SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998

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

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	76-0396023
(STATE OF ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

600 TRAVIS
SUITE 7200
HOUSTON, TEXAS 77002
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(713) 224-7400
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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 TWELVE MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO
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LEVIATHAN GAS PIPELINE PARTNERS, L.P.
AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(IN THOUSANDS)

	March 31, 1998	December 31, 1997
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 1,264	$ 6,430
Accounts receivable	1,531	1,953
Accounts receivable from affiliates	5,245	6,608
Other current assets	595	653
Total current assets	8,635	15,644
Equity investments	184,664	182,301
Property and equipment:		
Pipelines	76,680	78,244
Platforms and facilities	112,606	97,882
Oil and gas properties, at cost, using successful efforts method	120,339	120,296
	309,625	296,422
Less accumulated depreciation, depletion, amortization and impairment	103,134	95,783
Property and equipment, net	206,491	200,639
Investment in Tatham Offshore, Inc. (Note 2)	7,500	7,500
Other noncurrent assets	3,510	3,758
Total assets	$ 410,800	$ 409,842
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued liabilities	$ 15,040	$ 12,522
Accounts payable to affiliates	770	1,032
Total current liabilities	15,810	13,554
Deferred federal income taxes	1,267	1,399
Notes payable	251,000	238,000
Other noncurrent liabilities	15,369	13,304
Total liabilities	283,446	266,257
Minority interest	(543)	(381)
Partners' capital	127,897	143,966
Total liabilities and partners' capital	$ 410,800	$ 409,842

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per Unit amounts)

	Three Months Ended March 31,	
	1998	1997
Revenue:		
Oil and gas sales	$ 9,135	$ 18,100
Gathering, transportation and platform services	3,260	5,839
Equity in earnings	5,319	7,089
	17,714	31,028
Costs and expenses:		
Operating expenses	2,837	3,103
Depreciation, depletion and amortization	7,867	13,945
General and administrative expenses and management fee	4,950	2,473
	15,654	19,521
Operating income	2,060	11,507
Interest income and other	84	693
Interest and other financing costs	(3,722)	(3,112)
Minority interest in income	13	(90)
(Loss) income before income taxes	(1,565)	8,998
Income tax (benefit) expense	(141)	34
Net (loss) income	$ (1,424)	$ 8,964
Weighted average number of Units outstanding	24,367	24,367
Basic and diluted net (loss) income per Unit	$ (0.05)	$ 0.32

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)

	Three Months Ended March 31,	
	1998	1997
Cash flows from operating activities:		
Net (loss) income	$ (1,424)	$ 8,964
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Amortization of debt issue costs	240	241
Depreciation, depletion and amortization	7,867	13,945
Minority interest in income	(13)	90
Equity in earnings	(5,319)	(7,089)
Distributions from equity investments	6,325	5,275
Deferred income taxes	(132)	31
Other noncash items	1,556	(4,006)
Changes in operating working capital:		
Decrease (increase) in accounts receivable	422	(547)
Decrease in accounts receivable from affiliates	1,363	4,298
Decrease in other current assets	58	584
Increase (decrease) in accounts payable and accrued liabilities	2,518	(7,133)
Decrease in payable to affiliates	(262)	(1,778)
Net cash provided by operating activities	13,199	12,875
Cash flows from investing activities:		
Additions to pipelines, platforms and facilities	(13,190)	(1,821)
Equity investments	(3,338)	(24)
Development of oil and gas properties	(43)	(6,772)
Net cash used in investing activities	(16,571)	(8,617)
Cash flows from financing activities:		
Decrease in restricted cash	--	716
Proceeds from notes payable	23,000	--
Repayments of notes payable	(10,000)	(8,000)
Debt issue costs	--	(98)
Distributions to partners	(14,794)	(10,326)
Net cash used in financing activities	(1,794)	(17,708)
Decrease in cash and cash equivalents	(5,166)	(13,450)
Cash and cash equivalents at beginning of year	6,430	16,489
Cash and cash equivalents at end of period	$ 1,264	$ 3,039
Cash paid for interest, net of amounts capitalized	$ 3,381	$ 2,930
Cash paid for income taxes	$ --	$ 2

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(In thousands)

	Preference Unitholders	Common Unitholder	General Partner	Total
Partners' capital at December 31, 1997	$ 163,426	$ (15,400)	$ (4,060)	$ 143,966
Net loss for the three months ended March 31, 1998 (unaudited)	(852)	(297)	(275)	(1,424)
Cash distributions (unaudited)	(9,038)	(3,146)	(2,461)	(14,645)
Partners' capital at March 31, 1998 (unaudited)	$ 153,536	$ (18,843)	$ (6,796)	$ 127,897
Limited partnership Units outstanding at December 31, 1997 and March 31, 1998 (unaudited)	18,075	6,292	-- (a)	24,367

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(a) Leviathan Gas Pipeline Company owns a 1% general partner interest in Leviathan Gas Pipeline Partners, L.P.

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION:

Leviathan Gas Pipeline Partners, L.P. (the "Partnership"), a publicly held Delaware limited partnership, is primarily engaged in the gathering and transportation of natural gas and crude oil through pipeline systems located in the Gulf of Mexico (the "Gulf") and in the development and production of oil and gas reserves. The Partnership's assets include interests in (i) eight natural gas pipelines, (ii) a crude oil pipeline system, (iii) five strategically located multi-purpose platforms, (iv) three producing oil and gas properties and (v) a dehydration facility.

Leviathan Gas Pipeline Company ("Leviathan"), a Delaware corporation and wholly-owned subsidiary of Leviathan Holdings Company ("Leviathan Holdings"), an 85%-owned subsidiary of DeepTech International Inc. ("DeepTech"), is the general partner of the Partnership, and as such, performs all management and operational functions of the Partnership and its subsidiaries. The remaining 15% of Leviathan Holdings is principally owned by members of the management of DeepTech. DeepTech also owns and controls several other operating subsidiaries which are engaged in various oil and gas related activities.

As of March 31, 1998, the Partnership had 18,075,000 Preference Units and 6,291,894 Common Units outstanding. All of the Preference Units are owned by the public, representing a 72.7% effective limited partner interest in the Partnership. Leviathan, through its ownership of all of the Common Units, its 1% general partner interest in the Partnership and its approximate 1% nonmanaging interest in certain of the Partnership's subsidiaries, owns a 27.3% effective interest in the Partnership (23.2% effective interest net to DeepTech's interest). See Note 4 for a discussion of the conversion of Preference Units into Common Units.

The accompanying consolidated financial statements have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, the statements reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair statement of the results of operations for the period covered by such statements. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Partnership's Annual Report on Form 10-K for the year ended December 31, 1997.

Effective January 1, 1998, the Partnership adopted Statement of Financial Accounting Standard ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related Information". SFAS No. 131 establishes standards for the method public entities report information about operating segments in both interim and annual financial statements issued to shareholders and requires related disclosures about products and services, geographic areas and major customers. The Partnership is currently evaluating the disclosure requirements of this statement as this statement does not apply to interim financial statements in the initial year of its adoption. However, comparative financial information for interim periods in the initial year of application must be reported in financial statements for interim periods in the second year of application.

NOTE 2 - RECENT EVENTS:

On March 2, 1998, DeepTech announced that its Board of Directors and holders of a majority of its outstanding stock had approved the execution of an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which DeepTech would merge (the "Merger") with El Paso Natural Gas Company ("El Paso") or, under certain circumstances, one of its subsidiaries.

The material terms of the Merger and the transactions contemplated by the Merger Agreement and other agreements as these agreements relate to the Partnership are as follow:

(a) El Paso will acquire the minority interests of Leviathan Holdings and two other subsidiaries of DeepTech primarily held by DeepTech management for an aggregate of $55.0 million. As a result, El Paso will own 100% of Leviathan's general partner interest in the Partnership and an overall 27.3% effective interest in the Partnership.

(b) Pursuant to the Merger Agreement, employees of DeepTech or the Partnership who are terminated upon the closing of the Merger or during the six months thereafter, will receive certain severance payments from DeepTech or El Paso.

(c) Tatham Offshore, Inc. ("Tatham Offshore"), an affiliate of the Partnership, will transfer certain of its assets located in the Gulf to the Partnership in consideration of the redemption by Tatham Offshore of its 7,500 shares of Series B 9% Senior Convertible Preferred Stock (the "Senior Preferred Stock") currently owned by the Partnership (the "Redemption Agreement"). Specifically, under the terms of the Redemption Agreement and subject to the satisfaction of certain conditions at closing, the Partnership has agreed to exchange the Senior Preferred Stock and all related accrued and unpaid dividends due to the Partnership as of the date of the exchange for 100% of Tatham Offshore's right, title and interest in and to Viosca Knoll Blocks 772, 773, 774, 817, 818 and 861 (subject to an existing production payment obligation), West Delta Block 35, Ewing Bank Blocks 871, 914, 915 and 916 and the platform located at Ship Shoal Block 331. At the closing, the Partnership will receive from/pay to Tatham Offshore an amount equal to the net cash generated from/required by such properties from January 1, 1998 through the closing date. In addition, the Partnership has agreed to assume all abandonment and restoration obligations associated with the platform and leases. This transaction is expected to close on the later of July 1, 1998 or one business day after the closing of the rights offering related to DeepTech's merger with El Paso.

(d) Tatham Offshore has agreed to cancel its reversionary interests in certain oil and gas properties owned by the Partnership.

Both the Merger and the transactions contemplated by the Redemption Agreement are subject to customary regulatory approvals, the satisfaction of certain conditions and the consummation of certain related transactions and are anticipated to be completed in June or July 1998.

Mr. Grant E. Sims and Mr. James H. Lytal, the Chief Executive Officer and the President, respectively, of the Partnership have entered into employment agreements with El Paso effective as of the closing of the Merger. After the Merger, Messrs. Sims and Lytal will continue to serve as the Chief Executive Officer and the President, respectively, of the Partnership for a term of five years commencing on the effective date of the Merger. However, pursuant to the terms of their respective employment agreements, Messrs. Sims and Lytal have the right to terminate upon thirty days notice and El Paso has the right to terminate under certain circumstances.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(UNAUDITED)

NOTE 3 - EQUITY INVESTMENTS:

The Partnership owns interests of 50% in Viosca Knoll Gathering Company ("Viosca Knoll"), 36% in Poseidon Oil Pipeline Company, L.L.C. ("POPCO"), 25.7% in Nautilus Pipeline Company, L.L.C. ("Nautilus"), 25.7% in Manta Ray Offshore Gathering Company, L.L.C. ("Manta Ray Offshore"), 50% in Stingray Pipeline Company ("Stingray"), 40% in High Island Offshore System ("HIOS"), 33 1/3% in U-T Offshore System ("UTOS") and 50% in West Cameron Dehydration Company, L.L.C. ("West Cameron Dehy"). The summarized financial information for these investments, which are accounted for using the equity method, is as follows:

SUMMARIZED HISTORICAL OPERATING RESULTS
(In thousands)

	Three Months Ended March 31, 1998								
	HIOS	Viosca Knoll	Stingray	West Cameron Dehy	POPCO	UTOS	Manta Ray Offshore	Nautilus	Total
Operating revenue	$ 10,928	$ 7,027	$ 5,519	$ 565	$ 8,097	$1,091	$1,533	$ 638	
Other income	55	11	224	1	75	25	118	10	
Operating expenses	(4,047)	(651)	(3,439)	(46)	(888)	(601)	(305)	(253)	
Depreciation	(1,192)	(930)	(1,808)	(4)	(2,196)	(140)	(1,031)	(1,411)	
Other expenses	--	(929)	(305)	--	(2,198)	--	--	(12)	
Net earnings (loss)	5,744	4,528	191	516	2,890	375	315	(1,028)	
Ownership percentage	40%	50%	50%	50%	36%	33.3%	25.7%	25.7%	
	2,298	2,264	96	258	1,040	125	81	(264)	
Adjustments:									
- - Depreciation(a)	190	--	234	--	--	8	(87)	--	
- - Contract amortization(a)	(26)	--	(95)	--	--	--	--	--	
- - Other	(41)	--	(12)	--	(30)	(10)	--	(710)(c)	
Equity in earnings (loss)	$ 2,421	$ 2,264	$ 223	$ 258	$ 1,010	$ 123	$ (6)	$ (974)	$5,319
Distributions(b)	$ 2,400	$ 2,150	$ 1,000	$ 275	$ --	$ --	$ 500	$ --	$6,325

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(a) Adjustments result from purchase price adjustments made in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations."
(b) Future distributions could be restricted by the terms of the equity investees' respective credit agreements.
(c) Primarily relates to a revision of the allowance for funds used during construction ("AFUDC") which represents the estimated costs, during the construction period, of funds used for construction purposes.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(UNAUDITED)

SUMMARIZED HISTORICAL OPERATING RESULTS
(In thousands)

	Three Months Ended March 31, 1997							
	HIOS	Viosca Knoll	West Cameron Stingray	West Cameron Dehy	POPCO	UTOS	Manta Ray Offshore	Total
Operating revenue	$ 11,679	$ 4,926	$ 6,214	$ 796	$ 4,131	$ 959	$ 1,103	
Other income	114	--	233	7	44	8	110	
Operating expenses	(3,872)	(607)	(2,833)	(41)	(825)	(607)	(371)	
Depreciation	(1,194)	(586)	(1,802)	(4)	(895)	(141)	(333)	
Other expenses	--	(456)	(368)	--	(1,265)	--	--	
Net earnings	6,727	3,277	1,444	758	1,190	219	509	
Ownership percentage	40%	50%	50%	50%	36%	33.3%	25.7%	
	2,691	1,639	722	379	428	73	131	
Adjustments:								
- - Depreciation(a)	211	--	238	--	--	9	--	
- - Contract amortization(a)	(26)	--	(85)	--	--	--	--	
- - Other	(39)	--	(12)	--	109	(8)	629(b)	
Equity in earnings	$ 2,837	$1,639	$ 863	$ 379	$ 537	$ 74	$ 760	$7,089
Distributions(c)	$ 3,200	$1,350	$ 550	$ 175	$ --	$ --	$ --	$5,275

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(a) Adjustments result from purchase price adjustments made in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations."
(b) Represents additional net earnings specifically allocated to the Partnership related to the assets contributed by the Partnership to the Manta Ray Offshore joint venture. Pursuant to the terms of the joint venture agreement, the Partnership managed the operations of the assets contributed to Manta Ray Offshore and was permitted to retain approximately 100% of the net earnings from such assets during the construction phase of the expansion to the Manta Ray Offshore system (January 17, 1997 through December 31, 1997). Effective January 1, 1998, Manta Ray Offshore began allocating all net earnings in accordance with the ownership percentages of the joint venture.
(c) Future distributions could be restricted by the terms of the equity investees' respective credit agreements.

