



## **Port Property and Terminal Lease Workshop September 21, 2016**



### ***The Nature and Structures of Marine Terminal Leases – Part 1***

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Port of Lake Charles, Louisiana**

## **TABLE OF CONTENTS**

### **A. Value of early attorney involvement in lease negotiations**

1. Better understanding by attorney leads to clearer and more complete agreements.
2. Early attorney involvement ensures that all the necessary issues are discussed.
3. Attorneys can assist negotiations by advising what has been normal and customary in other similar lease agreements.

### **B. Use of Term Sheets**

1. Binding or Non-Binding Term Sheets
2. Non-binding term sheets provide a structure for negotiations
3. Term sheets can be used to secure necessary Board approvals without lengthy delays in waiting on final full lease agreements
4. Check list of most crucial terms:
  - a) General liability and property damage indemnities
  - b) Environmental indemnity and environmental issues
  - c) Required insurance coverages
  - d) Rental provisions and future CPI adjustments

### **C. Option to Lease**

1. Length of Option
2. Option payments
3. Obligations of each party
  - a) Title and survey work
  - b) Environmental investigations
  - c) Permitting-Corps, Environmental, etc.

### **D. Rental Provisions - Fixed and Throughput; General and Environmental Indemnities**

1. LNG
2. Limestone
3. Methanol

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WESTLAKE PROPERTY - SASOL











Tract 500

Tract 525

## B. Use of Term Sheets

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\_\_\_\_\_  
and LAKE CHARLES HARBOR & TERMINAL DISTRICT

TERM SHEET

OPTION TO LEASE PORT PROPERTY PLC-TRACT \_\_\_\_\_ LAKE CHARLES

- (a) Leased Premises: The term “Leased Premises” means \_\_\_\_\_ acres +/- located on District-owned property know as PLC Tract-\_\_\_\_\_ at \_\_\_\_\_, Lake Charles, LA, all as shown on the attached photo map. COMPANY will have the right to use of adjacent waters for loading or unloading of vessels subject to the regulations of the District and the United Sates Army Corps of Engineers. Further as part of any final lease agreement the District will agree, subject to reasonable terms and conditions, to be negotiated in good faith, to grant other easements and servitudes as may be needed to facilitate and assist in construction operation and maintenance of a liquefied natural gas plant facility. (the “Facility”).
- (b) Tenant: \_\_\_\_\_  
(hereafter known as “COMPANY”).
- District: Lake Charles Harbor and Terminal District.  
(hereafter known as “District”).
- (c) Option Effective Date: The date the Option to Lease is executed by the parties, which is targeted for \_\_\_\_\_.
- (d) Option to Lease COMPANY shall have an exclusive option to lease the Leased Premises for a period of one (1) year from the Effective Date with the right, exercisable at COMPANY’s sole discretion, to extend for an additional one (1) year period after which COMPANY may, exercisable at COMPANY’s sole discretion, again extend the option to lease for another one (1) year period. For the first year of the Option to Lease, COMPANY will pay in advance to the District for the option to lease the sum of \$ \_\_\_\_\_; for the second year, if any, \$ \_\_\_\_\_; and for the third year, if any, \$ \_\_\_\_\_. All payments are in U S Dollars. The first payment under this item (d) shall be paid within 14 days of the Effective Date



and subsequent payments shall be made on the first and second anniversary date of the Effective Date, respectively. The payments will be paid to a bank account nominated by District. COMPANY shall not receive any credit for such option payments toward any future rent or be entitled to refund, except as specifically agreed to by the District.

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GROUND LEASE TERMS –if Option to Lease is timely and properly exercised

- (e) Initial Term: The Initial Term of the Lease shall be for \_\_\_\_ years from the date that the Option to Lease is timely and properly exercised by COMPANY (“Ground Lease Commencement Date”).
- (f) Options to Extend Ground Lease If COMPANY is in compliance with all terms and conditions of the Lease, the District will grant COMPANY \_\_\_\_ year lease periods, exercisable, each time at COMPANY’s sole discretion. Failure by COMPANY to exercise the first Ground Lease Option Period or a subsequent Ground Lease Option Period, as applicable, eliminates the then subsequent Ground Lease Option Periods.
- (g) Rent: Rent payments for the Initial Term of the Lease shall be \$ \_\_\_\_ per acre, per year, paid in advance. Rent for the Initial Term and any Ground Lease Option Period is subject to an increased lease rate adjustment annually calculated using the U. S. Dept. of Labor CPI(U) index, except that the CPI(U) calculation shall be made commencing on the third annual anniversary of the Ground Lease Commencement Date, and annually thereafter. Rent shall only be adjusted upward and shall never cause the Rent to decrease.
- In addition to the annual Rent described in this Item (g), COMPANY shall also pay the District a Throughput Fee of USD \$ \_\_\_\_ per dekatherm and



shall apply to all such LNG or product derivatives either loaded or sent into the Facility for import into the United States or loaded or sent out from the Facility for export to other locations. The Throughput Fee shall not be applicable to any natural gas used in the facility to manufacture the LNG or derivative products. The Throughput Fee will be increased annually using the U. S. Dept of Labor CPI(U) index, except the CPI(U) calculation for the Throughput Fee shall be made commencing on the third annual anniversary of the Ground Lease Commencement Date, and annually thereafter. The Throughput Fee shall only be adjusted upward and shall never cause the Throughput Fee to decrease.

COMPANY shall be obligated to pay a Minimum Annual Guarantee ("MAG") of \$ \_\_\_\_\_ (e.g.: MAG based upon \_\_\_\_\_ dekatherms/day \* USD \$ \_\_\_\_\_ per dekatherm times 365 days = \$ \_\_\_\_\_). The MAG of \$ \_\_\_\_\_ shall be increased annually using the U. S. Dept of Labor CPI(U) index, except the CPI(U) calculation shall be made commencing on the third annual anniversary of the Ground Lease Commencement Date, and annually thereafter. The MAG shall only be adjusted upward to a maximum of \$ \_\_\_\_\_ and shall never decrease. The MAG shall be paid in equal installments monthly and shall commence to be paid to the District as of the earlier of the Commercial Operations date as determined by the Federal Energy Regulatory Commission (FERC) or \_\_\_\_\_. As to any dekatherms over the MAG, it is further agreed that COMPANY will pay to the District the Throughput Fee, annually in arrears, on all dekatherms over and above the MAG dekatherm amount of LNG or product derivatives of LNG and shall apply to all such LNG or product derivatives either loaded or sent into the Facility for import into the United States or loaded or sent out from the Facility for export to other locations. Further, COMPANY will not pay the District any fee for sales by COMPANY of incidental electrical power generated at the Facility and sold or transmitted into the electrical grid.



- (h) Rent Commencement: For the Leased Premises, rent shall commence on the Ground Lease Commencement Date.
- (i) Security Deposit: None.
- (j) Use: Normal ingress and egress will be off                     . This Facility will be a plant capable of receiving natural gas by pipeline, treating, liquefying and storing the liquefied natural gas as LNG, delivering LNG by tanker, barge or truck or as fuel, and receiving LNG by tanker or truck and re-gasifying LNG, together with all reasonable ancillary activities.
- (k) Condition of Premises:
- (i) The Leased Premises will be leased to and accepted by COMPANY in its current “As Is-Where Is” condition with District making no warranties as to fitness and COMPANY acknowledges that it has had adequate opportunity to inspect and test the Leased Premises prior to entering into the Option to Lease. Prior to execution of the Ground Lease, COMPANY shall have additional opportunities to inspect and conduct tests on the Leased Premises.
  - (ii) District to provide best of knowledge representations and warranties as to no contamination or violations of environmental requirements, or, at least no notices of violations within the last 10 years.
  - (iii) COMPANY shall not be liable for any environmental damage or claims attributable to the prior or future actions or activities of the District or any third party except to, and only to, the extent of any negligence on the part of COMPANY.
- (l) Maintenance and Repairs Responsibilities: District shall have no responsibility for any maintenance, repairs, or replacements of the Leased Premises or the Facility. COMPANY shall be responsible for all maintenance, repairs, and replacements of the Facility and the Leased Premises and COMPANY’s equipment and keeping the Leased Premises reasonably clean. COMPANY shall



be responsible for maintenance dredging of it own dock area.

- (m) Utility Connections: Responsibility of COMPANY and all costs to COMPANY.
- (n) Utilities Charges: All utilities accessed and utilized by COMPANY shall be paid by COMPANY.
- (o) Insurance: COMPANY shall be responsible for providing insurance coverages (liability, property, workers compensation coverages) as follows and with minimum liability coverage of \$\_\_\_ million with an insurer reasonably acceptable to the District. Minimum of other insurance requirements are as follows:
- Property Insurance
  - Workers' Compensation
  - Qualification for Insurer
  - Waiver of Subrogation
- Through appropriate insurance policy endorsements, District shall be named as an additional insured on all policies (excluding workers compensation) with waiver of subrogation. District shall not be responsible for loss to items stored in the Leased Premises except for loss due to the sole negligence of District. No contract of bailment shall exist between COMPANY and District and District shall not be liable for any loss resulting from the condition of the Leased Premises.
- (p) Sublease and Assignment: COMPANY shall not sublease or assign the Leased Premises or the Lease without District's consent, which consent shall not be unreasonably withheld, delayed, or conditioned. For purposes of the foregoing, the provision of conversion capacity to a customer of COMPANY shall not be considered a lease or assignment. In addition, the District's consent shall not be required to collaterally assign the Lease to COMPANY's lenders for purposes of obtaining financing, and the District agrees to cooperate with COMPANY's efforts in obtaining such financing, including by executing a direct agreement with COMPANY's lenders allowing for extended cure periods, lender cure rights,



replacement lessee rights, and other provisions typically included in such direct agreements for purposes of project financing.

- (q) Brokers: None.
- (r) Authorization by Board of Commissioners: Prior to execution, the Option to Lease Agreement and annexed Lease terms are to be submitted for review and possible approval by the District's Board of Commissioners at a public meeting.
- (s) Taxes: COMPANY shall be responsible for any and all taxes relating to its operations and the items stored in or on the Leased Premises.
- (t) COMPANY Improvements or Alterations: COMPANY shall make no improvements or alterations on the Leased Premises without the consent of District; provided however that the consent of the District shall not be required for improvements or alterations undertaken in compliance with all applicable law if such improvements or alterations are reasonably necessary to support the permitted use of the Leased Premises. COMPANY shall be obligated to remove at its costs upon expiration or termination of the lease, all above ground Improvements which reasonably have no commercial value or use to the District.
- (u) District and COMPANY agree to negotiate in good faith terms and conditions of an "Early Works" agreement to allow COMPANY commence before the Ground Lease Commencement date certain agreed upon Leased Premise site improvements.

The parties expect to negotiate and execute fully binding agreements reflecting the foregoing by no later than \_\_\_\_\_. However, the parties signing below agree that:

- A. this term sheet is intended by the parties to constitute a non-binding letter of intent only;
- B. each of the parties acknowledge that essential terms required in order to establish a binding agreement in respect of an Option to Lease or Lease have been neither agreed upon nor discussed herein;



- C. there is no legally binding and enforceable contract between the parties pertaining to the subject matter of this term sheet, and the statements of intent or understandings in this term sheet shall not be deemed to constitute any offer, acceptance, or legally binding agreement and do not create any rights or obligations for or on the part of any party, including any right or obligation to utilize best efforts or good faith efforts to negotiate a binding agreement;
- D. each party acknowledges that the other party is negotiating at arms-length and may terminate the negotiations at any time for any reason or for no reason prior to the execution and delivery of a definitive agreement;
- E. reliance by either party on the consummation of a transaction prior to the execution and delivery of a definitive agreement shall be at that party's risk and shall not give rise to liability sounding in contract, tort, promissory estoppel or otherwise; and

The foregoing clauses (A) through (E) supersede any other conflicting language in any statement made by any officer, agent, representative or employee of either party.

Agreed to:

COMPANY

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

Date: \_\_\_\_\_

Agreed to:

LAKE CHARLES HARBOR & TERMINAL  
DISTRICT

By: \_\_\_\_\_  
William J. Rase III  
Executive Director

Date: \_\_\_\_\_



\_\_\_\_\_ and PORT  
TERM SHEET  
USE OF \_\_\_\_\_

- (a) Premises: The term "Leased Premises" means \_\_\_\_\_ . A general depiction of the leased areas is shown on the drawing attached hereto as Exhibit A.
- (b) Tenant: \_\_\_\_\_  
Landlord: Lake Charles Harbor and Terminal District.
- (c) Effective Date: \_\_\_\_\_
- (d) Primary Term: The Primary Term of the Lease shall be \_\_\_\_\_ from the Effective Date.
- (e) Extension: Subject to consent of Landlord, Tenant will have \_\_\_\_\_ options to renew by giving Landlord 180-day notice of intent prior to the expiration of the Primary Term or the then current extended term, as applicable. Failure to give notice of extension or for Landlord to consent will cancel the lease at the end of the then lease year.
- (f) Rent: Rent for the Leased Premises shall be \_\_\_\_\_ per \_\_\_\_\_. Commencing upon \_\_\_\_\_ of the Primary Term, the rent shall be adjusted upward (but never decreased) every year for the remaining years of the Primary Term and any extended term based upon the CPI-U (U.S. Department of Labor) index.
- (g) Rent Commencement: For the Leased Premises, rent shall commence on the Effective Date and be paid \_\_\_\_\_ in advance.
- (h) Security Deposit: none
- (i) Use: The Leased Premises may be used for \_\_\_\_\_. Tenant will also be subject to rules and regulations (but not wharfage, dockage, or security fees) in accordance

with Landlord's Tariff No. 013, as amended from time to time (the "Tariff").

- (j) Condition of Premises: The Leased Premises will be leased to and accepted by Tenant in its current "As Is-Where Is" condition with Landlord making no warranties as to fitness and Landlord acknowledges that it has had adequate opportunity to inspect and test the Leased Premises prior to entering into the Lease. Prior to execution of the Lease, Tenant shall have additional opportunities to inspect and conduct tests on the Leased Premises.
- (k) Maintenance and Repairs Responsibilities: Landlord shall have no responsibility for any maintenance, repairs, or replacements of the Leased Premises, except major roof or structural repairs. Except for major roof or other structural repairs, Tenant shall be responsible for all maintenance, repairs, and replacements of the Leased Premises and Tenant's equipment and keeping the Leased Premises reasonably clean.
- (l) Utility Connections: Tenant shall be responsible for obtaining, at its own cost, other electricity, telephone, water, sewerage, natural gas, internet, and other utility services to the Leased Premises; provided, however, Landlord shall cooperate, and to the extent reasonably needed, facilitate the contracting of any easements and/or rights of way on the Leased Premises required by Tenant for such utility connections.
- (m) Utilities Charges: All utilities shall be paid by Tenant.
- (n) Insurance: Tenant shall be responsible for all insurance coverages (liability, property, workers compensation coverages) as required of Stevedores as set forth in the Tariff. Through appropriate **insurance policy endorsements**, Landlord shall be named as an additional insured on all policies (excluding workers compensation) with waiver of subrogation. Landlord shall not be responsible for loss to items stored in the Leased Premises except for loss due to the sole negligence of Landlord. No contract of bailment shall exist between Tenant and Landlord and Landlord shall not be liable for any



loss resulting from the condition of the Leased Premises.

- (o) Sublease and Assignment: Tenant shall not sublease or assign the Leased Premises or the Lease without Landlord's consent, which consent shall not be unreasonably withheld, delayed, or conditioned.
- (p) Brokers: None.
- (q) Authorization by Board of Commissioners: Landlord shall use its best efforts to obtain a resolution of the Board of Commissioners of the Lake Charles Harbor and Terminal District authorizing the execution of the Lease and the transactions contemplated by the Lease.
- (r) Taxes: Tenant shall be responsible for any and all taxes relating to its operations and the items stored in the Leased Premises.
- (s) Tenant Improvements or Alterations: Tenant shall make no Tenant Improvements or alterations on the Leased Premises without the consent of Landlord.

The above terms and conditions are agreed to and shall be effective upon signature with a full lease agreement to be prepared and signed by the parties within the next fifteen (15) days. If the parties are unable, in good faith, to timely conclude a final lease document then either party may terminate this agreement.

Agreed to:

\_\_\_\_\_

Agreed to:

LAKE CHARLES HARBOR & TERMINAL  
DISTRICT

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_

FRANCIS DRILLING FLUIDS, INC and PORT  
TERM SHEET  
USE OF CITY DOCKS AND LEASE OF WAREHOUSE SPACE

- (a) Premises: The term "Leased Premises" means approximately 30,000 Square feet of waterfront transit shed space (West end of Transit Shed 3 at City Docks), including normal ingress and egress areas and available space on adjacent apron for temporary building to be used as office. Similar additional space will be provided if available to Landlord and needed by Tenant. Actual area above 30,000 square feet utilized by Tenant for storage and operations may be reasonably adjusted by Landlord to accommodate Landlord needs for other cargos. Additionally, within 30 days of the end of each one year period of the Lease in which Tenant handles through the Leased Premises less than 90,000 short tons of refractory sand, Landlord may give notice that it is reducing the square footage of the Leased Premises to an amount less than 30,000 square feet but greater than 20,000 square feet with an appropriate prorated reduction in the Rent.
- (b) Tenant: Francis Drilling Fluids, Ltd  
Landlord: Lake Charles Harbor and Terminal District.
- (c) Effective Date: The earlier of February 1, 2010 or upon first use by Tenant
- (d) Primary Term: The Primary Term of the Lease shall be for ninety (90) days from the Effective Date with either Tenant or Landlord being able to give notice to the other at least 30 days before the end of the 90 day period that the Lease will be terminated. If no such notice is given and the Board of Commissioners of Landlord has approved the Lease, the Lease will automatically convert to a Primary Term of five (5) years from the Effective Date.
- (e) Extension: Subject to consent of Landlord, Tenant will have successive, one year options to renew (up to a total term of 10 years, including the Primary Term) by giving Landlord 180 day notice of intent prior to the



expiration of the Primary Term or the then current extended term, as applicable. Failure to give notice of extension or for Landlord to consent will cancel the lease at the end of the then lease year.

- (f) Rent: Annual rent for the Leased Premises shall be \$96,000 per year. Commencing upon year four (4) of the Primary Term, the rent shall be adjusted upward (but never decreased) every year for the remaining years of the Primary Term and any extended term based upon the CPI-U (U.S. Department of Labor) index, subject to a 3% cap on increases each year. The third year of the Primary Term will be the initial index used as a base for the following years.
- (g) Rent Commencement: For the Leased Premises, rent shall commence on the Effective Date and be paid quarterly in advance.
- (h) Security Deposit: none
- (i) Use: The Leased Premises may be used to store and ship out from refractory sand or other similar inert non-hazardous materials. Tenant to supply all labor and equipment for loading into and out of the Leased Premises. Tenant will also have use of Landlord's docks and wharves in accordance with Landlord's Tariff No. 012, as amended from time to time (the "Tariff"), including all fees and charges except as modified in this Term Sheet. Wharfage, Dockage, security fees and other vessel or cargo charges will be paid by the vessel or cargo interest.
- (j) Condition of Premises: The Leased Premises will be leased to and accepted by Tenant in its current "As Is-Where Is" condition with Landlord making no warranties as to fitness and Landlord acknowledges that it has had adequate opportunity to inspect and test the Leased Premises prior to entering into the Lease. Prior to execution of the Lease, Tenant shall have additional opportunities to inspect and conduct tests on the Leased Premises.
- (k) Maintenance and Repairs Responsibilities: Landlord shall have no responsibility for any maintenance, repairs, or replacements of the Leased

Premises, except major roof or structural repairs. Except for major roof or other structural repairs, Tenant shall be responsible for all maintenance, repairs, and replacements of the Leased Premises and Tenant's equipment and keeping the Leased Premises reasonably clean.

- (l) Utility Connections: Except for existing lighting of the Leased Premises, Tenant shall be responsible for obtaining, at its own cost, electricity, telephone, water, sewerage, natural gas, internet, and other utility services to the Leased Premises; provided, however, Landlord shall cooperate, and to the extent reasonably needed, facilitate the contracting of any easements and/or rights of way on the Leased Premises required by Tenant for such utility connections.
- (m) Utilities Charges: Except for existing lighting, all utilities shall be paid by Tenant.
- (n) Insurance: Tenant shall be responsible for all insurance coverages (liability, property, workers compensation coverages) as required of Stevedores as set forth in the Tariff. Through appropriate **insurance policy endorsements**, Landlord shall be named as an additional insured on all policies (excluding workers compensation) with waiver of subrogation. Landlord shall not be responsible for loss to items stored in the Leased Premises except for loss due to the sole negligence of Landlord. No contract of bailment shall exist between Tenant and Landlord and Landlord shall not be liable for any loss resulting from the condition of the Leased Premises.
- (o) Sublease and Assignment: Tenant shall not sublease or assign the Leased Premises or the Lease without Landlord's consent, which consent shall not be unreasonably withheld, delayed, or conditioned.
- (p) Brokers: None.
- (q) Authorization by Board of Commissioners: Landlord shall use its best efforts to obtain a resolution of the Board of Commissioners of the Lake Charles Harbor and Terminal District



authorizing the execution of the Lease and the transactions contemplated by the Lease.

