satisfactory to it that all filings, recordings, registrations and other actions, including, without limitation, the filing of duly completed financing statements on form UCC-1 and amendments to financing statements on form UCC-3, necessary or, in the opinion of the Collateral Agent, desirable to perfect the Liens created by the Security Documents shall have been completed (subject only to filings thereof to be completed within 10 days of the Restatement Closing Date).

(t) Good Standing Certificates. The Administrative Agent shall have received copies of certificates dated as of a recent date from the Secretary of State or other appropriate authority of such jurisdiction, evidencing the good standing of the Borrower and each other Loan Party in each state where the ownership, lease or operation of property or the conduct of business requires it to qualify as a foreign corporation, partnership or limited liability company, as the case may be.

(u) Senior Subordinated Notes. EPN shall have reasonably demonstrated to the Administrative Agent, in a certificate delivered by a Responsible Officer of EPN, that the Obligations and the guarantees thereof under the Loan Documents are permitted under the Senior Subordinated Note Indentures and constitute "Senior Debt" or "Guarantor Senior Debt," as applicable, under the Senior Subordinated Note Indentures.

(v) Litigation, Etc. Except as set forth on Schedule 5.6, no suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction, order, or judgment by a state or federal court shall have been entered (i) in connection with any Loan Document or any of the transactions contemplated hereby or thereby or (ii) which, in any such case could reasonably be expected to have a Material Adverse Effect.

(w) Consents. All material governmental and third party approvals (or arrangements satisfactory to the Lenders in lieu of such approvals) necessary or advisable in connection with the financings or other transactions contemplated hereby and by the other Loan Documents and the continuing operations of the Borrower and its Subsidiaries shall have been obtained and be in full force and effect.

(x) Material Adverse Effect. No event which has or could have a Material Adverse Effect shall have occurred.

(y) Financial Statements. The Administrative Agent shall have received, with a counterpart for each Lender, complete copies of the financial statements and Projections described in Section 5.1(c).

(z) Subsidiaries. As of the Restatement Closing Date, each Subsidiary Guarantor shall be a wholly-owned, direct or indirect Subsidiary of EPN.

(aa) Letters of Credit. Any Letters of Credit (as defined in the Existing EPNHC Credit Agreement) that shall have been issued under the Existing EPNHC Credit

Agreement shall have been surrendered by the beneficiary in exchange for a like Letter of Credit (as defined in the EPN Credit Agreement) issued under the EPN Credit Agreement.

(bb) Additional Matters. All corporate, company, partnership and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Loan Documents shall be reasonably satisfactory in form and substance to the Lenders, and the Lenders shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as any of them shall reasonably request.

ARTICLE VII  
AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as any Obligation remains outstanding and unpaid, the Borrower shall and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries that is a Restricted Subsidiary and, with respect to Section 7.13, each of its Unrestricted Subsidiaries, to:

Section 7.1 Financial Statements. Furnish to the Administrative Agent, with copies for the Lenders and the Collateral Agent:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower (beginning with the fiscal year ending December 31, 2002), the unaudited consolidating balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year and the related unaudited consolidating statements of income and retained earnings and of cash flows of the Borrower and its consolidated Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects when considered in relation to the consolidating financial statements of the Borrower and its consolidated Subsidiaries;

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated and consolidating balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated and consolidating statements of income and retained earnings and of cash flows of the Borrower and its consolidated Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects when considered in relation to the consolidated and consolidating financial statements of the Borrower and its consolidated Subsidiaries (subject to normal year-end audit adjustments);

(c) [Reserved];

(d) as soon as available, but in any event within 120 days after the end of each fiscal year of each material Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, a copy of the audited balance sheet of such Joint Venture, as at the end of such year and the related unaudited statements of income and retained

earnings and of cash flows of such Joint Venture, for such year, setting forth in each case in a comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by independent certified public accountants of nationally recognized standing;

(e) concurrently with the delivery of the financial statements referred to in subsection 7.1(b), the unaudited balance sheet of each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, as at the end of each such quarter of such Joint Venture, and the related unaudited consolidated statements of income and retained earnings and of cash flows of such Joint Venture, for such month and the portion of the fiscal year through the end of such month, setting forth in each case in comparative form the figures for the previous year, in each case received by the Borrower or any of its Subsidiaries during such fiscal quarter; and

(f) a copy of each financial statement, on the same terms and timing, as is described in Section 7.1 of the EPN Credit Agreement.

all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and (except for the financial statements of any Joint Venture) in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein and, with respect to unaudited interim financial statements, for the absence of footnotes and year-end adjustments).

Section 7.2 Certificates; Other Information. Furnish to the Administrative Agent, with copies for the Lenders and the Collateral Agent:

(a) concurrently with the delivery of the financial statements referred to in subsection 7.1(f), a certificate of the independent certified public accountants reporting on the audited financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default (as each such term is defined in the EPN Credit Agreement) relating to accounting issues, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) and 7.1(b), a certificate of a Responsible Officer of EPN or the Borrower, (i) stating that, to the best of such Officer's knowledge, the Borrower and its Subsidiaries during such period have observed or performed all of their respective covenants and other agreements, and satisfied every condition, contained in this Agreement and in the other Loan Documents to be observed, performed or satisfied by them, and that such Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate, and (ii) setting forth in reasonable detail the calculation of the covenants set forth in Section 8.1 for the Calculation Period ending on the last day of such fiscal quarter;

(c) not later than thirty days after the beginning of each fiscal year of EPN or the Borrower, a copy of the projections by EPN of the operating budget and cash flow budget of EPN for such fiscal year, such projections to be accompanied by a certificate of a Responsible Officer to the effect that such projections have been prepared on the basis of sound financial

planning practice and that such Officer has no reason to believe they are incorrect or misleading in any material respect;

(d) within five days after the same are sent, copies of all financial statements and reports which EPN or the Borrower sends to the holders of its Equity Interests, and within five days after the same are filed, copies of all financial statements and reports, if any, which EPN or the Borrower may make to, or file with, the Securities and Exchange Commission or any successor or analogous Governmental Authority;

(e) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries, a copy of the projections by each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, as the case may be, of the operating budget and cash flow budget of such Joint Venture for the succeeding fiscal year;

(f) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries that is a Restricted Subsidiary, within thirty days of the end of each of the quarterly periods of each fiscal year of each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, a list of all shippers that have used such Joint Venture during such quarterly period and the volumes and revenues attributable to each such shipper;

(g) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries, copies of all compliance certificates delivered by each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, pursuant to any credit agreement to which such Joint Venture is a party;

(h) upon the request of any Lender, within five days after the same are received by the Borrower, a copy of any FERC Form 2 for any Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary;

(i) concurrently with the delivery of the financial statements referred to in subsection 7.1(a), a certificate signed by the President, Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Borrower in the form of Exhibit M hereto;

(j) concurrently with the delivery of the financial statements referred to in subsections 7.1(a), 7.1(b) and 7.1(f), a throughput report setting forth the throughputs of each pipeline owned by EPN or the Borrower or any Subsidiary that is a Restricted Subsidiary and any other Restricted Subsidiary, as applicable, and any other report or certificate to be delivered by EPN to the EPN Administrative Agent pursuant to Section 7.2 of the EPN Credit Agreement; and

(k) promptly, such additional financial and other information concerning any Loan Party, any Unrestricted Subsidiary or any Joint Venture as any Lender may from time to time reasonably request.



Section 7.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be, and except where the failure to so pay, discharge or satisfy such obligations could not reasonably be expected to have a Material Adverse Effect.

Section 7.4 Conduct of Business and Maintenance of Existence. Continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 7.5 Maintenance of Property; Insurance. Keep all property useful and necessary in its business in good working order and condition; maintain with financially sound and reputable insurance companies insurance on all its property and its business in at least such amounts and against at least such risks (but including in any event fire, casualty, public liability, environmental liability and product liability) as are usually insured against in the same general area by companies engaged in the same or a similar business; and furnish to each Lender, upon written request, full information as to the insurance carried. Upon demand by any Lender (by notice to the Administrative Agent, which shall give notice of such demand to the Borrower and each Lender) any insurance policies covering Collateral shall be endorsed to provide that such policies may not be cancelled or reduced or affected in any material manner for any reason without 15 days prior notice to the Lenders. At all times, liability and other insurance in accordance with and in the amounts set forth on Schedule 5.22, which insurance shall be by financially sound and reputable insurers, shall be maintained.

Section 7.6 Inspection of Property; Books and Records; Discussions. Keep proper books of records and accounts in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; and permit representatives of any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries that are Restricted Subsidiaries with officers and employees of the Borrower and its Subsidiaries that are Restricted Subsidiaries and with its independent certified public accountants.

Section 7.7 Notices. Promptly give notice to the Administrative Agent, the Collateral Agent and each Lender of:

- (a) the occurrence of any Default or Event of Default;
- (b) any (i) default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist

at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting the Borrower, EPN or any of its Subsidiaries in which the amount involved is \$5,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan; and

(e) any development or event which could reasonably be expected to have a Material Adverse Effect or cause the incurrence of an environmental liability in excess of the Material Environmental Amount.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Borrower or EPN setting forth details of the occurrence referred to therein and stating what action the Borrower or EPN proposes to take with respect thereto.

#### Section 7.8 Environmental Laws.

(a) Comply with, and ensure compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect; and

(c) Defend, indemnify and hold harmless the Administrative Agent, the Collateral Agent and the Lenders, and their respective employees, agents, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements and damages, and reasonable costs and expenses, of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower, any of its Subsidiaries or the Properties, or any orders, requirements or demands of Governmental

Authorities related thereto, including, without limitation, attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, REGARDLESS OF WHETHER OR NOT SUCH INDEMNIFIED LIABILITIES ARE IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF THE PARTY SEEKING INDEMNIFICATION THEREFORE; provided that the Borrower shall have no obligation hereunder to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this paragraph shall survive repayment of all amounts payable hereunder.

Section 7.9 Maintenance of Liens of the Security Documents. Promptly, upon the request of the Collateral Agent, at the Borrower's expense, execute, acknowledge and deliver, or cause the execution, acknowledgement and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Security Documents or otherwise deemed by the Collateral Agent necessary or desirable for the continued validity, perfection and priority of the Liens on the collateral covered thereby.

#### Section 7.10 Pledge of After-Acquired Property.

(a) With respect to any right, title or interest of any Loan Party in any Equity Interests or other property of a type subject to the Security Documents and acquired after the Restatement Closing Date, promptly grant or cause to be granted to the Collateral Agent, for the ratable benefit of the EPN Group Lenders and the Marco Polo Lenders, a first Lien of record on all such Equity Interests and property (other than such Equity Interests and property subject to (i) prior Liens in existence at the time of acquisition thereof and not created in anticipation of such acquisition, in which case the Lien of the Lenders shall be of such priority as is permitted by such prior Lien and (ii) other Liens that are expressly permitted by this Agreement), upon terms substantially the same as those set forth in the Security Documents, and satisfy the conditions with respect thereto set forth in Section 6.1 and 6.2. The Borrower, at its own expense, shall execute, acknowledge and deliver, or cause its Subsidiaries that are Restricted Subsidiaries to execute, acknowledge and deliver, and thereafter register, file or record, or cause its Subsidiaries that are Restricted Subsidiaries to register, file or record, in an appropriate governmental office, any document or instrument deemed by the Collateral Agent to be necessary or desirable for the creation and perfection of the foregoing Liens and deliver Uniform Commercial Code searches in jurisdictions requested by the Collateral Agent with respect to such Equity Interests and other property and legal opinions requested by the Collateral Agent and shall pay, or cause to be paid, all taxes and fees related to such registration, filing or recording.