NOTE 4 - PARTNERS' CAPITAL INCLUDING CASH DISTRIBUTIONS:

Cash distributions

Distributions by the Partnership of its Available Cash are effectively made 98% to Unitholders and 2% to Leviathan, subject to the payment of incentive distributions to Leviathan if certain target levels of cash distributions to Unitholders are achieved (the "Incentive Distributions"). As an incentive, the general partner's interest in the portion of quarterly cash distributions in excess of $0.325 per Unit and less than or equal to $0.375 per Unit is increased to 15%. For quarterly cash distributions over $0.375 per Unit but less than or equal to $0.425 per Unit, the general partner receives 25% of such incremental amount and for all quarterly cash distributions in excess of $0.425 per Unit, the general partner receives 50% of the incremental amount.

In February 1998, the Partnership paid a cash distribution of $0.50 per Preference and Common Unit for the period from October 1, 1997 through December 31, 1997 and an Incentive Distribution of $2.4 million to Leviathan, as general partner. On April 15, 1998, the Partnership declared a cash distribution of $0.525 per Preference and Common Unit for the period from January 1, 1998 through March 31, 1998 which will be paid on May 15, 1998 to Unitholders of record as of April 30, 1998. Leviathan will receive an Incentive Distribution of $3.0 million for the three months ended March 31, 1998.

Conversion of Preference Units into Common Units

The Preference Units are currently entitled to receive from Available Cash, as defined in the Partnership Agreement, a minimum quarterly distribution for each quarter of $0.275 per Preference Unit, plus any arrearage in the payment of the minimum quarterly distribution for prior quarters, before any distribution of Available Cash is made to holders of Common Units for such quarter.

In May 1998, the Partnership notified the holders of its Preference Units of their right to convert their Preference Units into an equal number of Common Units, provided that, on August 5, 1998, after giving effect to the conversion of all Preference Units as to which a notice of conversion had been timely received by the Partnership, there were at least 2,000 holders of 100 or more Common Units of the Partnership (the "Liquidity Condition"). Subject to the satisfaction of the Liquidity Condition, after August 5, 1998, Preference Units will not be entitled to (i) any cash distributions in excess of the minimum quarterly distribution of $0.275 per Unit or (ii) any distribution preferences over the Common Units, and the preference period will end.

Subject to the satisfaction of the Liquidity Condition, holders of Preference Units must convert to Common Units in order to participate in (i) any cash distributions above the minimum quarterly distributions of $0.275 per Unit or (ii) future increases of such distributions of the Partnership, if any. The Partnership anticipates that substantially all of the holders of the Preference Units will elect to convert their Preference Units into Common Units since the current quarterly distributions are significantly in excess of the minimum quarterly distribution; however, no assurance can be made that the current quarterly distribution rate will be increased or maintained.

If less than all of the Preference Units are converted into Common Units as of August 5, 1998, the Partnership must again notify the remaining holders of the Preference Units of their right to convert their Preference Units into Common Units once each year for another two years.

NOTE 5 - RELATED PARTY TRANSACTIONS:

Management fees. For the three months ended March 31, 1998, Leviathan charged the Partnership $2.5 million pursuant to the Partnership Agreement which provides for reimbursement of expenses Leviathan incurs as general partner of the Partnership, including reimbursement of expenses incurred by DeepTech in providing management services to Leviathan and the Partnership.

Other. Tatham Offshore Canada Limited ("Tatham Offshore Canada"), a wholly-owned subsidiary of Tatham Offshore, is the Canadian representative of North Atlantic Pipeline Partners, L.P. ("North Atlantic"), the sponsor of a proposal to build an approximately 2,500 kilometer pipeline from offshore Newfoundland and Nova Scotia to the eastern seaboard of the United States. The Partnership has entered into a letter agreement with Tatham Offshore Canada regarding participation in the North Atlantic pipeline project. Under such agreement, Tatham Offshore Canada is responsible for the pre-development costs of the project. Such agreement contains certain termination rights, contemplates the negotiation, execution and delivery of definitive agreements and provides that the Partnership would hold a pro rata partnership interest of up to 20% in North Atlantic. The Partnership has no financial commitment to the project until and unless an application is approved by the appropriate Canadian and United States regulatory authorities. In the event the Partnership was to terminate its participation in North Atlantic after the date North Atlantic receives regulatory approval of an application but prior to the in-service date of the first phase of the North Atlantic pipeline, the Partnership, under certain conditions, would be obligated to pay Tatham Offshore Canada an amount equal to 150% of the Partnership's pro rata share of the "success fee" earned by Tatham Offshore Canada related to the first phase of construction. For a period of one year after the effective date of the merger discussed in Note 2, the Partnership shall have the right to terminate this agreement without incurring the liability for the above-mentioned "success fee". Tatham Offshore Canada is seeking additional participants on the same basis as that offered to the Partnership.

Pursuant to the Leviathan non-employee director compensation arrangements, the Partnership is obligated to pay each non-employee director 2 1/2% of the general partner's Incentive Distribution as a profit participation fee. During the three months ended March 31, 1998, the Partnership paid the three non-employee directors of Leviathan a total of $0.2 million as a profit participation fee.

In March 1998, Tatham Offshore eliminated its 7,500 shares of 9% Senior Convertible Preferred Stock issued to the Partnership and replaced this stock with its Senior Preferred Stock (discussed in Note 2). The Partnership, at any time, may convert the shares of Senior Preferred Stock into shares of Tatham

Offshore Series A 12% Convertible Exchangeable Preferred Stock ("Series A Preferred Stock") using a conversion ratio equal to (i) the liquidation preference amount plus accumulated and unpaid dividends divided by (ii) $0.9375, the closing price of the Tatham Offshore Series A Preferred Stock on February 27, 1998. In connection with the Redemption Agreement discussed in Note 2, the Senior Preferred Stock and all related unpaid dividends will be redeemed in full.

NOTE 6 - COMMITMENTS AND CONTINGENCIES:

Hedging Activities

The Partnership hedges a portion of its oil and natural gas production to reduce the Partnership's exposure to fluctuations in market prices of oil and natural gas and to meet certain requirements of the Partnership Credit Facility (as defined herein). The Partnership uses various financial instruments whereby monthly settlements are based on differences between the prices specified in the instruments and the settlement prices of certain futures contracts quoted on the New York Mercantile Exchange ("NYMEX") or certain other indices. The Partnership settles the instruments by paying the negative difference or receiving the positive difference between the applicable settlement price and the price specified in the contract. The instruments utilized by the Partnership differ from futures contracts in that there is no contractual obligation which requires or allows for the future delivery of the product. Gains or losses on hedging activities are recognized as oil and gas sales in the period in which the hedged production is sold.

At March 31, 1998, the Partnership had open sales hedges on approximately 25,000 million British thermal units ("MMbtu") of natural gas per day for the remaining period in 1998 at an average price of $2.37 per MMbtu and open purchase hedges of approximately 25,000 MMbtu of natural gas per day for the remaining period in 1998 at an average price of $2.24 per MMbtu. In addition, the Partnership had entered into commodity swap transactions for calendar 1999 totaling 5,000 MMbtu per day at a fixed price to be determined at the Partnership's option equal to the January 1999 Natural Gas Futures Contract on NYMEX as quoted at any time during 1998 to and including the last three trading days of the January 1999 contract minus $0.25 per MMbtu.

At March 31, 1998, the Partnership had open sales hedges on approximately 990 barrels of oil per day for the remaining period in 1998 at an average price of $20.43 per barrel and open purchase hedges of approximately 1,000 barrels of oil per day for the remaining period in 1998 at an average price of $17.45 per barrel.

Other

In 1995, the Partnership adopted the Unit Rights Appreciation Plan (the "Plan") to provide the Partnership with the ability of making awards of Unit Rights, as hereinafter defined, to certain officers and employees of the Partnership or its affiliates as an incentive for these individuals to continue in the service of the Partnership or its affiliates. Under the Plan, the Partnership has granted to certain officers and employees of the Partnership or its affiliates the right to purchase, or realize the appreciation of, a Preference Unit or Common Unit (see Note 4) (a "Unit Right"), pursuant to the provisions of the Plan. As of March 31, 1998, a total of 1,200,000 Unit Rights had been granted under the Plan. The exercise prices of the Preference Units covered by the Unit Rights granted pursuant to the Plan range from $15.6875 to $21.50, the closing prices of the Preference Units as reported on the New York Stock Exchange on the date the Unit Rights were granted. As of March 31, 1998, the Partnership had accrued $5.7 million related to the appreciation and vesting of the outstanding Unit Rights. However, as a result of the "change of control" occurring upon the closing of the Merger discussed in Note 2, the Unit Rights will fully vest and the Partnership will be obligated to pay the holders of the Unit Rights an amount equal to the difference between the grant price of the Preference Units and the closing price of the Preference Units on the date of the Merger, or a date otherwise specified. The closing price of the Preference Units on May 11, 1998 was $29 15/16 per Unit.

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

The following discussion should be read in conjunction with the Partnership's consolidated financial statements and notes thereto included in Item 1. "Consolidated Financial Statements" and is intended to assist in the understanding of the Partnership's financial condition and results of operations for the three months ended March 31, 1998. Unless the context otherwise requires, all references herein to the Partnership with respect to the operations and ownership of the Partnership's assets are also references to its subsidiaries.

OVERVIEW

The Partnership's assets include interests in (i) eight natural gas pipelines (the "Gas Pipelines"), (ii) a crude oil pipeline system, (iii) five strategically located multi-purpose platforms, (iv) three producing oil and gas properties and (v) a dehydration facility.

The Gas Pipelines, strategically located offshore Louisiana and eastern Texas, gather and transport natural gas for producers, marketers, pipelines and end-users for a fee. The Gas Pipelines include approximately 1,167 miles of pipeline with a throughput capacity of 6.5 billion cubic feet ("Bcf") of gas per day. Each of the Gas Pipelines interconnects with one or more long line transmission pipelines that provide access to multiple markets in the eastern half of the United States. The Partnership's interest in the Gas Pipelines consists of: a 100% interest in each of Manta Ray Gathering Company, L.L.C. ("Manta Ray"), Green Canyon Pipe Line Company, L.L.C. ("Green Canyon") and Tarpon Transmission Company ("Tarpon"); a 50% partnership interest in each of Stingray and Viosca Knoll; a 40% partnership interest in HIOS; a 33 1/3% partnership interest in UTOS; and an effective 25.7% interest in each of Manta Ray Offshore and Nautilus.

The Partnership owns a 36% interest in POPCO which owns and operates the Poseidon Oil Pipeline ("Poseidon"). Poseidon, a major new sour crude oil pipeline system built in response to an increased demand for additional sour crude oil pipeline capacity in the central Gulf, consists of 297 miles of 16-inch to 24-inch pipeline with a capacity of approximately 400,000 barrels per day and is currently delivering an average of approximately 75,000 barrels of oil per day.

The Partnership operates and owns interests in five strategically located multi-purpose platforms in the Gulf that have processing capabilities which complement the Partnership's pipeline operations and play a key role in the development of oil and gas reserves. The platforms are used to interconnect the offshore pipeline network and to provide an efficient means to perform pipeline maintenance and to operate compression, separation, processing and other facilities. In addition, the multi-purpose platforms serve as landing sites for deeper water production and as sites for the location of gas compression facilities and drilling operations.

The Partnership owns an interest in and is operator of three producing leases in the Gulf. The Viosca Knoll Block 817 wells (75% working interest currently owned by the Partnership) are currently producing a gross aggregate average of approximately 49 million cubic feet ("MMcf") of gas per day. Pursuant to the Redemption Agreement, the Partnership has agreed to acquire the remaining 25% working interest in Viosca Knoll Block 817. The Garden Banks Block 72 wells (50% working interest owned by the Partnership) are currently producing a gross aggregate average of approximately 1,965 barrels of oil and 8 MMcf of gas per day. The Garden Banks Block 117 wells (50% working interest owned by the Partnership) are currently producing a gross aggregate average of approximately 1,975 barrels of oil and 3.7 MMcf of gas per day.

The Partnership owns a 50% interest in West Cameron Dehy, which owns certain dehydration facilities located at the northern terminus of the Stingray system, onshore Louisiana.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1998 COMPARED WITH THREE MONTHS ENDED MARCH 31, 1997

Oil and gas sales totaled $9.1 million for the three months ended March 31, 1998 as compared with $18.1 million for the same period in 1997. The decrease is attributable to decreased production from the Partnership's oil and gas properties, substantially lower realized oil prices and the lack of acceptable markets downstream of the Viosca Knoll system. During the three months ended March 31, 1998, the Partnership produced and sold 2,789 MMcf of gas and 170,095 barrels of oil at average prices of $2.20 per thousand cubic feet ("Mcf") and $17.26 per barrel, respectively. During the same period in 1997, the Partnership produced and sold 6,191 MMcf of gas and 203,000 barrels of oil at average prices of $2.15 per Mcf and $22.53 per barrel, respectively.

Revenue from gathering, transportation and platform services totaled $3.3 million for the three months ended March 31, 1998 as compared with $5.8 million for the same period in 1997. The decrease of $2.5 million reflects decreases of (i) $1.4 million related to the cessation of production from the only well connected to the Ewing Bank system, (ii) $0.5 million from the Tarpon system primarily related to (x) the deregulation of the Tarpon system in March 1997 allowing the Partnership to recognize additional revenue of $0.7 million during the three months ended March 31, 1997 related to the gathering fees collected in prior periods offset by (y) new production attached to the system, (iii) $0.4 million as a result of the contribution of a significant portion of the Manta Ray system to Manta Ray Offshore on January 17, 1997 resulting in revenue from these assets being included in equity in earnings for all of the three months in the period ended March 31, 1998 as compared with a portion of the three months ended March 31, 1997 and (iv) $0.2 million in platform services revenue from the Partnership's Viosca Knoll Block 817 platform as a result of lower oil and gas volumes processed on the platform. Gathering volumes from the Tarpon system increased approximately 265% during the first quarter of 1998 as compared with the first quarter of 1997 as a result of new producing fields attached to the system in June and July 1997. Gathering volumes from the Ewing Bank system declined 100% during the first quarter of 1998 as compared with the first quarter of 1997 due to the cessation of oil and gas production from the one well attached to the system in May 1997. Gathering volumes for the Green Canyon system decreased approximately 2% for the three months ended March 31, 1998 as compared with the same period in 1997.