- (r) Minimum Tonnage; City Docks Wharves and Docks:

Tenant shall have use of Landlord's City Docks wharves, docks and common areas and access to the Leased Premises and the space for temporary office building in accordance with the Tariff. Tenant agrees to cause to be off loaded across such docks and wharves a minimum of 30,000 short tons per year of refractory sand. The above tonnage amounts are accounted for each year and do not accumulate year to year. For each short ton less than the above 30,000 minimum, Tenant will pay to the Landlord the sum of \$2.13 per short ton, within 30 days following each year of the Lease.

- (s) Cargo Interest:

The Cargo will be controlled or owned by CMC Cometals and by separate letter agreement between Landlord and Cometals, Cometals will agree to pay to Landlord wharfage in the following amounts:

0 to 60,000 short tons	\$2.13
60,001 to 90,000 short tons	\$1.92
90,001 to 125,000 short tons	\$1.44
Greater than 125,000 short tons	\$0.94 per short ton

The above sliding scale will be applied to short tons placed into the Leased Premises for each one year period of the Lease and tonnage accumulation cannot be carried over from year to year of the Lease.

- (t) Taxes:

Tenant shall be responsible for any and all taxes relating to its operations and the items stored in the Leased Premises.

- (u) Tenant Improvements or Alterations:

Tenant shall make no Tenant Improvements or alterations on the Leased Premises without the consent of Landlord.

The above terms and conditions are agreed to and shall be effective upon signature with a full lease agreement to be prepared and signed by the parties within the next fifteen (15) days. If the parties are unable, in good faith, to timely conclude a final lease document then either party may terminate this agreement.

Agreed to:

FRANCIS DRILLING FLUIDS, LTD

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_

Agreed to:

LAKE CHARLES HARBOR & TERMINAL  
DISTRICT

by: \_\_\_\_\_

R. Adam McBride, Port Director

Date: \_\_\_\_\_



EXHIBIT F TO COOPERATIVE ENDEAVOR AGREEMENT  
LEASE TERM SHEET

(a) Premises:

The term "LC Port Premises" means approximately 128.60 acres of land located in Calcasieu Parish, Louisiana, lying east of Big Lake Road and west of Joe Ledoux Road as shown on Exhibit A attached hereto. The LC Port Premises consists of:

- (i) approximately 83.04 acres now owned by Landlord;
- (ii) approximately 7.5 acres now owned by Landlord designated "Road Easement Area" (the "Road Easement Area") on Exhibit A; and
- (iii) approximately 38.06 acres owned by others or recently acquired by Landlord. Prior to execution of the Lease, Landlord will at its cost acquire ownership of all of such 38.06 acres.

The term "Dock Premises" means approximately 3 acres of land located in Calcasieu Parish, Louisiana, lying west of Big Lake Road as shown on Exhibit A attached hereto. The Dock Premises fronts not less than 500 feet on the water and contains not less than 3 acres. The Tenant shall have the right to require Landlord to relocate the office building located on or near the Dock Premises to the area shown as New Office Site on Exhibit A. If Tenant elects to require Landlord to relocate the office building, the Landlord will do so with reasonable promptness and at its cost and such cost is estimated to be \$1,500,000. (pursuant to the CEA, the State will reimburse Landlord for this cost up to \$1,500,000).

The term "Prairie Land Premises" means approximately 158.7 acres owned by Prairie Land Company, located east of Joe Ledoux Road. Prior to or simultaneously with the execution of the Lease, Landlord will at its cost lease the Prairie Land Premises from Prairie Land Company. Thus, the Lease to Tenant shall be a lease as to the lands owned by Landlord and a sublease as to the Prairie Land Premises.

The term "Leased Premises" means the LC Port Premises, the Dock Premises and the Prairie Land Premises.

Landlord will at its cost obtain an ALTA survey map of the Leased Premises. Tenant shall pay the cost of any title insurance coverage desired by Tenant insuring Tenant's leasehold interest or required by Tenant's lender.

- (b) Tenant: Global Modular Solutions, L.L.C.  
Landlord: Lake Charles Harbor and Terminal District.
- (c) Primary Term: The Primary Term of the Lease shall be for fifteen (15) years, commencing on the rent commencement date (term subject to change based on financing requirements).
- (d) Renewal Option: Tenant will have successive, five year options to renew (up to a total term of 70 years, including the Primary Term) by giving Landlord 180 days notice of intent prior to the expiration of the Primary Term or the then current renewal term, as applicable.
- (e) Rent: During the Primary Term, the annual land rent for the LC Port Premises shall be \$1,875.00 per acre per year (including the acreage in the Road Easement Area, since Tenant will have the exclusive right to use the Road Easement Area for storage, a road and for underground utilities) and the annual land rent for the Dock Premises shall be \$12,300 per acre, per year, payable in equal monthly installments. The rent shall be adjusted upward only every fifth lease year during the Primary Term and any renewal based upon the CPI-U (U. S. Department of Labor) index, subject to a 15% cap on increases each 5 years; provided, that Tenant shall have the right each five years to invoke an appraisal process (to be more specifically set forth in the Lease) to determine the fair market value of the Leased Premises, and the annual per acre rent for the next five years shall be the lesser of (i) the rent calculated on CPI increases as set forth above or (ii) the fair market value per acre x 7.5%



(but in no event would the rent be less than the rent for the prior five years).

The annual land rent for the Prairie Land Premises shall initially be 1/4th of the land rent for the LC Port Premises (i.e., the annual rent for the Prairie Land Premises shall initially be \$468.75 per acre). The annual land rent per acre for the Prairie Land Premises shall increase to equal the same amount as the LC Port Premises rental (i.e., \$1,875 per acre, plus any escalations as provided above) beginning on the earlier of (i) seven (7) years after the date rent commences on the LC Port Premises or (ii) the date Tenant first begins use of the Prairie Land Premises for purposes other than removal of dirt or rail access to the LC Port Premises.

Commencing upon execution of the Lease, Tenant may remove dirt from the Prairie Land Premises and install rail along the northern and western portions of the Prairie Land Premises. In addition to the 1/4<sup>th</sup> rent obligation set forth above, Tenant shall pay to Prairie Land Company 25 cents per cubic yard of dirt (x) removed from the Prairie Land Premises during the period Tenant is paying 1/4<sup>th</sup> rent and (y) used by Tenant for construction fill material. Further, Tenant may lease up to 40.0 acres of the Prairie Land Premises upon execution of the Lease for an office, parking and laydown, in which case Tenant shall begin paying full rent for the acreage so used. Use of this up to 40.0 acres shall not cause the rent on the remainder of the Prairie Land Premises to increase to full rent.

(f) Rent Commencement:

For the LC Port Premises and the Dock Premises, rent shall commence upon the earlier of (i) June 1, 2010 or (ii) commercial operation of the Manufacturing Plant as defined in the Cooperative Endeavor Agreement among the State of Louisiana, the Louisiana Department of Economic Development, the Calcasieu Parish Police Jury, the City of Lake Charles, Landlord, Tenant and The Shaw Group Inc. to which this Term Sheet is attached as an exhibit (CEA). However, the first full year of rent shall be at a rate of 50% of full rent and

the second full year of rent shall be at a rate of 75% of full rent.

For the Prairie Land Premises, 1/4<sup>th</sup> rent (as described above) shall commence upon the earlier of (i) the date rent commences on the LC Port Premises or (ii) the date Tenant first begins to remove dirt from the Prairie Land Premises.

(g) Security Deposit:

None.

(h) Use:

The Leased Premises may be used for any of the following purposes, as authorized by La. R.S. 34:203A: processing, manufacturing, commercial and business purposes (including fabrication); but excluding any of the following purposes: casino; hotel; motel; shopping center; or adult book, video or movie store. Landlord acknowledges that Tenant may remove substantial amounts of dirt from portions of the Leased Premises to other portions of the Leased Premises and that Tenant may be required to mitigate wetlands on portions of the Leased Premises. Landlord will cooperate with and assist Tenant and will cause Prairie Land Company to cooperate with and assist Tenant in obtaining any necessary Section 404 Dredge & Fill Permits from the U.S. Army Corps of Engineers, however all costs associated with such efforts shall be the responsibility of Tenant.

(i) Condition of Premises:

The Leased Premises will be leased to and accepted by Tenant in its current "As Is- Where Is" condition with Landlord making no warranties as to fitness and Landlord acknowledges that it has had adequate opportunity to inspect and test the Leased Premises prior to entering into the Lease. Prior to execution of the Lease, Tenant shall have additional opportunities to inspect and conduct tests on the Leased Premises.

(j) Due Diligence:

Landlord has provided to Tenant copies of the following, to the extent such items exist and are within Landlord's possession or control:

(i) Phase I Environmental Assessment; Phase II Environmental Assessment; (ii) permits; (iii) soil



tests and analyses; (iv) access and other appurtenant rights, such as easements, that benefit the property; (v) availability and adequacy of utilities; (vi) deeds, abstracts, title commitments, policies and exception documents; (vii) surveys; (viii) zoning; (ix) wetlands reports and delineations; and (x) archeological investigations.

(k) Maintenance and  
Repairs Responsibilities:

Landlord shall have no responsibility for any maintenance, repairs or replacements of the improvements or the Leased Premises; Tenant shall be responsible for all maintenance, repairs and replacements of the improvements and the Leased Premises.

(l) Utility Connections:

Tenant shall be responsible for obtaining, at its own cost, electricity, telephone, water, sewerage, natural gas, internet, and other utility services to the Leased Premises; provided, however, Landlord shall cooperate, and to the extent reasonably needed, facilitate the contracting of any easements and/or rights of way on the Leased Premises required by Tenant for such utility connections.

(m) Utilities Charges:

All utilities shall be paid by Tenant.

(n) Insurance:

Tenant shall be responsible for all insurance coverages (liability, property, workers compensation, and other customary coverages) in accordance with its standard risk management program and Landlord shall be named as an additional insured on all policies (excluding workers compensation) with waiver of subrogation.

(o) Sublease and Assignment:

Tenant shall not sublease or assign the Leased Premises or the Lease without Landlord's consent, which consent shall not be unreasonably withheld, delayed, or conditioned, except no consent shall be required for sublease or assignment (i) to any member of Tenant, (ii) to a subsidiary or affiliate of Tenant or any member of Tenant, or (iii) in connection with a financing transaction. If Tenant subleases the Dock Premises to third parties, Landlord shall be entitled to one-half of the amount, if any, by which the sublease rent for the Dock

Premises exceeds the rent payable by Tenant for the Dock Premises.

- (p) Brokers: None.
- (q) Authorization by Board of Commissioners:

Landlord shall use its best efforts to obtain a resolution of the Board of Commissioners of the Lake Charles Harbor and Terminal District authorizing the execution of the Lease and the transactions contemplated by the Lease.
- (r) Rail Access:

The Premises shall have direct access to rail service per final site plan with any necessary rail improvements to be done by Tenant at the cost of Tenant and Tenant's use of Landlord's rail shall be subject to the normal rules and charges of Landlord per the published Tariff No. 12 of Landlord (Tariff).
- (s) Taxes:

Landlord and Tenant acknowledge that real and personal property owned by Landlord, including improvements constructed by Tenant but transferred to Landlord, is not subject to assessment of property taxes under current law; but if such property becomes subject to assessment of property taxes by reason of a change in law, Tenant will pay such taxes. Tenant shall not be responsible for such taxes if the property becomes taxable by reason of the transfer of the property by Landlord to an entity that is not tax exempt. The non-owned real property leased by Landlord (i.e., the Prairie Land Premises) remains subject to property taxes (unless the Industrial Ad Valorem Tax Exemption can be applied), but the Lease and the Prairie Land Lease will absolve Tenant from any payment of property taxes on the land and for the first fifteen years on the improvements.
- (t) Tenant Improvements:

A preliminary description of the proposed improvements will be attached to the Lease. The improvements will be initially constructed and completed at the cost of Tenant in substantial conformity with such preliminary description and conformity with all applicable building codes, laws, rules and regulations; Tenant shall notify Landlord

of substantial changes to the preliminary description. Tenant shall provide to Landlord "as-built" plans after completion of initial construction of the improvements. Nothing in this section shall be construed to allow Tenant to use the Leased Premises and improvements for any purpose prohibited by Section (h) "Use".

(u) Alterations:

Tenant shall be permitted to make proposed improvements or alterations of the Leased Premises without Landlord's approval or consent, as long as such alterations and improvements do not result in any change of the uses of the Leased Premises to a use not permitted by the Lease. Tenant reserves the right to make changes and improvements in the improvements that may change the capacity and/or products of the project without the consent of Landlord as long as the improvements comply with applicable law and the use provisions [Section (h)].

(v) Ownership of Improvements;  
Option to Purchase:

The improvements, fixtures and equipment constructed on the Leased Premises shall be owned by Landlord. At the end of the Primary Term (or the end of the financing period, if earlier), Tenant shall have the option to purchase such improvements, fixtures and equipment for \$10.00 or to continue to lease such improvements, fixtures and equipment for \$10.00 per year. If Landlord continues to own the improvements, fixtures and equipment beyond the first fifteen (15) years of the term, then Tenant shall negotiate a PILOT with the local taxing authorities.

(w) Financing:

Landlord shall use its best efforts to assist Tenant to obtain financing for the facility, including without limitation, issuing its industrial revenue bonds (or GO Zone bonds, if available). Industrial revenue bonds would be issued by Landlord in accordance with La. R.S. 39:991 and La. R.S. 34:340.2 (without full faith and credit of Landlord or the State), funded by Tenant's lease payments on the buildings, equipment, fixtures and other personal property (exclusive of land rental payments). Structure and marketing of the bonds would be determined by Tenant with the assistance of bond



counsel of Landlord, as mutually selected by Landlord and Tenant. The Lease and the Prairie Land Lease will be structured to be "financeable," with provisions reasonably required by leasehold mortgagees. Landlord shall be the conduit issuer of any bonds issued to finance the Manufacturing Plant, Facility, improvements, equipment, and fixtures. An annual administrative fee of 0.10% of the outstanding bonds (never to be less than \$25,000.00 annually) shall be paid by Tenant to Landlord.

(x) Bulkhead at Dock:

Tenant shall have the right, without cost to Landlord, except for the payment of \$500,000 by Landlord as a reimbursement to Tenant, to construct a bulkhead adjacent to the Dock Premises. Pursuant to the CEA, the State will reimburse Tenant an additional \$1,000,000 of these costs. Tenant shall have priority or preferential use of the dock subject to usual and normal coordination with the Landlord of other vessel traffic in the vicinity of Dock Premises and on the Calcasieu River Ship Channel.

(y) Operations and Access to Dock:

Conditioned upon Tenant's construction of a new dock, Tenant will have priority or preferential access and use of the dock subject to usual and normal coordination with the Landlord of other vessel traffic in the vicinity of the Dock Premises and on the Calcasieu River Ship Channel, since the dock is part of the Leased Premises. Operations of the dock will be in accordance with the Tariff. Fees, ( including dockage, wharfage, security, etc.) as established in the Tariff will be charged by Landlord to vessels. Wharfage fees per the Tariff shall apply. However, dockage fees per the Tariff will be charged, but Landlord will rebate to Tenant 100% of dockage fees received by Landlord.

(z) Big Lake Road Crossing:

State and Landlord assistance will be required to develop a road crossing from the LC Port Premises to the Dock Premises, including relocation of utilities, providing culverts for storm water drainage along the road, and gated access (80 foot wide rolling gate) to the dock. Tenant or others, excluding Landlord, will fund 100% of the cost to

relocate or modify the infrastructure for this crossing.

(aa) Joe Ledoux Road:

If Tenant notifies Landlord that Tenant's operations require the revocation of the dedication of Joe Ledoux Road, then Landlord will use its best efforts to cause the Parish to revoke the dedication of Joe Ledoux Road between the east and west portions of the Leased Premises, and the road will become part of the Leased Premises, such revocation to be completed within six months following Tenant's notice to Landlord.

(bb) Conditions to Tenant's  
Obligation to Lease:

The following are additional conditions to Tenant's obligation to lease the Leased Premises:

- (i) On or before October 1, 2008, Landlord shall have acquired full ownership of all of the Leased Premises except the Prairie Land Premises and shall have leased the Prairie Land Premises from Prairie Land Company. Landlord's interest (i.e., full ownership or leasehold, as applicable) in the Leased Premises shall be good, merchantable, marketable and free and clear of any liens, encumbrances, highways, rights-of-way, servitudes, licenses, restrictions, leases, agreements, covenants, conditions and limitations, except exceptions acceptable to Tenant.
- (ii) There are no pending, threatened or existing moratoriums or governmental actions, or proceedings or actions (other than expropriation proceedings initiated by Landlord as contemplated herein) pending, threatened or existing against Landlord or the Leased Premises, before any court or governmental agency or authority, that would prohibit or inhibit Tenant from obtaining utility service, building permits or development approvals, or which would prevent, prohibit, delay or inhibit the construction, development and operation of the Leased Premises.

- (iii) All utilities required for Tenant's intended development and use of the Leased Premises are or will be made available within or at the boundaries of the Leased Premises in locations satisfactory to Tenant.
- (iv) The geotechnical and environmental condition of the Leased Premises shall be satisfactory to Tenant.
- (v) Tenant shall have obtained all governmental approvals, permits or licenses for construction and operation of the project, free of any unreasonable or extraordinary conditions imposed by the issuing entity upon the issuance of such approvals, permits or licenses, including without limitation:
  - (1) 404/10 Wetland Permit
  - (2) Louisiana Department of Environmental Quality (LDEQ) Air Quality Permit
  - (3) LDEQ Water Quality Permit
  - (4) Construction Permit
- (vi) The Leased Premises shall be zoned appropriately for the project.
- (vii) Financing for the facility acceptable to Tenant shall have been obtained.

Except for item (bb)(i), Landlord shall have no obligation to pay the cost of satisfying any of the foregoing conditions provided in subsection (bb) above. Tenant shall use reasonable efforts to satisfy the conditions in items (bb)(iii)-(vii) above with reasonable promptness with out cost to Landlord. Landlord will reasonably assist Tenant to accomplish such conditions.

(cc) Exclusive Negotiations:

Until October 1, 2008 (unless sooner terminated or extended by mutual agreement of Landlord and Tenant), Landlord will negotiate exclusively and in good faith with Tenant for the lease of the Leased Premises, and will not, directly or indirectly, whether through any of the Landlord or Landlord's



officers, commissioners, employees, representatives or agents or otherwise, encourage, solicit or entertain any inquiries or proposals by, or engage in any discussions or negotiations with, or furnish any non-public information to, any person concerning the lease of the Leased Premises (or any portion thereof).

(dd) Lease Structure:

Conditional agreement to enter into Lease; followed by Lease after contingencies satisfied.

EXHIBIT A  
To Term Sheet







### C. Option to Lease

1. Length of Option
2. Option payments
3. Obligations of each party
  - a) Title and survey work
  - b) Environmental investigations
  - c) Permitting-Corps, Environmental, etc.

PLC Tract No. \_\_\_\_\_

**REAL ESTATE LEASE OPTION AGREEMENT**

**BE IT KNOWN**, that on the dates hereinafter set forth, before the undersigned Notaries Public, duly commissioned and qualified in and for their respective State and County/Parish, and in the presence of the undersigned competent witnesses personally came and appeared:

**TRUNKLINE LNG EXPORT, LLC** (“PROJECT COMPANY”), a Delaware limited liability company, herein represented by its duly authorized President; and

**LAKE CHARLES HARBOR & TERMINAL DISTRICT** (“DISTRICT”), a political subdivision of the State of Louisiana, herein represented by its duly authorized Executive Director,

who hereinafter collectively declare that:

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

WHEREAS, the DISTRICT is a deep water port and political subdivision of the State of Louisiana (“State”) exercising governmental powers of the State as delegated and authorized pursuant to the Louisiana Constitution and other statutory supplemental authorities, acting by and through the Executive Director of the DISTRICT, having its office and domicile at P.O. Box 3753, 751 Bayou Pines East, Suite P, Lake Charles, Lake Charles, Louisiana 70602; and

WHEREAS, Trunkline LNG Company, LLC, an affiliate of PROJECT COMPANY, owns and operates a liquefied natural gas (“LNG”) marine delivery, storage, and regasification terminal, including two unloading docks, storage tanks, and associated equipment to vaporize LNG into natural gas and to process the LNG to extract volumes of natural gas liquids (and to store and transport such natural gas liquids) and a related pipeline to transport revaporized LNG (“LNG Facility”) on certain property owned by the DISTRICT; and

WHEREAS, PROJECT COMPANY was formed for the purpose of leasing property described on the attached Exhibit 1 ("Project Site") from the DISTRICT and developing, constructing, and operating a natural gas liquefaction facility, designed to receive and convert natural gas into LNG ("Liquefaction Facility"), utilizing certain of the assets from the LNG Facility; and

WHEREAS, in an effort to realize its objective of promoting economic development and creation of jobs in the greater Lake Charles area, the DISTRICT decided to enter into this Real Estate Lease Option Agreement ("Option Agreement") to give PROJECT COMPANY the opportunity to assess the Project Site for purposes of developing, constructing, and operating the Liquefaction Facility and any other facilities related to the operations of the Liquefaction Facility ("Project").