(b) With respect to any new Subsidiary created or acquired after the Restatement Closing Date by the Borrower that becomes a Restricted Subsidiary, promptly cause such Restricted Subsidiary to execute and deliver to the Administrative Agent the Subsidiary Guarantee, and, if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to such Restricted Subsidiary and the Subsidiary Guarantee, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(c) Notwithstanding anything to the contrary in any Loan Document, neither the Borrower nor any Subsidiary of the Borrower that is a Restricted Subsidiary shall be obligated to (i) pledge under the Loan Documents any of its Equity Interest in any Joint Venture if such pledge is prohibited by any Contractual Obligation or (ii) pledge under the Loan Documents any of its real property except to the extent of any fixtures as and to the extent specified in the Security Agreements.

(d) Notwithstanding anything to the contrary in any Loan Document, if the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary has pledged its interest in any Joint Venture and the Borrower or such Restricted Subsidiary desires to make a contribution of or investment with such interest to or in a second Joint Venture in accordance with subsection 8.8(f), the Lien held by the Lenders upon such interest shall terminate as long as the interest held by the Borrower or such Restricted Subsidiary in the second Joint Venture shall be subject to a Lien under the Loan Documents in accordance with subsection 8.8(f) unless otherwise agreed by the Required Lenders.

Section 7.11 Use of Proceeds. The Borrower will use the proceeds of the Loans only as provided in Section 5.16.

Section 7.12 Joint Venture Charters. Deliver to the Administrative Agent (a) any Joint Venture Charters of each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, (b) each credit agreement to which any Joint Venture any of the interests in which is owed by a Subsidiary of the Borrower that is a Restricted Subsidiary is a party, in any case with all exhibits, schedules and disclosure letters referred to therein or delivered pursuant thereto, if any, and all amendments relating thereto, waivers relating thereto, and other side letters or agreements affecting the terms thereof.

Section 7.13 Agreements Respecting Unrestricted Subsidiaries.

(a) Operate each of its Subsidiaries that is an Unrestricted Subsidiary in such a manner as to make it apparent to all creditors of such Unrestricted Subsidiary that such Unrestricted Subsidiary is a legal entity separate and distinct from the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary and as such is solely responsible for its debts, and such manner shall include, but shall not be limited to, the maintenance of a separate board of directors for such Unrestricted Subsidiary.

(b) In connection with any Indebtedness, Guarantee Obligations or other obligations incurred by each Unrestricted Subsidiary, (i) incur such Indebtedness only on a basis which does not permit, allow or provide for recourse to the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary, and (ii) incur any such Indebtedness, Guarantee Obligations or other obligations in excess of \$500,000 only under a loan agreement, note, lease, instrument or other contractual obligation that expressly states that such Indebtedness is being incurred by such Unrestricted Subsidiary on a basis which is non-recourse to the Borrower and its Subsidiaries that are Restricted Subsidiaries, provided that no such agreement, note, lease, instrument or other Obligation shall be required to include such statement if such agreement, note, lease, instrument or other obligation was in effect on the date such Subsidiary became an Unrestricted Subsidiary.

(c) Notwithstanding any provision of the Loan Documents to the contrary (i) the Borrower and the Subsidiaries of the Borrower that are Restricted Subsidiaries may incur Guarantee Obligations supporting obligations of Gateway that were assumed by it from Delos in connection with its formation and the Marco Polo Financing and (ii) the Borrower and the Subsidiaries of the Borrower that are Restricted Subsidiaries may incur Guarantee Obligations (including Guarantee Obligations of which any lenders under the Marco Polo Financing Documents are the beneficiaries) consisting of guarantees of performance obligations of Unrestricted Subsidiaries as long as such guarantees do not constitute guarantees of payment.

ARTICLE VIII  
NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as any Obligation remains outstanding and unpaid, the Borrower shall not, and (except with respect to Section 8.1) shall not permit any of its Subsidiaries that are Restricted Subsidiaries to, directly or indirectly:

Section 8.1 Financial Condition Covenants.

(a) Tangible Net Worth. Permit Consolidated Tangible Net Worth (as defined in the EPN Credit Agreement) at any time to be less than \$447,000,000 plus 75% of the Net Equity Proceeds (as defined in the EPN Credit Agreement) received by the Borrower (as defined in the EPN Credit Agreement) from the sale or issuance of any equity securities (including the Units) by the Borrower (as defined in the EPN Credit Agreement) on and after the Restatement Closing Date;

(b) Interest Coverage Ratio. Permit for any Calculation Period ending on or after the Restatement Closing Date, the ratio of (i) Consolidated EBITDA (as defined in the EPN Credit Agreement) for such period to (ii) Consolidated Interest Expense (as defined in the EPN Credit Agreement) for such period to be less than 2.0 to 1.0;

(c) Senior Leverage Ratio. Permit, on the last day of any fiscal quarter of EPN, the ratio of (x) Consolidated Total Senior Indebtedness (as defined in the EPN Credit Agreement) at such date to (y) the Consolidated EBITDA (as defined in the EPN Credit Agreement) for the Calculation Period ending on such date to exceed 3.25 to 1.0; or

(d) Leverage Ratio. Permit, on the last day of any fiscal quarter of EPN, the ratio of (x) Consolidated Total Indebtedness (as defined in the EPN Credit Agreement) at such date to (y) the Consolidated EBITDA (as defined in the EPN Credit Agreement) for the Calculation Period ending on such date to exceed 5.0 to 1.0.

Section 8.2 Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of the Borrower and its Subsidiaries under the Loan Documents;

(b) Indebtedness of the Borrower to any Subsidiary Guarantor or EPN or EPEPFC, and of any Subsidiary Guarantor to EPN or EPEPFC or the Borrower or any other Subsidiary Guarantor;

(c) Indebtedness permitted pursuant to Sections 8.3 and 8.8;

(d) Indebtedness incurred pursuant to any Hedge Agreement to the extent permitted by Section 8.22;

(e) Indebtedness (i) of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of the Borrower that is a Restricted Subsidiary or (ii) to which any asset is subject existing at the time such asset is acquired by the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary; provided that (A) no Default shall have occurred and be continuing at the time of, or after giving effect to, the incurring of such Indebtedness and (B) after giving effect to the incurrence of such Indebtedness the Borrower would be in pro forma compliance with the covenants set forth in Section 8.1;

(f) Indebtedness consisting of Guarantee Obligations permitted by subsections 8.4(e), (f) and (g); and

(g) any other Indebtedness permitted to be incurred by a Restricted Subsidiary, including the Borrower, pursuant to the terms of the EPN Credit Agreement.

Section 8.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries that are Restricted Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or

materially interfere with the ordinary conduct of the business of the Borrower or such Subsidiary that is a Restricted Subsidiary;

(f) Liens created pursuant to construction, operating, farmout and maintenance agreements, space lease agreements, Joint Venture Charters and related documents (to the extent requiring a Lien on the equity interest of the Borrower or its Subsidiary that is a Restricted Subsidiary, as the case may be, in the applicable Joint Venture is required thereunder), division orders, contracts for sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other similar agreements, in each case having ordinary and customary terms and entered into in the ordinary course of business by the Borrower and its Subsidiaries that are Restricted Subsidiaries;

(g) additional Liens securing Indebtedness permitted to be incurred by a Restricted Subsidiary pursuant to the EPN Loan Documents; and

(h) Liens created pursuant to the Loan Documents and the EPN Loan Documents.

This Section 8.3 shall not restrict the ability of any Joint Venture or Unrestricted Subsidiary to create, incur, assume or suffer to exist any Lien on any of its property.

Section 8.4 Limitation on Guarantee Obligations. Create, incur, assume or suffer to exist any Guarantee Obligation except:

(a) Guarantee Obligations created pursuant to the Loan Documents in respect of the Obligations;

(b) Guarantee Obligations of the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary incurred after the Restatement Closing Date in an aggregate amount not to exceed \$1,000,000 less the aggregate amount of any such Guarantee Obligations of EPN and its other Restricted Subsidiaries at any one time outstanding;

(c) Guarantee Obligations constituting performance guarantees provided in the ordinary course of business by the Borrower and its Subsidiaries that are Restricted Subsidiaries supporting obligations of the Borrower and/or Restricted Subsidiaries which obligations have been incurred in the ordinary course of business (including in connection with the operation, construction or acquisition of pipelines, platforms and related facilities);

(d) Guarantee Obligations of the Borrower and any other Subsidiary of the Borrower that is a Subsidiary Guarantor in respect of the Senior Subordinated Notes, provided that such Guarantee Obligations are subordinated to the Borrower's and such Subsidiary Guarantor's obligations under the Loan Documents to the same extent as the obligations of EPN in respect of the Senior Subordinated Notes;

(e) Guarantee Obligations of up to \$22,500,000 in the aggregate incurred pursuant to the Marco Polo Clawback;

(f) Guarantee Obligations of the Borrower and of its Subsidiaries that are Subsidiary Guarantors created pursuant to the Guarantees, in each case with respect to the EPN Loan Obligations; and

(g) Any other Guarantee Obligations permitted to be incurred by a Restricted Subsidiary pursuant to the terms of the EPN Credit Agreement.

Section 8.5 Limitations on Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or make any material change in its present method of conducting business, except:

(a) the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary may be merged or consolidated with or into EPN (as long as EPN is the surviving entity) or any one or more Restricted Subsidiaries which is a Subsidiary Guarantor (provided that, if any of such Restricted Subsidiaries is not wholly owned by EPN and the General Partner (as defined in the EPN Credit Agreement), the Restricted Subsidiary or Restricted Subsidiaries in which EPN owns the greatest interest shall be the continuing or surviving corporation);

(b) the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to EPN or any other Restricted Subsidiary which is a Subsidiary Guarantor and in which, if not wholly owned by EPN and the General Partner (as defined in the EPN Credit Agreement), EPN owns at least the same percentage interest as EPN owns in the transferor Restricted Subsidiary;

(c) solely to effect any transaction permitted by subsection 8.6(b); and

(d) any other transaction permitted to be entered into by a Restricted Subsidiary pursuant to the terms of the EPN Credit Agreement.

The transactions permitted under this Section 8.5 shall be permitted notwithstanding anything to the contrary in subsection 4(j) of each of the EPN Pledge Agreement and the Subsidiary Pledge Agreement.

Section 8.6 Limitation on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired, except:

(a) as permitted by Section 8.5;

(b) as long as no Default or Event of Default has occurred and is continuing or would result therefrom, EPN, the Borrower, the Subsidiaries of the Borrower that are Restricted Subsidiaries and the other Restricted Subsidiaries may sell or otherwise dispose of property in any fiscal year having an aggregate value not in excess of 5% of Consolidated Tangible Net Worth (as defined in the EPN Credit Agreement) calculated on the last day of the prior fiscal quarter;



(c) any sale or other disposition to EPN, the Borrower or any other Subsidiary Guarantor; and

(d) any sale or other disposition not set forth herein that is permitted to be made by a Restricted Subsidiary pursuant to Section 8.6 of the EPN Credit Agreement;

The transactions permitted under this Section 8.6 shall be permitted notwithstanding anything to the contrary in subsection 4(j) of each of the EPN Pledge Agreement and the Subsidiary Pledge Agreement.

Section 8.7 Limitation on Dividends. Declare or pay any dividend or distribution on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Equity Interest of the Borrower or any warrants or options to purchase any such Equity Interest, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary (such declarations, payments, setting apart, purchases, redemptions, defeasances, retirements, acquisitions and distributions being herein called "Restricted Payments"), except that (x) the Borrower or any Restricted Subsidiary may make any Restricted Payment to the Borrower, EPN or any Subsidiary Guarantor, and (y) the Borrower or any Restricted Subsidiary may make any Restricted Payment permitted to be made by a Restricted Subsidiary pursuant to the EPN Credit Agreement.