Revenue from the Partnership's equity interests in Stingray, HIOS, UTOS, Viosca Knoll, POPCO, Manta Ray Offshore, Nautilus and West Cameron Dehy (the "Equity Investees") totaled $5.3 million for the three months ended March 31, 1998 as compared with $7.1 million for the same period in 1997. The decrease of $1.8 million primarily reflects decreases of (i) $1.1 million related to Stingray and HIOS as a result of increased maintenance costs and decreased throughput and (ii) $1.8 million related to nonrecurring start-up costs, prior period adjustments and a change in equity ownership of Nautilus and Manta Ray Offshore offset by increases of (iii) $0.6 million from Viosca Knoll as a result of increased throughput and (iv) $0.5 million from POPCO which placed a third phase of Poseidon in service in December 1997. Total gas throughput volumes for the Equity Investees increased approximately 10% from the three months ended March 31, 1997 to the three months ended March 31, 1998 primarily as a result of increased throughput on the Viosca Knoll, Nautilus, Manta Ray Offshore and UTOS systems. Oil volumes from Poseidon totaled 6.7 million barrels and 3.7 million barrels for the three months ended March 31, 1998 and 1997, respectively.

Operating expenses for the three months ended March 31, 1998 totaled $2.8 million as compared to $3.1 million for the same period in 1997. The decrease is primarily attributable to lower operating and transportation costs associated with the Partnership's oil and gas properties during the three months ended March 31, 1998.

Depreciation, depletion and amortization totaled $7.9 million for the three months ended March 31, 1998 as compared with $13.9 million for the same period in 1997. The decrease of $6.0 million reflects decreases of (i) $4.2 million in depreciation and depletion on oil and gas wells and facilities located on the Viosca Knoll Block 817, Garden Banks Block 72 and the Garden Banks Block 117 as a result of decreased production from these leases and (ii) $1.8 million in depreciation on pipelines, platforms and facilities as a result of the Partnership fully depreciating its investment in the Ewing Bank and Ship Shoal systems in June 1997.

General and administrative expenses, including the management fee allocated from Leviathan, totaled $5.0 million for the three months ended March 31, 1998 as compared with $2.5 million for the same period in 1997. The increase of $2.5 million reflects increases of (i) $0.7 million in management fees allocated by Leviathan to the Partnership as a result of increased operational activities and (ii) $1.8 million in direct general and administrative expenses of the Partnership primarily related to the appreciation and vesting of unit appreciation rights granted to certain officers and employees in 1995, 1996 and 1997. See Item 1. "Consolidated Financial Statements -- Notes to Consolidated Financial Statements -- Note 6 -- Commitments and Contingencies -- Other."

Interest income and other totaled $0.1 million for the three months ended March 31, 1998 as compared with $0.7 million for the three months ended March 31, 1997.

Interest and other financing costs, net of capitalized interest, for the three months ended March 31, 1998 totaled $3.7 million as compared with $3.1 million for the same period in 1997. During the three months ended March 31, 1998 and 1997, the Partnership capitalized $0.5 million and $0.8 million, respectively, of interest costs in connection with construction projects and drilling activities in progress during such periods.

Net loss for the three months ended March 31, 1998 totaled $1.4 million, or $0.05 per Unit, as compared with net income of $9.0 million, or $0.32 per Unit, for the three months ended March 31, 1997 as a result of the items discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Cash. The Partnership intends to satisfy its capital requirements and other working capital needs primarily from cash on hand, cash from operations and borrowings under the Partnership Credit Facility (discussed below). Net cash provided by operating activities for the three months ended March 31, 1998 totaled $13.2 million. At March 31, 1998, the Partnership had cash and cash equivalents of $1.3 million.

Cash from operations is derived from (i) payments for gathering gas through the Partnership's 100% owned pipelines, (ii) platform access and processing fees, (iii) cash distributions from Equity Investees and (iv) the sale of oil and gas attributable to the Partnership's interest in its producing properties. Oil and gas properties are depleting assets and will produce reduced volumes of oil and gas in the future unless additional wells are drilled or recompletions of existing wells are successful. See "-- Overview" for current production rates from these properties.

The Partnership's cash flows from operations will be affected by the ability of each Equity Investee to make distributions. Distributions from such entities are subject to the discretion of their respective management committees. Further, each of Stingray, POPCO and Viosca Knoll is party to a credit agreement under which it has outstanding obligations that may restrict the payments of distributions to its owners. Distributions to the Partnership from Equity Investees during the three months ended March 31, 1998 totaled $6.3 million.

The Partnership Credit Facility is a revolving credit facility providing for up to $300 million of available credit subject to customary terms and conditions, including certain debt incurrence limitations. Proceeds from the Partnership Credit Facility are available to the Partnership for general partnership purposes, including financing of capital expenditures, for working capital, and subject to certain limitations, for paying distributions to the Unitholders. The Partnership Credit Facility can also be utilized to issue letters of credit as may be required from time to time; however, no letters of credit are currently outstanding. The Partnership Credit Facility matures in December 1999; is guaranteed by Leviathan and each of the Partnership's subsidiaries; and is secured by the management agreement with Leviathan, substantially all of the assets of the Partnership and Leviathan's 1% general partner interest in the Partnership and approximate 1% interest in certain subsidiaries of the Partnership. As of March 31, 1998, the Partnership had $251.0 million outstanding under its credit facility bearing interest at an average floating rate of 6.3% per annum. In April 1998, the Partnership Credit Facility was amended to allow for the Merger of DeepTech and El Paso, the acquisition of certain assets from Tatham Offshore pursuant to the Redemption Agreement and certain other transactions. Currently, approximately $32.0 million of additional funds are available under the Partnership Credit Facility.

In March 1998, Stingray amended an existing term loan agreement to provide for additional borrowings of $11.1 million and to extend the maturity date of the loan from December 31, 2000 to March 31, 2003. The amended agreement requires Stingray to make 18 quarterly principal payments of $1.6 million commencing on December 31, 1998. The term loan agreement is principally secured by current and future gas transportation contracts between Stingray and its customers. As of March 31, 1998, Stingray had $28.5 million outstanding under its term loan agreement bearing interest at an average floating rate of 6.5% per annum.

In April 1996, POPCO entered into a revolving credit facility (the "POPCO Credit Facility") with a group of commercial banks to provide up to $150 million for the construction and expansion of Poseidon and for other working capital needs of POPCO. POPCO's ability to borrow money under the facility is subject to certain customary terms and conditions, including borrowing base limitations. The POPCO Credit Facility is secured by a substantial portion of POPCO's assets and matures on April 30, 2001. As of March 31, 1998, POPCO had $123.0 million outstanding under its credit facility bearing interest at an average floating rate of 6.9% per annum. Currently, approximately $27.0 million of additional funds are available under the POPCO Credit Facility.

In December 1996, Viosca Knoll entered into a revolving credit facility (the "Viosca Knoll Credit Facility") with a syndicate of commercial banks to provide up to $100 million for the addition of compression to the Viosca Knoll system and for other working capital needs of Viosca Knoll, including funds for a one-time distribution of $25 million to its partners. Viosca Knoll's ability to borrow money under the facility is subject to certain customary terms and conditions, including borrowing base limitations. The Viosca Knoll Credit Facility is secured by a substantial portion of Viosca Knoll's assets and matures on December 20, 2001. As of March 31, 1998, Viosca Knoll had $60.0 million outstanding under its credit facility bearing interest at an average floating rate of 6.4% per annum. Currently, approximately $22.9 million of additional funds are available under the Viosca Knoll Credit Facility.

Uses of Cash. The Partnership's capital requirements consist primarily of (i) quarterly distributions to holders of Preference Units and Common Units and to Leviathan as general partner, including Incentive Distributions, as applicable, (ii) expenditures for the maintenance of its pipelines and related infrastructure and the acquisition and construction of additional pipelines and related facilities for the gathering, transportation and processing of oil and gas in the Gulf, (iii) expenditures related to its producing oil and gas properties, (iv) management fees and other operating expenses, (v) contributions to Equity Investees as required to fund capital expenditures for new facilities, (vi) debt service on its outstanding indebtedness and (vii) the payment of the appreciation of Unit Rights as discussed in Item 1. "Consolidated Financial Statements -- Notes to Consolidated Financial Statements -- Note 6 -- Commitments and Contingencies -- Other."

For every full quarter since its inception, the Partnership has declared and subsequently paid a cash distribution to holders of Preference Units and Common Units an amount equal to or exceeding the Minimum Quarterly Distribution (as described in the Partnership Agreement) per Unit per quarter. See Item 1. "Consolidated Financial Statements -- Notes to Consolidated Financial Statements - -- Note 4 -- Partners' Capital including Cash Distributions -- Conversion of Preference Units into Common Units." At the current distribution rate of $0.525 per Unit, the quarterly Partnership distributions total $16.0 million in respect of the Preference Units, Common Units and general partner interest ($64.0 million on an annual basis, including $26.1 million to Leviathan). The Partnership believes that it will be able to continue to pay at least the current quarterly distribution of $0.525 per Preference and Common Unit for the foreseeable future.

Distributions by the Partnership of its Available Cash are effectively made 98% to Unitholders and 2% to Leviathan, as general partner, subject to the payment of Incentive Distributions to Leviathan. As an incentive, the general partner's interest in the portion of quarterly cash distributions in excess of $0.325 per Unit and less than or equal to $0.375 per Unit is increased to 15%. For quarterly cash distributions over $0.375 per Unit but less than or equal to $0.425 per Unit, the general partner receives 25% of such incremental amount and for all quarterly cash distributions in excess of $0.425 per Unit, the general partner receives 50% of the incremental amount. For the three months ended March 31, 1998, the Partnership paid Leviathan Incentive Distributions totaling $2.4 million and will pay Leviathan an Incentive Distribution of $3.0 million in May 1998.

The Partnership anticipates that its capital expenditures and equity investments for the remaining portion of 1998 will relate to continuing acquisition and construction activities including the construction and installation of a new

platform and processing facilities at East Cameron Block 373. This platform, which the Partnership placed in service in April 1998 at a cost of approximately $32 million, is strategically located to exploit reserves in the East Cameron and Garden Banks area of the Gulf and is the terminus for an extension of the Stingray system. The Partnership anticipates funding such cash requirements primarily with available cash flow and borrowings under the Partnership Credit Facility.

Any substantial capital expenditures by Stingray, POPCO and Viosca Knoll are anticipated to be funded by borrowings under their respective credit facilities. The Partnership's cash capital expenditures and equity investments for the three months ended March 31, 1998 were $16.6 million. The Partnership may in the future contribute existing assets to new joint ventures as partial consideration for its ownership interest therein.

Interest costs incurred by the Partnership related to the Partnership Credit Facility totaled $4.2 million for the three months ended March 31, 1998. The Partnership capitalized $0.5 million of such interest costs in connection with construction projects in progress during the period.

UNCERTAINTY OF FORWARD LOOKING STATEMENTS AND INFORMATION

This quarterly report contains certain forward looking statements and information that are based on management's beliefs as well as assumptions made by and information currently available to management. Such statements are typically punctuated by words or phrases such as "anticipate," "estimate," "project," "should," "may," "management believes," and words or phrases of similar import. Although management believes that such statements and expressions are reasonable and made in good faith, it can give no assurance that such expectations will prove to have been correct. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Among the key factors that may have a direct bearing on the Partnership's results of operations and financial condition are: (i) competitive practices in the industry in which the Partnership competes, (ii) the impact of current and future laws and government regulations affecting the industry in general and the Partnership's operations in particular, (iii) environmental liabilities to which the Partnership may become subject in the future that are not covered by an indemnity or insurance, (iv) the throughput levels achieved by the Gas Pipelines, Poseidon and any future pipelines in which the Partnership owns an interest, (v) the ability to access additional reserves to offset the natural decline in production from existing wells connected to the Gas Pipelines and Poseidon, (vi) changes in gathering, transportation, processing, handling and other rates due to changes in governmental regulation and/or competitive factors, (vii) the impact of oil and natural gas price fluctuations, (viii) the production rates and reserve estimates associated with the Partnership's producing oil and gas properties, (ix) significant changes from expectations of capital expenditures and operating expenses and unanticipated project delays and (x) the ability of the Equity Investees to make distributions to the Partnership. The Partnership disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

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

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.1 First Amendment to Second Amended and Restated Credit Agreement dated December 13, 1996 among the Partnership, Several Lenders, The Chase Manhattan Bank, as Administrative Agent, and ING (U.S.) Capital Corporation, as Co-Arranger.

10.2 Second Amendment to Second Amended and Restated Credit Agreement dated December 13, 1996 among the Partnership, Several Lenders, The Chase Manhattan Bank, as Administrative Agent, and ING (U.S.) Capital Corporation, as Co-Arranger.

10.3 Redemption Agreement dated February 27, 1998 between Tatham Offshore, Inc. and Flextrend Development Company, L.L.C.

27 Financial Data Schedule

(b) Reports on Form 8-K

None.

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 and thereunto duly authorized.