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained, the parties covenant and agree as follows:

#### AGREEMENT

1. PARTIES. This Option Agreement is between the DISTRICT and PROJECT COMPANY on the following terms and conditions, to-wit:
2. IRREVOCABLE OPTION TO LEASE AND TO ACQUIRE THE EXPORT RIGHT OF WAY.

A. The Option is granted to PROJECT COMPANY for an initial period of thirty-six months from the Effective Date as defined in Section 19 ("Initial Option Period"). For and in consideration of option payments in the amount of \$89,600.00 per year for each year of the Initial Option Period ("Initial Option Payments") and the mutual covenants contained in this Option Agreement, the DISTRICT grants to PROJECT COMPANY, or its assignee, an option



(“Option”) to lease the Project Site, on terms and conditions substantially similar to those set forth in the attached Ground Lease marked as Annex A (“Ground Lease”).

The Initial Option Payments shall be payable to the DISTRICT on the Effective Date of this Option Agreement and on the two following successive annual anniversaries of such Effective Date, provided that PROJECT COMPANY shall have the right to cancel the Option at any time without further liability to the DISTRICT upon delivery of thirty (30) days prior written notice to the DISTRICT of PROJECT COMPANY’s desire to cancel the Option. Upon such cancellation of the Option by PROJECT COMPANY, PROJECT COMPANY shall forfeit any and all rights to recover any Initial Option Payments previously paid by PROJECT COMPANY pursuant to this Option Agreement, no other payments shall be owed from PROJECT COMPANY and this Option Agreement shall terminate and be of no further force and effect.

B. The Initial Option Period shall be subject to extension by PROJECT COMPANY for up to twelve (12) months (“Extended Option Period,” together with the Initial Option Period, “Option Period”) if and to the extent that: (i) the DISTRICT has not completed its acquisition of the Project Site; (ii) PROJECT COMPANY requires, in its sole discretion, additional time to complete its due diligence and inspections of the Project Site to obtain necessary permits and governmental approvals to operate the Project and/or to secure financing for development, construction, operation, and maintenance of the Project; (iii) the final issuance of Governmental Approvals for the Project, including the final issuance of such approval for any partners, members, or participants in, with, or successor to the PROJECT COMPANY, has not been received; (iv) there is a change in the condition of the Project Site such that the PROJECT COMPANY, in its sole discretion, determines that it, or any regulatory authority with oversight of any aspect of the Project, needs to reassess the appropriateness of the Project Site for the

Proposed Final 5/26/2013

development, construction and operation of the Project; or (v) for any other reason that the PROJECT COMPANY deems necessary to give full consideration to its financial commitment to the Project. The Extended Option Period may be exercised by PROJECT COMPANY in accordance with Section 3 below. PROJECT COMPANY will make a payment to DISTRICT in the amount of \$112,000.00 for the Extended Option Period (“Additional Option Payment,” and, collectively with the Initial Option Payment, “Option Payments”).

C. To exercise its Option to lease the Project Site, PROJECT COMPANY shall give written notice to the DISTRICT of its intention to lease the Project Site in accordance with the provisions of Paragraph 4 below. If PROJECT COMPANY elects to exercise the Option, but fails to meet any condition required under this Option Agreement, or fails to timely exercise its Option during the Initial Option Period or the Extended Option Period, as applicable, all previously paid Option Payments shall be forfeited by PROJECT COMPANY and retained by the DISTRICT, no further payments shall be due by PROJECT COMPANY and this Option Agreement shall terminate and be of no further force or effect. If PROJECT COMPANY, after meeting all required conditions, timely exercises the Option, the parties shall execute and deliver the Ground Lease on or before the Closing Date (as hereinafter defined). Any Option Payments made by PROJECT COMPANY under the Option Agreement shall not be deemed or considered rent, rental, or any other consideration under the Ground Lease or used as a credit against any rent or other consideration due under the Ground Lease.

3. EXERCISE OF OPTION/EXTENDED OPTION PERIOD. The Option to lease the Project Site or to extend the Initial Option Period must be exercised in each case, if at all, by delivery of a written notice from PROJECT COMPANY to the DISTRICT in substantially the form of Exhibit 2 with the appropriate blanks completed on or before the expiration of the Initial

Proposed Final 5/26/2013

Option Period or the Extended Option Period, as applicable. Failure to timely exercise the Option or to extend the Initial Option Period shall automatically terminate the right of PROJECT COMPANY to exercise the Option or to extend the Option.

4. CONSIDERATION FOR THE LEASE OF PROJECT SITE. If PROJECT COMPANY meets all required conditions under this Option Agreement and timely exercises its option to lease the Project Site, the DISTRICT shall comply with all terms and conditions of this Option Agreement to lease the Project Site to PROJECT COMPANY on the Closing Date (as defined in Paragraph 6.C. below) for the consideration stated in the Ground Lease (as attached as Annex A) and in accordance with the provisions of this Option Agreement and the Ground Lease.

5. PROJECT COMPANY'S RIGHTS AND DISTRICT'S OBLIGATIONS DURING THE OPTION PERIOD.

A. In addition to the agreements made by PROJECT COMPANY and the DISTRICT pursuant to that Access Letter Agreement entered into by and between PROJECT COMPANY and the DISTRICT, a copy of which is attached as Exhibit 3 ("Access Agreement"), during the Option Period(s), PROJECT COMPANY shall, at its cost, have reasonable access to the Project Site for the purpose of determining suitability of the Project Site for development, construction, and operation the Project, including, without limitation, (i) developing preliminary engineering, design, and construction information relative to facilities required to comprise and support the Project, (ii) performing site assessments of the Project Site by contractors, including, without limitation, Phase I and Phase II environmental site assessments and any other environmental assessments that PROJECT COMPANY or any governmental entity regulating the Project deems necessary, (iii) performing engineering, design, geotechnical, geophysical, seismic, archaeological, and land surveys and assessments of and around the Project Site, (iv) performing

tests and inspections of improvements, structures, wells, septic tanks, underground storage tanks, soils, geologic hazards, utility lines, and systems located on or under the Project Site, (v) conducting soil borings upon the Project Site for purposes of analyzing such soils, (vi) interviewing persons familiar with the Project Site, (vii) coordinating design activities with the DISTRICT; and (viii) any other actions or activities necessary for PROJECT COMPANY to assess and establish suitability of the Project Site for the Project (collectively "Project Site Activities"). The DISTRICT acknowledges and agrees that PROJECT COMPANY shall not incur any liability for any hazardous materials and/or substances, including NORM, asbestos, and PCBs, existing on the Project Site as of Ground Lease Commencement Date (as defined in the Ground Lease). Notwithstanding anything to the contrary in this Option Agreement or the Access Agreement, PROJECT COMPANY and its employees, agents, representatives, contractors, and consultants shall have access to the Project Site during the Initial Option Period and the Extended Option Period, as applicable, unless and until the date on which PROJECT COMPANY shall have entered into the Ground Lease or the expiration or termination of this Option Agreement. After execution of the Ground Lease, PROJECT COMPANY shall have access to the Project Site pursuant to the terms of the Ground Lease. PROJECT COMPANY shall ensure that its employees, agents, representatives, contractors, and consultants, in conducting any Project Site Activities, comply with all applicable laws, rules, regulations, ordinances, and decrees of any governmental body. Excluding materials owned by third parties, any reports, plats, maps, surveys, soil studies, soil reports, or such other similar information pertaining solely to the physical condition of the Project Site developed by PROJECT COMPANY or its agents or contractors pursuant to the Project Site Activities ("Data") shall be provided to DISTRICT at no cost as such are available. DISTRICT acknowledges and agrees

Proposed Final 5/26/2013



that PROJECT COMPANY owns all such Data, subject to DISTRICT's right to utilize such Data for any purpose without further consents or approval of PROJECT COMPANY. The DISTRICT shall not provide the Data to third persons without the express written consent of PROJECT COMPANY or unless compelled to do so by law. The DISTRICT shall provide reasonable advance notice to PROJECT COMPANY of any request for the Data.

B. No later than ten (10) days after the Effective Date, as defined in Section 18 below, the DISTRICT shall provide to PROJECT COMPANY, at the DISTRICT's expense: (i) copies of any and all title insurance policies and title abstracts for the Project Site; (ii) copies of any surveys, environmental audits or reports, wetland mitigation documentation, engineering studies or surveys, and soil conditions reports or studies, within the DISTRICT's possession or access or that of its attorneys and/or engineers; (iii) copies of any and all Governmental Approvals (as hereinafter defined) that apply to or that the DISTRICT has obtained for the Project Site; (iv) copies of all contracts, leases, agreements, security agreements, liens, and obligations currently in effect relating to the Project Site; and (v) copies of any other information the DISTRICT may possess or have access to regarding the Project Site. The parties acknowledge and agree that the DISTRICT's obligation to provide this information is on-going, to the extent that any such information becomes available to the DISTRICT following the Effective Date.

C. At the expense of PROJECT COMPANY, the DISTRICT shall assist and support PROJECT COMPANY in its efforts to complete and obtain (i) all regulatory permits and approvals (including issuance of any FERC Certificate(s)), zoning matters, and any other approvals or ordinances deemed necessary by PROJECT COMPANY to develop, construct, and operate the Project on the Project Site ("Governmental Approvals"), and (ii) satisfactory results

Proposed Final 5/26/2013

from the Project Site Activities. PROJECT COMPANY will reimburse the DISTRICT for all reasonable costs associated with its assistance and support of PROJECT COMPANY's effort to complete and obtain Governmental Approvals.

D. The DISTRICT will obtain easements, restrictions, or negative covenants on properties designated by PROJECT COMPANY to the north of Tank Farm Road and to the east of Big Lake Road to restrict the development of the property. In addition to the foregoing, to meet noise and other restrictions for the Liquefaction Project, easements, restrictions, or negative covenants to be obtained by the DISTRICT will include the prohibition of development that result in people residing in permanent facilities such as housing, nursing homes, and hospitals. PROJECT COMPANY will reimburse the DISTRICT for all reasonable costs associated with obtaining the easements, restrictions, or negative covenants.

E. The DISTRICT will obtain the leasehold rights and the ability to lease to PROJECT COMPANY a portion of the Project Site, which is approximately 40 acres, currently owned by a third party and commonly known as the Prairie Land (herein so called).

6. PROJECT COMPANY'S ADDITIONAL RIGHTS AND DISTRICT'S OBLIGATIONS PENDING EXERCISE OF LEASE OPTION.

During the Option Period, the DISTRICT and PROJECT COMPANY agree as follows:

A. Verification of Title and Survey.

(i) PROJECT COMPANY, at PROJECT COMPANY's expense, may obtain a title insurance commitment ("Title Commitment") to be issued by a title insurance company acceptable to PROJECT COMPANY ("Title Company"), pursuant to which the Title Company shall commit to issue a leasehold title insurance policy to PROJECT COMPANY and a leasehold title loan insurance policy to any lender(s) of PROJECT COMPANY (collectively the "Title

Polices”), each in forms and insurable amounts reasonably acceptable to PROJECT COMPANY. The Title Commitment shall show the DISTRICT to be vested with good, marketable and complete ownership interest of the Project Site (and in the case of the Prairie Land, that the DISTRICT has appropriate leasehold rights and the ability to sublease), subject only to the following matters (“Permitted Exceptions”): ad valorem real estate taxes for 2013 and subsequent years; all applicable zoning ordinances and regulations; and such other matters as shall be satisfactory to PROJECT COMPANY, in PROJECT COMPANY’s sole discretion.

(ii) PROJECT COMPANY may obtain, at PROJECT COMPANY’s expense, a current staked survey (“Survey”) of the Project Site, prepared by a surveyor or engineer licensed in Louisiana with a certificate attached thereto executed by the surveyor in the form of the minimum standard detail requirements certificate for land title surveys. The Survey shall reflect all improvements, servitudes, highways, pipeline, utility and other rights-of-way, flood zone classifications, and other matters affecting or abutting the Project Site, and shall be in a form sufficient to induce the Title Company to delete all standard and printed exceptions contained in the Title Commitment.

(iii) PROJECT COMPANY shall have until sixty (60) days prior to the expiration of the Option Period (“Title Review Period”) to notify the DISTRICT of title defects, encumbrances, servitudes, use restrictions, or other matters noted in the Title Commitment, the Survey, or elsewhere that PROJECT COMPANY requires to be removed or corrected prior to the execution and issuance of the Ground Lease (“Title Objections”).

(iv) The Title Commitment will show that all standard exceptions will be deleted from the Title Policies, when issued, and that the “gap” will be deleted as of the Closing Date. If, within the Title Review Period, PROJECT COMPANY notifies the DISTRICT of any

Proposed Final 5/26/2013

initial “Title Objections,” the DISTRICT shall use its diligent, good faith, best efforts to cure and eliminate the Title Objections at the DISTRICT’s expense. PROJECT COMPANY shall have the right to make additional requirements or objections as to title, up until the Closing Date, in the event any title or survey update or endorsement to the Title Commitment discloses matters not shown in the Title Commitment or Survey (“Additional Title Objections” and together with the initial Title Objections, the “Title Objections”). If the DISTRICT is unable to cure the Title Objections or Additional Title Objections by the Closing Date, PROJECT COMPANY shall have the option to: (a) grant the DISTRICT additional time within which to cure the Title Objections and Additional Title Objections and the Closing (as hereinafter defined) shall be extended for such time necessary to cure the Title Objections or Additional Title Objections; (b) elect not to enter into the Ground Lease whereupon the DISTRICT shall immediately refund the Option Payments paid to the DISTRICT and the parties will be relieved from further liability hereunder, unless the DISTRICT acted in a commercially unreasonable manner in not curing such Title Objections or Additional Title Objections, in which event the DISTRICT shall be liable to PROJECT COMPANY for PROJECT COMPANY’s actual third party costs and expenses incurred in the preparation of the Closing of the transaction contemplated by this Agreement (including, without limitation, all costs and expenses incurred in connection with the Project Site Activities); or (c) waive one or more of the Title Objections or Additional Title Objections (at which point such Title Objections or Additional Title Objections will become Permitted Exceptions) and proceed to close the Ground Lease, as provided in Paragraph E below.

(v) For purposes of clarification, if the Survey reflects encroachments, non-contiguity, overlaps, strips, gaps, rights-of-way, or other encumbrances or interests on or in the Project Site, or any other survey matters, or if the Project Site consists of two or more parcels

Proposed Final 5/26/2013



which are not contiguous along the entire length of their common boundary, such defects may also be raised as a Title Objection as described in Paragraph A(iv) above.

(vi) Notwithstanding anything to the contrary in this Option Agreement, PROJECT COMPANY's obligation to lease the Project Site is expressly conditioned on PROJECT COMPANY's receipt of Final Approval (as hereinafter defined) with respect to all Governmental Approvals. "Final Approval" shall be the date when: (a) all of the Governmental Approvals have been approved and have been issued and made effective, in forms and with conditions satisfactory to PROJECT COMPANY; (b) the time has passed for appeal of all Governmental Approvals; and (c) any appeals or litigation with respect to clause (b) above have been prosecuted and fully and finally resolved in a manner satisfactory to PROJECT COMPANY. PROJECT COMPANY agrees to diligently pursue obtaining all Governmental Approvals and satisfying all requirements in connection therewith. The DISTRICT agrees that PROJECT COMPANY shall have the authority to apply for all Governmental Approvals necessary for the approval, authorization, and commencement of the Project and to cooperate with PROJECT COMPANY in obtaining and satisfying the requirements of any necessary Governmental Approvals. No Governmental Approvals shall be binding on the DISTRICT or create any obligations to be fulfilled by the DISTRICT unless the DISTRICT specifically consents to be bound by such obligations.

(vii) Notwithstanding anything to the contrary in this Option Agreement, PROJECT COMPANY's obligation to lease the Project Site is expressly conditioned on PROJECT COMPANY's satisfactory resolution with Reynolds Metals Company ("Alcoa") for the purchase of approximately 80 acres of land to the north-west of the existing LNG facility owned and operated by Trunkline LNG Company.

Proposed Final 5/26/2013

(viii) Further notwithstanding anything to the contrary in this Option Agreement, PROJECT COMPANY's obligation to lease the Project Site is expressly conditioned on the DISTRICT'S ability to obtain appropriate leasehold rights the right to sublease the Prairie Land to PROJECT Company. If the DISTRICT is unable to to obtain appropriate leasehold rights the right to sublease, PROJECT COMPANY may elect not to enter into the Ground Lease whereupon the DISTRICT shall immediately refund the Option Payments paid to the DISTRICT and the parties will be relieved from further liability hereunder.

B. DISTRICT's Representations. The DISTRICT warrants, covenants and represents, during the term of this Option Agreement, the following to PROJECT COMPANY with full knowledge that PROJECT COMPANY is relying upon same in agreeing to enter into this Option Agreement:

(i) The DISTRICT has the full power and authority to make, deliver, enter into, and perform pursuant to the terms and conditions of this Option Agreement, and has taken all necessary action to authorize execution, delivery and performance of the terms and conditions of this Option Agreement.

(ii) This Option Agreement and the documents to be executed and delivered by the DISTRICT in connection with the consummation of this Option Agreement are valid, binding, and enforceable in accordance with their respective terms and conditions.

(iii) Execution, delivery, and performance by the DISTRICT of this Option Agreement are not precluded by, and will not violate, any provisions of any existing law, statute, rule, or regulation in Louisiana or any judgment, order, decree, writ, or injunction of any court, governmental department, commission, board, bureau, or agency, and will not result in a breach of, or default under, any agreement, mortgage, contract, undertaking, or other instrument or

Proposed Final 5/26/2013

document to which the DISTRICT is a party or by which the DISTRICT is bound or to which the DISTRICT or any portion of the Project Site or the Additional Property is subject.

(iv) No portion of the Project Site is being or previously has been acquired by any governmental authority in the exercise of its power to condemn or to acquire through eminent domain or private purchase in lieu thereof nor are any of these proceedings or actions threatened, pending or imminent.

(v) There are no actions, suits or proceedings pending or to the DISTRICT's Knowledge, threatened against, by or affecting the DISTRICT in any court or before any government agency relating to the ownership of, or the DISTRICT's ability to lease the Project Site.

(vi) All work, labor, service and materials furnished prior to the Closing Date to or in connection with the Project Site and any improvements constructed on the Project Site prior to the Closing Date, will be discharged by the DISTRICT prior to the Closing Date, so that no mechanics', materialmen's or other lien, except those created by PROJECT COMPANY, its affiliates or contractors, may be filed against the Project Site or such improvements. The DISTRICT shall indemnify, defend and hold PROJECT COMPANY harmless from and against any liens affecting the Project Site that were not created by the PROJECT COMPANY and (a) relate to work, labor, services, or materials furnished prior to the Effective Date and (b) are not filed or perfected until after the Effective Date.

(vii) To the DISTRICT's Knowledge there are no parties other than the DISTRICT in possession of any portion of the Project Site, as lessees, tenants at sufferance, licensees, or trespassers, and no person or entity has any right or option to lease, purchase, occupy or possess all or any part of the Project Site, or any interest therein.

Proposed Final 5/26/2013

(viii) The DISTRICT has not entered into any agreement, commitments, or arrangements concerning the Project Site, or development thereof, with any persons, including, but not limited to, governmental entities or agencies, councils, boards or other entities, adjoining landowners, utility companies, or agencies other than PROJECT COMPANY.

(ix) The Project Site is not subject to assessment or collection of additional taxes for prior years based upon a change of land usage or ownership.

(x) To the DISTRICT's Knowledge, the DISTRICT has not manufactured, stored or located any hazardous waste or hazardous substances, including NORM, asbestos, and PCBs, upon or under any portion of the Project Site, and the DISTRICT has received no warning notice, violation notice, complaint (judicial or administrative) or any other formal or informal notice alleging that the Project Site is not in compliance with any statute, ordinance, rule, or regulation pertaining to hazardous waste or substances, including NORM, asbestos, and PCBs. Except as disclosed by any reports provided to PROJECT COMPANY pursuant to Paragraph 6(B), to the DISTRICT's Knowledge (a) no hazardous waste or hazardous substances, including NORM, asbestos, or PCBs, have been manufactured, stored or located upon or under any portion of the Project Site, (b) the Project Site has never been used to treat, store, or dispose of waste materials or hazardous substances, including NORM, asbestos, or PCBs; (c) there has not been and is no leaching or drainage of waste materials or hazardous substances, including NORM, asbestos, or PCBs, into the ground water beneath or adjacent to the Project Site; and (d) there have not been and are not buried or semi-buried or otherwise placed tanks, storage vessels, drums or containers of any kind located on the Project Site.

(xi) The DISTRICT has received no notice from any governmental authority concerning the imposition or widening of any streets, roads or highways abutting the Project Site, or concerning the imposition of any special taxes or assessments against the Project Site.

(xii) Other than as set forth in this Option Agreement, the DISTRICT has not (a) entered into any agreement relating to the Project Site nor (b) encumbered or granted any interest in the Project Site to any party.

(xiii) While having no actual Knowledge, the DISTRICT anticipates that portions of the Project Site are “wetlands” (as defined at 40 C.F.R. part 230.3(t)) requiring mitigation or rendering the Project Site unsuitable for the Project.