Section 8.8 Limitation on Investments, Loans and Advances. Make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets constituting a business unit of, or make any other investment in, any Person, except:

(a) extensions of trade credit in the ordinary course of business;

(b) investments in Cash Equivalents;

(c) capital contributions, loans or other investments made by the Borrower to EPN or EPEPFC or any Subsidiary Guarantor, and by any Subsidiary Guarantor to the Borrower or EPN or EPEPFC or any Subsidiary Guarantor;

(d) capital contributions, loans or other investments by Subsidiaries of the Borrower or any Joint Venture to or in EPN, the Borrower or any Restricted Subsidiary, provided that no Default or Event of Default shall have occurred and be continuing, or would occur as a result of such investment;

(e) other non-hostile acquisitions of equity securities of, or assets constituting a business unit of, any Person (an "Acquired Business"), provided that (i) immediately prior to and after giving effect to any such acquisition, no Default or Event of Default shall have occurred or be continuing (whether relating to Section 8.17 or otherwise), (ii) such acquisition is consummated in accordance with applicable law, (iii) if such acquisition is of equity securities of a Person, such Person becomes a Restricted Subsidiary, (iv) the Borrower shall be in pro forma compliance with the covenants set forth in Section 8.1 after giving effect to such acquisition and

(v) the Acquired Business shall not be subject to any material liabilities which would be expressly prohibited by this Agreement after such acquisition;

(f) the contribution by the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary of the equity interests owned by it in a Joint Venture to another Joint Venture or the investment by the Borrower or any such Restricted Subsidiary in another Joint Venture to the extent made with equity interests in a Joint Venture owned by it as long as (i) EPN, the Borrower or such Restricted Subsidiary receives in exchange equity interests in such transferee Joint Venture and (ii) unless otherwise agreed by the Required Lenders, if the transferred equity interests are subject to a Lien under the Loan Documents, the equity interests received in exchange become subject to a Lien under the Loan Documents;

(g) capital contributions or other investments made by the Borrower or its Subsidiaries pursuant to the Acquisition; and

(h) any other investment, loan or advances permitted to be made by a Restricted Subsidiary pursuant to the terms of the EPN Credit Agreement.

#### Section 8.9 Limitation on Optional Payments and Modifications of Certain Agreements.

(a) Make any optional payment or prepayment on, redemption of or purchase of, or voluntarily defease, or directly or indirectly voluntarily or optionally purchase, redeem, retire or otherwise acquire, the Senior Subordinated Notes or any Indebtedness or Guarantee Obligations (other than the Loans or the EPN Loan Obligations), (b) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of the Senior Subordinated Notes or the Senior Subordinated Note Indentures (other than any such amendment, modification or change which would extend the maturity or reduce the amount of any payment of principal thereof or which would reduce the rate or extend the date for payment of interest thereon), (c) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of the EPN Loan Documents without the written consent of the Required Lenders, (d) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of any Indebtedness or Guarantee Obligations other than the Senior Subordinated Notes and the EPN Loan Obligations, and Guarantee Obligations in respect thereof (other than any such amendment, modification or change which would extend the maturity or reduce the amount of any payment of principal thereof or which would reduce the rate or extend the date for payment of interest thereon), except to the extent the same could not reasonably be expected to have a Material Adverse Effect, (e) amend, modify or change, or consent to any amendment, modification or change to, any of the terms of, the Partnership Agreement, the Borrower's certificate of limited partnership or any Joint Venture Charter, except to the extent the same could not reasonably be expected to have a Material Adverse Effect, (f) waive or otherwise relinquish any of its rights or causes of action arising out of the Partnership Agreement, the Borrower's certificate of limited partnership or any Joint Venture Charter, except to the extent the same could not reasonably be expected to have a Material Adverse Effect or (g) designate any Indebtedness as "Designated Senior Indebtedness" under the Senior Subordinated Note Indentures without the consent of the Administrative Agent (other than the Obligations and the EPN Loan Obligations). Notwithstanding any provision

contained in this Section 8.9, the Borrower and its Subsidiaries that are Restricted Subsidiaries shall have the absolute right to amend any Joint Venture Charter to the extent necessary or reasonably appropriate to evidence the substitution, replacement or other changes of partners, members or owners in any Joint Venture not in violation of Section 8.19 or Section 8.21.

Section 8.10 Limitation on Transactions with Affiliates. Subject to the rights set forth in Section 8.13, enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction is (a) otherwise permitted under this Agreement or the EPN Credit Agreement, and (b) upon fair and reasonable terms no less favorable to the Borrower or such Restricted Subsidiary of the Borrower, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

Section 8.11 Limitation on Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by the Borrower or any Subsidiary of the Borrower that is a Restricted Subsidiary of real or personal property which has been or is to be sold or transferred by the Borrower or such Restricted Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or such Restricted Subsidiary.

Section 8.12 Limitation on Changes in Fiscal Year. Permit the fiscal year of the Borrower to end on a day other than December 31.

Section 8.13 Limitation on Lines of Business. Enter into any business, either directly or through any Subsidiary or Joint Venture, except for (a) gathering, transporting (by barge, pipeline, ship, truck or other modes of hydrocarbon transportation), terminalling, storing, producing, acquiring, developing, exploring for, processing, dehydrating, fractionating and otherwise handling hydrocarbons, including, without limitation, constructing pipeline, platform, dehydration, processing and other energy-related facilities, and activities or services reasonably related or ancillary thereto and (b) other businesses as long as the consolidated total assets principally relating to such other businesses do not exceed 3% of the consolidated total assets of EPN and its Restricted Subsidiaries at any time.

Section 8.14 Governing Documents. Permit the amendment or modification of the limited liability company agreement, limited partnership agreement, or equivalent governance document, or certificate of limited partnership, certificate of formation, or equivalent formation document, as the case may be, of any Subsidiary of the Borrower that is a Restricted Subsidiary if such amendment could reasonably be expected to have a Material Adverse Effect, or would authorize or issue any Equity Interests not authorized or issued on the Restatement Closing Date, except to the extent such authorization or issuance would have the same substantive effect as any transaction permitted by Sections 8.5 or 8.6.

Section 8.15 Compliance with ERISA.

(a) Terminate any Plan so as to result in any material liability to PBGC, (b) engage in any "prohibited transaction" (as defined in Section 4975 of the Code) involving any Plan which could result in a material liability for an excise tax or civil penalty in connection

therewith, (c) incur or suffer to exist any material "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived involving any Plan, or (d) allow or suffer to exist any event or condition, which presents a material risk of incurring a material liability to PBGC by reason of termination of any such Plan.

Section 8.16 Limitation on Restrictions Affecting Subsidiaries. Enter into, or suffer to exist, any agreement with any Person, other than the Lenders pursuant hereto or the EPN Lenders pursuant to the EPN Loan Documents and other than the arrangements described in subsections 8.2(c) and 8.4(d) or which exist on the Restatement Closing Date, which prohibits or limits the ability of any Subsidiary of the Borrower that is a Restricted Subsidiary to (a) pay dividends or make other distributions or pay any Indebtedness owed to EPN, EPEPFC, the Borrower or any Restricted Subsidiary of EPN, (b) make loans or advances to or make other investments in EPN, EPEPFC, the Borrower or any Restricted Subsidiary of EPN, (c) transfer any of its properties or assets to EPN, EPEPFC, the Borrower or any Restricted Subsidiary of EPN, (d) create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired.

Section 8.17 Creation of Restricted Subsidiaries. Create or acquire any new Subsidiary that is a Restricted Subsidiary of the Borrower or any of its Subsidiaries that are Restricted Subsidiaries, unless, immediately upon the creation or acquisition of any such Restricted Subsidiary, (a) such Restricted Subsidiary shall become party to the Subsidiaries Guarantee as a Subsidiary Guarantor pursuant to an addendum thereto or other documentation in form and substance reasonably satisfactory to the Administrative Agent, (b) such Restricted Subsidiary shall become party to the Subsidiary Security Agreement as a grantor pursuant to an addendum thereto or other documentation in form and substance reasonably satisfactory to the Collateral Agent, and all actions required to perfect the Liens granted thereby, all filings required thereunder and all consents necessitated thereby shall have been taken, made or obtained, (c) all Equity Interests issued by such Restricted Subsidiary owned by the Borrower or any other Restricted Subsidiary shall have been pledged to the Collateral Agent pursuant to an addendum or amendment to the Subsidiary Pledge Agreement, as applicable, or other documentation in form and substance satisfactory to the Collateral Agent, (d) all corporate, company, partnership or other proceedings, and all documents, instruments and other legal matters in connection with the creation of such Restricted Subsidiary and the transactions contemplated by this Section 8.17 shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of such creation or such transactions as it shall reasonably request and (e) no Default or Event of Default shall have occurred and be continuing after giving effect thereto.

Section 8.18 Hazardous Materials. Except to the extent that the same could not reasonably be expected to have a Material Adverse Effect, permit the manufacture, storage, transmission or presence of any Hazardous Materials over or upon any of its properties except in accordance with all applicable Requirements of Law or release, discharge or otherwise dispose of any Hazardous Materials on any of its properties except that the Borrower and its Subsidiaries that are Restricted Subsidiaries may treat, store and transport petroleum, its derivatives, by-products and other hydrocarbons, hydrogen sulfide and sulfur dioxide in the ordinary course of their business.

Section 8.19 Holding Companies. Notwithstanding any other provisions of this Agreement and the other Loan Documents, permit any Subsidiary of the Borrower that is a Restricted Subsidiary and is a general partner in or owner of a general partnership interest in a Joint Venture to incur or suffer to exist any obligations or indebtedness of any kind, whether contingent or fixed (excluding any contingent liability of such Restricted Subsidiary to creditors of such Joint Venture arising solely as a result of its status as a general partner or owner of such Joint Venture and Guarantee Obligations referred to in subsections 8.4(d), 8.4(e) and 8.4(g)) or create or suffer to exist any Liens, in each case except to the extent any such obligations, indebtedness or Liens arise under or pursuant to the Joint Venture Charter for such Joint Venture as in effect on the Restatement Closing Date (or if later, the date of acquisition or formation of such Joint Venture), or the Loan Documents or are otherwise permitted by the Loan Documents; or permit any Subsidiary of the Borrower that is a Restricted Subsidiary and is a general partner in or owner of a general partnership interest in a Joint Venture to acquire any property or asset after the Restatement Closing Date (or, if later, the date of acquisition or formation of such Joint Venture) except for distributions made to it by such Joint Venture; or permit any Subsidiary of the Borrower that is a Restricted Subsidiary and is a general partner in or owner of a general partnership interest in a Joint Venture to engage in any business or activity other than holding the general partnership interest in (or other ownership interest) such Joint Venture held by it on the Restatement Closing Date (or, if later, the date of formation of such Joint Venture).

Section 8.20 No Voluntary Termination of Joint Venture Charters. Permit any Subsidiary of the Borrower that is a Restricted Subsidiary and is a partner in, or owner of any interest in, any Joint Venture to voluntarily terminate any Joint Venture Charter and liquidate such Joint Venture to the extent permitted thereunder.

Section 8.21 Actions by Joint Ventures. (a) Consent or agree to or acquiesce in any Joint Venture the interests in which are owned by a Subsidiary of the Borrower that is a Restricted Subsidiary adversely changing its policy of making distributions of available cash to partners, or (b) so long as any interest therein is owned by a Subsidiary of the Borrower that is a Restricted Subsidiary, consent or agree to or acquiesce in any Joint Venture's taking any actions that could reasonably be expected to have a Material Adverse Effect.