LEVIATHAN GAS PIPELINE
PARTNERS, L.P.
(Registrant)

By: LEVIATHAN GAS PIPELINE
COMPANY, its General Partner

Date: May 14, 1998 By: /s/ KEITH B. FORMAN

Keith B. Forman
Chief Financial Officer

Date: May 14, 1998 By: /s/ DENNIS A. KUNETKA

Dennis A. Kunetka
Senior Vice President - Corporate Finance
(Principal Accounting Officer)

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
10.1	First Amendment to Second Amended and Restated Credit Agreement dated December 13, 1996 among the Partnership, Several Lenders, The Chase Manhattan Bank, as Administrative Agent, and ING (U.S.) Capital Corporation, as Co-Arranger.
10.2	Second Amendment to Second Amended and Restated Credit Agreement dated December 13, 1996 among the Partnership, Several Lenders, The Chase Manhattan Bank, as Administrative Agent, and ING (U.S.) Capital Corporation, as Co-Arranger.
10.3	Redemption Agreement dated February 27, 1998 between Tatham Offshore, Inc. and Flextrend Development Company, L.L.C.
27	Financial Data Schedule

EXHIBIT 10.1

AMENDMENT AND WAIVER NO. 1

THIS AMENDMENT AND WAIVER NO. 1, dated as of July 31, 1997 (this "Amendment"), to the Second Amended and Restated Credit Agreement, dated as of December 13, 1996 (as amended, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"), among LEVIATHAN GAS PIPELINE PARTNERS, L.P., a Delaware limited partnership (the "Borrower"), the banks and other financial institutions (the "Lenders") parties hereto, THE CHASE MANHATTAN BANK, a New York banking corporation, as administrative agent (in such capacity the "Administrative Agent") for the Lenders and ING (U.S.) CAPITAL CORPORATION, a Delaware corporation, as co-arranger for the Lenders (the "Co-Arranger").

W I T N E S S E T H:

WHEREAS, the Borrower has requested the Administrative Agent, the Co-Arranger and the Lenders to amend the Net Worth covenant and the Ratio of Debt to Capitalization on the Credit Agreement and to agree to waive certain prior defaults as set forth in this amendment;

WHEREAS, the Administrative Agent, the Co-Arranger and the Lenders are willing to agree to such amendment, but only on the terms and subject to the conditions set forth in this Amendment;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Borrower, the Administrative Agent, the Co-Arranger and the undersigned Lenders hereby agree as follows:

1. Definitions. Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as therein defined.

2. Amendments. Subject to the satisfaction of the provisions specified in Sections 4 and 5 below, the Credit Agreement shall be amended on the Effective Date (as defined below) as follows:

(i) Subsection 8.1(a). shall be deleted in its entirety, and replaced with the following:

(a) Tangible Net Worth. Permit Consolidated Tangible Net Worth at any time (the "date of determination") to be less than an amount equal to the sum of (i) $125,000,000 plus (ii) an amount equal to 75% of Net Equity Proceeds during the period from March 1, 1996 to the date of determination.

(ii) Subsection 8.1(b) shall be deleted in its entirety and replaced with the following:

(b) Ratio of Debt to Capitalization. Permit the ratio of (i) Consolidated Total Indebtedness of the Borrower at any time to (ii) Consolidated Total Capitalization at such time, expressed as a percentage, to exceed 70%.

3. Waivers. Each of the Administrative Agent, the Co-Arranger and the Lenders hereby waives any Default or Event of Default under subsection 8.1(a) or 8.1(b) of the Credit Agreement in effect prior to the execution of this Amendment to the extent such Default or Event of Default would not have been an Event of Default or Default if the Amendment had been effective as of the date of the Default or Event of Default.

4. Effectiveness. This Amendment shall become effective on the date (the "Effective Date") the following conditions precedent are first satisfied:

(a) The Administrative Agent shall have received evidence satisfactory to the Administrative Agent that this Amendment has been executed and delivered by the Borrower, the Co-Arranger, the Required Lenders and each of the Subsidiary Guarantors.

(b) The Administrative Agent shall have received, a certificate of the Borrower, dated the Effective Date, as to the incumbency and signature of the officers of the Borrower executing this Amendment, 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.

(c) This Amendment, shall not contravene, violate or conflict with, nor involve any Lender in any violation of, any Contractual Obligation or Requirement of Law.

(d) The Borrower shall pay to each of the Lenders signing this Amendment on or before July 31, 1997 a work fee in the amount of $5,000 per Lender.

5. Representations and Warranties. To induce the Administrative Agent, the Co-Arranger and the Required Lenders to enter into this Amendment, the Borrower hereby represents and warrants to the Administrative Agent and the Required Lenders that, after giving effect to the amendments and waivers provided for herein, (i) this Amendment constitutes the legal, valid and binding obligations of each of the Loan Parties hereto, (ii) the representations and warranties contained in the Credit Agreement and the other Loan Documents will be true and correct in all material respects as if made on and as of the date hereof (unless such representations or warranties are stated to refer 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 (iii) no Default or Event of Default will have occurred and be continuing.

6. No Other Waivers or Amendments. Except as expressly waived or amended hereby, the Credit Agreement, the Notes and the other Loan Documents shall remain in full force

and effect in accordance with their respective terms, without any waiver, amendment or modification of any provision thereof.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8. Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

9. Payment of Expenses. The Borrower agrees to pay and reimburse the Agent for all of its out-of-pocket costs and reasonable expenses incurred in connection with this Amendment, including, without limitation, the reasonable fees and disbursements of legal counsel to the Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by its proper and duly authorized officer as of the day and year first above written.

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

By:

Name:
Title:

THE CHASE MANHATTAN BANK, as Administrative Agent and as a Lender

By:

Name:
Title:

ING (U.S.) CAPITAL CORPORATION, as Co-Arranger and as a Lender

By:

Name:
Title:

DEN NORSKE BANK AS

By:

Name:
Title:

By:

Name:
Title:

WELLS FARGO BANK TEXAS, N.A.

By:

Name:
Title:

MEESPIERSON N.V.

By:

Name:
Title:

BANK OF SCOTLAND

By:

Name:
Title:

BANQUE PARIBAS

By:

Name:
Title:

By:

Name:
Title:

CREDIT LYONNAIS CAYMAN ISLAND BRANCH

By:

Name:
Title:

FIRST UNION NATIONAL BANK OF NORTH CAROLINA

By:

Name:
Title:

ARAB BANKING CORPORARTION (B.S.C.)

By:

Name:
Title:

CREDIT AGRICOLE

By:

Name:
Title:

PNC BANK, NATIONAL ASSOCIATION

By:

Name:
Title:

THE BANK OF NOVA SCOTIA

By:

Name:
Title:

HIBERNIA NATIONAL BANK

By:

Name:
Title:

The undersigned guarantors hereby consent and agree to the foregoing Amendment:

DELOS OFFSHORE COMPANY, L.L.C.

By:

Title:

EWING BANK GATHERING COMPANY, L.L.C.

By:

Title:

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

By:

Title:

GREEN CANYON PIPE LINE COMPANY, L.L.C.

By:

Title:

LEVIATHAN OIL TRANSPORT SYSTEMS, L.L.C.

By:

Title:

MANTA RAY GATHERING COMPANY, L.L.C.

By:

Title:

POSEIDON PIPELINE COMPANY, L.L.C.

By:

Title:

STINGRAY HOLDING, L.L.C.

By:

Name:
Title:

TARPON TRANSMISSION COMPANY

By:

Title:

TRANSCO HYDROCARBONS COMPANY, L.L.C.

By:

Title:

TEXAM OFFSHORE GAS TRANSMISSION, L.L.C

By:

Title:

TRANSCO OFFSHORE PIPELINE COMPANY, L.L.C.

By:

Title:

VK DEEPWATER GATHERING COMPANY, L.L.C.

By:

Title:

VK-MAIN PASS GATHERING COMPANY, L.L.C.

By:

Title:

SAILFISH PIPELINE COMPANY, L.L.C.

By:

Title:

EXHIBIT 10.2

AMENDMENT NO. 2

THIS AMENDMENT, dated as of April 9, 1998 (this "Amendment"), to the Second Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through December 13, 1996 (as amended, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"), among LEVIATHAN GAS PIPELINE PARTNERS, L.P., a Delaware limited partnership (the "Borrower"), the banks and other financial institutions (the "Lenders") parties hereto, THE CHASE MANHATTAN BANK, a New York banking corporation, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders and ING (U.S.) CAPITAL CORPORATION, a Delaware corporation, as co-arranger for the Lenders (the "Co-Arranger").

W I T N E S S E T H:

WHEREAS, DeepTech International Inc. ("DeepTech"), which indirectly owns approximately 27% of the Borrower and 85% of Leviathan Gas Pipeline Company, the sole general partner of the Borrower, has entered into the Agreement and Plan of Merger (the "Merger Agreement,") with El Paso Natural Gas Company ("El Paso") pursuant to which DeepTech will merge with El Paso or a subsidiary of El Paso (the "Merger"); and

WHEREAS, the completion of the Merger is subject to the consummation of certain related transactions (the "Related Transactions") by DeepTech and/or some of its subsidiaries, including the Borrower; and

WHEREAS, in connection with the Merger, the Related Transactions and other matters, the Borrower has requested that the Administrative Agent, the Co-Arranger and the Lenders amend the Credit Agreement and waive the applicable provisions of the Credit Agreement to (i) permit the Borrower and certain of its subsidiaries to perform its or their obligations under the Redemption Agreement dated February 27, 1998 (the "Redemption Agreement") between Tatham offshore, Inc. ("TOFF") and Flextrend Development Company, L.L.C., and (ii) ensure that the consummation of the Merger and the Related Transactions and certain other matters (including the automatic acceleration of certain options under, and in accordance with, the Leviathan Unit Rights Appreciation Plan as a result of a change in control as provided therein, do not cause or result in a violation or breach of or a Default or Event of Default under the Credit Agreement; and

WHEREAS, the Administrative Agent, the Co-Arranger and the Required Lenders are willing to agree to such amendments and waivers, but only on the terms and subject to the conditions set forth in this Amendment;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Borrower, the Administrative Agent, the Co-Arranger and the Required Lenders hereby agree as follows:

1. Definitions. Unless other wise defined herein, terms defined in the recitals to this Amendment have the meanings specified therein, and terms defined in the Credit Agreement (including all amendments thereto) are used herein as therein defined.

2. Amendments and Waivers to Credit Agreement.

(a) Amendments to Section 1. Subsection 1.1 of the Credit Agreement is amended as follows:

(i) The definition of "Change of Control" is amended by deleting the phrase "(other than management of DeepTech as of the Closing Date and the shareholders of DeepTech as of the Closing Date)" and substituting therefor the following phrase;

(other than the management of DeepTech as of the Closing Date, the shareholders of DeepTech as of the Closing Date and El Paso Natural Gas Company or any Person controlling El Paso Natural Gas Company or any successor of any such Person or El Paso Natural Gas Company pursuant to a merger or consolidation with a sole surviving entity)

(ii) The definition of "Incurrence Limitation" is amended by deleting from clause (b) (i) thereof the amount "3.25" and substituting therefor the phrase "Incurrence Limitation Factor".

(iii) The following definition is added to Subsection 1.1 of the Credit Agreement in proper alphabetical order:

"Incurrence Limitation Factor": (a) from the Amendment Effective Date (as defined in the Amendment dated as of April 9, 1998 to this Agreement) to December 31, 1998, 4.50, (b) thereafter to March 31, 1999, 4.25, (c) thereafter to June 30, 1999, 4.00, (d) thereafter to September 30, 1999, 3.75 and (e) thereafter, 3.50.

(b) Amendment to Section 7. Subsection 7.2(c) of the Credit Agreement is hereby amended by adding at the end thereof the phrase ", provided that such projections and certificate in respect of fiscal year 1998 may be delivered on or prior to April 15, 1998."

(c) Amendments to Section 8. Subsection 8.1 of the Credit Agreement shall be amended as follows:

(i) Subsection 8.1(a) of the Credit Agreement is hereby amended by deleting the amount "$125,000,000" and substituting therefor the amount "$85,000,000".

(ii) Subsection 8.1(b) of the Credit Agreement is hereby deleted.

(iii) Subsection 8.1(d)(ii) of the Credit Agreement is hereby amended by deleting therefrom the phrase "3.25" and substituting therefor the phrase "the Incurrence Limitation Factor".

(iv) Subsection 8.1(e)(ii) of the Credit Agreement is hereby amended by deleting the phrase "4.0" and substituting therefor the phrase "the Incurrence Limitation Factor".

(v) Subsection 8.6 of the Credit Agreement is hereby amended by (a) deleting the "and" from the end of clause (c), (b) deleting the period from the end of clause (d) and substituting therefor the phrase "; and " and (c) adding the following new clause (e):

(e) the Borrower may permit the redemption of the 7,500 shares of 9% Senior Convertible Preferred Stock issued by Tatham Offshore, Inc. ("TOI") in exchange for TOI's working interest in VK817, its 37.5% working interest in West Delta 35 and its 100% ownership of the Ship Shoal 331 Platform (and upon such redemption the Lenders' security interest in such Preferred Stock will terminate in accordance with subsection 11.18).

3. Conditions to Effectiveness. This Amendment shall become effective on the date (the "Amendment Effective Date") on which all of the following conditions precedent have been satisfied or waived:

(a) The Borrower, the Administrative Agent and the Required Lenders shall have executed and delivered to the Administrative Agent this Amendment, and the other Loan Parties shall have executed and delivered to the Administrative Agent the attached Acknowledgment approving this Amendment.

(b) The Administrative Agent shall have received from the Borrower (i) for the account of each Lender which executes and delivers this Amendment prior to April 14, 1998, an amendment fee equal to .05% of such Lender's Revolving Credit Commitment on the Amendment Effective Date and (ii) for the account of the Administrative Agent and the Co-Arranger, such fees as are separately agreed with the Borrower.

4. General.

(a) Representations and Warranties. After giving effect to the effectiveness of this Amendment, the representations and warranties made by the Loan Parties in the Loan Documents are true and correct in all material respects on and as of the Amendment Effective Date (unless such representations or warranties are stated to refer 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) as if made on and as of the Amendment Effective Date and no Default or Event of Default will have occurred and be continuing.

(b) Payment of Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and reasonable expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

(c) No Other Amendments; Confirmation. Except as expressly amended, modified and supplemented hereby, the provisions of the Credit Agreement, the Notes and the other Loan Documents are and shall remain in full force and effect.

(d) Governing Law; Counterparts. (I) THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(ii) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

By

Name: Keith Forman
Title: Chief Financial Officer

THE CHASE MANHATTAN BANK, as
Administrative Agent and Lender

By

Name:
Title:

ING (U.S.) CAPITAL CORPORATION, as
Co-Arranger and Lender

By

Name:
Title:

DEN NORSKE BANK AS

By

Name:
Title:

WELLS FARGO BANK TEXAS, N.A.