Each of the foregoing warranties, covenants, and representations shall be true and correct as of the Closing Date, shall survive the Closing Date and shall not be merged with or into the Ground Lease or any other related instrument of conveyance or transfer. The term “Knowledge” as used in this Section 6.B. shall mean what the DISTRICT knows or should reasonably know about the Project Site and any other matters addressed by the warranties, covenants, and representations made herein.

C. Closing. The execution of the Ground Lease (“Closing”) shall take place as soon as practical following the PROJECT COMPANY’s exercise of the Option as provided in Section 4 above, but in no event shall the Closing take place later than fifteen (15) days following such exercise. Possession of the Project Site shall be delivered to PROJECT COMPANY or its assignee as of the Closing Date, free and clear of the rights and claims of any other party; provided, however, that prior to the Closing Date, PROJECT COMPANY and its employees, agents, representatives, and contractors shall have the right to enter upon the Project Site at any



and all times for purposes of any further inspections of the Project Site as provided in Section 5 above.

D. Expenses of Closing. At Closing, the DISTRICT shall pay the costs of recording any documents or certificates or taking any other action required to be taken to correct title defects or remove any title encumbrances (including, without limitation, any Title Objections or any Additional Title Objections). At Closing, PROJECT COMPANY shall pay the costs of recording an extract of the Ground Lease (as provided in the Ground Lease) and for the Title Policies issued pursuant to the Title Commitment. PROJECT COMPANY and the DISTRICT shall each pay the fees and expenses of their respective counsel incurred in connection with the negotiation, preparation and execution of this Option Agreement, and satisfying its respective obligations under this Option Agreement.

E. Closing Documents.

(i) The DISTRICT shall deliver the following at Closing, which shall be in form and substance reasonably satisfactory to PROJECT COMPANY:

(a) Fully executed and signed Ground Lease.

(b) Gap, mechanic's lien and possession affidavit(s) in forms sufficient to cause the Title Company to issue a title policy without the applicable standard title policy exceptions.

(c) Resolution by the Board of Commissioners of the DISTRICT, authorizing the execution of the Ground Lease and the transactions and documents contemplated by this Option Agreement and the Ground Lease.

(d) Possession of the Project Site.

(e) A landlord waiver and estoppel certificate in favor of any lender(s) of PROJECT COMPANY that (I) permits such lender(s) to obtain possession of and foreclose upon, free and clear of any liens and security interests of the DISTRICT, the Ground Lease, and all of PROJECT COMPANY's property located at the Project Site; (II) allows such lender(s) to remain on the Project Site (in exchange for such lender(s) agreeing to pay rent under the Ground Lease) for a sufficient period of time to permit such lender(s) to foreclose upon the Ground Lease and PROJECT COMPANY's property at the Project Site, and (III) provides that the DISTRICT will not hinder, and will cooperate with, such lender(s) efforts to foreclose upon the Ground Lease, and PROJECT COMPANY's property at the Project Site.

(ii) At Closing, PROJECT COMPANY shall:

(a) Deliver a certified copy of a resolution of the manager(s) (or other appropriate governing body) of PROJECT COMPANY and any assignee of same, as appropriate, authorizing the execution of the Ground Lease, and all other documents necessary to effect the valid execution of the Ground Lease.

(b) Cause the execution and delivery of the Ground Lease by a duly authorized officer of PROJECT COMPANY, or its assignee.

F. Conditions Precedent. The following are conditions precedent to PROJECT COMPANY's obligations at Closing, including execution of the Ground Lease:

(i) As of the Closing Date, all of the DISTRICT's representations and warranties contained in Paragraph 6.B. hereof shall be true and correct.

(ii) The DISTRICT shall have performed all of its obligations under this Option Agreement.

(iii) The DISTRICT's interest in the Project Site shall be (and the DISTRICT warrants and represents to PROJECT COMPANY that the same is) good, merchantable, marketable, and free and clear of any liens, encumbrances, highways, rights-of-way, servitudes, licenses, restrictions, leases, agreements, covenants, conditions, and limitations, except for third party ownership of the Prairie Land and the Permitted Exceptions. The DISTRICT's title shall also be total and complete and not subject to any outstanding or contingent liens or claims of an undivided interest and PROJECT COMPANY shall have received a Title Commitment and Survey, each in form and substance acceptable to PROJECT COMPANY.

(iv) There are no pending, threatened, or existing moratoriums or governmental regulations, statutes, proceedings, or actions pending, threatened, or existing against the DISTRICT, the Project, or the Project Site before any court or governmental agency or authority, including the FERC, that would prohibit or inhibit PROJECT COMPANY from obtaining utility service, building permits, or development approvals, or which would prevent, prohibit, delay, or inhibit the construction, development, and operation of the Project.

(v) Subsequent final geotechnical investigation does not necessitate any substantial revision to the type of structural design contemplated by the preliminary investigation conducted on behalf of PROJECT COMPANY.

(vi) PROJECT COMPANY has, at its cost, used its commercially reasonable efforts to pursue in good faith the necessary Final Approvals for construction, development, and operation of the Project on the Project Site, and all such Final Approvals have been obtained, free of any unreasonable or extraordinary conditions imposed by the issuing entity upon the issuance of such Final Approvals.

In the event that any of the conditions to PROJECT COMPANY's obligation to lease the Project Site are not satisfied as of the Closing Date or not waived by PROJECT COMPANY, or it is reasonably determined prior to the Closing Date that such conditions cannot be fulfilled or satisfied and the same are not waived by PROJECT COMPANY, then, at the sole option of PROJECT COMPANY: (i) PROJECT COMPANY may elect not to enter into the Ground Lease, and this Option Agreement shall terminate and all parties shall be relieved of any further obligations hereunder; whereupon the DISTRICT shall not be obligated to refund any of the Option Payments, except to the extent that the DISTRICT has not acted in a commercially reasonable manner in meeting or performing any of the obligations described herein, in which case the DISTRICT shall be obligated to return all such Option Payments, or (ii) PROJECT COMPANY may, at its option, extend up to three hundred sixty-five (365) days the Closing or for such period as is reasonably necessary to satisfy all of the conditions precedent to PROJECT COMPANY's obligation to close.

7. SUCCESSORS AND ASSIGNS. This Option Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. However, this Option Agreement may not be assigned or transferred by PROJECT COMPANY to any other person or entity without the consent of the DISTRICT, which consent shall not be unreasonably withheld; provided that PROJECT COMPANY may assign this Option Agreement in its entirety to (i) an Affiliate or (ii) a successor in interest in connection with a merger, acquisition, or sale of all or substantially all of PROJECT COMPANY's assets. "Affiliate" shall mean an entity that controls, is controlled by, or is under common control with the PROJECT COMPANY. Additionally, the PROJECT COMPANY may assign its rights and obligations hereunder in whole to any Affiliate of PROJECT COMPANY, to BG LNG Services, LLC, or any Affiliate of

Proposed Final 5/26/2013

BG LNG Services, LLC, without the requirement of prior consent of the DISTRICT. The term “Affiliate” shall mean (i) the PROJECT COMPANY’s parent company or any wholly owned subsidiary of PROJECT COMPANY or of PROJECT COMPANY’s parent company, (ii) any wholly owned subsidiary of BG LNG Services, LLC, or (iii) any entity Controlling, under common Control or Controlled by PROJECT COMPANY, by PROJECT COMPANY’s parent company, or by BG LNG Services, LLC . The term “Control” shall mean (A) with respect to a corporation, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the stock or shares of the controlled corporation, and (B) with respect to an individual or entity that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled individual or entity.

8. NOTICE. All notices required or allowed by this Option Agreement shall be delivered by email (with a requirement that the recipient acknowledge receipt), third party overnight courier (including overnight courier services such as Federal Express) or by certified mail, return receipt requested, postage prepaid, addressed to the party to whom notice is to be given, at the following addresses:

If to PROJECT COMPANY: TRUNKLINE LNG EXPORT, LLC

\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
Facsimile No.: \_\_\_\_\_  
Email: \_\_\_\_\_

With a Copy to:

\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
Facsimile No.: \_\_\_\_\_  
Email: \_\_\_\_\_



If to the DISTRICT: Lake Charles Harbor & Terminal District  
150 Marine Street  
Lake Charles, LA 70601  
Attention: Executive Director  
Telephone No: 337-493-3501  
Facsimile No.: 337-493-3523  
Email: [brase@portlc.com](mailto:brase@portlc.com)

With a Copy to: General Counsel  
Lake Charles Harbor & Terminal District  
150 Marine Street  
Lake Charles, LA 70601  
Telephone No.: 337-493-3504  
Facsimile No.: 337-493-3523  
Email: [mdees@portlc.com](mailto:mdees@portlc.com)

Notice shall be deemed to have been given upon receipt by recipient as evidenced by an email acknowledging receipt, by the overnight courier airbill or by the return receipt. In the event that the recipient fails or refuses to sign the return receipt, the receipt shall be sufficient.

9. DISTRICT'S DEFAULT. In the event of a default by the DISTRICT with respect to any of its obligations hereunder, including the satisfaction of all conditions precedent or any breach or misrepresentation by the DISTRICT of any warranties, representations and covenants made by the DISTRICT in Section 6.B., PROJECT COMPANY shall, except as otherwise provided, be entitled to the right of specific performance against the DISTRICT together with the recovery of all expenses incurred in obtaining specific performance, including reasonable attorney's fees and all costs of court or, at PROJECT COMPANY's sole election, PROJECT COMPANY shall be entitled to terminate this Option Agreement and the DISTRICT shall immediately return all Option Payments previously paid by PROJECT COMPANY. For the avoidance of doubt, this is in addition to any rights for the return of Option Payments that the PROJECT COMPANY may have under Section 6.F.

10. EMINENT DOMAIN/CASUALTY. If, during the Option Period, there is any taking of any portion of the Project Site by eminent domain or condemnation that materially affects the Project Site for the development, construction, or operation of the Project, in PROJECT COMPANY's reasonable determination, PROJECT COMPANY may, at its option, terminate this Option Agreement or elect to not enter into the Ground Lease (if PROJECT COMPANY has already exercised the Option), whereupon the parties will be relieved from further liability hereunder. In the event that the Project Site is rendered, at any time during the Option Period or prior to the Closing, in PROJECT COMPANY's sole determination, unsuitable for the development, construction, or operation of the Project as a result of a casualty event (including any hurricane, named storm, flood or tornado) or Force Majeure (as hereinafter defined) event occurring in and around Calcasieu Parish, PROJECT COMPANY may, at its option, terminate this Option Agreement or elect to not enter into the Ground Lease (if PROJECT COMPANY has already exercised the Option), whereupon the parties will be relieved from further liability hereunder.

11. ENTIRE AGREEMENT. This Option Agreement constitutes the entire agreement of the parties with respect to subject matter hereof. All understandings and agreements heretofore between the parties with respect to the subject matter hereof are merged in this Option Agreement which alone fully and completely expresses their understanding.

12. ATTORNEY'S FEES. In connection with any litigation concerning this Option Agreement, the prevailing party shall be entitled to recover all of its costs, expenses and reasonable attorney's fees from the non-prevailing party.

13. NO WAIVER. No waiver of any provision of this Option Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted; and any such written

Proposed Final 5/26/2013

waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

14. AMENDMENTS. This Option Agreement may not be amended, modified, altered, or changed in any respect whatsoever except by further agreement in writing and duly executed by the parties hereto.

15. GOVERNING LAW. This Option Agreement shall be governed in its enforcement, construction and interpretation by the laws of the State of Louisiana. In the event that either party files suit as a result of a default on the part of the other, such suit shall be filed in the Fourteenth Judicial District Court, State of Louisiana, unless the default of dispute implicates or involves a federal statute, regulation, order, or permit, in which case venue shall be in the federal courts for the Western District of Louisiana.

16. COUNTERPARTS. This Option Agreement may be executed in counterparts by the parties hereto and each of which shall be deemed an original but all of which taken together shall constitute but one and the same instrument.

17. RECORDING. This Option Agreement shall not be recorded in the public records, provided, however, that if requested by PROJECT COMPANY, the DISTRICT shall execute, acknowledge and deliver to PROJECT COMPANY a memorandum of this Option Agreement in recordable form, which may be recorded by PROJECT COMPANY in the conveyance records of Calcasieu Parish, Louisiana.

18. EFFECTIVE DATE. The effective date of this Option Agreement (“Effective Date”) shall be the date that the DISTRICT or PROJECT COMPANY executes this Option Agreement, whichever is later.

19. REAL ESTATE COMMISSION. The DISTRICT and PROJECT COMPANY represent that they have dealt with no brokers in connection with the negotiation, execution and/or delivery of this Option Agreement.

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

20. FORCE MAJEURE. Provided that notice is given within thirty (30) days of an occurrence of an event of Force Majeure (as hereinafter defined) by the party hereto seeking to invoke and utilize the provisions of this Section, such party shall be excused from performing any of its respective obligations or undertakings required hereunder for so long as the performance of such obligations are prevented or significantly delayed, retarded or hindered by any event of Force Majeure. As used in this section, "Force Majeure" means any cause not reasonably within the control of the party claiming suspension, and shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, droughts, floods, washouts, explosions, breakage, or accident, or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region; (iii) acts of others such as strikes, lockouts, or other industrial disturbances, riots, sabotage, terrorism, insurrections, or wars; provided that the settlement of strikes, lockouts, or other industrial disturbances shall be

Proposed Final 5/26/2013

within the sole discretion of the Party claiming such suspension; (iv) the failure or interruption of performance by PROJECT COMPANY's engineering, procurement and construction contractors or any subcontractors of such contractor to the extent caused by an event of Force Majeure; (v) the failure or interruption of performance by PROJECT COMPANY's suppliers by reason of such supplier's valid declaration of an event that would constitute an event of force majeure under PROJECT COMPANY's contract with such supplier; and (vi) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction, or that restrict PROJECT COMPANY's ability to construct the Project or any delay in issuance or effectiveness of any Governmental Approval that has been properly applied for by PROJECT COMPANY that is required to construct the Project.

Last Page of Agreement

Signatures follow on subsequent pages



THUS DONE AND SIGNED by the DISTRICT at Lake Charles, Louisiana, in the presence of the undersigned competent witnesses and me, Notary, on this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

WITNESSES:

\_\_\_\_\_  
(signature)

LAKE CHARLES HARBOR & TERMINAL DISTRICT

\_\_\_\_\_  
(print name)

By: \_\_\_\_\_  
William J. Rase, III  
Executive Director

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(print name)

Approved By:

Michael K. Dees, General Counsel

BEFORE ME, \_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

THUS DONE AND SIGNED by the Trunkline LNG Export, LLC at Houston, Texas, in the presence of the undersigned competent witnesses and me, Notary, on this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

WITNESSES:

**TRUNKLINE LNG EXPORT, LLC**

\_\_\_\_\_  
(signature)

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

\_\_\_\_\_  
(print name)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(print name)

BEFORE ME: \_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

ANNEX A  
(Ground Lease)

EXHIBIT 1  
Legal Description of Project Site

Subject to revision as may be necessary upon preparation of a formal survey, the Project Site is as follows:

That certain tract or parcel of land lying in the North Half of Section 9, Township 11 South, Range 9 West, Calcasieu Parish, Louisiana, more particularly described as follows to-wit:

The Northeast Quarter of the Northwest Quarter (NE/4 - NW/4) and the North Half of the Northeast Quarter (N/2 of NE/4) of Section 9, Township 11 South, Range 9 West, Louisiana Meridian, together with all buildings and improvements situated thereon;

Subject to Public Road Rights-of-way on the North, East and portion of the South side;

Being all of the same property acquired by Lake Charles Harbor & Terminal District from Thomas Milton Bergstedt, John Ernest Bergstedt, and Margaret deSynek Kuttner by Cash Sale dated October 21, 2008, recorded under File Number 2896566, Conveyance Book 3539, Page 738, records Calcasieu Parish, Louisiana, and by Lake Charles Harbor & Terminal District from Whitney J. Derise, Jr. and Louis Derise by Cash Sale dated December 12, 2012, recorded under File Number 3075950, Conveyance Book 3838, Page 499, records Calcasieu Parish, Louisiana, as amended by Affidavit of Correction dated April 23, 2013, recorded under File Number 3092020, Conveyance Book 3866, Page 845, records Calcasieu Parish, Louisiana;

and

That certain tract or parcel of land in the Southeast Quarter of the Northeast Quarter (SE/4 - NE/4) of Section 9, Township 11 South, Range 9 West, Louisiana Meridian, together with all buildings and improvements situated thereon;

Subject to Public Road Rights-of-way on the North and East sides;

Currently owned by Prairie Land Company.

EXHIBIT 2  
Form of Option Notice

[Date]  
Lake Charles Harbor & Terminal District  
150 Marine Street  
Lake Charles, LA 70601  
Attention: President

Re: Exercise of Option

Dear Ladies and Gentlemen:

Reference is made to that certain Option Agreement dated as of \_\_\_\_\_, 2013 (the "Option Agreement") by and between Trunkline LNG Export, LLC, a Delaware limited liability company ("PROJECT COMPANY"), and the Lake Charles Harbor & Terminal District, a political subdivision of the State of Louisiana (the "DISTRICT"). All capitalized terms used in this letter shall have the meanings ascribed thereto in the Option Agreement.

*DELETE PARAGRAPH BELOW WHICH IS NOT APPLICABLE:*

[This letter shall serve as written notice by PROJECT COMPANY to the DISTRICT under the Option Agreement of PROJECT COMPANY's intention to exercise its Option under the Option Agreement to enter into the Ground Lease for the Project Site .]

OR

[This letter shall serve as written notice by PROJECT COMPANY to the DISTRICT under the Option Agreement of PROJECT COMPANY's intention to extend the Initial Option Period.

No further action is required by the DISTRICT in order for PROJECT COMPANY's [exercise of its Option/extension of the Initial Option Period]—*delete clause which is not applicable* to be effective and upon delivery of this letter to the DISTRICT, PROJECT COMPANY shall be deemed to have [exercised its Option under the Option Agreement/extended the Initial Option Period]—*delete clause which is not applicable*

Very truly yours,

[PROJECT COMPANY]

By: \_\_\_\_\_  
Its duly authorized signatory

cc: Executive Director  
Lake Charles Harbor & Terminal District

EXHIBIT 3  
(Access Letter Agreement)

\_\_\_\_\_, 2012

[ADDRESSEE]  
[ADDRESS LINE 1]  
[ADDRESS LINE 2]

RE: Access for Studies and Surveys to  
Property outlined on red on the attached Exhibit "A";  
Property in the Industrial Canal Area  
Calcasieu Parish, Louisiana

Dear \_\_\_\_\_:

The Lake Charles Harbor & Terminal District (hereinafter referred to as "Grantor") understands that Trunkline LNG Export, LLC (hereinafter referred to as "Company") is requesting consent to access the above-referenced property (the "Property") in order to determine the feasibility of the location of a natural gas liquefaction plant.

To complete this feasibility study and analysis and to determine the best location of the proposed plant, Company has requested the consent of Grantor to enter upon the Property for the purposes of conducting various studies and surveys which may include, but are not limited to, interviews of persons familiar with the Property; tests of structures, wells, septic tanks, underground storage tanks, soils, geologic hazards, utility lines and systems of the Property; geophysical and seismic surveys; soil borings; soil analysis surveys; engineering design surveys; archaeological surveys; legal surveys; and environmental assessment surveys (including, but not limited to, Phase I and Phase II assessments), (hereinafter collectively referred to as "Studies and Surveys"). The Studies and Surveys shall be the property of and owned by Company, and copies of any Studies and Surveys shall, at no cost to Grantor, be provided to Grantor as such are completed or, if not completed, any portions of and all data related to any Studies or Surveys performed in connection with this letter agreement (this "Agreement").

Subject to the terms and conditions of this Agreement, Grantor grants to Company and its contractors, agents, representatives and employees, the right to access and enter upon the Property to conduct the Studies and Surveys.

This Agreement shall terminate **180** days from the date that Company has countersigned herein below.

The rights granted pursuant to this Agreement are issued to and made for the exclusive use of Company and this Agreement is otherwise not assignable or transferable in whole or in part, except to an affiliate of Company.

Company's right of access to the Property shall include vehicular and pedestrian access, except that Company shall not bring vehicles upon the Property, without Grantor's prior consent, that are not customarily used in connection with studies and surveys similar to the Studies and Surveys that Company shall conduct upon the Property.



Company shall have the right to cut and remove brush and trees of no merchantable value in order to complete the Studies and Surveys.

Company shall fully compensate Grantor for any and all damages to the Property resulting from the Studies and Surveys. If the surface of the Property is disturbed in connection with the Studies and Surveys, Company shall reasonably restore the surface to its original contour and soil condition, normal wear and tear from vehicular and pedestrian traffic excepted.

Except to the extent caused by the negligence, gross misconduct, or intentional acts of Grantor or its contractors, agents, representatives or employees, Company shall hold harmless, defend, and indemnify Grantor from any and all claims, liabilities, losses and expenses incurred by Grantor arising from any and all Studies and Surveys (the "Indemnified Claims").

As to the Indemnified Claims, neither Grantor nor its respective managers, employees, or agents shall be liable to Company, its employees, agents, or contractors for any loss, injury or damage whatsoever suffered or incurred by Company or its employees, agents, or contractors while on the Property or any other of Grantor's property, except to the extent caused by the negligence, gross misconduct, or intentional acts of Grantor or its contractors, agents, representatives or employees.