Section 8.22 Hedging Transactions. Enter into any interest rate, cross-currency, commodity, equity or other security, swap, collar or similar hedging agreement or purchase any option to purchase or sell or to cap any interest rate, cross-currency, commodity, equity or other security, in any such case, other than to hedge risk exposures in the operation of its business, ownership of assets or the management of its liabilities; provided, however, that such permitted hedging agreements, including, without limitation, any Commodity Hedging Programs, shall not exceed 80% of annual production at any time.

#### ARTICLE IX EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when due in accordance with the terms thereof or hereof; or the Borrower shall fail to pay any interest on any Loan, or any other amount payable hereunder, within five days after any such interest or other amount becomes due in accordance with the terms thereof or hereof; or

(b) Any representation or warranty made or deemed made by the Borrower or any other Loan Party herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrower shall default in the observance or performance of any agreement contained in Article VIII (other than subsection 8.1(a)) or in Section 7.11; or any Loan Party shall default in the observance or performance of any agreement contained in Section 5(h), (i), (j) or (o) of the EPN Security Agreement or the Subsidiary Security Agreement, or Section 5(h), (i), (j) or (m) of the EPEPC Security Agreement, Section 9(j) of the EPEPC Guarantee, Section 4(b) of the EPN Pledge Agreement, Section 4(b) of the Subsidiary Pledge Agreement, Section 10(c) of the Subsidiary Guarantee, or Section 9(c) of the EPN Guarantee; or the Borrower shall default in the observance or performance of any agreement contained in subsection 8.1(a) and such default shall continue uncured for a period of 15 days; or

(d) The Borrower or any other Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Article IX), and such default shall continue unremedied for a period of 30 days after the earlier of receipt of written notice thereof from the Administrative Agent or any Lender and the date upon which the Borrower was required to give notice of such default as contained in Section 7.7(a); or

(e) (i) Any "Event of Default" under and as defined in the EPN Credit Agreement shall occur and be continuing; or (ii) any Loan Party or any Subsidiary of the Borrower that is a Restricted Subsidiary shall (A) default in any payment of principal of or interest on any Indebtedness (other than the Loans) or in the payment of any Guarantee Obligation, beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; or (B) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guarantee Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guarantee Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable; provided, however, that the aggregate principal amount of Indebtedness and Guarantee Obligations with respect to which such defaults shall have occurred shall equal or exceed \$5,000,000; or

(f) (i) Any Loan Party shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to

bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Loan Party shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Loan Party any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against any Loan Party any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Loan Party shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Loan Party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against EPN or any of its Restricted Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance) of \$5,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

(i) Except with respect to the matters disclosed on Schedule 5.17, which matters shall not, in the aggregate, incur remediation and/or environmental compliance expenses and/or fines, penalties or other charges in excess of \$35,000,000, if at any time EPN or any Restricted Subsidiary shall become liable for remediation and/or environmental compliance expenses and/or fines, penalties or other charges which, in the aggregate, are in excess of the Material Environmental Amount for any Loan Party and the Subsidiaries of EPN; or

(j) For any reason (other than any act on the part of the Administrative Agent, the EPN Administrative Agent, the Collateral Agent or the EPN Group Lenders) (i) any Security Document ceases to be in full force and effect or any party thereto (other than the Administrative Agent, the EPN Administrative Agent, the Collateral Agent or the EPN Group Lenders) shall so assert in writing or the Lien intended to be created by any Security Document ceases to be or is not a valid and perfected Lien have the priority contemplated thereby; or (ii) any Guarantee ceases to be in full force and effect or any party thereto (other than the Administrative Agent, the EPN Administrative Agent, the Collateral Agent or the EPN Group Lenders) shall so assert in writing; or

(k) A Change of Control shall occur; or

(l) Any Person that owns an equity interest in any Joint Venture (as defined in the EPN Credit Agreement) shall exercise its rights and remedies (other than dilution of the equity interests owned by the Borrower (as defined in the EPN Credit Agreement) and its Restricted Subsidiaries in any Joint Venture (as defined in the EPN Credit Agreement) pursuant to contractual dilution provisions existing with respect to the Joint Ventures (as defined in the EPN Credit Agreement)) with respect to its Lien on any equity interest in such Joint Venture (as defined in the EPN Credit Agreement) the equity interest in which has been pledged to such Person; provided that the amount of claims secured by such Lien shall equal or exceed \$5,000,000 and such claim shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, automatically the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes shall immediately become due and payable, and (B) if such event is any other Event of Default, with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section, presentment, demand, protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind are hereby expressly waived.

#### ARTICLE X THE ADMINISTRATIVE AGENT

Section 10.1 Appointment. Each Lender hereby irrevocably designates and appoints JPMorgan as the Administrative Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes JPMorgan, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative



Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

Section 10.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

Section 10.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

Section 10.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

Section 10.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 10.6 Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 10.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Term Loan Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations,

losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section 10.7 shall survive the payment of the Loans and all other amounts payable hereunder.

Section 10.8 Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the Administrative Agent hereunder and under the other Loan Documents. With respect to its Loans made or renewed by it and any Note issued to it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not the Administrative Agent. The terms "Lender," "Lenders," and similar terms shall include the Administrative Agent in its individual capacity.

Section 10.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' written notice to the Lenders. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Borrower, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

Section 10.10 Other Agents. None of the Lenders identified on the cover page or the preamble of this Agreement as a "co-syndication agent" or a "co-documentation agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders so identified as a "co-syndication agent" or a "co-documentation agent" shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders so identified in deciding to enter into this Agreement or in taking or not taking any action hereunder.

#### ARTICLE XI MISCELLANEOUS

Section 11.1 Amendments and Waivers. Neither this Agreement or any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower or any other applicable Loan Party written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding

any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Borrower or any other Loan Party hereunder or thereunder or (b) waive in writing, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) reduce the amount or extend the scheduled date of maturity of any Loan, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the consent of each Lender affected thereby, or (ii) amend, modify or waive any provision of this Section 11.1 or reduce the percentage specified in the definition of Required Lenders, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents (except in a transaction permitted by Section 8.5), in each case without the written consent of all the Lenders, or (iii) amend, modify or waive any provision of Article X without the written consent of the then Administrative Agent, or (iv) release the Lenders' Liens on all or substantially all of the Collateral under the Security Documents without the consent of each Lender or (v) except to the extent relating to the sale or other disposition of any Subsidiary of the Borrower as otherwise permitted by this Agreement or any other transaction permitted by this Agreement, release any Guarantee. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders and the Administrative Agent. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and any other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Section 11.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower the Administrative Agent and the Collateral Agent, and as set forth in Schedule I in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future Lenders:

The Borrower:

EPN Holding Company, L.P.  
4 Greenway Plaza, Suite 654  
PO Box 4503  
Houston, Texas 77210  
Attention: Chief Financial Officer  
Telecopy: (832) 676-1671

with a copy (which shall  
not constitute notice) to: Akin, Gump, Strauss, Hauer & Feld, L.L.P.  
711 Louisiana, Suite 1900  
Houston, Texas 77002  
Telecopy: (713) 236-0822  
Attention: J. Vincent Kendrick, Esq.

The Administrative Agent  
or the Collateral Agent: JPMorgan Chase Bank  
One Chase Manhattan Plaza  
8th Floor  
New York, New York 10081  
Attention: Tonya Mitchell  
Telecopy: (212) 552-5777

provided that any notice, request or demand to or upon the Administrative Agent or the Collateral Agent shall not be effective until received, provided, further, that the failure by the Administrative Agent, the Collateral Agent or any Lender to provide a copy to the Borrower's counsel shall not cause any notice to the Borrower to be ineffective.

Section 11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, the Collateral Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 11.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement.

Section 11.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent and the Collateral Agent for all their respective reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including, without limitation, the fees and disbursements of counsel to the Administrative Agent and the Collateral Agent, (b) to pay or reimburse each Lender, the Administrative Agent and the Collateral Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including, without limitation, the fees and disbursements of counsel to the Administrative Agent, to the Collateral Agent and to the several Lenders, (c) to pay, indemnify, and hold each Lender, the Administrative Agent and the Collateral Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be

payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender, the Administrative Agent, the Collateral Agent, the Co-Syndication Agents, the Co-Documentation Agents, and their Affiliates, and their respective directors, officers, employees, agents and advisors (each such person being called an "Indemnified Party") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments and suits, and reasonable costs, expenses or disbursements, of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and the other Loan Documents, the use of the proceeds of the Loans, including the use and reliance on electronic, telecommunications or other information or transmission systems in connection with the Loan Documents (all the foregoing in this clause (d), collectively, the "indemnified liabilities"), REGARDLESS OF WHETHER OR NOT SUCH INDEMNIFIED LIABILITIES ARE IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY AN INDEMNIFIED PARTY, provided, that the Borrower shall have no obligation hereunder to an Indemnified Party with respect to indemnified liabilities arising from (i) the gross negligence or willful misconduct of such Indemnified Party or (ii) legal proceedings commenced against an Indemnified Party by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such. The agreements in this Section shall survive repayment of the Loans and all other amounts payable hereunder.

Section 11.6 Successors and Assigns; Participations; Purchasing Lenders.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent and the Collateral Agent and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Collateral Agent, and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to an assignee that is a Lender immediately prior to giving effect to such assignment, an Affiliate of such a Lender, or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment to an assignee that is a Lender immediately prior to giving effect to such assignment.

(ii) Assignments shall be subject to the following additional conditions:

(A) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$2,500; and

(C) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 4.9, 4.10, 4.11 and 11.5 to the extent relating to matters during the time it was a Lender). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 11.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section to the extent complying with Section 11.6(c) or otherwise as void and of no force and effect.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Collateral Agent, and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such

assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption, give notice of such Assignment and Assumption to the Borrower, and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent, or the Collateral Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Collateral Agent, and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document, and no Lender shall be entitled to create in favor of any Participant any right to vote on, consent to or approve any matter relating to any Loan Document; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii) or (v) of the proviso to Section 11.1 that directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.9, 4.10 and 4.11 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.5 as though it were a Lender, provided such Participant agrees to be subject to Section 11.7 as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 4.9, 4.10 or 4.11 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 4.10 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 4.10(b) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.



Section 11.7 Adjustments; Set-off.

(a) If any Lender (a "benefitted Lender") shall at any time receive any payment of all or part of its Loans owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Article IX(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans of the same type owing to it, as the case may be, or interest thereon, such benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loan owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 11.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

Section 11.9 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.10 Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Administrative Agent, the Collateral Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Collateral Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

Section 11.11 Usury Savings Clause. It is the intention of the parties hereto to comply with applicable usury laws (now or hereafter enacted); accordingly, notwithstanding any

provision to the contrary in this Agreement, any of the other Loan Documents or any other document related hereto, in no event shall this Agreement or any such other document require the payment or permit the collection of interest in excess of the maximum amount permitted by such laws. If from any circumstances whatsoever, fulfillment of any provision of this Agreement or of any other document pertaining hereto or thereto, shall involve transcending the limit of validity prescribed by applicable law for the collection or charging of interest, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstances the Administrative Agent, the Collateral Agent and the Lenders shall ever receive anything of value as interest or deemed interest by applicable law under this Agreement, any of the other Loan Documents or any other document pertaining hereto or otherwise an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder or on account of any other indebtedness of the Borrower, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of such indebtedness, such excess shall be refunded to the Borrower. In determining whether or not the interest paid or payable with respect to any indebtedness of the Borrower to the Administrative Agent and the Lenders, under any specified contingency, exceeds the Highest Lawful Rate (as hereinafter defined), the Borrower, the Administrative Agent and the Lenders shall, to the maximum extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, (c) amortize, prorate, allocate and spread the total amount of interest throughout the full term of such indebtedness so that interest thereon does not exceed the maximum amount permitted by applicable law, and/or (d) allocate interest between portions of such indebtedness, to the end that no such portion shall bear interest at a rate greater than that permitted by applicable law.