By

Name:
Title:

MEESPIERSON N.V.

By

Name:
Title:

BANK OF SCOTLAND

By

Name:
Title:

BANQUE PARIBAS

By

Name:
Title:

By

Name:
Title:

CREDIT LYONNAIS CAYMAN ISLAND BRANCH

By

Name:
Title:

FIRST UNION NATIONAL BANK OF NORTH CAROLINA

By

Name:
Title:

ARAB BANKING CORPORATION (B.S.C.)

By

Name:
Title:

CREDIT AGRICOLE

By

Name:
Title:

PNC BANK, NATIONAL ASSOCIATION

By

Name:
Title:

THE BANK OF NOVA SCOTIA

By

Name:
Title:

HIBERNIA NATIONAL BANK

By

Name:
Title:

ACKNOWLEDGMENT

The undersigned guarantors hereby consent and agree to the foregoing Amendment:

LEVIATHAN GAS PIPELINE COMPANY

By:

Title:

DELOS OFFSHORE COMPANY, L.L.C.

By:

Title:

EWING BANK GATHERING COMPANY, L.L.C.

By:

Title:

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

By:

Title:

GREEN CANYON PIPELINE COMPANY, L.L.C.

By:

Title:

LEVIATHAN OIL TRANSPORT SYSTEMS, L.L.C.

By:

Title:

MANTA RAY GATHERING COMPANY, L.L.C.

By:

Title:

POSEIDON PIPELINE COMPANY, L.L.C.

By:

Title:

SAILFISH PIPELINE COMPANY, L.L.C.

By:

Title:

STINGRAY HOLDING, L.L.C.

By:

Title:

TARPON TRANSMISSION COMPANY

By:

Title:

TRANSCO HYDROCARBONS COMPANY, L.L.C.

By:

Title:

TEXAM OFFSHORE GAS TRANSMISSION, L.L.C.

By:

Title:

TRANSCO OFFSHORE PIPELINE COMPANY, L.L.C.

By:

Title:

VK DEEPWATER GATHERING COMPANY, L.L.C.

By:

Title:

VK-MAIN PASS GATHERING COMPANY, L.L.C.

By:

Title:

EXHIBIT 10.3

REDEMPTION AGREEMENT

by and between

TATHAM OFFSHORE, INC.,

And

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

FEBRUARY 27, 1998

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EXHIBITS

ANNEXES

REDEMPTION AGREEMENT

This Redemption Agreement is made and entered into on this the 27th day of February, 1998, by and between Tatham Offshore, Inc., a Delaware corporation (the "Company"), and Flextrend Development Company, L.L.C., a Delaware limited liability company ("Flextrend").

1. TRANSFER OF THE PROPERTIES . Subject to the terms and conditions herein set forth, in consideration of (i) redemption of the 7,500 shares of 9% Senior Convertible Preferred Stock, par value $0.01 per share, of the Company (the "Senior Preferred Stock"), owned or beneficially owned by the Partnership and (ii) all accrued and unpaid dividends on the shares of Senior Preferred Stock due to the Partnership, the Company agrees to sell, assign, convey and deliver to Flextrend, and Flextrend agrees to acquire from the Company, effective as of 7:00 a.m. at the location of each of the Oil and Gas Properties on the date of Closing (as defined in Section 5.1(a)) all of the interest of the Company in and to the Properties as they exist on such date as such Properties are more specifically described on Exhibit 1.

2. DELIVERY OF SENIOR PREFERRED STOCK . In consideration for the transfer of the Properties to Flextrend, Flextrend shall cause the Partnership to agree that all accrued and unpaid dividends on the shares of Senior Preferred Stock shall conclusively be deemed to have been satisfied and paid in full, and the shares of Senior Preferred Stock owned or beneficially owned by the Partnership shall be redeemed, and Flextrend shall cause the Partnership to deliver to the Company the shares of Senior Preferred Stock, free and clear of all Encumbrances.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY . The Company represents and warrants to Flextrend as follows:

3.1. ORGANIZATION . The Company is a corporation validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in and is in good standing under the laws of Texas, Louisiana and Alabama.

3.2. AUTHORITY AND CONFLICTS . The Company has full corporate power and authority to carry on its business as presently conducted, to enter into this Agreement and any agreements contemplated hereby to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Company and any agreement contemplated hereby does not, and the consummation of the transactions contemplated hereunder and thereunder shall not, (a) violate or be in conflict with, or require the consent of any person or entity under, any provision of the Company's governing documents, (b) conflict with, result in a breach of, constitute a default (or an

event that with the lapse of time or notice, or both would constitute a default) under, or require any consent, authorization or approval under any agreement or instrument to which the Company is a party or to which any of the Properties or the Company is bound, except as disclosed in Exhibit 3.8, (c) violate any provision of or require any consent, authorization or approval under any judgment, decree, judicial or administrative order, award, writ, injunction, statute, rule or regulation applicable to the Company, or (d) result in the creation of any Encumbrance on any of the Properties other than those contemplated by either this Agreement or any related agreements and documents.

3.3. AUTHORIZATION . The execution and delivery of this Agreement and the agreements contemplated hereby have been, and the performance of this Agreement and the agreements contemplated hereby and the transactions contemplated hereby and thereby shall be at the time required to be performed hereunder, duly and validly authorized by all requisite corporate action on the part of the Company.

3.4. ENFORCEABILITY . This Agreement has been duly executed and delivered on behalf of the Company and constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by Equitable Limitations. All documents and instruments required hereunder to be executed and delivered by the Company shall be duly executed and delivered and shall constitute legal, valid and binding obligations of the Company enforceable in accordance with their terms, except as enforceability may be limited by Equitable Limitations.

3.5. TITLE . The Company has (i) Marketable Title to the Oil and Gas Properties and (ii) defensible title to all of the Properties other than the Oil and Gas Properties.

3.6. CONTRACTS . Exhibit 3.6 contains a complete list of all contracts that constitute a part of the Properties or by which the Properties are bound or subject (collectively, the "Contracts").

3.7. LITIGATION AND CLAIMS . Except as set forth on Exhibit 3.7, no claim, demand, filing, cause of action, administrative proceeding, lawsuit or other litigation is pending or, to the best knowledge of the Company, threatened that could now or hereafter adversely affect the ownership, development or operation of any of the Properties, other than proceedings relating to the industry generally and as to which the Company is not a named party. No written or oral notice from any governmental body or any other person has been received by the Company (i) claiming any violation or repudiation of the Oil and Gas Properties or any violation of any law, ordinance, code, rule or regulation with respect to the Oil and Gas Properties or (ii) requiring, or calling attention to, the need for any work, repairs, construction, alterations or installations on or in connection with the Properties with which the Company has not complied.

3.8. APPROVALS AND PREFERENTIAL RIGHTS . Exhibit 3.8 contains a complete and accurate list of all approvals required to be obtained by the Company for the assignment of the Properties to Flextrend and all preferential purchase rights that affect the Properties.

3.9. COMPLIANCE WITH LAW AND PERMITS . The Properties have been operated in compliance with the provisions and requirements of all laws, orders, regulations, rules and ordinances issued or promulgated by all governmental authorities having jurisdiction with respect to the Properties, noncompliance with which reasonably may be expected to have a material adverse effect on the Properties. All necessary governmental authorizations with regard to the ownership, development or operation of the Properties have been obtained where the failure to obtain such authorizations reasonably may be expected to have a material adverse effect on the Properties, and no material violations exist in respect of such licenses, permits or authorizations.

3.10. STATUS OF CONTRACTS . (i) To the Company's knowledge, all of the Contracts and the rights and obligations of the Company thereunder are in full force and effect, and (ii) the Company is not in breach of or default, or with the lapse of time or the giving of notice, or both, would be in breach or default, with respect to any of its obligations thereunder to the extent that such breaches or defaults reasonably may be expected to have a material adverse effect on the Properties.

3.11. PRODUCTION BURDENS, TAXES, EXPENSES AND REVENUES . All rents, royalties, excess royalty, overriding royalty interests and other payments due under or with respect to the Oil and Gas Properties have been properly and timely paid; and all ad valorem, property, production, severance and other taxes based on or measured by the ownership of the Properties or the production of Substances therefrom, have been properly and timely paid. All expenses due and payable as of the date hereof under the terms of the Contracts have been properly and timely paid. All of the proceeds from the sale of Substances have been properly and timely paid to the Company by the purchasers of production without suspense or indemnity other than standard division order indemnities.

3.12. PRODUCTION BALANCES . None of the purchasers under any production sales contracts are entitled to "make-up" or otherwise receive deliveries of Substances at any time on or after January 1, 1998, without paying at such time the full contract price therefor. No person is entitled to receive any portion of the interest of the Company in any Substances or to receive cash or other payments to "balance" any disproportionate allocation of Substances under any operating agreement, gas balancing and storage agreement, gas processing or dehydration agreement, or other similar agreements.

3.13. EXPENDITURE COMMITMENTS . Exhibit 3.13 contains a complete and accurate list of (i) all authorities for expenditures ("AFE") to drill, rework or plug and

abandon Wells or for other capital expenditures pursuant to any of the Contracts that have been proposed by any person on or after January 1, 1998, whether or not accepted by the Company or any other person, and (ii) all AFE and oral or written commitments to drill, rework or plug and abandon Wells or for other capital expenditures pursuant to any of the Contracts for which all of the activities anticipated in such AFE or commitments have not been completed by the date of this Agreement.

3.14. PAYOUT BALANCES . Exhibit 3.14 contains a complete and accurate list of the status of cost recovery or other "payout" balance, as of the dates shown in Exhibit 3.14, for each Well that is subject to a reversion or other adjustment at some level of cost recovery or payout.

3.15. QUALIFICATION . To the extent required with respect to the ownership, development and operation of the Properties, the Company is properly qualified by the MMS to own and operate the Properties.

3.16. ABSENCE OF CERTAIN CHANGES . Since January 1, 1998, the Properties have not suffered any material destruction, damage or loss; provided that no representation or warranty is made in this Section 3.16 relating to Viosca Knoll Block 817.

3.17. DISCLAIMER . Except as set forth herein, the Properties are being transferred to Flextrend hereunder "as is", "where is" and "with all faults" without any representations or warranties of any kind, including, without limitation, those relating to merchantability, fitness for purpose, quality, condition, value or otherwise.

4. REPRESENTATIONS AND WARRANTIES OF FLEXTREND . Flextrend represents and warrants to the Company that:

4.1. ORGANIZATION . Flextrend is a limited liability company validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in and is in good standing under the laws of Texas, Louisiana, and Alabama.

4.2. AUTHORITY AND CONFLICTS . Flextrend has full limited liability company power and authority to carry on its business as presently conducted, to enter into this Agreement and any agreements contemplated hereby to which it is a party, and to perform its obligations hereunder and thereunder. Flextrend has full corporate or similar power and authority to purchase the Properties on the terms described in this Agreement. The execution and delivery of this Agreement by the Company and any agreement contemplated hereby does not, and the consummation of the transactions contemplated hereunder and thereunder shall not, (a) violate or be in conflict with, or require the consent of any person or entity under, any provision of Flextrend's governing documents, (b) conflict with, result in a breach of, constitute a default (or an event that with the lapse of time or notice, or both, would constitute a default) under, or require any consent,

authorization or approval under any agreement or instrument to which Flextrend is a party or is bound, (c) violate any provision of or require any consent (except for qualifying with and filing the appropriate bonds and transfer documents with the MMS), authorization or approval under any judgment, decree, judicial or administrative order, award, writ, injunction, statute, rule or regulation applicable to Flextrend, or (d) result in the creation of any Encumbrance on the Senior Preferred Stock.

4.3. AUTHORIZATION . The execution and delivery of this Agreement and the agreements contemplated hereby have been and the performance of this Agreement and the transactions contemplated thereby shall be at the time required to be performed hereunder, duly and validly authorized by all requisite partnership action on the part of Flextrend.

4.4. ENFORCEABILITY . This Agreement has been duly executed and delivered on behalf of Flextrend and constitutes a legal, valid and binding obligation of Flextrend enforceable in accordance with its terms, except as enforceability may be limited by Equitable Limitations. All documents and instruments required hereunder to be executed and delivered by Flextrend shall be duly executed and delivered and shall constitute legal, valid and binding obligations of Flextrend enforceable in accordance with their terms, except as enforceability may be limited by Equitable Limitations.

4.5. QUALIFICATION . To the extent required with respect to the ownership, development and operation of the Properties, Flextrend is properly qualified by the MMS to own and, upon the MMS' acceptance of the required bond from Flextrend, operate the Properties.

4.6. SENIOR PREFERRED STOCK . The shares of Senior Preferred Stock are owned by the Partnership free and clear of all Encumbrances.

5. CLOSING.

5.1. THE CLOSING . (a) The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Akin, Gump, Strauss, Hauer & Feld, L.L.P., 1900 Pennzoil Place, South Tower, 711 Louisiana Street, Suite 1900, Houston, Texas 77002 on the later of (i) July 1, 1998 or (ii) such later date which shall be one business day following the Completion Date (as defined in the Contribution Agreement); provided that, should the Completion Date fall on or after October 1, 1998, the Company may, at its option, elect to close the transactions contemplated by this Agreement on any date on or after October 1, 1998, with ten (10) days' prior notice to Flextrend, in which case, the Closing shall be deemed to occur on a date specified by the Company. Time shall be of the essence in this Agreement.

(b) The obligation of each of the parties hereto to effect the transactions contemplated hereby is subject to the satisfaction or waiver of the following conditions: (i) the representations and warranties made by the other party in this Agreement shall be true and correct on and as of the date hereof (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), but only if the failure to be true would, after giving effect to any indemnification rights, have a material adverse effect on the value or operation of the Properties and the other party shall have performed its covenants and agreements herein to be performed prior to the Closing, except where the failure to perform such covenants and agreements would not, individually or in the aggregate, have a material adverse effect on the value or operation of any of the Properties or the ability of such other party to consummate the transactions contemplated hereby, and an executive officer of the other party shall have provided a certificate to such effect, dated the date hereof; (ii) all material consents and filings required in connection with the transactions contemplated hereby shall have been obtained or made; and (iii) the other party shall have made the deliveries required to be made by it pursuant to this Section 5.