Grantor represents and warrants to Company that Grantor is the owner of the Property and that no other consent, approval or authorization other than this Agreement is required to grant Company the rights set forth herein. However, no representation or warranty is made by Grantor with respect to the conditions existing on the Property. Company and its contractors, agents, representatives or employees are entering the Property at their sole risk. Company hereby releases Grantor and its respective managers, employees and agents from, for, and against any liability, injury, death, loss, or damage caused by or resulting from the condition of the Property.

Prior to the commencement of any Studies and Surveys, Company shall deliver to Grantor a certificate of insurance that evidences that Company has: (a) comprehensive general liability insurance (which shall include contractual liability) covering Company's activities upon the Property, with combined single limits of at least \$2,000,000 per occurrence and an aggregate of \$5,000,000 million; (b) automobile liability insurance covering all owned, hired or leased vehicles used by Company and its employees in connection with Company's activities upon the Property in an amount not less than \$2,000,000 million and (c) worker's compensation insurance at statutory limits. Company shall have Grantor named additional insured to such insurance policies to the extent applicable. These policies shall be maintained during all times of Company's access to the Property, and these policies shall not be materially changed or canceled without at least 60 days' prior written notice to Grantor.

Grantor reserves the right to fully use and enjoy the Property, subject to Company's rights under this Agreement. Grantor retains the right of the ingress and egress at all times before, during and after any Studies and Surveys. Company will not hold Grantor liable for work slowdowns or stoppages caused by Grantor, provided that (a) the term of this Agreement shall be extended for each day that any such work slowdowns or stoppages caused by Grantor shall occur and (b) Grantor shall use commercially reasonable efforts not to cause any such work slowdowns or stoppages. Neither Company nor Company's contractors, in exercise of rights herein granted, shall cut off or prevent normal ingress and egress by Grantor or others claiming under Grantor to otherwise use the Property for its customary purposes.

Neither Company's nor its agents', employees', or contractors' personnel shall bring any firearms or fishing equipment onto the Property or any other property of Grantor in connection with this

Agreement, nor will they do any fishing or hunting of ducks, geese, deer, or other game thereon during the term of this Agreement.

Company accepts responsibility for, and guarantees that, all involved contractors, subcontractors, managers, inspectors, and agents of Company are aware of the terms and provisions of this Agreement and Company shall use commercially reasonable efforts to ensure material compliance with same.

Company shall notify Grantor in writing at least three (3) business days prior to conducting any Studies and Surveys upon the Property. Grantor agrees that delivery of any such notice via email to Grantor's designated representative is sufficient. Grantor will advise Company of appropriate route or ingress and egress and of any special conditions relating thereto. If for any reason, other than expressly provided herein, there should be any stoppage or delay in any work related to any Study or Survey of which Company provided notice to Grantor for more than ten (10) working days, Company shall send Grantor a written notice to resume such work. Existing canals and waterways may be used at Company's own risk. Company shall provide Grantor a local telephone number and address during the entire period of operations whereby Grantor may contact Company on any problems.

Grantor designates Donald Brinkman (337-493-3526; email address: dbrinkman@portlc.com), as its representative to receive notice of Company's intention to enter the Property to conduct any Studies and Surveys. Company shall cooperate with Grantor in locating the appropriate route across the Property.

Sincerely,

Lake Charles Harbor & Terminal District

By: \_\_\_\_\_  
William J. Rase, III  
Executive Director

Agreed to this \_\_\_\_ day of \_\_\_\_\_, 2013.

[TENANT]

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

PLC Tract No. 475

STATE OF LOUISIANA : EXCLUSIVE  
REAL ESTATE LEASE OPTION AGREEMENT

PARISH OF CALCASIEU :

BE IT KNOWN, that on the date hereinafter set forth, before the undersigned Notaries Public, duly commissioned and qualified in and for their respective State and County/Parish, and in the presence of the undersigned competent witnesses personally came and appeared:

**G2X ENERGY, INC.** (“G2X”), a Delaware corporation, herein represented by its duly authorized Chief Executive Officer; and

**LAKE CHARLES HARBOR & TERMINAL DISTRICT** (“DISTRICT”), a political subdivision of the State of Louisiana, herein represented by its duly authorized Executive Director

who hereinafter collectively declare that:

W I T N E S S E T H :

WHEREAS, the DISTRICT is a deep water port and political subdivision of the State of Louisiana (the “State”) exercising governmental powers of the State as delegated and authorized pursuant to the Louisiana Constitution and other statutory supplemental authorities thereof, acting by and through the Executive Director of the DISTRICT, having its office and domicile at 751 Bayou Pines East, Suite P, Lake Charles, Louisiana; and

WHEREAS, in an effort to realize its objective of promoting the economic development and creation of jobs in the greater Lake Charles area, the DISTRICT has decided to solicit proposals from interested parties to develop and operate an industrial complex (the “Project”) on the Project Site (as hereinafter defined).

WHEREAS, G2X has responded to such solicitation and is willing, subject to the terms and conditions of this Option Agreement, to evaluate the development and operation of the Project; as further described below.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained, the parties herein covenant and agree as follows:

## AGREEMENT

1. PARTIES. This Exclusive Conditional Real Estate Lease Option Agreement (this “Option Agreement”) is between the LAKE CHARLES HARBOR & TERMINAL DISTRICT, a political subdivision of the State of Louisiana, located in Calcasieu Parish, Louisiana and G2X ENERGY, INC., a Delaware corporation, on the terms and conditions hereinafter set forth, to-wit:

2. IRREVOCABLE OPTION TO LEASE.

A. For and in consideration of the option payments described below (collectively, the “Option Payments”), the DISTRICT does hereby grant unto G2X, or its approved assignee, an exclusive and conditional option (the “Option”) to lease the property described on the attached Exhibit 1 (herein “Project Site”) on the terms and conditions set forth in the attached and annexed Ground Lease marked as Annex A (the “Ground Lease Agreement”). The Option is hereby granted to G2X for a period of thirty six (36) months from the Effective Date (as defined in Paragraph 21 below) (the “Option Period”) on the condition that G2X makes the following Option payments to DISTRICT for the Option Period:

Option Payment 1 - Months 1-12 = \$100,000

Option Payment 2 - Months 13-18 = \$125,000

Option Payment 3 - Months 19-24 = \$125,000

Option Payment 4 - Months 25-30 = \$200,000

Option Payment 5 - Months 31-36 = \$200,000

The Option Payment 1 shall be due and payable to the DISTRICT on the later to occur of (i) the date that the DISTRICT acquires fee title to the approximately 20 acre portion of the Project Site described in and pursuant to that certain Agreement to Purchase or Sell (Vacant Land) dated November 10, 2012 between the DISTRICT and James Raymond Kaough, Jr. and (ii) the Effective Date. Each subsequent Option Payment shall be due and payable (if the above condition precedent to the First Option Payment has been satisfied) on the first day of each subsequent Option Period thereafter; provided that, so long as G2X is current on its Option Payments, G2X shall have the right to cancel the Option without any additional liability to the DISTRICT at any time upon delivery of written notice to the DISTRICT of G2X’s desire to cancel the Option. Upon cancellation of the Option at any time by G2X pursuant to the foregoing sentence, G2X shall forfeit any and all rights to recover the Option Payments paid by G2X to the DISTRICT pursuant to this Option Agreement. Except as otherwise expressly

provided herein, there shall be no credit or rebate of Option Payments paid, except that, in the event that Option Payment 4 or Option Payment 5 has been paid, then \$100,000 of such Option Payment will be credited to the first ensuing rent payments under the Ground Lease Agreement.

B. In order to exercise its Option for the right to lease the Project Site, G2X shall give written notice to the DISTRICT during the Option Period of its intention to lease the Project Site in accordance with the provisions of Paragraph 5 herein. If G2X fails to timely exercise its Option during the Option Period, subject to the notice and cure provisions of Paragraph 12 hereof, the Option Payments shall be forfeited by G2X and retained by the DISTRICT and this Option Agreement shall be terminated and be of no further force or effect. If G2X timely exercises the Option, the parties shall execute and deliver a definitive long-term ground lease in the form of the Ground Lease Agreement and any other reasonable terms and conditions which are mutually agreeable between the parties on the Closing Date (as defined in Paragraph 8C below). Any Option Payments made by G2X under the Option Agreement to the DISTRICT shall not be deemed or considered rent or rental under the Ground Lease Agreement or used as a credit against any rent due under the Ground Lease Agreement.

3. Intentionally left blank.

4. Intentionally left blank.

5. EXERCISE OF OPTION PERIOD. The Option to lease the Project Site, must be exercised, if at all, by delivery of a written notice from G2X to the DISTRICT in substantially the form of Exhibit 2 with the appropriate blanks completed on or before the expiration of the Option Period. Failure to timely exercise the Option shall, subject to the notice and cure provisions of Paragraph 12 hereof, automatically terminate the right of G2X to exercise the Option or to extend the Option. To the extent the terms of this Option Agreement conflict with the provisions of the Ground Lease Agreement, the provisions of the Ground Lease Agreement will control.

6. CONSIDERATION FOR THE LEASE OF PROJECT SITE. If G2X timely exercises its option to lease the Project Site, the DISTRICT shall comply with all terms and conditions of this Option Agreement as hereinafter set forth to lease the Project Site to G2X for the consideration as stated in the Ground Lease Agreement in accordance with the provisions of this Option Agreement and the Ground Lease Agreement.

C. The DISTRICT shall use commercially reasonable efforts to assist G2X in obtaining all reasonably necessary governmental approvals. The DISTRICT shall also assist and support G2X in its efforts to obtain (i) all necessary permits, licenses and authorizations to construct and operate the Project; (ii) all rights-of-way and consents to encroach or cross for utilities and pipelines required by G2X; (iii) all upgrades to the water distribution and road systems needed in the area; and (iv) satisfactory results from its investigations and assessments of the Project Site, including the Phase I and/or Phase II Site Assessments, soil borings, geotechnical surveys and assessments and other Project Site Activities.

8. ADDITIONAL OBLIGATIONS PENDING EXERCISE OF LEASE OPTION.

During the Option Period, the DISTRICT and G2X hereby agree as follows:

A. Verification of Title and Survey.

(i) G2X, at G2X's expense, shall obtain through a title insurance company acceptable to G2X (the "Title Company"), a title insurance commitment (the "Title Commitment") issued by a title insurance company acceptable to G2X for a leasehold title insurance policy ("Title Policy") in an insurable amount reasonably acceptable to G2X showing good, marketable and complete ownership interest to the Project Site, to be vested in the DISTRICT and naming G2X as the proposed insured.

(ii) G2X shall obtain, at G2X's expense, a current staked survey ("Survey") of the Project Site, prepared by a surveyor or engineer licensed in Louisiana with a certificate attached thereto executed by the surveyor in the form of the minimum standard detail requirements certificate for land title surveys and otherwise acceptable to G2X. The Survey shall reflect all improvements, servitudes, highways, pipeline, utility and other rights-of-way, flood zone and zoning use classifications and other matters affecting or abutting the Project Site, and shall be in a form sufficient to induce the Title Company to delete all standard and printed exceptions contained in the Title Commitment.

(iii) G2X shall have sixty (60) days from the later to be received of the Survey and the Title Commitment (the "Title Review Period") within which to notify the DISTRICT of title defects, encumbrances, servitudes, use restrictions, protrusions, encroachments or non-contiguity noted in the Title Commitment and/or Survey G2X requires be removed or corrected.



(iv) The Title Commitment must show that all standard exceptions will be deleted from the Title Policy, when issued, and that the “gap” will be deleted as of the Closing Date. If, within the Title Review Period, G2X notifies the DISTRICT of G2X’s objection to any title or survey matters that materially impact the peaceful possession of the Property Site or adversely affect G2X’s intended use of the Property Site (“Title Objections”), the DISTRICT shall use its diligent, good faith, best efforts to cure and eliminate the Title Objections at the DISTRICT’s expense. G2X shall have the right to make additional requirements or objections as to title in the event any title update or endorsement to the Title Commitment discloses matters not shown in the Title Commitment or Survey. If the DISTRICT is unable to cure the Title Objections by the Closing Date, G2X shall have the option to: (a) grant the DISTRICT additional time within which to cure the Title Objections; (b) cancel this Option Agreement, whereupon the DISTRICT shall immediately refund only the Option Payments paid to the DISTRICT and the parties will be relieved from further liability hereunder; or (c) waive one or more of the Title Objections (such waived Title Objections are hereinafter referred to as the “Permitted Exception[s]”) and proceed to close the lease of the Project Site, as provided in sub-paragraph E below.

B. DISTRICT’s Representations. The DISTRICT warrants, covenants and represents, on the Effective Date and during the term of this Option Agreement, the following to G2X with full knowledge that G2X is relying upon same in agreeing to enter into this Option Agreement:

(i) The DISTRICT has the full power and authority to make, deliver, enter into and perform pursuant to the terms and conditions of this Option Agreement, and has taken all necessary action to authorize the execution, delivery and performance of the terms and conditions of this Option Agreement.

(ii) This Option Agreement and the documents to be executed and delivered by the DISTRICT in connection with the consummation of this Option Agreement are valid, binding and enforceable in accordance with their respective terms and conditions.

(iii) The execution, delivery and performance by the DISTRICT of this Option Agreement are not precluded by, and will not violate, any provisions of any existing law, statute, rule or regulation in Louisiana or any judgment, order, decree, writ or injunction of any court,

governmental department, commission, board, bureau or agency, and will not result in a breach of, or default under, any agreement, mortgage, contract, undertaking or other instrument or document to which the DISTRICT is a party or by which the DISTRICT is bound or to which the DISTRICT or any portion of the Project Site is subject.

(iv) No portion of the Project Site is being or previously has been acquired by any governmental authority in the exercise of its power to condemn or to acquire through eminent domain or private purchase in lieu thereof nor are any of these proceedings or actions threatened, pending or imminent.

(v) There are no actions, suits or proceedings pending or threatened against, by or affecting the DISTRICT in any court or before any government agency relating to the Project Site, or the DISTRICT's ability to convey, the Project Site.

(vi) All work, labor, service and materials furnished prior to the Closing Date to or in connection with the Project Site, and any improvements constructed on the Project Site prior to the Closing Date, will be discharged by the DISTRICT prior to the Closing Date, so that no mechanics', materialmen's or other lien, except those created by G2X, its affiliates or contractors, may be filed against the Project Site, or such improvements.

(vii) There are no parties other than the DISTRICT in possession of any portion of the Project Site, as lessees, tenants at sufferance, licensees, or trespassers, and no person or entity has any right or option to lease, purchase, occupy or possess all or any part of the Project Site, or any interest therein.

(viii) Other than matters shown in the public real property records of Calcasieu Parish (the "Recorded Rights"), The DISTRICT has not entered into any agreement, commitment or arrangements concerning the Project Site, or development thereof with any persons, including, but not limited to, governmental entities or agencies, councils, boards or other entities, adjoining landowners, utility companies or agencies other than G2X.

(ix) The Project Site is not subject to assessment or collection of additional taxes for prior years based upon a change of land usage or ownership.

(x) Except as disclosed in (a) that certain ASTM Phase I Environmental Site Assessment Option 5 Property Lake Charles, Louisiana 70605, Project No. 185253.0012 dated

February 15, 2012 prepared for British Gas LNG Services, LLC by TRC Environmental Corporation and (b) that certain Phase II Investigation Activity Summary Lake Charles Option 5; 246.0 acre Property or Project No. 18525300013 dated February 15, 2012 from TRC Environmental Corporation to BG LNG Services, LLC (the "Environmental Reports"), the DISTRICT has not manufactured, stored or located any hazardous waste or hazardous substances upon or under any portion of the Project Site, and the DISTRICT has received no warning notice, violation notice, complaint (judicial or administrative) or any other formal or informal notice alleging that the Project Site is not in compliance with any statute, ordinance, rule or regulation pertaining to hazardous waste or substance. Except as disclosed by the Environmental Reports and any reports obtained by G2X pursuant to Paragraph 7A of this Option Agreement, (i) no hazardous waste or hazardous substances have been manufactured, stored or located upon or under any portion of the Project Site (ii) the Project Site has never been used to treat, store or dispose of waste materials, hazardous substances, asbestos or PCBs; (iii) there has not been and is no leaching or drainage of waste materials or hazardous substances into the ground water beneath or adjacent to the Project Site; and (iv) there have not been and are not buried or semi-buried or otherwise placed tanks, storage vessels, drums or containers of any kind located on the Project Site.

(xi) The DISTRICT has received no notice from any governmental authority concerning the imposition or widening of any streets, roads or highways abutting the Project Site, or concerning the imposition of any special taxes or assessments against the Project Site.

(xii) Other than as set forth or permitted in this Option Agreement or the Recorded Rights, the DISTRICT has not, and shall not (a) entered into, or enter into, any agreement relating to the Project Site, nor (b) encumbered or granted, or encumber or grant, any interest in the Project Site to any party.

Each of the foregoing warranties, covenants and representations shall still be true and correct as of the Closing Date, shall survive the Closing Date and shall not be merged with or into the Ground Lease Agreement or any other related instrument of conveyance or transfer.

The foregoing warranties, covenants and representations of the DISTRICT includes only what the DISTRICT knows or should reasonably know about the underlying matters.

G2X warrants, covenants and represents, during the term of this Option Agreement, the following to the DISTRICT, with full knowledge that the DISTRICT is relying upon same in agreeing to enter into this Option Agreement:

(i) G2X has the full power and authority to make, deliver and enter into this Option Agreement, and has taken all necessary action and proceedings to authorize the execution and delivery of this Option Agreement. No further consent of any person or entity is required in connection with the execution of this Option Agreement.

(ii) This Option Agreement and the documents to be executed and delivered by G2X in connection with the consummation of this Option Agreement are (and when the Option is exercised and the Closing has occurred, the Ground Lease Agreement will be) valid, binding and enforceable in accordance with their respective terms and conditions.

(iii) The execution, delivery and performance by G2X of this Option Agreement will not result in a breach of, or default under, any agreement, mortgage, contract, undertaking or other instrument or document to which G2X is a party or by which G2X is bound or to which G2X is subject.

(iv) There are no actions, suits or proceedings pending or to G2X's Knowledge, threatened against, by or affecting G2X in any court or before any government agency regarding the Project Site, including but not limited to any such actions, suits or proceedings relating to the ownership of, or G2X's ability to lease the Project Site or that would materially affect the contemplated use or development of the Project Site or the obligations of G2X to perform its obligations under this Option Agreement or the Ground Lease Agreement.

(v) All work, labor, service and materials furnished to G2X prior to the Closing Date to or in connection with the Project Site, will be discharged by G2X prior to the Closing Date, so that no mechanics', materialmen's or other lien, except those created by the DISTRICT, its affiliates or contractors, may be filed against the Project Site or such improvements. G2X shall indemnify, defend and hold the DISTRICT harmless from and against any liens affecting the Project Site that were not created by the DISTRICT and (a) relate to work, labor, services, or materials furnished prior to the Closing Date at the request or direction of G2X and (b) are not filed or perfected until after the Closing Date.

Each of the foregoing warranties, covenants and representations shall still be true and correct as of the Effective Date (except where specifically noted) and the Closing Date, shall survive the Closing Date and shall not be merged with or into the Ground Lease Agreement or any other related instrument of conveyance or transfer. The term “Knowledge” as used in this Section 9(C) shall mean what G2X actually knows.

C. Closing. The execution of the Ground Lease Agreement (the “Closing”) shall take place after G2X’s receipt of a Title Commitment and a Survey, in form and substance acceptable to G2X as described in Paragraph 8A, and receipt of written notification by G2X to the DISTRICT of G2X’s election to exercise the Option as provided in Paragraph 2 herein. G2X will designate the date for Closing (the “Closing Date”) at least thirty (30) days in advance by written notice delivered to the DISTRICT. Possession of the Project Site shall be delivered to G2X or its assignee as of the Closing Date, free and clear of the rights and claims of any other party; provided, however, that prior to the Closing Date, G2X and its employees, agents and contractors shall have the right to enter upon the Project Site at any and all times for purposes of any further inspections of the Project Site as provided in Paragraph 7 above. The Ground Lease Agreement may not be recorded except on written approval of the DISTRICT.

D. Expenses of Closing. The DISTRICT shall pay, on the Closing Date, for the cost of updating the Abstract and the cost of recording any documents or certificates or taking any other action required to be taken to correct title defects or remove any title encumbrances. G2X shall pay, on the Closing Date, the costs of recording a memorandum of the Ground Lease Agreement (as provided in the Ground Lease Agreement) and leasehold title policy to be issued pursuant to the Title Commitment. G2X and the DISTRICT shall each pay the fees and expenses of their respective counsel incurred in connection with the negotiation, preparation and execution of this Option Agreement, and satisfying its respective obligations under this Option Agreement.

E. Closing Documents.

(i) The DISTRICT shall deliver the following at Closing, which shall be in form and substance reasonably satisfactory to G2X:

- (a) Fully executed and signed Ground Lease Agreement.
- (b) Gap, mechanic’s lien and possession affidavit(s).

(c) Resolution by the Board of Commissioners of the DISTRICT, authorizing the execution of the Ground Lease Agreement and the transactions and documents contemplated by this Option Agreement and the Ground Lease Agreement.

(d) Possession of the Project Site.