To the extent that Article 5069-1D.001 et seq., as amended, of the Texas Revised Civil Statutes is relevant to the Administrative Agent and the Lenders for the purpose of determining the Highest Lawful Rate, the Administrative Agent and the Lenders hereby elect to determine the applicable rate ceiling under such Article by the indicated (weekly) rate ceiling from time to time in effect. Nothing set forth in this Section 11.11 is intended to or shall limit the effect or operation of Section 11.12. In no event shall Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts) apply to this Agreement or the Notes.

For purposes of this Section 11.11, "Highest Lawful Rate" shall mean the maximum rate of nonusurious interest that may be contracted for, charged, taken, reserved or received hereunder under laws applicable to the Administrative Agent and the Lenders.

Section 11.12 GOVERNING LAW. THIS AGREEMENT AND THE NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 11.13 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and

enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 11.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary or punitive damages (including, without limitation, damages arising from the use of electronic, telecommunications or other information transmissions systems in connection with the Loan Documents).

Section 11.14 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) none of the Administrative Agent, the Collateral Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any other Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent, Collateral Agent and Lenders, on one hand, and the Borrower and the other Loan Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture exists among the Lenders or among the Borrower and the other Loan Parties and the Lenders.

Section 11.15 Confidentiality. Each of the Administrative Agent, the Collateral Agent and each Lender agrees that it will hold in confidence, any information provided to such Person pursuant to this Agreement; provided, that nothing in this 11.15 shall be deemed to prevent the disclosure by the Administrative Agent, the Collateral Agent or any Lender of any such information (a) to any employee, officer, director, accountant, attorney or consultant of such Person, or any examiner or other Governmental Authority, (b) that has been or is made public by EPEPC, EPEPFC, EPN or any of its Subsidiaries or Affiliates or by any third party without breach of this Agreement or that otherwise becomes generally available to the public other than as a result of a disclosure in violation of this Section 11.15, (c) that is or becomes available to any such Person from a third party on a non-confidential basis, (d) that is required to be disclosed

by any Requirement of Law, including to any bank examiners or regulatory authorities, (e) that is required to be disclosed by any court, agency, arbitrator or legislative body, (f) to any Transferee or proposed Transferee, or (g) to any rating agency to the extent required in connection with any rating to be assigned to such Lender.

Section 11.16 WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

Section 11.17 ACKNOWLEDGEMENT OF NO CLAIMS, OFFSETS OR DEFENSES; RELEASE BY THE LOAN PARTIES. BORROWER, ON BEHALF OF ITSELF AND EACH OF THE OTHER LOAN PARTIES, ACKNOWLEDGES THAT NO LOAN PARTY NOR ANY OF THEIR RESPECTIVE OWNERS, DIRECTORS, SUCCESSORS, ASSIGNS, AGENTS, OFFICERS, EMPLOYEES, AND REPRESENTATIVES (COLLECTIVELY, THE "BORROWER AFFILIATES PARTIES") HAS ANY CLAIM, DEMAND, RIGHT OF OFFSET, CAUSE OF ACTION IN LAW OR IN EQUITY, LIABILITY OR DAMAGES OF ANY NATURE WHATSOEVER, WHETHER FIXED OR CONTINGENT (HEREINAFTER COLLECTIVE CALLED "CLAIMS") THAT COULD BE ASSERTED IN CONNECTION WITH, OR WHICH WOULD IN ANY OTHER MANNER BE RELATED TO, THE EXISTING EPNHC CREDIT AGREEMENT OR ANY PROMISSORY NOTES OR OTHER AGREEMENTS, TRANSACTIONS OR OTHER ACTIONS PRIOR TO THE DATE HEREOF INVOLVING ANY OF THE BORROWER AFFILIATED PARTIES AND LENDERS ("THE PRIOR AGREEMENTS AND ACTIVITIES"). NOTWITHSTANDING THE FOREGOING, HOWEVER, BORROWER HEREBY AGREES THAT IN CONSIDERATION OF THE CREDIT EXTENDED TO BORROWER UNDER THE LOAN DOCUMENTS AND AS A MATERIAL INDUCEMENT TO THE LENDERS TO ENTER INTO SUCH LOAN DOCUMENTS AND EXTEND SUCH CREDIT TO BORROWER, BORROWER, ON BEHALF OF ITSELF AND ALL OF THE OTHER BORROWER AFFILIATED PARTIES HEREBY RELEASES AND FOREVER DISCHARGES, EACH LENDER, EACH SUBSEQUENT HOLDER OF ANY OF THE NOTES, AND EACH AND ALL OF THEIR PARENT, SUBSIDIARY AND AFFILIATED CORPORATIONS PAST AND PRESENT, AS WELL AS THEIR RESPECTIVE OWNERS, DIRECTORS, SUCCESSORS, ASSIGNS, AGENTS, OFFICERS, EMPLOYEES, AND REPRESENTATIVES (COLLECTIVELY, THE "RELEASED PARTIES"), OF AND FROM ANY AND ALL CLAIMS WHICH BORROWER AND THE OTHER BORROWER AFFILIATED PARTIES MAY HAVE OR HEREAFTER ACQUIRE AGAINST ANY OR ALL OF THE RELEASED PARTIES BY REASON OF, OR RELATED IN ANY WAY TO, THE PRIOR AGREEMENTS AND ACTIVITIES.

Section 11.18 Releases.

(a) At such time as the Loans and any other obligations under this Agreement shall have been paid in full, the Collateral shall be released from the Liens created by the Loan Documents, and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent, the Collateral Agent and each Loan Party thereunder and under the other Loan Documents shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the respective Loan Parties. At the request and expense of any Loan Party following any such termination, the Collateral Agent shall deliver to such Loan Party any Collateral held by the Collateral Agent under the Security Documents, and execute and deliver to such Loan Party such documents as such Loan Party shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Loan Party in a transaction permitted by this Agreement, then the Lenders authorize the Collateral Agent, at the request and expense of such Loan Party, to execute and deliver to such Loan Party all releases or other documents reasonably necessary or desirable for the release of the Liens created by the applicable Security Documents on such Collateral. At the request and sole expense of the Borrower, the Lenders authorize the Collateral Agent to release a Loan Party from its obligations under the applicable Security Document in the event that all the Equity Interests of such Loan Party shall be sold, transferred or otherwise disposed of in a transaction permitted by this Agreement, provided that the Borrower shall have delivered to the Collateral Agent, at least five Business Days prior to the date of the proposed release, a written request for release identifying the relevant Loan Party and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with this Agreement and the other Loan Documents.

Section 11.19 Intercreditor Agreement. Each Lender (including each assignee which becomes a Lender pursuant to Section 11.6) consents and agrees to the provisions of the Intercreditor Agreement, including the indemnity provisions set forth in Section 7 thereof. The Lenders also hereby authorize and appoint the Administrative Agent to act as their agent with respect to the execution and delivery of the Intercreditor Agreement.

ARTICLE XII  
THE COLLATERAL AGENT

Section 12.1 Appointment. Each Lender hereby irrevocably designates and appoints JPMorgan as the Collateral Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes JPMorgan, as the Collateral Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Collateral Agent shall not have any

duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Collateral Agent.

Section 12.2 Delegation of Duties. The Collateral Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Collateral Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

Section 12.3 Exculpatory Provisions. Neither the Collateral Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Collateral Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Collateral Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

Section 12.4 Reliance by Collateral Agent. The Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Collateral Agent. The Collateral Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Collateral Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required EPN Group Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required EPN Group Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

Section 12.5 Notice of Default. The Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the

Collateral Agent has received notice from the Administrative Agent, a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Collateral Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the EPN Group Administrative Agents acting jointly or the Required EPN Group Lenders; provided that unless and until the Collateral Agent shall have received such directions, the Collateral Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the EPN Group Lenders.

Section 12.6 Indemnification. The Lenders agree to indemnify the Collateral Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Total EPN Group Credit Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Collateral Agent in any way relating to or arising out of this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Collateral Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Collateral Agent's gross negligence or willful misconduct. The agreements in this Section 12.6 shall survive the payment of the Loans and all other amounts payable hereunder.

Section 12.7 Successor Collateral Agent. The Collateral Agent may resign as Collateral Agent upon 10 days' written notice to the Lenders. If the Collateral Agent shall resign as Collateral Agent under this Agreement and the other Loan Documents, then the Required EPN Group Lenders shall appoint from among the EPN Group Lenders a successor agent for the EPN Group Lenders, which successor agent shall be approved by the Borrower, whereupon such successor agent shall succeed to the rights, powers and duties of the Collateral Agent, and the term "Collateral Agent" shall mean such successor agent effective upon such appointment and approval, and the former Collateral Agent's rights, powers and duties as Collateral Agent shall be terminated, without any other or further act or deed on the part of such former Collateral Agent or any of the parties to this Agreement. After any retiring Collateral Agent's resignation as Collateral Agent, the provisions of this Section shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement and the other Loan Documents.

Section 12.8 Amendment. None of the terms or provisions of this Article XII may be amended, modified or waived without the written consent of the then Collateral Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the Restatement Closing Date.

THE BORROWER:

EPN HOLDING COMPANY, L.P.

By: EPN GP Holding, L.L.C.,  
its General Partner

By: /s/ Keith Forman

-----  
Name: Keith Forman

-----  
Title: Vice President and Chief Financial Officer  
-----

Signature Page-1



THE ADMINISTRATIVE AGENT AND THE LENDERS:

JPMORGAN CHASE BANK,  
as Administrative Agent and as a Lender

By: /s/ Steven Wood  
-----  
Name: Steven Wood  
-----  
Title: Vice President  
-----

Signature Page-2

BANK ONE, NA (Main Office Chicago)

By: /s/ Dianne L. Russell  
-----  
Name: Dianne L. Russell  
-----  
Title: Director  
-----

Signature Page-3

WACHOVIA BANK,  
NATIONAL ASSOCIATION

By:           /s/ Philip Trinder  
-----  
Name:         Philip Trinder  
-----  
Title:        Vice President  
-----

FLEET NATIONAL BANK

By: /s/ Daniel S. Schockling  
-----  
Name: Daniel S. Schockling  
-----  
Title: Director  
-----

FORTIS CAPITAL CORP.

By: /s/ Karel Louman

-----  
Name: Karel Louman

-----  
Title: Chief Executive Officer  
-----

By: /s/ David Montgomery

-----  
Name: David Montgomery

-----  
Title: Senior Vice President  
-----

Signature Page-6

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert J. Ivosevich  
-----  
Name: Robert J. Ivosevich  
-----  
Title: Deputy General Manager  
-----

By: /s/ Charles F. Azzara  
-----  
Name: Charles F. Azzara  
-----  
Title: Vice President  
-----

BANK OF AMERICA, N.A.

By: /s/ Ronald E. McKaig  
-----  
Name: Ronald E. McKaig  
-----  
Title: Managing Director  
-----

Signature Page-8

BANK OF SCOTLAND

By: /s/ Joseph Fratus  
-----

Name: Joseph Fratus  
-----

Title: First Vice President  
-----

Signature Page-9



BAYERISCHE HYPO-UND VEREINSBANK AG  
(New York Branch)

By: /s/ Steven Atwell  
-----  
Name: Steven Atwell  
-----  
Title: Director  
-----

By: /s/ Shannon Batchman  
-----  
Name: Shannon Batchman  
-----  
Title: Director  
-----

BNP PARIBAS

By: /s/ Mark A. Cox  
-----  
Name: Mark A. Cox  
-----  
Title: Director  
-----

By: /s/ Greg Smothers  
-----  
Name: Greg Smothers  
-----  
Title: Vice President  
-----

CIBC INC.