5.2. DELIVERIES BY COMPANY AT CLOSING . The Company shall have delivered to Flextrend the following instruments, properly executed and acknowledged:

5.2.1. Counterparts of the following: (i) State Assignment; and (ii) MMS Assignment.

5.2.2. Such other instruments as are necessary to effectuate the conveyance of the Properties to Flextrend.

5.2.3. With respect to any leases in which the Company owns less than all of the operating rights or leasehold interests and is designated as the operator under the applicable operating or other similar agreement, (i) letters to all working interest owners in which the Company resigns as the operator and recommends Flextrend or an affiliate of Flextrend as the successor operator and (ii) any forms promulgated by the appropriate governmental authority and necessary for the resignation by the Company as operator, which forms shall be completed and executed by the Company and shall designate Flextrend or an affiliate of Flextrend as the operator under the applicable operating or other similar agreement. With respect to any leases in which the Company owns all of the leasehold interests or operating rights and is designated as the operator, any forms promulgated by the appropriate governmental authority and necessary for the resignation by the Company as operator, which forms shall be completed and executed by the Company and shall designate Flextrend or an affiliate of Flextrend as the operator under the applicable operating or other similar agreement.

5.3. POSSESSION . At the Closing, the Company shall deliver to Flextrend at Flextrend's offices all of the Data and shall deliver to Flextrend possession of the other Properties.

5.4. DELIVERIES BY FLEXTREND AT CLOSING. Against delivery of the documents and materials described in Section 5.2, Flextrend shall cause the Partnership to deliver to the Company, free and clear of all Encumbrances, a duly executed certificate or certificates representing the 7,500 shares of Senior Preferred Stock owned or beneficially owned by the Partnership, together with transfer powers endorsed in blank relating to such certificates.

6. ASSUMPTION BY FLEXTREND . At Closing, Flextrend shall assume all of the costs, obligations and liabilities of the Company relating to the Properties that arise from or relate to (i) the period beginning on January 1, 1998, (ii) plugging, abandonment or similar restoration operations relating to any Wells, platforms or other facilities on or related to the Properties necessary or appropriate to comply with all contracts, and any rules, laws, regulations or orders of any governmental authority relating to such plugging, abandonment and similar restoration operations and (iii) that certain (a) Production Payment Agreement dated September 19, 1995 between the Company and J. Ray McDermott Properties, Inc. and (b) Production Payment Agreement dated September 19, 1995 between the Company and F-W Oil Interests, Inc. Except to the extent provided in clause (ii) and (iii) of the immediately preceding sentence, Flextrend shall not assume any costs, obligations or liabilities (including negligence and strict liability) that relate to the Properties and arise from or relate to the period ending prior to January 1, 1998; or any obligation of the Company or any other person to pay and discharge any refunds, including interest and penalties, if any, that may be imposed by any governmental agency arising from the sale of the Substances prior to January 1, 1998. Notwithstanding anything to the contrary herein, the Company expressly reserves and retains any and all of its rights and interests in and to that certain (a) Exchange Agreement dated September 19, 1995 between the Company and J. Ray McDermott Properties, Inc. and (b) Exchange Agreement dated September 19, 1995 between the Company and F-W Oil Interests, Inc.

7. PRODUCTION, PROCEEDS, EXPENSES AND TAXES.

7.1. DIVISION OF SUBSTANCES . After the Closing, all Substances produced from the Oil and Gas Properties on or after January 1, 1998 shall be owned by Flextrend. All Substances produced and sold from the Oil and Gas Properties prior to January 1, 1998 shall be owned by the Company.

7.2. DIVISION OF EXPENSES . Subject to Section 9 hereof, all costs, expenses incurred and other expenditures incurred in connection with the Properties and attributable to the period ending prior to January 1, 1998 shall be borne by the Company.

Subject to Section 9 hereof, all costs, expenses and other expenditures incurred in connection with the Properties and attributable to the period beginning on January 1, 1998 other than costs and expenses not assumed by Flextrend under Section 6 shall be borne by Flextrend.

7.3. DIVISION OF PROCEEDS . All net proceeds earned in connection with the Properties attributable to the period ending prior to January 1, 1998 shall be deemed to be owned by the Company. All proceeds earned in connection with the Properties attributable to the period beginning on January 1, 1998 shall be deemed to be owned by Flextrend.

7.4. PROPERTY TAX PRORATIONS . Real and personal property taxes for the Properties for the year in which Closing occurs shall be prorated between Flextrend and the Company as of January 1, 1998. If the actual taxes are not known as of the Closing Date, the Company's share of such taxes shall be determined by using (i) the rates and mileages for the year prior to the year in which the Closing occurs, with appropriate adjustments for any known and verifiable changes thereto, and (ii) the assessed values for the year in which Closing occurs.

7.5. ADJUSTMENTS . At the Closing, the Company or Flextrend, as appropriate, shall make a cash payment to the other to give effect to the provisions of Section 7 to the extent then determinable and promptly after such amount is finally determinable, the Company or Flextrend shall make such payments as may be necessary to make final settlement. If, after the Closing, the Company receives any proceeds that pursuant to this Section 7 belong to Flextrend, then the Company shall deliver such proceeds to Flextrend within five Business Days after receipt of such proceeds. If, after the Closing, Flextrend receives any proceeds that pursuant to this Section 7 belong to the Company, then such proceeds shall be returned to the Company within five Business Days after receipt of such proceeds. If after Closing either party hereto receives invoices for costs or expenses that pursuant to the terms of this Section 7 are the responsibility of the other party, the party receiving such invoices shall immediately deliver them to the other party.

8. NEGATIVE COVENANTS.

Except as Flextrend may otherwise consent in writing, between the date of this Agreement and the date of Closing and except as contemplated by this Agreement, the Company shall not:

(a) sell, transfer, assign, convey or otherwise dispose of any Properties other than (i) oil, gas and other hydrocarbons produced, saved and sold in the ordinary course of business, and (ii) personal property and equipment which is replaced with

property and equipment of comparable or better value and utility in the ordinary and routine maintenance and operation of the Properties;

(b) create or permit the creation of any Encumbrance on the Properties, other than Permitted Encumbrances;

(c) grant any preferential right to purchase or similar right or agree to require the consent of any party to the transfer and assignment of the Properties to Flextrend;

(d) designate any Person, other than Flextrend, as an operator of the Properties;

(e) incur or agree to incur any contractual obligation or liability, whether absolute, contingent, matured or unmatured, which would constitute an assumed liability by Flextrend as provided in Section 6 above; provided that, the Company may incur such obligations or liabilities in the ordinary course of business or in the ordinary and routine maintenance and operation of the Properties with the consent of Flextrend which consent shall not be unreasonably withheld or delayed; provided that any such obligation or liability would not, either individually or in the aggregate, have a material adverse effect on any of the Properties;

(f) enter into any transaction the effect of which, considered as a whole, would be to cause the Company's ownership interest in any of the Working Interests to be altered from its ownership interest as of the date hereof; or

(g) agree or commit to do any of the foregoing.

9. SURVIVAL AND INDEMNIFICATION.

9.1. SURVIVAL AND NOTICE . The liability of Flextrend and the Company under each of their respective representations, warranties and covenants contained in this Agreement shall survive the Closing and execution and delivery of the assignments contemplated hereby. Any assertion by any party to this Agreement that any party is liable for the inaccuracy of any representation or warranty or the breach of any covenant (except in Section 7.5, which shall survive until the closing of the applicable statute of limitations) must be made in writing and must be given to the other party not later than the first Business Day occurring eighteen months after the date of Closing. The notice shall state the facts known to the person providing such notice that give rise to such notice in sufficient detail to allow the receiving person to evaluate the claim.

9.2. THE COMPANY'S INDEMNIFICATION . To the extent permitted by law, the Company, from and after Closing, shall defend, indemnify and hold Flextrend harmless

from and against any and all damage, loss, cost, expense, obligation, claim or liability, including reasonable counsel fees and reasonable expenses of investigating, defending arid prosecuting litigation (collectively, the "Liability"), suffered by Flextrend as a result of (i) any cost, liability or obligation that was not assumed by Flextrend pursuant to Section 6 (other than Liability resulting from the inaccuracy of any representation or warranty or the breach of a covenant by Flextrend contained in this Agreement); (ii) the failure of the Company to comply with the bulk sales laws of Texas or any other jurisdiction in connection with the transactions provided for in this Agreement; (iii) any brokers' or finders' fees or commissions arising with respect to brokers or finders retained or engaged by the Company and resulting from or relating to the transactions contemplated in this Agreement; (iv) the inaccuracy of any representation or warranty of the Company set forth in this Agreement; and (v) the breach of, or failure to perform or satisfy, any of the covenants of the Company set forth in this Agreement.

9.3. FLEXTREND'S INDEMNIFICATION . To the extent permitted by law, Flextrend, from and after Closing, shall defend, indemnify and hold the Company harmless from and against any and all Liability suffered by the Company as a result of (i) any cost, liability or obligation that was assumed by Flextrend pursuant to Section 6 (other than Liability resulting from the inaccuracy of any representation or warranty or the breach of a covenant of the Company contained in this Agreement); (ii) the failure of Flextrend to comply with the bulk sales laws of Texas or any other jurisdiction in connection with the transactions provided for in this Agreement; (iii) any brokers or finders' fees or commissions arising with respect to brokers or finders retained or engaged by Flextrend and resulting from or relating to the transactions contemplated in this Agreement; (iv) the inaccuracy of any representation or warranty of Flextrend set forth in this Agreement; and (v) the breach of, or failure to perform or satisfy any of the covenants of Flextrend set forth in this Agreement.

10. FURTHER ASSURANCES . After the Closing, the Company and Flextrend shall execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such instruments and take such other action as may be necessary or advisable to carry out their obligations under this Agreement and under any exhibit, document, certificate or other instrument delivered pursuant hereto. The Company and Flextrend, as applicable, shall cooperate and use their best efforts to obtain all approvals and consents required by or necessary for the transactions contemplated by this Agreement that are customarily obtained after Closing.

11. NOTICE . All notices required or permitted under this Agreement shall be in writing and, (a) if by air courier, shall be deemed to have been given one Business Day after the date deposited with a recognized carrier of overnight mail, with all freight or other charges prepaid, (b) if by telegram, shall be deemed to have been given one Business Day after delivered to the wire service, (c) if by telex, provided a confirmation is received and

such notice is also sent by U.S. mail, shall be deemed to have been given when such telex is sent, (d) if mailed, shall be deemed to have been given three Business Days after the date when sent by registered or certified mail, postage prepaid, and (e) if sent by telecopier, provided a confirmation is received and such notice is also sent by U.S. mail, shall be deemed to have been given when such telecopy is sent, addressed as follows:

The Company:	Tatham Offshore, Inc. 7400 Texas Commerce Tower 600 Travis Houston, Texas 77002 Attention: Chief Executive Officer Telecopier: (713) 224-7574
with a copy to:	Rick L. Burdick Akin, Gump, Strauss, Hauer & Feld, L.L.P. 711 Louisiana Street, Suite 1900 Houston, Texas 77002
Flextrend:	Flextrend Development Company, L.L.C. 7200 Texas Commerce Tower 600 Travis Street Houston, Texas 77002 Attention: President Telecopier: (713) 547-5151

or to such other address as either party hereto may from time to time designate by notice in writing to the other.

12. ASSIGNMENT . This Agreement and any of the rights, interests or obligations hereunder may be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other party; provided that, in the case of any assignment as described above, no such assignment shall relieve the assigning party of any of its obligations under this Agreement and the non-assigning party shall have the right to seek remedies directly from the assigning party without seeking the same from the assignee. Subject to the preceding sentence, this Agreement will be binding upon and inure to the benefit of, and be enforceable by, the parties and their respective successors and permitted assigns.

13. GOVERNING LAW . This Agreement shall be governed and construed in accordance with the laws of the State of Texas without giving effect to any principles of conflicts of laws. The validity of the various conveyances affecting the title to real property shall be governed by and construed in accordance with the laws of the jurisdiction in which such

property is situated. The representations and warranties contained in such conveyances and the remedies available because of a breach of such representations and warranties shall be governed by and construed in accordance with the laws of the State of Texas without giving effect to the principles of conflict of laws.

14. EXPENSES AND FEES . (i) Each of the parties hereto shall pay the fees and expenses of their respective counsel, accountants and other experts incident to the negotiation and preparation of this Agreement and consummation of the transactions contemplated hereby, (ii) Flextrend and the Company shall each pay one half of (x) the cost of all fees for the recording of transfer documents described in Section 5.2 and (y) any sales, transfer, stamp or other excise taxes resulting from the transfer of the Properties to Flextrend, and (iii) all other costs shall be borne by the party incurring such costs.

15. INTEGRATION . This Agreement, the exhibits hereto and the other agreements to be entered into by the parties under the provisions of this Agreement set forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersede all prior agreements, prior arrangements and prior understandings relating to the subject matter hereof.

16. WAIVER OR MODIFICATION . This Agreement may be amended, modified, superseded or cancelled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by a duly authorized officer of Flextrend and the Company, or, in the case of a waiver or consent, by or on behalf of the party or parties waiving compliance or giving such consent. No waiver by any party of any condition, or of any breach of any covenant, agreement, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or waiver of any other condition or of any breach of any other covenant, agreement, representation or warranty.

17. HEADINGS . The Section headings contained in this Agreement are for convenient reference only and shall not in any way affect the meaning or interpretation of this Agreement.

18. INVALID PROVISIONS . If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

19. MULTIPLE COUNTERPARTS . This Agreement may be executed in a number of identical counterparts, each of which for all purposes is to be deemed as original, and all of which constitute, collectively, one agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

20. TERMINATION . This Agreement may be terminated by mutual written consent of the parties hereto.

21. GUARANTEE . All obligations of Flextrend hereunder shall be unconditionally guaranteed by the Partnership pursuant to that certain form of Guarantee attached hereto as Exhibit 21.

22. CERTAIN DEFINITIONS . As used in this Agreement, the following terms shall have the following meanings:

"AFEs" shall have the meaning set out in Section 3.13 above.

"Agreement" shall mean this Redemption Agreement, as the same may from time to time be amended or supplemented.

"Business Day" shall mean a day other than the days that banking institutions are required or permitted to be closed under the laws of the State of Texas.

"Closing" shall have the meaning set out in Section 5.1(a) above.