(ii) G2X at Closing shall:

(a) Deliver a certified copy of a resolution of the manager, members or board of directors of G2X and any assignee of same, as appropriate, authorizing the execution of the Ground Lease Agreement, and all other documents necessary to effect the valid execution of the Ground Lease Agreement.

(b) Cause the execution and delivery of the Ground Lease Agreement by a duly authorized officer of G2X, or its assignee.

(c) Provide the first rent payment under the Ground Lease Agreement.

F. Conditions Precedent. The following are conditions precedent to G2X's obligations to execute the Ground Lease Agreement:

(i) As of the Closing Date, all of the DISTRICT's representations and warranties contained in Paragraph 6B hereof shall be true and correct.

(ii) The DISTRICT shall have performed all of its obligations under this Option Agreement.

(iii) The DISTRICT's interest in the Project Site shall be (and the DISTRICT hereby warrants and represents to G2X that the same is) good, merchantable, marketable and free and clear of any liens, encumbrances, highways, rights-of-way, servitudes, licenses, restrictions, leases, agreements, covenants, conditions and limitations, except the Permitted Exceptions. The DISTRICT's title shall also be total and complete and not subject to any outstanding claims of an undivided interest therein and G2X shall have received a Title Commitment and Survey, each in form and substance acceptable to G2X.

(iv) There are no pending, threatened or existing moratoriums or governmental actions, or proceedings or actions pending, threatened or existing against the DISTRICT or the Project Site before any court or governmental agency or authority, that would prohibit or inhibit



G2X from obtaining utility service, building permits or development approvals, or which would prevent, prohibit, delay or inhibit the construction, development and operation of the Project Site.

(v) Intentionally left blank.

(vi) Subsequent final geotechnical investigation necessitates any revision to the type of structural design contemplated by the preliminary investigation conducted on behalf of G2X.

(vii) G2X has, at its cost, used its commercially reasonable efforts to pursue in good faith the necessary federal, state and local approvals for construction, operation and maintenance of the Project, and all such approvals, permits or licenses have been obtained, free of any undesirable, unreasonable or extraordinary conditions imposed by the issuing entity upon the issuance of such approvals, permits or licenses.

In the event that any of the conditions to G2X's obligation to lease the Project Site are not satisfied as of the Closing Date or not waived by G2X or it is reasonably determined prior to the Closing Date that such conditions cannot be fulfilled or satisfied and the same are not waived by G2X, then, at the sole option of G2X: (i) G2X may terminate this Option Agreement, whereupon the DISTRICT (A) shall be obligated to refund to G2X any Option Payments paid by G2X to the DISTRICT if G2X's termination is due to failure of Conditions 8F (i), (ii), (iii) or (iv) and (B) shall not be obligated to refund to G2X any Option Payments paid by G2X to the DISTRICT if G2X's termination is due to the failure of Conditions 8F (vi) or (vii), and this Option Agreement shall be terminated and all parties shall be relieved of any further obligations hereunder; or (ii) G2X may, at its option, extend up to ninety (90) days the Closing for such period as is reasonably necessary to satisfy all of the conditions precedent to G2X's obligation to close.

9. Intentionally left blank.

10. SUCCESSORS AND ASSIGNS. This Option Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. However, this Option Agreement may not be assigned or transferred by G2X to any other person or entity without the consent of the DISTRICT, provided however, that so long as there is no substantial change in the managerial control and G2X is not then in default under the Option

With a Copy to:

Michael Dees  
General Counsel  
Lake Charles Harbor & Terminal District  
P.O. Box 3753  
Lake Charles, LA 70602  
Telephone No.: 337-493-3504  
Facsimile No.: 337-493-3523  
Email: mdees@portlc.com

Notice by overnight courier shall be deemed to have been given upon receipt by recipient as evidenced by the overnight courier airbill or by the return receipt. In the event that the recipient fails or refuses to sign the return receipt, the receipt shall be sufficient.

12. G2X'S DEFAULT. In the event of a default by G2X with respect to its material obligations hereunder, the DISTRICT shall provide written notice to G2X of such event of default. Upon receipt of such a notice of default, G2X shall have thirty (30) days to cure the applicable event of default, provided that in the event that the applicable event of default is not susceptible to being cured within thirty (30) days, despite the commercially reasonable efforts of G2X, G2X shall have a reasonable number of days to cure the applicable event of default so long as G2X maintains diligent, good faith efforts to effect a cure of the applicable event of default. Subject to the foregoing notice and cure provision, in the event that G2X fails to cure an event of default, the DISTRICT may recover all expenses incurred in providing such notice of default, including reasonable attorney's fees, and may retain the Option Payments, including all payments for extension herein, as agreed upon liquidated damages as its sole and exclusive remedy.

13. DISTRICT'S DEFAULT. In the event of a default by the DISTRICT with respect to any of its obligations hereunder, including the satisfaction of all conditions precedent, G2X shall provide written notice of such default to the DISTRICT. Upon receipt of such a notice of default, the DISTRICT shall have thirty (30) days to cure the applicable event of default, provided that in the event that the applicable event of default is not susceptible to being cured within thirty (30) days despite the commercially reasonable efforts of the DISTRICT, the DISTRICT shall have a reasonable number of days to cure the applicable event of default so long as the DISTRICT maintains diligent, good faith efforts to effect a cure of the applicable event of default. Subject to the foregoing notice and cure provisions, in the event the DISTRICT fails to cure an event of default, G2X shall, except as otherwise provided for herein, be entitled either to

the right of specific performance against the DISTRICT together with the recovery of all expenses incurred in obtaining specific performance, including reasonable attorney's fees and all costs of court or, at G2X's sole election, G2X shall be entitled to the immediate return of all Option Payments previously paid by G2X together with the recovery of all expenses incurred in connection with this Option Agreement as liquidated damages as its sole and exclusive remedy.

14. ATTORNEY'S FEES. In connection with any permitted litigation concerning this Option Agreement, the prevailing party shall be entitled to recover all of its costs, expenses and reasonable attorney's fees from the non-prevailing party.

15. ENTIRE AGREEMENT. This Option Agreement constitutes the entire agreement of the parties with respect to subject matter hereof. All understandings and agreements heretofore between the parties hereto with respect to the subject matter hereof are merged in this Option Agreement which alone fully and completely expresses their understanding.

16. NO WAIVER. No waiver of any provision of this Option Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted; and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

17. AMENDMENTS. This Option Agreement may not be amended, modified, altered or changed in any respect whatsoever except by further agreement in writing and duly executed by the parties hereto.

18. GOVERNING LAW AND VENUE. This Option Agreement shall be governed in its enforcement, construction and interpretation by the laws of the State of Louisiana. Disputes hereunder shall be resolved in accordance with Exhibit 4.

19. COUNTERPARTS. This Option Agreement may be executed in counterparts by the parties hereto and each of which shall be deemed an original but all of which taken together shall constitute but one and the same instrument.

20. RECORDING. This Option Agreement shall not be recorded in the public records, provided, however, that if requested by G2X, the DISTRICT shall execute, acknowledge and deliver to G2X a memorandum of this Option Agreement in recordable form, which may be recorded by G2X in the conveyance records of Calcasieu Parish, Louisiana.

21. EFFECTIVE DATE. The effective date of this Option Agreement (“Effective Date”) shall be the date that the DISTRICT or G2X executes this Option Agreement, whichever is later.

22. REAL ESTATE COMMISSION. The DISTRICT and G2X represent that they have dealt with no brokers in connection with the negotiation, execution and/or delivery of this Option Agreement other than CBRE, Inc. and Reinauer Real Estate Corporation, who are being paid by G2X pursuant to a separate agreement.

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

23. CONSTRUCTION. The terms and provisions of this Option Agreement represent the results of negotiations among the parties, each of which has been represented by counsel of its own choosing, and none of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Option Agreement and the Ground Lease Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and the parties each hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of this Option Agreement and the Ground Lease Agreement that ambiguous or conflicting terms or provisions contained in this Option Agreement or the Ground Lease Agreement shall be interpreted or construed against the party whose attorney prepared the executed Option Agreement or any earlier draft of the same.

THUS DONE AND SIGNED by the Lake Charles Harbor & Terminal District at Lake Charles, Louisiana, in the presence of the undersigned competent witnesses and me, Notary, on this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

WITNESSES:

LAKE CHARLES HARBOR &  
TERMINAL DISTRICT:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
William J. Rase, III  
Executive Director

Approved By:

\_\_\_\_\_  
Michael K. Dees, General Counsel

BEFORE ME: \_\_\_\_\_  
Notary Public

THUS DONE AND SIGNED by G2X Energy, Inc. at \_\_\_\_\_ in  
the presence of the undersigned competent witnesses and me, Notary, on this \_\_\_\_\_ day of  
\_\_\_\_\_, 2013.

WITNESSES:

G2X ENERGY, INC.

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: Tim Vail  
Title: Chief Executive Officer

BEFORE ME: \_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

ANNEX A

Ground Lease Agreement

(See Attached)



EXHIBIT 1 TO EXCLUSIVE REAL ESTATE LEASE OPTION AGREEMENT

Legal Description of Project Site

Property of the Lake Charles Harbor and Terminal District, a political subdivision of the State of Louisiana, consisting of approximately 200 acres as shown on the attached photo map labeled “G2X” and located in Sections 8 and 17, Township 11 South, Range 9 West; Calcasieu Parish, Louisiana.

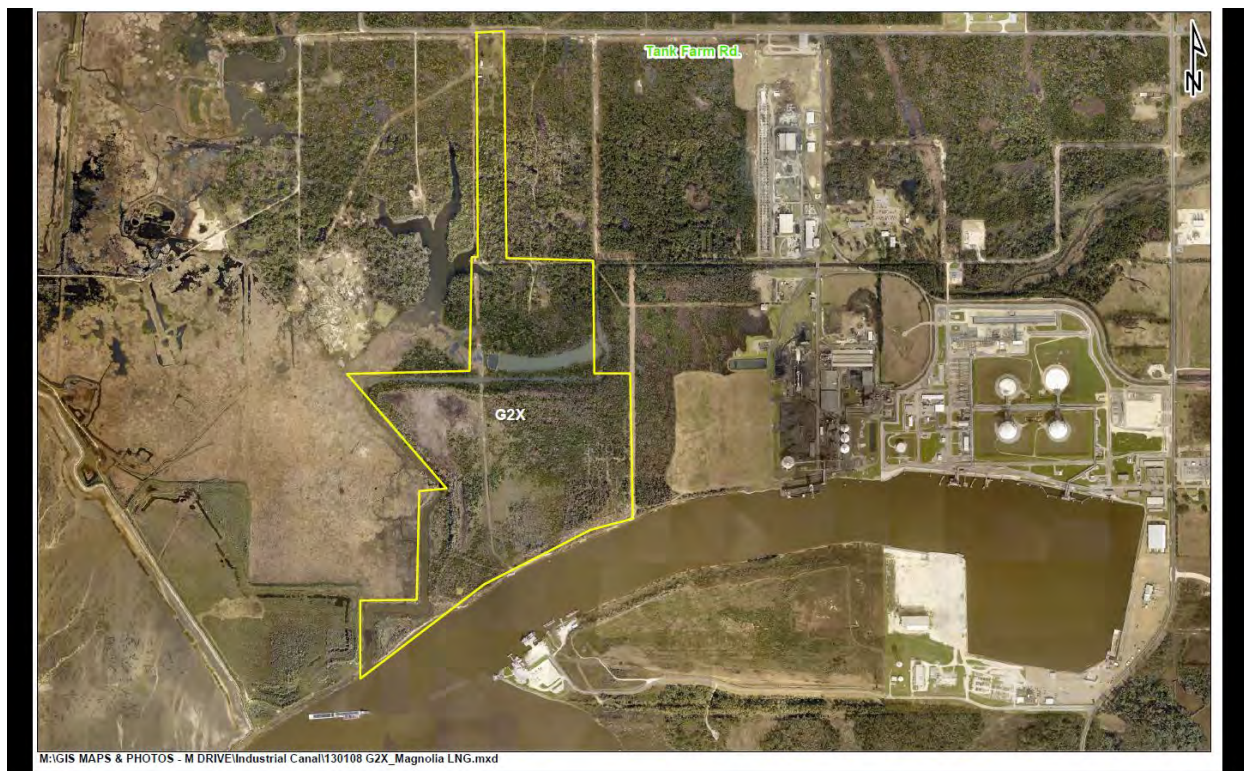


EXHIBIT 2 TO EXCLUSIVE REAL ESTATE LEASE OPTION AGREEMENT

Form of Option Notice

[Date]

Lake Charles Harbor & Terminal District  
P.O. Box 3753  
Lake Charles, LA 70602  
Attention: President

Re: Exercise of Option

Dear Ladies and Gentlemen:

Reference is made to that certain Option Agreement dated as of \_\_\_\_\_, 20\_\_ (the “Option Agreement”) by and between G2X, a \_\_\_\_\_ company (“G2X”), and the Lake Charles Harbor & Terminal District, a political subdivision of the State of Louisiana (the “DISTRICT”). All capitalized terms used in this letter shall have the meanings ascribed thereto in the Option Agreement.

This letter shall serve as written notice by G2X to the DISTRICT under the Option Agreement of G2X’s intention to exercise its Option under the Option Agreement to enter into the Ground Lease Agreement for the Project Site .

No further action is required by the DISTRICT in order for G2X’s exercise of its Option to be effective and upon delivery of this letter to the DISTRICT, G2X shall be deemed to have exercised its Option under the Option Agreement.

Very truly yours,

G2X ENERGY, INC.

By: \_\_\_\_\_  
Its duly authorized signatory

cc: Executive Director  
Lake Charles Harbor & Terminal District  
P.O. Box 3753  
Lake Charles, LA 70602

EXHIBIT 3 TO EXCLUSIVE REAL ESTATE LEASE OPTION AGREEMENT

\_\_\_\_\_, 20\_\_\_\_

G2X Energy, Inc.  
\_\_\_\_\_  
\_\_\_\_\_

RE: Authorization for Field Study and Survey -  
Proposed Project

A tract of land located in \_\_\_\_\_, Calcasieu Parish, Louisiana and described as:

[TO COME]

Gentlemen:

G2X (hereinafter referred to as "G2X") has proposed the construction of an industrial complex (the "Project") on the above subject property.

G2X is, at its cost, presently in the process of confirming the feasibility of the Project, obtaining the required permits for the Project, and performing the design and engineering for the Project. To complete these activities, G2X has requested the consent of the undersigned ("Grantor") to enter upon the above referenced lands for the purposes of conducting various studies and surveys which may include, but are not limited to, soil analysis surveys, engineering design surveys, archaeological surveys, legal surveys, and environmental assessment surveys, (hereinafter referred to as "studies and surveys").

Based upon the terms and conditions of this letter, Grantor hereby grants permission to G2X, through its contractors, agents, and employees, to enter upon the above referenced lands to conduct studies and surveys in accordance with this letter.

The permission granted in this letter shall terminate upon the expiration or termination of the Exclusive Real Estate Lease Option Agreement dated as of \_\_\_\_\_, 20\_\_\_\_ between the DISTRICT and G2X, unless extended in writing.

This permission is issued to and for the exclusive use of G2X and its permitted successors and assigns and is otherwise not assignable or transferable in whole or in part.

This permission is limited to light vehicles and foot traffic, and includes the right to cut brush or only trees of no merchantable value for sight lines where required.

G2X shall fully compensate Grantor for any and all material damages resulting from the studies and surveys. If the surface of the above referenced lands is disturbed, G2X shall restore the surface to substantially its original contour and soil condition.

G2X shall hold harmless, defend, and indemnify Grantor from any and all liability, losses and expenses to the extent incurred by Grantor arising from any and all operations of G2X under this letter to the maximum extent permitted by law but excluding liability, losses, and expenses to the extent caused by Grantor. G2X shall pay and discharge any costs and expenses or damages caused by G2X that are sustained by Grantor, and/or which accrue by virtue of claims of third parties resulting from G2X's conduct of the studies and surveys or access to the above referenced lands, and G2X shall protect and hold Grantor harmless from the same. G2X shall reimburse fully Grantor for all reasonable costs and expenses of every kind and character paid or incurred by Grantor in the defense of any and all suits and claims on account of all such losses or damages.

Neither Grantor nor its respective managers, employees, or agents shall be liable to G2X, its employees, agents, or contractors for any loss, injury or damage whatsoever suffered or incurred by G2X or its employees, agents, or contractors while on the above referenced lands or any other of Grantor's property except to the extent caused by the Grantor or its managers, employees or agents.

No representation is made by Grantor other than the representations contained in the Exclusive Real Estate Lease Option Agreement between Grantor and G2X dated \_\_\_\_\_, 2012 with respect to conditions existing on the above referenced lands. G2X accepts the above referenced lands in the conditions they are now in and G2X hereby releases Grantor and its respective shareholders, employees, and agents from, for, and against any liability, injury, death, loss, or damage caused by or resulting from the condition of the above referenced lands.

Prior to any operations hereunder, G2X shall deliver a certificate of insurance naming Grantor as an [additional named insured covering workmen's compensation, comprehensive general liability, including products, completed operation and contractual liability, and comprehensive automobile liability with not less than \$2,000,000 combined single limit or equivalent coverage.] This coverage shall be maintained throughout all operations on the above referenced lands, and this coverage shall not be changed or canceled days without at least 30 days' prior written notice to Grantor.]

Grantor reserves the right to fully use and enjoy the above referenced lands, but will use reasonable efforts to not interfere with G2X's inspections. Subject to the preceding sentence, Grantor retains the right of the ingress and egress at all times before, during and after G2X's operations. G2X will not hold Grantor liable for work slowdowns or stoppages not unreasonably caused by Grantor. G2X, nor its contractors, in exercise of rights herein granted, shall not unreasonably cut off or prevent normal ingress and egress by Grantor or others claiming under Grantor to otherwise use the above referenced lands for its customary purposes.

Neither G2X nor its agents, employees, or contractor personnel shall bring any firearms or fishing equipment onto the above referenced lands or any other property of Grantor, nor will they

do any fishing or hunting of ducks, geese, deer, or other game thereon during the life of this permission.

G2X hereby accepts responsibility for, and guarantees that, all involved contractors, subcontractors, party managers, and their respective agents are aware of the details of this letter and are bound to abide by all its terms.

Grantor will advise G2X of appropriate routes or ingress and egress and of any special conditions relating thereto. Existing canals and waterways may be used at G2X's own risk. G2X shall provide Grantor a local telephone number and address during the entire period of operations whereby Grantor may contact G2X with any problems.

Sincerely,

Lake Charles Harbor & Terminal District

By: \_\_\_\_\_  
William J. Rase, III,  
Executive Director

MKD/se

Agreed to this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.  
G2X Energy, Inc.

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

EXHIBIT 4 TO EXCLUSIVE REAL ESTATE LEASE OPTION AGREEMENT

Any dispute shall proceed in accordance with the procedures set forth in this **EXHIBIT 4**. Any Arbitration (as defined in Paragraph 3 below) brought hereunder shall first (as a prerequisite to Arbitration) be subject to the parties' good faith attempt to settle and resolve such dispute (i) by written agreement reached by Informal ADR (as defined in Paragraph 1 below), and if such dispute is not resolved by Informal ADR, then (ii) by written agreement reached by Mediation (as defined in Paragraph 2 below). All dispute resolution procedures, including Informal ADR, Mediation, and Arbitration, shall be held in Lake Charles, Louisiana.

1. **Informal ADR**. As an initial prerequisite to Arbitration, the parties shall first attempt in good faith to settle and resolve the dispute by written agreement, as follows:

(a) Either party may initiate informal dispute resolution procedures ("**Informal ADR**") by written demand thereof (the "**Dispute Notice**") to the other party. Informal ADR will be considered initiated hereunder upon the receipt of the Dispute Notice by the other party. The Dispute Notice (i) shall succinctly state the nature of the dispute, (ii) shall establish that Informal ADR is thereby initiated by the demanding party and (iii) shall designate such party's representative having full and complete authority to enter into agreements to resolve the dispute on behalf of such party ("**Party Representative**"). Within five (5) days of receipt of the Dispute Notice, the recipient party shall deliver written notice (the "**Dispute Response**") to the other party designating the Party Representative of such party.

(b) Within five (5) days after the demanding party's receipt of the Dispute Response, the Party Representatives shall attend an initial face-to-face meeting, at a mutually-agreed time and place, using a mutually-agreed format, to attempt, with diligence and in good faith, to negotiate a settlement of the dispute. Should the Party Representatives be unable to mutually agree as to the place of such meeting, the meeting shall be held at a neutral site in Houston, Texas.

(c) During the thirty (30) day period following receipt of the Dispute Notice (the "**Informal ADR Period**"), all Party Representatives shall hold such other face-to-face meeting(s) as such Party Representatives deem appropriate. The Informal ADR Period may be extended by written agreement of all Party Representatives.

(d) During the course of Informal ADR, the parties shall reasonably exchange in good faith relevant and otherwise discoverable documents that are necessary in order to resolve the dispute.