By: /s/ Nora Q. Catiis  
-----  
Name: Nora Q. Catiis  
-----  
Title: Executive Director  
-----

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CITICORP NORTH AMERICA, INC.

By: /s/ Amy K. Pincu  
-----  
Name: Amy K. Pincu  
-----  
Title: Vice President  
-----

Signature Page-13

CREDIT SUISSE FIRST BOSTON  
CAYMAN ISLANDS BRANCH

By: /s/ James P. Moran  
-----  
Name: James P. Moran  
-----  
Title: Director  
-----

By: /s/ Ian W. Nalitt  
-----  
Name: Ian W. Nalitt  
-----  
Title: Associate  
-----

By: /s/ Tom J. Oberaigner  
-----  
Name: Tom J. Oberaigner  
-----  
Title: Senior Manager  
-----

SOUTHWEST BANK OF TEXAS, N.A.

By: /s/ W. Bryan Chapman

-----  
Name: W. Bryan Chapman

-----  
Title: Vice President of Energy Lending  
-----

Signature Page-16

SUNTRUST BANK

By: /s/ Joseph M. McCreery  
-----  
Name: Joseph M. McCreery  
-----  
Title: Vice President  
-----

Signature Page-17



THE BANK OF NOVA SCOTIA

By: /s/ N. Bell

-----  
Name: N. Bell

-----  
Title: Senior Manager  
-----

Signature Page-18

By: /s/ Patricia J. Dundee  
-----  
Name: Patricia J. Dundee  
-----  
Title: Senior Vice President  
-----

DAVID L. BABSON & COMPANY INC.,  
in its individual capacity  
and as Collateral Manager  
on behalf of the investment  
fund under its management  
listed below:

APEX (IDM) CDO I, LTD.

By: /s/ William A. Hayes  
-----  
Name: William A. Hayes  
-----  
Title: Managing Director  
-----

Signature Page-20

ATRIUM CDO

By: /s/ David H. Lerner  
-----  
Name: David H. Lerner  
-----  
Title: Authorized Signatory  
-----

Signature Page-21

CSAM FUNDING I

By: /s/ David H. Lerner  
-----  
Name: David H. Lerner  
-----  
Title: Authorized Signatory  
-----

Signature Page-22

CSAM FUNDING II

By: /s/ David H. Lerner  
-----  
Name: David H. Lerner  
-----  
Title: Authorized Signatory  
-----

DAVID L. BABSON & COMPANY INC., in its individual capacity and as Collateral Manager on behalf of the investment funds under its management as listed below:

ELC (CAYMAN) LTD. 2000-1  
TRYON CLO LTD. 2000-1

By: /s/ William A. Hayes  
-----  
Name: William A. Hayes  
-----  
Title: Managing Director  
-----

Signature Page-24

FIRST DOMINION FUNDING I

By: /s/ David H. Lerner  
-----  
Name: David H. Lerner  
-----  
Title: Authorized Signatory  
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FIRST DOMINION FUNDING II

By: /s/ David H. Lerner  
-----  
Name: David H. Lerner  
-----  
Title: Authorized Signatory  
-----

FIRST DOMINION FUNDING III

By: /s/ David H. Lerner  
-----  
Name: David H. Lerner  
-----  
Title: Authorized Signatory  
-----

Signature Page-27

LONGHORN CDO (CAYMAN) LTD

By: Merrill Lynch Investment Managers, L.P.,  
as Investment Advisor

By:

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Name:

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Title:

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Signature Page-28

LONGHORN CDO II LTD.

By: Merrill Lynch Investment Managers, L.P.,  
as Investment Advisor

By:

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Name:

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Title:

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Signature Page-29

LONG LANE MASTER TRUST IV

By: Fleet National Bank,  
as Trust Administrator

By:

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Name:

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Title:

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Signature Page-30

MERRILL LYNCH SENIOR FLOATING RATE FUND, INC.

By:

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Name:

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Title:

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Signature Page-31

By:

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Name:

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Title:

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TORONTO DOMINION (NEW YORK) INC.

By:

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Name:

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Title:

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Signature Page-33





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Greater  
than 5.00  
to 1.00  
2.50%  
1.25% - -

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Annexes and Schedules

Lenders, Commitments and Loan Percentages

----- LENDER NAME AND ADDRESS TITLE TERM  
 -----  
 LOANS LOAN PERCENTAGE - -----  
 ----- JP Morgan Chase  
 Bank Administrative Agent \$664,786.23 0.42% 270 Park Avenue, 21st Floor New  
 York, New York 10017 Attention: Steven G. Wood, Vice President Telephone: 212-  
 270-7056 Fax: 212-270-3897 with a copy to: J.P. Morgan Securities Inc. 707  
 Travis, 8-CBBN-96 Houston, TX 77002 Attention: Ray M. Meyer Telephone: 713-216-  
 4913 Fax: 713-216-2339 - -----  
 ----- Bank One, NA  
 (Main Office Chicago) Co-Syndication Agent \$8,971,962.62 5.61% 1 Bank One  
 Plaza, IL 1-0364 Chicago, IL 60670 Attention: Kenneth J. Fatur Telephone: 312-  
 732-3117 Fax: 312-732-3055 - -----  
 ----- Wachovia  
 Bank, National Association Co-Syndication Agent \$8,971,962.62 5.61% 1001 Fannin  
 Suite 2255 Houston, Texas 77002 Attention: Philip Trinder Telephone: 713-346-  
 2718 Fax: 713-650-6354 - -----  
 ----- Annexes and  
 Schedules

----- LENDER NAME AND ADDRESS TITLE TERM  
 -----  
 LOANS LOAN PERCENTAGE - -----  
 ----- Fleet National  
 Bank Co-Documentation Agent \$8,971,962.62 5.61% Fleet Corporate and Investment  
 Banking 700 Louisiana St., Suite 2500 Houston, TX 77002 Attention: Mark Serice  
 Telephone: 713-315-4217 Fax: 713-224-1223 - -----  
 ----- Fortis Capital Corp. Co-Documentation Agent \$8,971,962.62 5.61% 100  
 Crescent Court, Ste. 1777 Dallas, Texas 75201 Attention: Darrell W. Holley  
 Telephone: 214-953-9307 Fax: 214-754-5982 - -----  
 ----- Citicorp North America, Inc. Senior Managing Agent \$10,467,289.72 6.54%  
 1200 Smith Street Suite 2000 Houston, Texas 77002 Attention: Michael Nepveux  
 Telephone: 713-654-2887 Fax: 713-654-2849 - -----  
 ----- Credit Suisse First Boston Cayman Islands Branch Senior Managing Agent  
 \$5,981,308.42 3.74% Eleven Madison Avenue New York, NY 10010 Attention: James  
 P. Moran Telephone: 212-325-9176 Fax: 212-325-8615 - -----  
 ----- The Bank of Nova Scotia Managing Agent \$9,345,794.39 5.84% Scotia  
 Capital 1100 Louisiana Suite 3000 Houston, Texas 77002 Attention: Joe Lattanzi  
 Telephone: 713-759-3435 Fax: 713-752-2425 - -----  
 ----- BNP Paribas Managing Agent \$9,345,794.39 5.84% 1200 Smith Suite 3100  
 Houston, Texas 77002 Attention: Marion Livingston Telephone: 713-659-4811 Fax:  
 713-659-6915 - -----  
 ----- Annexes and Schedules

----- LENDER NAME AND ADDRESS TITLE TERM  
 -----  
 LOANS LOAN PERCENTAGE - -----  
 ----- The Royal Bank  
 of Scotland plc Managing Agent \$9,345,794.39 5.84% 600 Travis Street, Suite  
 6070 Houston, TX 77002 Attention: Jill Gander Telephone: 713-221-2417 Fax: 713-  
 221-2430 - -----  
 ----- Bank of Scotland Managing  
 Agent \$9,345,794.39 5.84% 1021 Main Street, Suite 1370 Houston, Texas 77002  
 Attention: Byron L. Cooley Telephone: 713-650-0036 Fax: 713-651-9714 - -----  
 ----- Arab Banking Corporation (B.S.C.) \$5,233,644.86  
 3.27% 277 Park Avenue, 32nd Floor New York, NY 10172 Attention: Barbara  
 Sanderson/ Louise Weiss Telephone: 212-583-4752/4754 Fax: 212-503-0921 - -----  
 ----- Bank of America, N.A. \$5,233,644.86 3.27% 333  
 Clay Street Suite 550 Houston, Texas 77002 Attention: Ron Mckaig Telephone:  
 713-651-4881 Fax: 713-651-4807 - -----  
 ----- CIBC  
 Inc. \$5,233,644.86 3.27% 1600 Smith Street St. 3000 Houston, TX 77002  
 Attention: Mark Wolf Telephone: 713-650-2588 Fax: 713-650-7675 - -----  
 ----- Bayerische Hypo-Und Veriensbank AG, New York Branch  
 \$5,981,308.37 3.74% 150 East 42nd Street New York, New York 10017 Attention:  
 Yoram Dankner Telephone: 212-672-5446 Fax: 212-672-5530 - -----  
 ----- Annexes and Schedules

----- LENDER NAME AND ADDRESS TITLE TERM

LOANS LOAN PERCENTAGE - -----  
----- Royal Bank of  
Canada \$5,233,644.86 3.27% New York Branch One Liberty Plaza, 3rd Floor New  
York, New York 10006-1404 Attention: Manager, Loans Administration Telephone:  
212-428-6338 Fax: 212-428-2372 With copies to: 2800 Post Oak Boulevard Suite  
5700 Houston, TX 77056 Attention: Tom Oberaigner Telephone: 713-403-5678 Fax:  
713-403-5624 - -----  
----- Southwest Bank of Texas,  
N.A. \$5,981,308.41 3.74% 4400 Post Oak Parkway 4th Floor Houston, TX 77027  
Attention: Bryan Chapman Telephone: 713-232-2026 Fax: 713-232-1357 - -----  
----- SunTrust Bank \$4,485,981.31 2.80% 303 Peachtree  
Street N.E. 3rd Floor, MC 1929 Atlanta, GA 30308 Attention: Steve Newby  
Telephone: 404-658-4916 Fax: 404-827-6270 - -----  
----- Merrill Lynch Senior Floating Rate Fund, Inc. \$897,196.26 0.56% c/o  
Merrill Lynch Investment Managers 800 Scudders Mill Road - Area 1B Plainsboro,  
NJ 08536 Attention: Carla Orihel Telephone: 609-282-3285 Fax: 609-282-6627 - --  
----- Longhorn CDO II, Ltd. \$1,495,327.10 0.93%  
c/o Merrill Lynch Investment Managers 800 Scudders Mill Road - Area 1B  
Plainsboro, NJ 08536 Attention: Carla Orihel Telephone: 609-282-3285 Fax: 609-  
282-6627 - -----  
----- Annexes and Schedules

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----- LENDER NAME AND  
ADDRESS TITLE TERM LOANS  
LOAN PERCENTAGE - -----  
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----- Longhorn CDO (Cayman)  
Ltd. \$1,794,392.53 1.12%  
c/o Merrill Lynch  
Investment Managers 800  
Scudders Mill Road - Area  
1B Plainsboro, NJ 08536  
Attention: Carla Orihel  
Telephone: 609-282-3285  
Fax: 609-282-6627 - -----  
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----- Apex (IDM) CDO I, Ltd.  
\$897,196.26 0.56% - -----  
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----- Atrium CDO  
\$3,909,821.51 2.44% - -----  
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----- CSAM Funding I  
\$2,242,990.66 1.40% c/o  
Credit Suisse Asset  
Management, LLC 466  
Lexington Avenue, 14th  
Floor New York, New York  
10017 Attention: David  
Lerner Telephone: 212-201-  
9037 Fax: 212-983-4118 - --  
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----- CSAM Funding II  
\$4,196,261.68 2.62% c/o  
Credit Suisse Asset  
Management, LLC 466  
Lexington Avenue, 14th  
Floor New York, New York  
10017 Attention: David  
Lerner Telephone: 212-201-  
9037 Fax: 212-983-4118 - --  
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----- ELC (Cayman) Ltd.  
2000-1 \$448,598.13 0.28% -