"Contracts" shall have the meaning set out in Section 3.6.

"Contribution Agreement" shall mean the Contribution and Distribution Agreement made as of the date hereof among DeepTech International Inc., a Delaware corporation, the Company, DeepFlex Production Services, Inc., a Delaware corporation, and El Paso Natural Gas Company, a Delaware corporation.

"Data" shall mean all (i) abstracts, title opinions, title reports, title policies, lease and land files, surveys, analyses, compilations, correspondence, filings with regulatory agencies, other documents and instruments that relate to the Properties; (ii) geological, engineering, exploration, production, and other technical data, magnetic field recordings, digital processing tapes, field prints, summaries, reports and maps, whether written or in an electronically reproducible form, that are in the possession or control of the Company, and relate to the Oil and Gas Properties; and (iii) all other books, records, files and magnetic tapes containing financial, title or other information that are in the possession or control of the Company, or any affiliate of the Company (excluding Flextrend), and in any manner relate to the Properties; provided that "Data" shall not include any of the

foregoing to the extent such Data is subject to a licensing agreement that does not permit access to Flextrend.

"Employee" shall mean any current, former, or retired employee, consultant or director of the Company whose duties relate or related to the business conducted with the Properties.

"Encumbrances" shall refer to each and all of the following items: mortgages, claims, charges, security interests, liens, obligations, encumbrances, imperfections of title or other matters affecting title, and any rights of third parties whatsoever.

"Equipment" shall mean all equipment, fixtures, physical facilities or interests therein of every type and description to the extent that the same are used or held for use in connection with the ownership, development or operation of the Properties, whether located on or off the Properties.

"Equitable Limitations" shall mean applicable bankruptcy, reorganization or moratorium statutes, equitable principles or other similar laws affecting the rights of creditors generally.

"Laws" shall refer to each and all of the following: domestic (federal, state or local) or foreign laws, statutes, ordinances, rules, regulations, decrees or orders.

"Liability" shall have the meaning set out in Section 9.2.

"Liens" shall mean all encumbrances, liens, claim, easements, rights, agreements, instruments, obligations, burdens or defects.

"Marketable Title" shall mean such title as (i) will enable Flextrend, as the Company's successor in title, to receive from a particular Oil and Gas Property at least the Net Revenue Interests for the leases identified in Exhibit 1, without reduction, suspension or termination throughout the term of such lease, except for any reduction, suspension or termination (a) caused by Flextrend, any of its affiliates (other than the Company), successors in title or assigns, (b) caused by orders of the appropriate regulatory agency having jurisdiction over such Oil and Gas Property that are promulgated after January 1, 1998 and that concern pooling, unitization, communitization or spacing matters affecting such Oil and Gas Property, (c) or otherwise set forth in Exhibit 1; (ii) will obligate Flextrend, as the Company's successor in title, to bear no greater Working Interests other than the Working Interests for each of the leases identified in Exhibit 1, without increase throughout the term of such lease, except for any increase (a) caused by Flextrend, any of its affiliates (other than the Company), successors in title or assigns, (b) that also results in the Net Revenue Interests associated with such lease being proportionately increased, (c) caused by contribution requirements provided for under provisions similar to those

contained in Article VII.B. of the A.A.P.L. Form 610-1982 Model Form Operating Agreement, (d) caused by orders of the appropriate regulatory agency having jurisdiction over an Oil and Gas Property that are promulgated after January 1, 1998, and that concern pooling, unitization, communitization or spacing matters affecting a particular Oil and Gas Property, or (e) otherwise set forth in Exhibit 1; and (iii) is free and clear of all Liens except for Permitted Encumbrances.

"MMS" shall mean the Minerals Management Service.

"MMS Assignment" shall mean both the Assignment of Leases and Bill of Sale for filing with the MMS in the form of Annex IB.

"Net Revenue Interest" shall mean that interest in the gross production of oil and gas and other minerals from the Properties subject to the oil, gas and mineral leases to which Flextrend will be entitled to by virtue of its acquisition of the Working Interests after deducting all landowner royalties, overriding royalties and similar burdens attributable to the Working Interest.

"Oil and Gas Properties" shall mean all properties described in Exhibit 1 whether such properties are in the nature of fee interests, leasehold interests, working interests, farmout rights, royalty, overriding royalty or other non-working or carried interests, operating rights or other mineral rights of every nature and any rights that arise by operation of law or otherwise in all properties and lands pooled, unitized, communitized or consolidated with such properties.

"Partnership" shall mean Leviathan Gas Pipeline Partners, L.P. and any affiliate or subsidiary thereof.

"Payment Rights" shall mean all (i) accounts, instruments and general intangibles (as such terms are defined in the Uniform Commercial Code of Texas) attributable to the Properties with respect to any period of time on or after January 1, 1998 and (ii) liens and security interests in favor of the Company, whether choate or inchoate, under any law, rule or regulation or under the Contracts (a) arising from the ownership, operation, sale or other disposition on or after January 1, 1998 of any of the Properties and (b) arising in favor of the Company as the operator of certain of the Oil and Gas Properties.

"Permitted Encumbrances" shall mean (i) liens for taxes not yet delinquent, (ii) lessors' royalties, overriding royalties, division orders, reversionary interests, and similar burdens that do not operate to reduce the net revenue interests of the Company in any of the Oil and Gas Properties to less than the amount set forth therefor in Exhibit 1, (iii) the consents and rights described in Exhibit 3.8, (iv) the Contracts, (v) except to the extent any amounts related thereto are due and payable, any mechanic and materialmen, operator, non-operator, contractor and subcontractor or similar liens created by the

Contracts or operation of law, and (vi) the Liens created by the documents contemplated hereby.

"Person" shall include an individual, a partnership, a limited liability company, a corporation, a trust, an unincorporated organization, a government or any department or agency thereof and any other entity.

"Properties" shall mean the Oil and Gas Properties, Wells, Substances, Equipment, Data, Contracts and Payment Rights. "Properties" shall include any additional interests acquired by Flextrend in a particular operation as a result of one or more working interest owners electing to go non-consent under the applicable operating agreements.

"State Assignment" shall mean an Assignment of Leases and Bill of Sale for recordation in the appropriate real property records of the appropriate parishes and/or counties in Louisiana, Alabama and Mississippi where the Assignment needs to be recorded in the form of Annex IA.

"Substances" shall mean all severed crude oil, natural gas, casinghead gas, drip gasoline, natural gasoline, petroleum, natural gas liquids, condensate, products, liquids and other hydrocarbons and other minerals or materials of every kind and description produced from the Oil and Gas Properties on or after January 1, 1998.

"Wells" shall mean all oil, condensate or natural gas wells, water source wells, and water and other types of injection wells either located on the Oil and Gas Properties or held for use in connection with the Oil and Gas Properties, whether producing, operating, shut-in or temporarily abandoned.

"Working Interest" shall mean the interest that Flextrend will be acquiring pursuant to the terms of this Agreement upon which will be calculated Flextrend's proportionate share of the costs, expenses and liabilities attributable to the oil, gas and mineral leases described herein.

This Agreement has been executed as of the date first set forth above.

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

By:

Name:
Title:

TATHAM OFFSHORE, INC.

By:

Name:
Title:

EXHIBIT 1

PROPERTIES

A. Any and all interests presently shown to be owned by Company by instruments recorded in the official records of the Parishes of the State of Louisiana, the Counties of Mississippi and Alabama or the United States of America, together with all other right, title and interest of Company of whatever kind or character, whether legal or equitable, vested or contingent, in and to the oil and gas leases described below:

1. OCS-G 13631, BLOCK 331, SHIP SHOAL AREA, OFFSHORE LOUISIANA

Overriding Royalty Interest in Oil and Gas Lease dated September 1, 1992, between the United States of America, as Lessor, and Company, as Lessee, covering all of Block 331, Ship Shoal Area, South Addition, containing approximately 5277.82 acres.

Overriding Royalty Interest: 2.49962%

2. OCS-G 13641, BLOCK 35, WEST DELTA AREA, OFFSHORE LOUISIANA

Oil and Gas Lease dated July 1, 1992, between the United States of America, as Lessor, and Company, as Lessee, covering that portion of Block 35, West Delta Area, OCS Leasing Map, Louisiana Map No. 8, seaward of the 1975 Supreme Court Decree Line, containing approximately 4984.81 acres.

Working Interest: 38% Net Revenue Interest: 29.76666%

Overriding Royalty Interest: 1%

3. (a) OCS-G 9743, BLOCK 817, VIOSCA KNOLL AREA, OFFSHORE LOUISIANA1

Oil and Gas Lease dated August 1, 1988, between the United States of America, as Lessor, and Petrofina Delaware, Inc., as Lessee, covering all of Block 817, Viosca Knoll Area, containing approximately 5, 760 acres. All of Block 817 from the seafloor down to the stratigraphic equivalent of the base of the Tex X-6 Sand as encountered in the Viosca Knoll 817 Sohio #1 Well at a log depth of 4,450 feet:

Working Interest: 25% Net Revenue Interest: 18.75%

Overriding Royalty Interest: 1.25%

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1 The interest owned by Company in Block 817, Viosca Knoll Area, is subject to that certain (a) Production Payment Agreement, dated September 19, 1995, between Company and J. Ray McDermott Properties, Inc. and (b) Production Payment Agreement, dated September 19, 1995, between Company and F-W Oil Interests, Inc.

All of Block 817 below the base of the Tex X-6 Sand as encountered in the Viosca Knoll 817 Sohio #1 Well at a log depth of 4,450 feet, SAVE AND EXCEPT the E/2 of the E/2 and the E/2 of the E/2 of the W/2 of the E/2 of said Block 817 below the stratigraphic equivalent of the top of the Tex (L) Formation as encountered in the OCS-G 13063 #1 Well at a depth of 12,150 feet:

Working Interest: 100% Net Revenue Interest: 75%

Overriding Royalty Interest: 5%

The E/2 of the E/2 and the E/2 of the E/2 of the W/2 of the E/2 of Block 817 below the stratigraphic equivalent of the top of the Tex (L) Formation as encountered in the OCS-G 13063 #1 Well at a depth of 12,150 feet:

Working Interest: 50% Net Revenue Interest: 37.5%

Overriding Royalty Interest: 5%

(b) OCS-G 10939, BLOCKS 772/773, VIOSCA KNOLL AREA, OFFSHORE LOUISIANA

Oil and Gas Lease dated July 1, 1989, between the United States of America, as Lessor, and Petrofina Delaware, Inc., as Lessee, covering all of Blocks 772/773, Viosca Knoll Area, containing approximately 5,304 acres. Working Interest: 100% Net Revenue Interest: 75%

Overriding Royalty Interest: 5%

(c) OCS-G 10940, BLOCK 774, VIOSCA KNOLL AREA, OFFSHORE LOUISIANA

Oil and Gas Lease dated July 1, 1989, between the United States of America, as Lessor, and Petrofina Delaware, Inc., as Lessee, covering all of Block 774, Viosca Knoll Area, containing approximately 4,239 acres.

The N/2 of Block 774 and from the seafloor down to the stratigraphic equivalent of the top of the Tex (L) Formation in the S/2 of Block 774 as encountered in the OCS-G 13063 #1 Well at a depth of 12,150 feet:

Working Interest: 100% Net Revenue Interest: 75%

Overriding Royalty Interest: 5%

The S/2 of Block 774 below the stratigraphic equivalent of the top of the Tex (L) Formation as encountered in the OCS-G 13063 #1 Well at a depth of 12,150 feet:

Working Interest: 50% Net Revenue Interest: 37.5%

Overriding Royalty Interest: 5%

(d) OCS-G 13063, BLOCK 818, VIOSCA KNOLL AREA, OFFSHORE LOUISIANA

Oil and Gas Lease dated May 1, 1991 between the United States of America, as Lessor, and Fina Oil and Chemical Company, as Lessee, covering all of Block 818, Viosca Knoll Area, containing approximately 5, 760 acres.

All of Block 818, less and except the wellbore and all production from the OCS-G 13063 #1 Well:

Working Interest: 50% Net Revenue Interest: 37.5%

Overriding Royalty Interest: 5%

The wellbore and all production from the OCS-G 13063 #1 Well:

Working Interest: 100% Net Revenue Interest: 75%

Overriding Royalty Interest: 5%

(e) OCS-G 10945, BLOCK 861, VIOSCA KNOLL AREA, OFFSHORE LOUISIANA
Oil and Gas Lease dated June 1, 1989, between the United States of America, as Lessor, and Petrofina Delaware, Inc., as Lessee, covering all of Block 861, Viosca Knoll Area, containing approximately 5, 760 acres.

All of Block 861 from the seafloor down to the stratigraphic equivalent of the top of the Tex (L) Formation as encountered in the OCS-G 13063 #1 Well at a depth of 12,150 feet:

Working Interest: 100% Net Revenue Interest: 75%

Overriding Royalty Interest: 5%

All of Block 861 below the stratigraphic equivalent of the top of the Tex (L) Formation as encountered in the OCS-G 13063 #1 Well at a depth of 12,150 feet:

Working Interest: 50% Net Revenue Interest: 37.5%

Overriding Royalty Interest: 5%

4. (a) OCS-G 5804, BLOCK 914, EWING BANK AREA, OFFSHORE LOUISIANA

Oil and Gas Lease dated July 1, 1983, between the United States of America, as Lessor, and Mobil Oil Exploration & Producing Southeast, Inc., Sohio Petroleum Company, Kerr-McGee Corporation, as Lessee, covering all of Block 914, Ewing Bank Area, containing approximately 5, 760 acres.

Working Interest: 100% Net Revenue Interest: 73.567%

(b) OCS-G 5805, BLOCK 915, EWING BANK AREA, OFFSHORE LOUISIANA

Oil and Gas Lease dated July 1, 1983, between the United States of America, as Lessor, and Mobil Oil Exploration & Producing Southeast, Inc., Sohio Petroleum Company, Kerr-McGee Corporation, as Lessee, covering all of Block 915, Ewing Bank Area, containing approximately 5, 760 acres.