2. **Mediation**. If the dispute is not resolved by Informal ADR, then, as a second prerequisite to Arbitration, the parties shall attempt in good faith to settle and resolve the dispute by written agreement reached by Mediation (as defined below), as follows:

(a) If, upon the expiration of the Informal ADR Period (including any extensions thereof), the parties have not obtained a written resolution and settlement of the dispute, either party may initiate mediation by written demand (the "**Mediation Notice**") to the other party. The Mediation Notice (i) shall establish that mediation is thereby initiated by the



demanding party and (ii) shall include a list of three (3) mediators (together with the business address and telephone number of each) who are acceptable to such party, none of whom shall be affiliated with such party. Within five (5) days after receipt of the Mediation Notice, the recipient party may provide to the other party a similar list of qualified mediators who are acceptable to such party, none of whom shall be affiliated with such party.

(b) Within ten (10) days after receipt of the Mediation Notice, the parties shall attempt to select a mutually-agreeable mediator from the list or lists so provided. If the parties are unable to agree upon a mediator within such ten (10) day period, the initiating party shall request for CPR, The International Institute for Conflict Prevention & Resolution (“CPR”), to appoint a qualified mediator, subject to the conditions of this Paragraph 2(b), who is not affiliated with either party (the mediator selected by the parties or appointed by CPR referred to herein as the “Mediator”).

(c) The Party Representatives shall enter a non-binding mediation with the assistance of the Mediator (the “Mediation”), in accordance with the then-current CPR Mediation Procedure, to attempt, with diligence and in good faith, to negotiate a settlement of the dispute. The Mediation shall take place within thirty (30) days after the Mediator has been selected, at a time and place mutually agreed upon by the parties, using a mutually-agreed format. If the parties cannot agree upon the time, place or format for the Mediation, the Mediator shall make such determinations.

(d) The Mediation shall continue until either a written resolution is reached or the Mediator declares an impasse; provided, however, the length of the Mediation shall not exceed three (3) days, unless the Party Representatives agree otherwise.

(e) All expenses, fees and administrative costs of the Mediator and the Mediation shall be shared equally between the parties, except that, each party shall pay its own attorneys’ fees.

3. Arbitration. If by sixty (60) days after the Dispute Notice delivered under Paragraph 1(a) above the parties have not obtained a written resolution and settlement of the dispute by Mediation, then, upon written demand by either party to arbitrate (the “Arbitration Notice”), Mediation shall cease. The dispute shall then be submitted to binding arbitration under the commercial rules of the American Arbitration Association (“AAA”) then in effect (“Arbitration”) and shall be resolved exclusively and finally through such Arbitration in accordance with the procedures as hereinafter set forth:

(a) The Arbitration shall be deemed initiated by either party sending the Arbitration Notice to the other party and to AAA. The Arbitration Notice shall contain a description of the subject matter of the arbitration, the dispute with respect thereto, the amount involved, if any, and the remedy or determination sought. Such Arbitration shall be binding. The scope and duration of discovery will be within the sole discretion of the Arbitrator. The Arbitrator shall have the discretion to order a pre-hearing exchange of information by the parties, including, without limitation, production of requested documents, exchange of summaries of testimony of proposed witnesses, and examination by deposition of parties and third party

witnesses. This discretion shall be exercised in favor of discovery reasonable under the circumstances.

(c) The arbitration shall be conducted in Lake Charles, Louisiana. Any party may be represented by counsel or other authorized representative. In rendering a decision, the Arbitrator shall determine the rights and obligations of the parties according to the substantive and procedural laws of the State of Louisiana and the provisions of this Lease. The Arbitrator's decision shall be based on the evidence introduced at the hearing, including all logical and reasonable inferences therefrom. The Arbitrator may make any determination, and/or grant any remedy or relief (an "**Arbitration Award**") that is just and equitable and not inconsistent with the provisions of this Lease and applicable Laws; provided, however, that to the extent this Lease provides for a specific or exclusive remedy or relief, the remedy or relief provided in such Arbitration Award must be consistent with such specific or exclusive remedy or relief. The decision must be based on, and accompanied by, a written statement of decision explaining the factual and legal basis for the decision as to each of the principal controverted issues. The decision shall be conclusive and binding, and it may thereafter be confirmed as a judgment by a state district court of the State of Louisiana. The validity and enforceability of the Arbitrator's decision is to be determined exclusively by the Texas courts pursuant to the provisions of this Lease. All costs of the arbitration, including, without limitation, the Arbitrator's fees and costs and expert and witness costs, shall be shared equally between the parties except that each party shall pay its own attorneys' fees under the Arbitrator awards otherwise.

(d) During the pendency of any Arbitration or other dispute resolution proceedings (including, but not limited to, Informal ADR and Mediation as described in Paragraphs 1 and 2 above), the District and G2X shall perform their respective obligations under this Option Agreement and G2X shall continue to pay all Option Payments due under this Option Agreement and shall pay any disputed amounts to Landlord, and in the event that it is determined that G2X has made an overpayment of any amount payable under the Option Agreement, the District shall reimburse to G2X the difference in the amount paid by G2X, plus interest at the rate of 6% per annum.

(e) Prior to the constitution of the Arbitration tribunal, and thereafter as necessary in an emergency or to enforce the Arbitrator's rulings or in the absence of the jurisdiction of the arbitrators to rule on interim measures, any party may apply to a court of applicable jurisdiction for interim measures or emergency relief, and the parties agree that seeking and obtaining such measures shall not waive the right to Arbitration.

PLC Tract No. 475

## **REAL ESTATE LEASE OPTION AGREEMENT**

**BE IT KNOWN**, that on the dates hereinafter set forth, before the undersigned Notaries Public, duly commissioned and qualified in and for their respective State and County/Parish, and in the presence of the undersigned competent witnesses personally came and appeared:

**MAGNOLIA LNG, LLC** (“PROJECT COMPANY”), a Delaware limited liability company with its principal business office located at 5 Ord Street, West Perth, Western Australia 6005, and with its registered office in Louisiana at 5615 Corporate Blvd, Suite 400B, Baton Rouge, LA 70808, herein represented by its duly authorized undersigned representative; and

**LAKE CHARLES HARBOR & TERMINAL DISTRICT** (“DISTRICT”), a political subdivision of the State of Louisiana, herein represented by its duly authorized Executive Director, with its principal business office located in Calcasieu Parish, Louisiana at 751 Bayou Pines East, Suite P, Lake Charles, Louisiana 70601;

which hereinafter collectively declare that:

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

**WHEREAS**, the DISTRICT is a deep-water port and political subdivision of the State of Louisiana (the “State”) exercising governmental powers of the State as delegated and authorized pursuant to the Louisiana Constitution and other statutory supplemental authorities thereof, acting by and through the Executive Director of the DISTRICT, having its office and domicile at 751 Bayou Pines East, Suite P, Lake Charles, Louisiana;

**WHEREAS**, the PROJECT COMPANY has determined that DISTRICT-owned land along the south side of the Industrial Canal is needed for and essential to the construction, operation and maintenance of a liquefied natural gas processing and export facility (“the Facility”); such lands (the “Project Site”) being described on Exhibit 1 attached hereto; and

**WHEREAS**, in an effort to realize its objective of promoting the economic development and creation of jobs in the greater Lake Charles area, the DISTRICT has decided to enter into this Real Estate Lease Option Agreement (this “Option Agreement”) to give PROJECT COMPANY the opportunity to assess the Project Site for purposes of locating, constructing, operating and maintaining the Facility, and any other facilities related to the operations of the PROJECT COMPANY as described above (collectively, the “Project”).

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter contained, the parties herein covenant and agree as follows:

### **AGREEMENT**

1. **PARTIES.** This Option Agreement is between the DISTRICT and PROJECT COMPANY on the terms and conditions hereinafter set forth, to-wit:

2. **IRREVOCABLE AND EXCLUSIVE OPTION TO LEASE.**

A. **Initial Option Period.** For and in consideration of an option payment in the amount of One Hundred Thousand and NO/100 (\$100,000.00) Dollars (the “Initial Option Payment”) and the mutual covenants hereinafter contained, the DISTRICT does hereby grant unto PROJECT COMPANY, or its assignee, an irrevocable and exclusive option (the “Option”) to lease the Project Site, on the terms and conditions set forth in the attached and annexed Ground Lease marked as Annex A (the “Ground Lease”). This Option is hereby granted to PROJECT COMPANY for a period of twelve (12) months from the Effective Date (as defined in Paragraph 21) (the “Initial Option Period”). The Initial Option Payment shall be payable to the DISTRICT not later than fifteen (15) calendar days after the Effective Date of this Option Agreement.

B. **First Extended Option Period.** The Initial Option Period shall be subject to an extension for up to twelve (12) months (the “First Extended Option Period”) for any reason that the PROJECT COMPANY deems necessary in its sole discretion. The right to extend the Initial Option Period for the First Extended Option Period may be exercised by PROJECT COMPANY in its sole discretion in accordance with Paragraph 5 below. If PROJECT COMPANY exercises its right to extend the Initial Option Period, then PROJECT COMPANY will make a payment to

DISTRICT in the amount of One Hundred Twenty-Five Thousand and NO/100 (\$125,000.00) Dollars for the First Extended Option Period (the “First Additional Option Payment”) not later than fifteen (15) calendar days after exercising such right in accordance with Paragraph 5 below.

C. Second Extended Option Period. The First Extended Option Period shall be subject to an extension for up to twelve (12) months (the “Second Extended Option Period”), for any reason that the PROJECT COMPANY deems necessary in its sole discretion. The right to extend the First Extended Option Period for the Second Extended Option Period may be exercised by PROJECT COMPANY in its sole discretion in accordance with Paragraph 5 below. If PROJECT COMPANY exercises its right to extend the First Extended Option Period, then PROJECT COMPANY will make a payment to DISTRICT in the amount of Two Hundred Thousand and NO/100 (\$200,000.00) Dollars for the Second Extended Option Period (the “Second Additional Option Payment”), not later than fifteen (15) calendar days after exercising such right in accordance with Paragraph 5 below.

D. Third Extended Option Period. The Second Extended Option Period shall be subject to an extension for up to twelve (12) months (the “Third Extended Option Period”), for any reason that the PROJECT COMPANY deems necessary in its sole discretion. The right to extend the Second Extended Option Period for the Third Extended Option Period may be exercised by PROJECT COMPANY in its sole discretion in accordance with Paragraph 5 below. If PROJECT COMPANY exercises its right to extend the Second Extended Option Period, then PROJECT COMPANY will make a payment to DISTRICT in the amount of Three Hundred Thousand and NO/100 (\$300,000.00) Dollars for the Third Extended Option Period (the “Third Additional Option Payment”), not later than fifteen (15) calendar days after exercising such right in accordance with Paragraph 5 below. However, if Project Company properly exercises this Option to Lease the Project Site, then, in that event, the DISTRICT shall grant a credit to PROJECT COMPANY of \$100,000.00 toward any rent due under the Ground lease.

E. Option Exercise. In order to exercise its Option to lease the Project Site, PROJECT COMPANY shall give written notice to the DISTRICT of its intention to lease the Project Site in accordance with the provisions of Paragraph 5. If PROJECT COMPANY fails to timely exercise its Option during the Initial Option Period, the First Extended Option Period, the

Second Extended Option Period, or Third Extended Option Period, as applicable, no further payments shall be due by PROJECT COMPANY and this Option Agreement shall be terminated and be of no further force or effect. If PROJECT COMPANY, after meeting all required conditions, timely exercises its Option, during the Initial Option Period or, if applicable, during the First Extended Option Period, the Second Extended Option Period or Third Extended Option Period, the parties shall execute and deliver the Ground Lease on or before the Closing Date (as defined in Paragraph 8.D herein). Except as provided for in Paragraph, 2.D, any Option Payments made by PROJECT COMPANY under the Option Agreement shall not be deemed or considered rent, rental, or any other consideration under the Ground Lease or used as a credit against any rent or other consideration due under the Ground Lease.

F. Cancellation of Option by Project Company. Notwithstanding anything to the contrary in this Option Agreement, the PROJECT COMPANY shall have the right at any time during the Initial Option Period or, if applicable, during the First Extended Option Period, the Second Extended Option Period or Third Extended Option Period, to cancel the Option at any time without any additional liability to the DISTRICT upon delivery of written notice to the DISTRICT of PROJECT COMPANY's desire to cancel the Option. Upon such cancellation of the Option by PROJECT COMPANY at any time, the Initial Option Payment and, if applicable, the First Additional Option Payment, the Second Additional Option Payment and the Third Additional Option Payment (collectively, the "Option Payments"), shall be non-refundable to PROJECT COMPANY, but no other payments shall be due by PROJECT COMPANY and this Option Agreement shall be terminated and be of no further force and effect.

3. **Intentionally left blank.**

4. **RENT CREDIT.** Project Company shall not be entitled to any credit for the Option Payments against rent due under the Ground Lease, except as set forth in Paragraph 2D.

5. **EXERCISE OF OPTION/EXTENDED OPTION PERIOD.** The Option to lease the Project Site, or the right to extend the Initial Option Period, the First Extended Option Period or the Second Extended Option Period as set forth above, must be exercised in each case, if at all, by delivery of a written notice from PROJECT COMPANY to the DISTRICT in substantially

the form of Exhibit 2 with the appropriate blanks completed on or before the expiration of the Initial Option Period or the First Extended Option Period, Second Extended Option Period or Third Extended Option Period, as applicable. Failure to timely exercise the Option or the right to extend the Initial Option Period, First Extended Option Period or Second Extended Option Period shall automatically terminate the right of PROJECT COMPANY to exercise the Option or to extend the Initial Option Period or First Extended Option Period, as applicable.

**6. CONSIDERATION FOR THE LEASE OF PROJECT SITE.** If PROJECT COMPANY meets all required conditions and timely exercises its Option to lease the Project Site, the DISTRICT shall comply with all terms and conditions of this Option Agreement as hereinafter set forth to lease the Project Site to PROJECT COMPANY on the Closing Date for the consideration as stated in the Ground Lease and in accordance with the provisions of this Option Agreement and the Ground Lease.

**7. PROJECT COMPANY'S RIGHTS AND DISTRICT'S OBLIGATIONS DURING THE OPTION PERIOD.**

A. Access and Inspection; Early Works. At all times during this Option Agreement, PROJECT COMPANY shall, at its cost, have reasonable access to the Project Site for the purpose of determining the suitability of the Project Site and performing any and all other inspections, analyses, tests and other due diligence that PROJECT COMPANY deems necessary or desirable in its sole discretion, including, without limitation, (i) developing preliminary engineering, design and construction information relative to the facilities required to comprise and support the Project, (ii) performing site assessments of the Project Site by a contractor or contractors, including, without limitation, Phase I and Phase II environmental site assessments and any other environmental assessments that PROJECT COMPANY or any governmental entity regulating the Project deems necessary, (iii) performing engineering design, geotechnical, geophysical, seismic, archaeological and land surveys and assessments of and around the Project Site, (iv) performing tests and inspections of improvements, structures, wells, septic tanks, underground storage tanks, soils, geologic hazards, utility lines and systems located on or under, the Project Site, (v) conducting soil borings upon the Project Site, for purposes of analyzing such soils, (vi) interviewing persons familiar with the Project Site, (vii) coordinating design activities



with the DISTRICT; (viii) performing a land survey and title review, and (ix) any other actions or activities deemed by PROJECT COMPANY in its sole discretion to be necessary or desirable for PROJECT COMPANY to inspect, assess and establish the suitability of the Project Site or assess compliance with this Option Agreement (collectively, the “Project Site Activities”). Further, PROJECT COMPANY may have additional rights to undertake certain activities on the Project Site subject and in accordance with an “Early Works Agreement” which may be negotiated and agreed upon in the future between PROJECT COMPANY and the DISTRICT. The PROJECT COMPANY and its employees, agents, representatives, contractors and consultants shall have access to the Project Site, during the Initial Option Period and the First Extended Option Period, the Second Extended Option Period or Third Extended Option Period, as applicable, unless and until the date on which PROJECT COMPANY shall have entered into the Ground Lease, or the expiration or termination of this Option Agreement. After the full execution of the Ground Lease, PROJECT COMPANY shall have access to the Project Site pursuant to the terms of the Ground Lease.

B. Compliance with Laws; No Environmental Liability. PROJECT COMPANY shall take reasonable measures to ensure that its employees, agents, representatives, contractors and consultants, in conducting any Project Site Activities, comply with all applicable laws, rules, regulations, ordinances and decrees of any governmental body. The DISTRICT acknowledges and agrees that PROJECT COMPANY shall not incur any liability for any hazardous materials and/or substances, including, but not limited to, natural occurring radioactive material (“NORM”), asbestos, and polychlorinated biphenyls (“PCB”), existing on the Project Site, as of the Lease Commencement Date (as defined in the Ground Lease) and shall not incur any liability for discovery of such hazardous materials and/or substances.

C. Delivery of Copies of Reports by Project Company. Excluding any materials owned by third parties, proprietary information of the PROJECT COMPANY, materials subject to obligations of confidentiality or other restrictions or materials that cannot easily be separated from materials pertaining to property other than the Project Site, all reports, plans, maps, surveys, soil studies, soil reports, or such other similar information pertaining solely to the physical condition of the Project Site developed by PROJECT COMPANY or its employees, agents, representatives, contractors and/or consultants pursuant to the Project Site Activities prior

to the Closing Date or, if the Option is not exercised, prior to the expiration of this Option Agreement (“Data”) shall be provided to DISTRICT at no cost within thirty (30) calendar days following the Closing Date or, if the Option is not exercised, within thirty (30) calendar days following the expiration of the this Option Agreement. DISTRICT acknowledges and agrees that PROJECT COMPANY owns all such Data, subject to DISTRICT’s right to utilize such Data for any purpose without further consents or approval of PROJECT COMPANY.

D. Delivery of Diligence Materials by District. No later than thirty (30) calendar days after the Effective Date, the DISTRICT shall provide to PROJECT COMPANY, at the DISTRICT’s expense: (i) copies of any and all title insurance policies, title abstracts, title commitments, title exception documents and vesting deeds for the Project Site; (ii) copies of any surveys, environmental assessments, audits, test results or reports, wetland mitigation documentation, engineering studies or surveys and soil conditions reports or studies, within the DISTRICT’s possession or access or that of its attorneys, consultants, contractors and/or engineers; (iii) copies of any and all Governmental Approvals (as defined in Paragraph 7.E herein) that apply to or that the DISTRICT has obtained for the Project Site; (iv) copies of all contracts, leases, agreements, security agreements, servitudes, liens and obligations currently in effect relating to the Project Site; (v) copies of any documents relating to pending litigation, written threats of litigation, legal violations, zoning changes or development moratoriums, and (vi) copies of any other information the DISTRICT may have in its possession or control regarding the Project Site (collectively, “Project Site Materials”). The parties acknowledge and agree that the DISTRICT’s obligation to provide the Project Site Materials is on-going during this Option Agreement, to the extent that any such information becomes available to or is created by or for the DISTRICT following the Effective Date.

E. Governmental Approvals. The DISTRICT shall assist and support PROJECT COMPANY in its efforts to complete and obtain (i) all regulatory permits and approvals (including, without limitation, the issuance of any FERC permits, special use permits, building permits, zoning matters, environmental permits, and any other permits, approvals or ordinances deemed necessary or desirable by PROJECT COMPANY in its sole discretion in order to construct, develop and operate the Project on the Project Site (“Governmental Approvals”), and (ii) satisfactory results from the Project Site Activities. PROJECT COMPANY agrees to

diligently pursue obtaining all Governmental Approvals and satisfying all requirements in connection therewith. The DISTRICT agrees that PROJECT COMPANY shall have the authority to apply for all Governmental Approvals and to cooperate with PROJECT COMPANY in obtaining and satisfying the requirements of any necessary Governmental Approvals. No Governmental Approvals shall be binding on the DISTRICT or create any obligations to be fulfilled by the DISTRICT unless the DISTRICT specifically consents to be bound by such obligations.

F. Operation of Project Site During Option Period. After the Effective Date, DISTRICT and its employees, contractors and agents (i) shall maintain the Project Site in the same condition as it was on the Effective Date, reasonable wear and tear excepted, and otherwise operate and maintain the Project Site in the same manner as before the Effective Date, (ii) except in the case of an emergency, or to avert a potential emergency, shall not take any action and shall not permit any third party to take any action that would unduly interfere with the PROJECT COMPANY'S lawful Project Site Activities, (iii) shall not take any action and shall not cause any third party to take any action that would materially alter or affect the condition of the Project Site, including, but not limited to, by causing a casualty or introducing, releasing, storing or exacerbating any hazardous waste or hazardous substances, including, but not limited to, NORM, asbestos, and PCBs, upon, around or under any portion of the Project Site or into the ground water beneath or adjacent to the Project Site or the Calcasieu River Ship Channel, and (iv) shall comply with any notices of legal violations or court orders affecting the Project Site. If DISTRICT becomes aware prior to the Closing Date of any introduction, release, storage or exacerbation of any hazardous waste or hazardous substances, including, but not limited to, NORM, asbestos, and PCBs, upon, around or under any portion of the Project Site or into the ground water beneath or adjacent to the Project Site or the Calcasieu River Ship Channel, then DISTRICT shall notify PROJECT COMPANY in writing the earlier of (a) within fifteen (15) calendar days after DISTRICT becomes aware of the same or (b) prior to the Closing Date. If the DISTRICT violates this Paragraph 7.F, then the DISTRICT shall take all reasonable actions to cure or remedy such violation at its sole cost and expense. If the DISTRICT is unable to cure or remedy such violation by the Closing Date, then PROJECT COMPANY shall have the option in its sole discretion (to be exercised in a written notice delivered to the DISTRICT) to: (a) grant the DISTRICT additional time within which to cure the violation, and in such event the Closing

(as defined in Paragraph 8.D herein) shall be extended for such time necessary to cure the violation (in which case PROJECT COMPANY and the DISTRICT shall continue to have all of the rights and obligations set forth in this Option Agreement until the Closing); (b) elect not to enter into the Ground Lease, whereupon the DISTRICT shall immediately refund the aggregate Option Payments paid to the DISTRICT and the DISTRICT shall be liable to PROJECT COMPANY for PROJECT COMPANY's actual third party costs and expenses incurred in the due diligence and/or development of the Project Site, drafting and negotiating of this Option Agreement and the Ground Lease, and preparation of the Closing of the transaction contemplated by this Option Agreement (including, without limitation, all costs and expenses incurred in connection with the Project Site Activities); or (c) waive such violation and proceed to Closing as provided in Paragraph 8.D below.