----- First Dominion  
Funding I \$7,969,317.46  
4.98% c/o Credit Suisse  
Asset Management, LLC 466  
Lexington Avenue, 14th  
Floor New York, New York  
10017 Attention: Linda Karn  
Telephone: 212-201-9035  
Fax: 212-983-4118 -

--- First Dominion Funding  
II \$1,495,327.10 0.93% c/o  
Credit Suisse Asset  
Management, LLC 466  
Lexington Avenue, 14th  
Floor New York, New York  
10017 Attention: David  
Lerner Telephone: 212-201-  
9037 Fax: 212-983-4118 -

----- Annexes and  
Schedules

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LENDER NAME AND  
ADDRESS TITLE  
TERM LOANS LOAN  
PERCENTAGE - --

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First Dominion  
Funding III  
\$1,495,327.10  
0.93% c/o  
Credit Suisse  
Asset  
Management, LLC  
466 Lexington  
Avenue, 14th  
Floor New York,  
New York 10017  
Attention:  
David Lerner  
Telephone: 212-  
201-9037 Fax:  
212-983-4118 -

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Long Lane  
Master Trust IV  
\$1,647,351.93  
1.03% -

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 ----- Sankaty  
           High Yield  
           Partners III,  
           LP  
 \$1,647,351.93  
 1.03% - -----  
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 ----- Toronto  
           Dominion (New  
           York) Inc.  
 \$1,647,352.31  
 1.03% - -----  
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 ----- Tryon CLO  
           Ltd. 2000-1  
 \$448,598.13  
 0.28% - -----  
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 ----- TOTAL  
 \$160,000,000.02  
 100.00% - -----  
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 Annexes and Schedules

SCHEDULE 5.1 GUARANTEE  
OBLIGATIONS, CONTINGENT  
LIABILITIES AND  
DISPOSITIONS I. Guarantee  
Obligations and Contingent  
Liabilities: 1. None. II.  
Dispositions or  
Acquisitions of Business  
Properties since June 30,  
2002: 2. None. Annexes and  
Schedules

SCHEDULE 5.6 MATERIAL LITIGATION In 1997, EPN, along with several subsidiaries of El Paso Corporation, were named defendants in actions brought by Jack Grynberg on behalf of the U.S. Government under the False Claims Act. Generally, these complaints allege an industry-wide conspiracy to under report the heating value as well as the volumes of the natural gas produced from federal and Native American lands, which deprived the U.S. Government of royalties. These matters have been consolidated for pretrial purposes (In re: Natural Gas Royalties Qui Tam Litigation, U.S. District Court for the District of Wyoming, filed June 1997). In May 2001, the court denied the defendants' motions to dismiss. EPN has also been named a defendant in *Quinque Operating Company, et al v. Gas Pipelines and Their Predecessors, et al*, filed in 1999 in the District Court of Stevens County, Kansas. This class action complaint alleges that the defendants mismeasured natural gas volumes and heating content of natural gas on non-federal and non-Native American lands. The *Quinque* complaint was transferred to the same court handling the Grynberg complaint and has now been sent back to Kansas State Court for further proceedings. A motion to dismiss this case is pending. Under the terms of EPN's agreement to acquire the Borrower's assets, subsidiaries of El Paso Corporation have agreed to indemnify EPN against all obligations related to existing legal matters at the acquisition date, including the legal matters involving Leapartners, L.P., City of Edinburg (the "City") and Houston Pipe Line Company LP discussed below. During 2000, Leapartners, L.P. filed a suit against an affiliate of El Paso Corporation and others in the District Court of Loving County, Texas, alleging a breach of contract to gather and process gas in areas of western Texas related to an asset now owned by the Borrower. In May 2001, the court ruled in favor of Leapartners, L.P. and entered a judgment against El Paso Field Services, L.P. of approximately \$10 million. El Paso Field Services, L.P. has filed an appeal with the Eighth



Court of Appeals in El Paso, Texas. Also, EPGT Texas Pipeline, now owned by the Borrower, is involved in litigation with the City concerning the City's claim that EPGT Texas Pipeline was required to pay pipeline franchise fees under a contract the City had with Rio Grande Valley Gas Company, which was previously owned by EPGT Texas Pipeline and is now owned by Southern Union Gas Company ("Southern Union"). An adverse judgment against Southern Union and EPGT Texas Pipeline was rendered in December 1998 and upheld for breach of contract, holding both EPGT Texas Pipeline and Southern Union jointly and severally liable to the City for approximately \$4.7 million. The judgment relies on the single business enterprise doctrine to impose contractual obligations on EPGT Texas Pipeline and Southern Union's entities that were not parties to the contract with the City. EPGT Texas Pipeline has appealed this case to the Texas Supreme Court seeking reversal of the judgment rendered against EPGT Texas Pipeline. The City seeks a remand to the trial court of its claim of tortious interference against EPGT Texas Pipeline. The briefing before the Texas Supreme Court is complete. Annexes and Schedules

In December 2000, a 30-inch natural gas pipeline jointly owned now by the Borrower and Houston Pipe Line Company LP ruptured in Mont Belvieu, Texas, near Baytown, resulting in substantial property damage and minor physical injury. The Borrower is the operator of the pipeline. Lawsuits have been filed in state district court in Chambers County, Texas. An additional landowner has intervened in the Chambers County suits, as well as the homeowners' insurers. The suits seek recovery for physical pain and suffering, mental anguish, physical impairment, medical expenses, and property damage. Houston Pipe Line Company LP has been added as an additional defendant. In accordance with the terms of the operating agreement, the Borrower has agreed to assume the defense of and to indemnify Houston Pipe Line Company LP in the litigated cases. Discovery is proceeding and trial is set for November 2002. As discussed above, any obligation to Houston Pipe Line Company LP incurred by the Borrower is indemnified by subsidiaries of El Paso Corporation. Annexes and Schedules

SCHEDULE 5.15 SUBSIDIARIES

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NAME OF  
SUBSIDIARY  
OWNERSHIP  
INTEREST - -

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----- El  
Paso Energy  
Intrastate,  
L.P., a  
Delaware  
limited  
partnership  
99% limited  
partnership  
interest; 1%  
general  
partnership  
interest  
through EPN  
Pipeline GP  
Holding,  
L.L.C. - ---

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----- El  
Paso  
Offshore  
Gathering &  
Transmission,  
L.P., a  
Delaware  
limited 99%  
limited  
partnership  
interest; 1%  
partnership  
general  
partnership  
interest  
through EPN  
Gathering  
and Treating  
GP Holding,  
L.L.C. - ---

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----- El  
Paso Energy  
Warwink I  
Company,  
L.P., a  
Delaware

limited  
partnership  
99% limited  
partnership  
interest; 1%  
general  
partnership  
interest  
through EPN  
Gathering  
and Treating  
GP Holding,  
L.L.C. - ---  
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----- El  
Paso Energy  
Warwink II  
Company,  
L.P., a  
Delaware  
limited  
partnership  
99% limited  
partnership  
interest; 1%  
general  
partnership  
interest  
through EPN  
Gathering  
and Treating  
GP Holding,  
L.L.C. - ---  
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----- El  
Paso Hub  
Services  
Company,  
L.L.C., a  
Delaware  
limited  
liability  
100% limited  
liability  
company  
interest  
company - --  
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----- El  
Paso Indian  
Basin, L.P.,  
a Delaware  
limited  
partnership  
99% limited  
partnership  
interest; 1%  
general  
partnership  
interest  
through EPN  
Gathering

and Treating  
GP Holding,  
L.L.C. - ---

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----- EPGT

Texas  
Pipeline,  
L.P., a  
Delaware  
limited  
partnership  
99% limited  
partnership  
interest; 1%  
general  
partnership  
interest  
through EPN  
Pipeline GP  
Holding,  
L.L.C. - ---

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----- EPN

Gathering  
and Treating  
Company,  
L.P., a  
Delaware  
limited 99%  
limited  
partnership  
interest; 1%  
partnership  
general  
partnership  
interest  
through EPN  
Gathering  
and Treating  
GP Holding,  
L.L.C. - ---

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----- EPN

Gathering  
and Treating  
GP Holding,  
L.L.C., a  
Delaware  
limited 100%  
limited  
liability  
company  
interest  
liability  
company - --

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SCHEDULE 5.17 ENVIRONMENTAL  
MATTERS 1. Mercury  
contamination has been  
identified along the  
PG&E/GTT Pipeline system  
(which now comprises a part  
of the EPGT Pipeline  
system) where mercury  
meters are located or were  
previously located. 2. El  
Paso Corporation  
commissioned Montgomery  
Watson Harza in 2001 to  
perform an evaluation of  
the GTT Pipeline System to  
evaluate potential  
environmental issues and  
liabilities associated with  
18 gas  
treatment/processing/storage  
facilities and 92  
compressor stations within  
the GTT Pipeline System. 3.  
El Paso Corporation  
commissioned The IT Group  
in 2001 to perform a pilot  
study within the GTT  
Pipeline System to identify  
and assess remediation  
issues associated with  
mercury-containing  
manometers used on the GTT  
pipeline system. Annexes  
and Schedules

SCHEDULE 5.22 INSURANCE

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ATTACHMENT  
CARRIER/POLICY  
NUMBER POLICY  
TERM LIMIT  
POINT (IF  
EXCESS) - -----

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COMPREHENSIVE  
GENERAL  
LIABILITY,  
AUTOMOBILE  
LIABILITY AND  
EMPLOYEE  
BENEFITS  
LIABILITY - ---

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Travelers  
Companies  
11/1/2001-  
11/1/2002

\$7,500,000 per  
occurrence --  
TC2J GLSA  
418J8575 TIL-01  
(All

\$15,000,000  
general  
aggregate  
States)

\$15,000,000  
products  
aggregate  
\$7,500,000

deductible per  
232D1590  
occurrence  
(Canadian US\$)

Employee  
Benefits  
Liability  
(Claims Made  
Coverage Form)