W/2 of Block 915:

Working Interest: 100% Net Revenue Interest: 73.567%

E/2 of Block 915:

Working Interest: 100% Net Revenue Interest: 73.667%

(c) OCS-G 5806, BLOCK 916, EWING BANK AREA, OFFSHORE LOUISIANA

Oil and Gas Lease dated July 1, 1983, between the United States of America, as Lessor, and Mobil Oil Exploration & Producing Southeast, Inc., Sohio Petroleum Company, Kerr-McGee Corporation, as Lessee, covering all of Block 916, Ewing Bank Area, containing approximately 5, 760 acres.

Working Interest: 100% Net Revenue Interest: 75%

(d) OCS-G 5801, BLOCK 871, EWING BANK AREA, OFFSHORE LOUISIANA

Oil and Gas Lease dated July 1, 1983, between the United States of America, as Lessor, and Mobil Oil Exploration & Producing Southeast, Inc., Sohio Petroleum Company, Kerr-McGee Corporation, as Lessee, covering all of Block 871, Ewing Bank Area, containing approximately 5, 760 acres.

Working Interest: 100% Net Revenue Interest: 75%

B. A four pile platform located on the oil and gas lease OCS-G 13631 which covers Block 331 of the Ship Shoal Area, offshore Louisiana. The platform is located at the following coordinates: x = 2,182,617 y = -188, 358. The four pile platform has an 89', 10 3/4" by 78' drilling deck and a 99', 10 3/4" by 78' production deck.

EXHIBIT 3.6

CONTRACTS

OCS-G 9743, BLOCK 817, VIOSCA KNOLL AREA, OFFSHORE LOUISIANA

1. To the extent, but only to the extent, related to the Properties, Company's rights in that Letter Agreement dated July 2, 1993 between Fina Oil and Chemical Company and Petrofina Delaware, Inc. and Company concerning the drilling and development of Viosca Knoll Area, Blocks 772/773, 774, 817, 818 and 861, as amended by Amendment Letter of December 6, 1993 between Fina Oil and Chemical Company and Petrofina Delaware, Inc. (collectively, "PDI") and Company. The rights acquired by Flextrend in the foregoing Letter Agreement, as amended, shall include, without limitation, all of Company's right to acquire the override retained by PDI, which acquisition rights are subject to the terms of that certain Agreement to Purchase and Sale Oil and Gas Properties between ELF Exploration, Inc., and Company, J. Ray McDermott Properties, Inc., J. Ray McDermott, Inc. and F-W Oil Interest, Inc., effective April 12, 1995. Company shall retain all rights and obligations established pursuant to the Letter Agreement, as amended, that do not pertain to the Properties.

2. To the extent, but only to the extent, related to the Properties, Company's rights in that Unit Agreement For Outer Continental Shelf Exploration, Development and Production Operations on Viosca Knoll Block 817 Unit, Blocks 772/773, 774, 817, 818 and 861 Viosca Knoll Area, Offshore Louisiana, Contract No. 754393018, approved by the Regional Supervisor Production and Development, Minerals Management Service, Gulf of Mexico OCS Region on July 26, 1993 and accepted by Company, Unit Operator, on July 7, 1993, and Petrofina Delaware, Inc. and Fina Oil and Chemical Company on July 7, 1993.

3. To the extent, but only to the extent, related to the Properties, Company's rights in that Farmout Agreement dated October 31, 1994 between Company, as Operator, and F-W Oil Interests, Inc. and O.P.I. International, Inc. and J. Ray McDermott Properties, Inc., as Non-Operators, pertaining to Viosca Knoll Block 817 Unit Area, Blocks, 772/773, 774, 817, 818 and 861, Viosca Knoll Area, Gulf of Mexico ("Farmout Agreement"). The rights acquired by Flextrend in the Farmout Agreement shall include, without limitation, (i) the reimbursement rights granted to Company pursuant to Section 4.2 of the Farmout Agreement; and (ii) the right and obligation to file the Joint Operating Agreement with the MMS as provided for in Section 6.2. The interests received by Flextrend in the Properties are free and clear of any conveyance obligations provided for in the Farmout Agreement. Company shall retain all rights and obligations established pursuant to the Farmout Agreement that do not pertain to the Properties. In addition, Company shall retain all rights to the Initial Payment (as defined in the Farmout Agreement), and shall be solely responsible, as between Company and Flextrend, as to all costs, expenses and indemnity obligations relating to the Initial Earning Well (as defined in the Farmout Agreement) or any substitute well.

4. Platform Limited Right of Use and Processing Agreement dated June 30, 1995 between VK-Main and Company pertaining to platform use and processing of Viosca Knoll Area Block 817 production with demand payments due thereunder to commence on July 1, 1995.

5. Service Agreement between VK-Main and Company dated June 30, 1995.

6. Letter from the United States Department of the Interior, Minerals Management Service dated January 7, 1994 addressed to Company.

7. Gas Dedication Agreement dated April 21, 1995 between Flextrend, as successor in interest to a portion of Company's interest, Company, Leviathan, F-W Oil Interests, Inc., J. Ray McDermott Properties, Inc., J. Ray McDermott, Inc. and ELF Exploration, Inc.

8. Agreement for Purchase and Sale between Company and Flextrend and related agreements dated June 30, 1995.

9. Oil and Condensate Purchase Agreement dated October 1, 1995 between OGM and Company.

10. Gas and Purchase Agreement dated October 1, 1995 between OGM and Company.

11. Master Gas Dedication Agreement between Company and Leviathan dated December 10, 1993.

12. Agreement to Purchase and Sale Oil and Gas Properties, effective April 12, 1995, between ELF Exploration, Inc., and Company, J. Ray McDermott Properties, Inc., J. Ray McDermott, Inc. and F-W Oil Interest, Inc.

OCS-G 13631, BLOCK 331, SHIP SHOAL AREA, OFFSHORE LOUISIANA

1. Master Gas Dedication Agreement dated December 10, 1993, as amended between Company and Leviathan.

2. Platform Use Agreement dated December 31, 1997 between Offshore, Pogo Producing Company, Samedan Oil Corporation, Seagull Energy E&P Inc., and Manta Ray Gathering Company, L.L.C.

OCS-G 5804, BLOCKS 871, 914, 915, 916, EWING BANK AREA, OFFSHORE, LOUISIANA

1. Gathering Agreement, as amended, dated July 1, 1992 between Company, DeepTech International, Inc. and Ewing Bank Gathering Co., L.L.C.

2. Oil and Condensate Purchase Agreement dated October 1, 1992 between OGM and Company.

3. Gas Purchase Agreement dated October 1, 1995 between OGM and Company.

4. Condensate Separation Agreement dated July 1, 1993 between Trunkline Gas Company and Company.

5. Facility Sharing Agreement dated October 21, 1992 between BP Exploration Inc. and Company.

6. Gathering Agreement dated May 6, 1988 between Trunkline Gas Company and Standard Gas Marketing Co., Mobil Natural Gas Inc., Mobil Oil E&P Southeast Inc., Kerr-McGee Corporation and Kerr-McGee Federal Limited Partnership I - 1981.

7. Unit Agreement, effective June 1, 1988, No. 754388019, issued by the United States Department of the Interior, Minerals Management Service in favor of Mobil Oil E&P Southeast Inc., Sohio Petroleum Company, and Kerr-McGee Corporation, and Kerr-McGee Federal Limited Partnership I-1981 conditioned to cover Blocks 871, 914, 915, 996, and one-half of Blocks 958 and 959, Ewing Banks Area.

MASTER GAS DEDICATION AGREEMENT RELATING TO OCS-G 13362, 12631 AND OCS-G 9743, AMONG OTHER PROPERTIES:

To the extent, but only to the extent, related to the Properties, Company's rights in that Master Gas Dedication Agreement dated December 10, 1993 between Leviathan and Company, as amended by (i) letter of November 8, 1994, between Leviathan and Company, F-W Oil Interests, Inc., O.P.I. International, Inc. and J. Ray McDermott Properties, Inc. and (ii) Amendment to Master Gas Dedication Agreement effective April 21, 1995 between Leviathan and Company, F-W Oil Interests, Inc., J. Ray McDermott Properties, Inc. and J. Ray McDermott, Inc.

EXHIBIT 3.7

LITIGATION AND CLAIMS

	STYLE	JURISDICTION	CASE NO.
1.	Gerard Quirk, et ux. v. Mustang Engineering, Inc. and Deepwater Production Systems, Inc. and Tatham Offshore, Inc.	U.S. District Court, Western District of Louisiana	CV94-1030
2.	Kenneth W. Fanguy v. Ambar, Inc., Water Ways, Inc., Trico Marine Operators, Inc. and Flextrend Development Company, L.L.C.	32nd Judicial District Court, Parish of Terrebonne, State of Louisiana	116380
3.	Roch Baillargeon v. Schlumberger Technology Corporation, Flextrend Development Company, L.L.C., Deepwater Port Services, Inc., Deep Tech International, Inc. d/b/a Deepwater Production Systems, Inc., and Sedco-Forex.	U.S. District Court, Western District of Louisiana	CV96-2403
4.	Rickie Thompson v. Trico Marine Assets, Inc.	32nd Judicial District Court, Parish of Terrebonne, State of Louisiana	No. 119646
5.	David Wade Lavergne v. Pool Company, Pool Energy Services Company	U.S. District Court, Eastern District of Louisiana	No. 97-3216

EXHIBIT 3.8

APPROVALS AND PREFERENTIAL RIGHTS

Except for certain governmental consents which cannot be obtained prior to Closing, the following is, to the best of Company's knowledge, a complete and accurate list of all approvals required to be obtained by Company for the assignment of the Properties to Flextrend and all preferential rights that affect the Properties:

CONSENTS:

1. Consent to assignment is required from VK-Main under the terms of that certain Service Agreement effective June 30, 1995 between VK-Main and Company pertaining to Viosca Knoll Area, Block 817, Offshore Louisiana.

2. Consent to assignment is required from VK-Main under the terms of that certain Platform Limited Right of Use and Processing Agreement dated June 30, 1995, between VK-Main on the one hand, and Company, F-W Oil Interests, Inc., J. Ray McDermott, Inc. and J. Ray McDermott Properties, Inc., on the other hand.

3. Consent to assignment is required from Pogo Producing Company, Samedan Oil Corporation, and Seagull Energy E&P, Inc. under the terms of that certain Platform Use Agreement (SS Block 331, MRY-2-2022) dated December 31, 1997, between Pogo Producing Company, Samedan Oil Corporation and Seagull Energy E&P, Inc., on the one hand, and Company, on the other hand.

4. Consent to assignment is required from ELF Exploration, Inc. under the terms of that certain Agreement to Purchase and Sale Oil and Gas Properties, effective April 12, 1995, between ELF Exploration, Inc., and Company, J. Ray McDermott Properties, Inc., J. Ray McDermott, Inc. and F-W Oil Interest, Inc.

PREFERENTIAL RIGHTS:

NONE

EXHIBIT 3.13

COMMITMENTS

1. AFE for workover of Well A-1

   Total commitment: $625,000

   Company's share of commitment: $156,250

2. AFE for plugging back of Well A-6

   Total commitment: $15,500

   Company's share of commitment: $3,878

EXHIBIT 3.14

PAYOUT BALANCES

1) Production Payment Agreement dated September 19, 1995 between Company and J. Ray McDermott Properties, Inc.	$5,721,114.45
2) Production Payment Agreement dated September 19, 1995 between Company and F-W Oil Interests, Inc.	$5,721,114.45

EXHIBIT 21

GUARANTY

THIS GUARANTY (this "Guaranty") dated February 27, 1998, but effective as of January 1, 1998, is issued by LEVIATHAN GAS PIPELINE PARTNERS, L.P., a Delaware limited partnership (the "Guarantor"), in favor and for the benefit of TATHAM OFFSHORE, INC., a Delaware corporation ("TOFF").

WHEREAS, Flextrend Development Company, L.L.C. (("Flextrend"), a wholly owned subsidiary of Guarantor, and TOFF have entered into that certain Redemption Agreement dated February 27, 1998 ("Redemption Agreement"); and

WHEREAS, Guarantor believes it is in its best interest for Flextrend and TOFF to enter into the Redemption Agreement; and

WHEREAS, TOFF desires for Guarantor to guarantee the performance of Flextrend under the Redemption Agreement and Guarantor is willing to do so as an inducement for TOFF entering into such Agreement; and

WHEREAS, the obligations of Guarantor hereunder are being incurred concurrently with the obligations of Flextrend under the Redemption Agreement.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), subject to the terms and conditions of this Guaranty, Guarantor hereby unconditionally and absolutely guarantees the punctual and complete performance of all of the terms, covenants and conditions to be complied with or performed by Flextrend (but not its assignees or other transferees) under the Redemption Agreement (herein collectively the "Obligations"), whether arising heretofore or hereafter.

This Guaranty shall be a continuing Guaranty and shall remain in full force and effect until such time as all of the Obligations have been performed.

This Guaranty shall be enforceable upon notice by TOFF and without prior resort to any demands, possessory remedies or proceedings for collection of any nature against Flextrend or any other entity. Notwithstanding anything to the contrary contained herein, the Guarantor shall be entitled to raise as a defense to its performance hereunder any defense that Guarantor would be entitled to raise under the Redemption Agreement if the Guarantor was the party executing and delivering the Redemption Agreement in lieu of Flextrend.

This Guaranty shall be deemed to be a contract under, and shall be construed, interpreted and governed by and according to, the laws of the State of Texas, excluding any conflict of laws principles which, if applied, might permit or require the application of the laws of another jurisdiction. The parties further agree that the jurisdiction and venue for any dispute or claim arising out of or related to this Guaranty shall be brought and remain in the federal or state courts located in the State of Texas. Guarantor shall be liable to TOFF for all attorneys' fees and costs incurred by TOFF in enforcing the provisions of this Guaranty and in collecting any amounts due hereunder.

If any provision of this Guaranty or the application thereof to any person or circumstances shall for any reason and for any extent be invalid or unenforceable, neither the remainder of this Guaranty nor the application of such provisions to any other persons or circumstances shall be affected thereby but shall be enforced to the extent permitted by applicable law. This writing is intended by the parties to be an integrated and final expression of this Guaranty. No course of prior dealing between the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof. There are no conditions to the effectiveness of this Guaranty.

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty as of the date first set forth in the preamble.

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

By:

Name:
Title:

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 1998 INCLUDED IN ITS FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q.

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3-MOS
DEC-31-1998
JAN-01-1998
MAR-31-1998
1,264
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(0.05)
(0.05)