\$7,500,000 per  
occurrence  
\$7,500,000 each  
employee

\$7,500,000  
aggregate  
\$7,500,000  
deductible

09/01/83  
retroactive  
date - -----

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----- Travelers  
Companies



11/1/2001-  
11/1/2002  
\$5,000,000 per  
occurrence --  
TC2JCAP418J8606-  
TIL-01 (All  
Other  
\$2,000,000  
deductible  
States)  
TC2ECAP418J8587-  
TCT-01 (TX)  
TC2EGAR-  
418J8599-TCT-01  
(Garagekeepers-  
TX)  
TRJCAP418J8618-  
TIL-01 (MA) - -  
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EMPLOYERS  
LIABILITY - ---  
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Travelers Co.  
Renewals of:  
11/1/2001-  
11/1/2002  
\$2,000,000 per  
accident --  
TC2KUB418J8551-  
IND-01 (All  
Other  
\$2,000,000 per  
employee  
disease States  
including TX,  
CA & NJ)  
\$2,000,000  
policy  
aggregate  
TRJUB418J862-A-  
TIL-01 disease  
(AZ, MA, MO, NV  
& WI) \$500,000  
deductible -  
onshore &  
industrial aid  
aviation  
\$1,000,000  
deductible -  
all other - ---  
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----- ATTACHMENT  
CARRIER/POLICY NUMBER  
POLICY TERM LIMIT POINT (IF  
EXCESS) - -----  
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PROPERTY/MARINE COVERAGE -  
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----- Oil Insurance  
Limited ("OIL") 12/31/01-  
12/31/02 \$250,000,000  
Property Damage, Excess of  
2001-187 Control of  
Well/OEE, \$10,000,000  
Pollution Lloyds &  
Companies 1/ 1/29/01-  
1/29/02 \$500,000,000  
onshore/offshore Excess of  
TBD property damage  
\$250,000,000 OIL Wrap and  
Business Interruption  
Excess of \$10,000,000  
Currently - 100% subscribed  
for offshore and 91.75% for  
onshore. \$500,000,000  
Onshore Business Excess of  
60- Interruption day wait  
period \$150,000,000 Control  
of Well/OEE Excess of  
\$250,000,000 Excess of  
\$10,000,000 \$150,000,000  
Pollution Excess of  
\$250,000,000 Excess of  
\$10,000,000 \$150,000,000  
Offshore Loss of Excess of  
60- Production Income day  
wait period - -----  
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EXCESS LIABILITY - -----  
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-- Mt. Franklin Insurance,  
Ltd. (100% 11/1/97-  
11/1/2002 \$50,000,000 per  
occurrence Excess of  
Reinsured by National  
Union) Prepaid Premium  
\$50,000,000 aggregate  
Primary 20-0102-00-1997 - -  
-----  
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----- American Zurich  
11/1/97-11/1/2002  
\$50,000,000 per occurrence  
Excess of EU0-215-2323-01  
Prepaid Premium \$50,000,000  
aggregate \$50,000,000  
Excess of Primary - -----  
-----  
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----- Lumbermens Mutual  
Casualty 11/1/98-11/1/2002  
\$50,000,000 per occurrence  
Excess of 9SR120080-00  
Prepaid Premium \$50,000,000  
aggregate \$150,000,000  
Excess of Primary Gerling-  
-----

Konzern 11/1/97-11/1/2002  
\$50,000,000 per occurrence  
Excess of DL221099 Prepaid  
Premium \$50,000,000  
aggregate \$100,000,000  
Excess of Primary - -----  
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--- Annexes and Schedules

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----- ATTACHMENT  
CARRIER/POLICY NUMBER  
POLICY TERM LIMIT POINT (IF  
EXCESS) - -----  
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----- Starr  
Excess 11/1/00-11/1/2002  
\$150,000,000 per occurrence  
Excess of 5554203 Prepaid  
Premium \$150,000,000  
aggregate \$200,000,000  
Excess of Primary - -----  
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--- Oil Casualty Insurance,  
Ltd. Prepaid Premium  
\$50,000,000 aggregate  
\$350,000,000 UGL-A Excess  
of Primary - -----  
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X.L. Insurance Company,  
Ltd. 11/1/98-11/1/2002  
\$100,000,000 per occurrence  
Excess of XLUMB-02220  
Prepaid Premium  
\$100,000,000 aggregate  
\$400,000,000 Excess of  
Primary - -----  
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----- AEGIS  
11/1/98-1/1/2002  
\$35,000,000 per occurrence  
Excess of X0891A1A99  
Prepaid Premium \$35,000,000  
aggregate \$500,000,000  
Excess of Primary - -----  
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--- EIM 11/1/98-11/1/2002  
\$75,000,000 per occurrence  
Excess of 50097399GL  
Prepaid Premium \$75,000,000  
aggregate \$535,000,000  
Excess of Primary - -----  
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\* Data is for major coverage lines, misc. other lines not included. Annexes and Schedules



Exhibit B FORM OF TERM NOTE \$ \_\_\_\_\_ New York, New York October 10, 2002 FOR VALUE RECEIVED, the undersigned, EPN HOLDING COMPANY, L.P., a Delaware limited partnership (the "Borrower"), hereby unconditionally promises to pay to the order of \_\_\_\_\_ (the "Lender") at the office of JPMorgan Chase Bank located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, the principal amount of the lesser of (a) \_\_\_\_\_ (\$ \_\_\_\_\_), and (b) the aggregate unpaid principal amount of all Loans made by the Lender to the undersigned pursuant to Section 2.1 of the Credit Agreement hereinafter referred to, on the Maturity Date (as defined in the Credit Agreement), such principal to be paid on the date and in the amounts set forth in Section 2.2 of the Credit Agreement and on such other dates and in such other amounts set forth in the Credit Agreement. Each of the undersigned further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time from the date hereof at the applicable rate per annum set forth in Section 4.4 of the Credit Agreement until any such amount shall become due and payable (whether at the stated maturity, by acceleration or otherwise), and thereafter on such overdue amount at the rate per annum set forth in subsection 4.4(c) of said Credit Agreement until paid in full (both before and after judgment). Interest shall be payable in arrears on each Interest Payment Date commencing on the first such date to occur after the date hereof, provided that interest accruing pursuant to subsection 4.4(c) of the Credit Agreement shall be payable on demand. In no event shall the interest payable hereon, whether before or after maturity, exceed the maximum interest which, under applicable law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The holder of this Note is authorized to record the date, type and amount of each Loan made by the Lender pursuant to Section 2.1 of said Credit Agreement, each continuation thereof, each conversion of all or a portion thereof to another type, the date and amount of each payment or prepayment of principal with respect thereto, and, in the case of Eurodollar Loans, the length of each Interest Period with respect thereto, on the schedules annexed hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof, which recordation shall constitute prima facie evidence of the accuracy of the information recorded in the absence of manifest error; provided that failure by the Lender to make any such recordation on this Note shall not affect the obligations of the Borrower under this Note or said Credit Agreement. This Note is one of the Notes referred to in the Amended and Restated Credit Agreement, dated as of April 8, 2002, as amended and restated through October 10, 2002 (as Exhibit B-1

amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lender, the other financial institutions parties thereto and JPMorgan Chase Bank, as Administrative Agent, is entitled to the benefits thereof, is secured as provided therein and is subject to optional and mandatory prepayment in whole or in part as provided therein. Terms used herein which are defined in the Credit Agreement shall have such defined meanings unless otherwise defined herein or unless the context otherwise requires. Upon the occurrence of any one or more of the Events of Default specified in said Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided therein. This Note and the other Notes are given in replacement and substitution for, but not payment or satisfaction of, certain term loan notes previously issued under the Credit Agreement. The indebtedness evidenced by such other term loan notes is continued in full force and effect hereunder. THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. This Note evidences existing indebtedness under the Existing EPNHC Credit Agreement (and its predecessors) and does not constitute payment of such indebtedness, and such indebtedness continues in full force and effect, as amended and restated in the Credit Agreement. EPN HOLDING COMPANY, L.P. By: EPN GP Holding, L.L.C., its General Partner By: ----- Name: -----  
----- Title: ----- Exhibit B-2





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Exhibit B (Schedule B) - 1





















Exhibit L FORM OF ASSIGNMENT AND ASSUMPTION Reference is made to the Amended and Restated Credit Agreement dated as of April 8, 2002, as amended and restated through October 10, 2002 (as amended and in effect on the date hereof, the "Credit Agreement"), among EPN Holding Company, L.P., the Lenders named therein and JPMorgan Chase Bank, as Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings. The Assignor named below hereby sells and assigns, without recourse, to the Assignee named below, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Date set forth below, the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the interests set forth below in the Loans owing to the Assignor which are outstanding on the Assignment Date, but excluding accrued interest and fees to and excluding the Assignment Date. The Assignee hereby acknowledges receipt of a copy of the Credit Agreement. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the Assigned Interest, relinquish its rights and be released from its obligations under the Credit Agreement. This Assignment and Assumption is being delivered to the Administrative Agent together with (i) if the Assignee is a Foreign Lender, any documentation required to be delivered by the Assignee pursuant to Section 4.10(b) of the Credit Agreement, duly completed and executed by the Assignee, and (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form supplied by the Administrative Agent, duly completed by the Assignee. The [Assignee/Assignor] shall pay the fee payable to the Administrative Agent pursuant to Section 11.6(b) of the Credit Agreement. This Assignment and Assumption shall be governed by and construed in accordance with the laws of the State of New York. Date of Assignment: Legal Name of Assignor: Legal Name of Assignee: Assignee's Address for Notices: Effective Date of Assignment ("Assignment Date"): Exhibit L - 1

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Principal  
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all  
Lenders) -  
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The terms set forth above and below are hereby agreed to: [Name of Assignor],  
as Assignor By: ----- Name: -----  
----- Title: ----- [Name of  
Assignee], as Assignee By: ----- Name: -----  
----- Title: ----- The  
undersigned hereby consent to the within assignment:(1) EPN Holding Company,  
L.P., JPMorgan Chase Bank, By: EPN GP Holding, L.L.C., its General Partner as  
Administrative Agent, By: By: -----  
--- Name: Name: ----- Title:  
Title: -----  
-- (1) Consents to be included to the extent required by Section 12.6(b) of the  
Credit Agreement. Exhibit L - 2

Exhibit M FORM OF ENVIRONMENTAL COMPLIANCE CERTIFICATE The undersigned, being the [President] [Chief Operating Officer] [Chief Financial Officer] of EPN Holding Company, L.P. (the "Borrower"), pursuant to subsection 8.2(i) of the Amended and Restated Credit Agreement, dated as of April 8, 2002, as amended and restated through October 10, 2002, among the Borrower, JPMorgan Chase Bank, as administrative agent (the "Administrative Agent"), and the banks and other financial institutions which are parties thereto (the "Lenders") (such Credit Agreement, as the same may from time to time be amended, supplemented or otherwise modified, is referred to herein as the "Credit Agreement"), after due inquiry and consultation with the senior operating officers of the Borrower, does hereby certify as of the date hereof to the Lenders as follows: 1. For the fiscal year ending immediately prior to the date hereof, except as set forth in Schedule I attached hereto, the Borrower and its Subsidiaries have complied and are complying with Section 7.8 of the Credit Agreement; 2. To the best knowledge of the undersigned after due inquiry and except as set forth in Schedule 5.17, the Borrower and its Subsidiaries are in compliance with all applicable Environmental Laws, noncompliance with which could give rise to a liability in a Material Environmental Amount; 3. The Borrower and its Subsidiaries have taken steps to minimize the generation of potentially harmful effluents; 4. The Borrower and its Subsidiaries have established a program of conducting an internal audit of each operating facility of the Borrower and its Subsidiaries to identify actual or potential environmental liabilities which could give rise to a liability in a Material Environmental Amount; and 5. The Borrower and its Subsidiaries have established a program of training their respective employees in issues of environmental, health and safety compliance, and the Borrower and its Subsidiaries have one or more individuals in charge of implementing the training program. Exhibit N-1

For purposes of this Certificate, all capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement. EPN HOLDING COMPANY, L.P. By: EPN GP Holding, L.L.C., its General Partner By: -----

----- Name: ----- Title: -----

----- Date: Exhibit N-2



CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ending September 30, 2002 of El Paso Energy Partners, L.P. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Phillips, Chairman of the Board and Chief Executive Officer of El Paso Energy Partners Company, general partner of El Paso Energy Partners, L.P., certify (i) that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert G. Phillips

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Robert G. Phillips  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)  
El Paso Energy Partners Company, general  
partner of El Paso Energy Partners, L.P.

November 12, 2002

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ending September 30, 2002 of El Paso Energy Partners, L.P. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith B. Forman, Vice President and Chief Financial Officer of El Paso Energy Partners Company, general partner of El Paso Energy Partners, L.P., certify (i) that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Keith B. Forman

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Keith B. Forman  
Vice President and  
Chief Financial Officer  
(Principal Financial Officer)  
El Paso Energy Partners Company, general  
partner of El Paso Energy Partners, L.P.

November 12, 2002