G. Termination of Prior Letter Agreement. As of the Effective Date, the letter agreement entitled "Authorization for Field Study and Survey- PLC Tract- 475s, Lake Charles, LA" dated September 17, 2012, as amended, by and between the DISTRICT and Liquefied Natural Gas Limited, shall terminate.

**8. ADDITIONAL RIGHTS AND OBLIGATIONS PENDING EXERCISE OF LEASE OPTION.** During the Initial Option Period, First Extended Option Period, Second Extended Option Period and Third Extended Option Period, as applicable, the DISTRICT and PROJECT COMPANY hereby agree as follows:

A. Verification of Title and Survey.

(i) PROJECT COMPANY, at PROJECT COMPANY's expense, may obtain a title insurance commitment ("Title Commitment") to be issued by a title insurance company acceptable to PROJECT COMPANY in its sole discretion ("Title Company"), pursuant to which the Title Company shall commit to issue a 2006 ALTA extended coverage leasehold title insurance policy to PROJECT COMPANY ("Leasehold Title Policy") and a 2006 ALTA leasehold title loan insurance policy to any lender(s) of PROJECT COMPANY ("Lender Title Policy"), and collectively with the Leasehold Title Policy, the "Title Policies"), each in forms and insurable amounts reasonably acceptable to PROJECT COMPANY and with such endorsements as PROJECT COMPANY may reasonably request. The Title Commitment shall show the

DISTRICT to be vested with good, marketable and complete ownership interest of the Project Site, subject only to the following matters (the “Permitted Exceptions”): ad valorem real estate taxes, if any are owed, for the current year and subsequent years, not yet due and payable; all applicable zoning ordinances and regulations; and such other matters as shall be satisfactory to PROJECT COMPANY, in PROJECT COMPANY’s sole discretion.

(ii) PROJECT COMPANY may obtain, at PROJECT COMPANY’s expense, a current staked ALTA/ACSM survey of the Project Site, complying with the most current Minimum Standard Detail Requirements for ALTA/ACSM Surveys and including any Table A items that PROJECT COMPANY may request in its sole discretion (“Survey”), prepared by a surveyor or engineer licensed in Louisiana with a certificate attached thereto executed by the surveyor in the form of the most current Minimum Standard Detail Requirements certificate for ALTA/ACSM surveys. The Survey shall reflect the boundaries of the Project Site and all improvements, servitudes, highways, pipeline, utility and other rights-of-way, flood zone classifications and other matters affecting or abutting the Project Site, and shall be in a form sufficient to induce the Title Company to delete all standard and printed exceptions contained in the Title Commitment.

(iii) PROJECT COMPANY shall have until sixty (60) calendar days prior to Closing (the “Title Review Period”) to notify the DISTRICT of any title defects, encumbrances, servitudes, use restrictions or other matters noted in the Title Commitment, the Survey, or elsewhere that PROJECT COMPANY requires to be removed or corrected prior to the execution and issuance of the Ground Lease (“Title Objections”).

(iv) The Title Commitment will show that all standard exceptions will be deleted from the Leasehold Title Policy (and from the Lender Title Policy, if PROJECT COMPANY has requested one), when issued, and that the “gap” will be deleted as of the Closing Date. If, within the Title Review Period, PROJECT COMPANY notifies the DISTRICT of any Title Objections, the DISTRICT shall use its diligent, good faith, best efforts to cure and eliminate the Title Objections (unless caused directly or indirectly by the PROJECT COMPANY) at the DISTRICT’s expense. The PROJECT COMPANY shall have the right to make additional requirements or objections as to title, up until the Closing Date, in the event any

title or survey update or endorsement to the Title Commitment discloses matters not shown in the Title Commitment or Survey (“Additional Title Objections” and together with the initial Title Objections, the “Title Objections”). As long as this Option Agreement remains in effect, the DISTRICT shall not convey all or any interest in the Project Site to any third party (an “Unauthorized Transfer”) and, without PROJECT COMPANY’s prior written consent in its sole discretion, the DISTRICT shall not grant or amend any lease, license, permit to use, servitude, lien, security interest or other encumbrance on the Project Site (an “Unauthorized Encumbrance”). If the DISTRICT is unable to cure the Title Objections, Unauthorized Transfer or Unauthorized Encumbrance by the Closing Date, PROJECT COMPANY shall have the option in its sole discretion (to be exercised in a written notice delivered to the DISTRICT) to: (a) grant the DISTRICT additional time within which to cure the Title Objections, Unauthorized Transfer or Unauthorized Encumbrance, and in such event the Closing shall be extended for such time necessary to cure the Title Objections, Unauthorized Transfer or Unauthorized Encumbrance (in which case PROJECT COMPANY and the DISTRICT shall continue to have all of the rights and obligations set forth in this Option Agreement until the Closing); (b) elect not to enter into the Ground Lease, whereupon the DISTRICT shall immediately refund the aggregate Option Payments paid to the DISTRICT and the parties will be relieved from further liability hereunder, unless the DISTRICT defaulted in its obligations under this Option Agreement (including, but not limited to, causing and failing to cure an Unauthorized Transfer or Unauthorized Encumbrance) or acted in a commercially unreasonable manner in not curing such Title Objections, in which event the DISTRICT shall be liable to PROJECT COMPANY for PROJECT COMPANY’s actual third party costs and expenses incurred in the due diligence and/or development of the Project Site; drafting and negotiating of this Option Agreement and preparation of the Closing of the transaction contemplated by this Option Agreement (including, without limitation, all costs and expenses incurred in connection with the Project Site Activities); or (c) waive one or more of the Title Objections, Unauthorized Transfers or Unauthorized Encumbrances (at which point such Title Objections, Unauthorized Transfer or Unauthorized Encumbrances will become Permitted Exceptions) and proceed to the Closing, as provided in Paragraph 8.D below.

(v) For purposes of clarification, if the Survey reflects encroachments, non-contiguity, overlaps, strips, gaps, rights-of-way or other encumbrances or interests on or in the

Project Site, or any other survey matters, or if the Project Site, consists of two or more parcels which are not contiguous along the entire length of their common boundary, such defects may also be raised as a Title Objection as described in Paragraph 8.A (iv) above.

B. District's Representations. The DISTRICT warrants, covenants and represents, during the term of this Option Agreement, the following to PROJECT COMPANY with full knowledge that PROJECT COMPANY is relying upon same in agreeing to enter into this Option Agreement:

(i) The DISTRICT owns the Project Site. The DISTRICT has the full power and authority to make, deliver, enter into and perform pursuant to the terms and conditions of this Option Agreement and to consummate the transactions described in this Option Agreement and the Ground Lease, and has taken all necessary action and proceedings to authorize the execution, delivery and performance of the terms and conditions of this Option Agreement and the Ground Lease. No further consent of any person or entity is required in connection with the execution and delivery of, or performance by the DISTRICT of its obligations under this Option Agreement and the Ground Lease.

(ii) This Option Agreement and the documents to be executed and delivered by the DISTRICT in connection with the consummation of this Option Agreement are (and when the Option is exercised and the Closing has occurred, the Ground Lease will be) valid, binding and enforceable in accordance with their respective terms and conditions.

(iii) The execution, delivery and performance by the DISTRICT of this Option Agreement and the Ground Lease are not precluded by, and will not violate, any provisions of any existing law, statute, rule or regulation in Louisiana or any judgment, order, decree, writ or injunction of any court, governmental department, commission, board, bureau or agency, and will not result in a breach of, or default under, any agreement, mortgage, contract, undertaking or other instrument or document to which the DISTRICT is a party or by which the DISTRICT is bound or to which the DISTRICT or any portion of the Project Site is subject.

(iv) No portion of the Project Site is presently being or, as of the Effective Date, previously has been acquired by any governmental authority in the exercise of its power to

condemn or to acquire through eminent domain or private purchase in lieu thereof nor are any of these proceedings or actions threatened, pending or imminent.

(v) There are no actions, suits or proceedings pending or to the DISTRICT's Knowledge (as defined in Paragraph 8.B(xii)), threatened against, by or affecting the DISTRICT in any court or before any government agency regarding the Project Site, including, but not limited to, any such actions, suits or proceedings relating to the ownership of, or the DISTRICT's ability to lease the Project Site or that would affect the value or use or development of the Project Site or the obligations of the DISTRICT to enter into and perform its obligations under this Option Agreement or the Ground Lease .

(vi) All work, labor, service and materials furnished prior to the Closing Date to or in connection with the Project Site and any improvements constructed on the Project Site prior to the Closing Date, will be discharged by the DISTRICT prior to the Closing Date, so that no mechanics', materialmen's or other lien, except those created by PROJECT COMPANY, its affiliates or contractors, may be filed against the Project Site or such improvements. The DISTRICT shall indemnify, defend and hold PROJECT COMPANY harmless from and against any liens affecting the Project Site that were not created by the PROJECT COMPANY and (a) relate to work, labor, services, or materials furnished prior to the Closing Date and (b) are not filed or perfected until after the Closing Date.

(vii) To the DISTRICT's Knowledge there are no parties other than the DISTRICT in possession of any portion of the Project Site, as lessees, tenants at sufferance, licensees, or trespassers, and no person or entity has any right or option to lease, purchase, occupy or possess all or any part of the Project Site.

(viii) The DISTRICT has not entered into any agreement, commitments or arrangements concerning the Project Site, or development thereof with any persons, including, but not limited to, governmental entities or agencies, councils, boards or other entities, adjoining landowners, utility companies or agencies other than PROJECT COMPANY.

(ix) The Project Site is not subject to assessment or collection of additional taxes for prior years based upon a change of land usage or ownership.



(x) To the DISTRICT's Knowledge, the DISTRICT has not manufactured, stored, released or located any hazardous waste or hazardous substances, including, but not limited to, NORM, asbestos, and PCBs, upon, around or under any portion of the Project Site or into any ground water beneath or adjacent to the Project Site or into the Calcasieu River Ship Channel, and the DISTRICT has received no warning notice, violation notice, complaint (judicial or administrative) or any other formal or informal notice alleging that the Project Site is not in compliance with any statute, ordinance, rule or regulation pertaining to hazardous waste or substances, including, but not limited to, NORM, asbestos, and PCBs. Except as disclosed by any reports provided to PROJECT COMPANY pursuant to Paragraph 7.D of this Option Agreement, to the DISTRICT's Knowledge (a) no hazardous waste or hazardous substances, including, but not limited to, NORM, asbestos, or PCBs, have been manufactured, stored, released or located upon or under any portion of the Project Site or into any ground water beneath or adjacent to the Project Site or into the Calcasieu River Ship Channel, (b) the Project Site has never been used to treat, store, release or dispose of waste materials or hazardous substances, including, but not limited to, NORM, asbestos, or PCBs; (c) there has not been and is no leaching or drainage of waste materials or hazardous substances, including, but not limited to, NORM, asbestos, or PCBs, into the ground water beneath or adjacent to the Project Site or into the Calcasieu River Ship Channel; and (d) there have not been and are not buried or semi-buried or otherwise placed tanks, storage vessels, drums or containers of any kind located on the Project Site.

(xi) The DISTRICT has received no notice from any governmental authority concerning the imposition or widening of any streets, roads or highways abutting the Project Site or widening of the shipping channel alongside the Project Site, or concerning the imposition of any special taxes or assessments against the Project Site. The DISTRICT has no knowledge of general plan, specific plan, zoning or other land use regulation proceedings or special assessment proceedings pending or threatened, with respect to the Project Site. The DISTRICT is not a party to any covenant or agreement to preserve or prevent a change in the existing zoning, land use designations, special use permits or entitlements of the Project Site.

(xii) Other than as set forth in this Option Agreement, the DISTRICT has not (a) entered into any agreement relating to the Project Site, nor (b) encumbered or granted any interest in the Project Site.

Each of the foregoing warranties, covenants and representations shall still be true and correct as of the Effective Date (except where specifically noted) and the Closing Date, shall survive the Closing Date and shall not be merged with or into the Ground Lease or any other related instrument of conveyance or transfer. The term “Knowledge” as used in this Paragraph 8.B shall mean what the DISTRICT knows or should reasonably know about the Project Site, and any other matters addressed by the warranties, covenants, and representations made herein.

C. Project Company’s Representations. The PROJECT COMPANY warrants, covenants and represents, during the term of this Option Agreement, the following to the DISTRICT, with full knowledge that the DISTRICT is relying upon same in agreeing to enter into this Option Agreement:

(i) The PROJECT COMPANY has the full power and authority to make, deliver, enter into and perform its obligations pursuant to the terms and conditions of this Option Agreement and has taken all necessary action and proceedings to authorize the execution, delivery and performance of the terms and conditions of this Option Agreement. No further consent of any person or entity is required in connection with the execution and delivery of, or performance by the PROJECT COMPANY of its obligations under this Option Agreement.

(ii) The execution, delivery and performance by the PROJECT COMPANY of this Option Agreement are not precluded by, and will not violate, any provisions of any existing law, statute, rule or regulation in Louisiana or any judgment, order, decree, writ or injunction of any court, governmental department, commission, board, bureau or agency, and will not result in a breach of, or default under, any agreement, mortgage, contract, undertaking or other instrument or document to which the PROJECT COMPANY is a party or by which the PROJECT COMPANY is bound or to which the PROJECT COMPANY is subject.

(iii) There are no actions, suits or proceedings pending or to the PROJECT COMPANY’s Knowledge (as defined in Paragraph 8.C(iv)), threatened against, by or affecting

the PROJECT COMPANY in any court or before any government agency regarding the Project Site, including, but not limited to, any such actions, suits or proceedings relating to the ownership of, or the PROJECT COMPANY's ability to lease the Project Site or that would materially affect the contemplated use or development of the Project Site or the obligations of the PROJECT COMPANY to perform its obligations under this Option Agreement.

(iv) All work, labor, service and materials furnished to the PROJECT COMPANY prior to the Closing Date to or in connection with the Project Site, will be discharged by the PROJECT COMPANY prior to the Closing Date, so that no mechanics', materialmen's or other lien, created by the PROJECT COMPANY, its affiliates or contractors, may be filed against the Project Site or such improvements. The PROJECT COMPANY shall indemnify, defend and hold DISTRICT harmless from and against any liens affecting the Project Site that were not created by the DISTRICT and (a) relate to work, labor, services, or materials furnished prior to the Closing Date at the request or direction of the PROJECT COMPANY and (b) are not filed or perfected until after the Closing Date.

Each of the foregoing warranties, covenants and representations shall still be true and correct as of the Effective Date (except where specifically noted) and the Closing Date, shall survive the Closing Date and shall not be merged with or into the Ground Lease or any other related instrument of conveyance or transfer. The term "Knowledge" as used in this Paragraph 8.C shall mean what the PROJECT COMPANY knows or should reasonably know about the matters addressed by the warranties, covenants and representations made herein.

D. Closing. The execution of the Ground Lease (the "Closing") shall take place as soon as practical following the PROJECT COMPANY's exercise of the Option as provided in Paragraph 5 above, but in no event shall the Closing take place later than fifteen (15) calendar days following such exercise, as may be extended by the extensions provided for in Paragraphs 7.F, 8.A and 8.G ("Closing Date"). Possession of the Project Site shall be delivered to PROJECT COMPANY or its assignee as of the Closing Date, free and clear of the rights and claims of any other party other than Permitted Exceptions; provided, however, that prior to the Closing Date, PROJECT COMPANY and its employees, agents, representatives, contractors and

consultants shall have the right to enter upon the Project Site at any and all times for purposes of any further inspections of the Project Site as provided in Paragraph 7 above.

E. Expenses of Closing. At Closing, the DISTRICT shall pay the costs of recording any documents or certificates or taking any other action required to be taken to correct title defects or remove any title encumbrances (including, without limitation, any Title Objections, Additional Title Objections, Unauthorized Transfers or Unauthorized Encumbrances). At Closing, PROJECT COMPANY shall pay the costs of recording an extract or memorandum of the Ground Lease (as provided in the Ground Lease) and for the Leasehold Title Policy (and the Lender Title Policy, if PROJECT COMPANY has requested one) issued pursuant to the Title Commitment. PROJECT COMPANY and the DISTRICT shall each pay the fees and expenses of their respective counsel incurred in connection with the negotiation, preparation and execution of this Option Agreement and the Ground Lease, and satisfying its respective obligations under this Option Agreement. PROJECT COMPANY and the DISTRICT shall each pay any brokerage, finder's fee or similar commission in connection with the option or lease of the Project Site arising from its actions. PROJECT COMPANY shall pay the cost of the Survey and the Leasehold Title Policy (and the Lender Title Policy, if PROJECT COMPANY has requested one).

F. Closing Documents.

(i) The DISTRICT shall deliver the following at Closing:

(a) Fully executed and signed Ground Lease in substantially the form attached hereto as Annex A.

(b) Gap, mechanic's lien and possession affidavit(s) in forms sufficient to cause the Title Company to issue the Leasehold Title Policy (and the Lender Title Policy, if PROJECT COMPANY has requested one), without the applicable standard title policy exceptions.

(c) Resolution by the Board of Commissioners of the DISTRICT, authorizing the execution of the Ground Lease and the transactions and documents contemplated

by this Option Agreement and the Ground Lease in the form required by applicable laws and regulations and the DISTRICT's by-laws.

(d) Possession of the Project Site.

(ii) At Closing, PROJECT COMPANY shall:

(a) Deliver a certified copy of a resolution of the members or managers of PROJECT COMPANY (as required by the operating agreement of PROJECT COMPANY), authorizing the execution of the Ground Lease, and all other documents necessary to effect the valid execution of the Ground Lease.

(b) Cause the execution and delivery of the Ground Lease by a duly authorized officer of PROJECT COMPANY.

G. Conditions Precedent for Project Company to Close. The following are conditions precedent to PROJECT COMPANY's obligations at Closing, including execution of the Ground Lease:

(i) As of the Closing Date, all of the DISTRICT's representations and warranties contained in Paragraph 8.B hereof shall be true and correct.

(ii) The DISTRICT shall have performed all of its obligations under this Option Agreement.

(iii) The DISTRICT's interest in the Project Site shall be (and the DISTRICT hereby warrants and represents to PROJECT COMPANY that the same is) good, merchantable, marketable and free and clear of any liens, encumbrances, highways, rights-of-way, servitudes, licenses, restrictions, leases, agreements, covenants, conditions and limitations, except the Permitted Exceptions. The DISTRICT's title shall also be total and complete and not subject to any outstanding or contingent liens or claims of an undivided interest therein and PROJECT COMPANY shall have received the Survey and an irrevocable written commitment of the Title Company to issue the Leasehold Title Policy (and the Lender Title Policy, if PROJECT COMPANY has requested one), each in form and substance acceptable to PROJECT COMPANY.

(iv) There are no pending, threatened or existing moratoriums or governmental regulations, statutes, proceedings or actions pending, threatened or existing against the DISTRICT, the Project or the Project Site before any court or governmental agency or authority that would prohibit or inhibit PROJECT COMPANY from obtaining utility service, building permits or development approvals, or which would prevent, prohibit, delay or inhibit the construction, development and operation of the Project on the Project Site.

(v) Subsequent final geotechnical investigation does not necessitate any substantial revision to the type of structural design contemplated by the preliminary investigation conducted by or on behalf of PROJECT COMPANY.

(vi) PROJECT COMPANY shall have obtained Final Approval (as hereinafter defined) with respect to all Governmental Approvals, free of any unreasonable or extraordinary conditions imposed by the issuing entity upon the issuance of such Final Approvals (provided that PROJECT COMPANY has used its commercially reasonable efforts to pursue in good faith the necessary Final Approvals). “Final Approval” shall be the date when: (a) all of the Governmental Approvals have been approved and issued, in forms and with conditions satisfactory to PROJECT COMPANY; (b) the time has passed for appeal of all Governmental Approvals; and (c) any appeals or litigation with respect to clause (b) above have been prosecuted and fully and finally resolved in a manner satisfactory to PROJECT COMPANY. If the PROJECT COMPANY exercises the Option but fails to execute the Ground Lease through no fault of the DISTRICT, in addition to forfeiting the aggregate Option Payments paid, the PROJECT COMPANY shall be liable to the DISTRICT for the DISTRICT’s actual third party costs and expenses incurred in preparation of the Closing as contemplated by this Option Agreement.

(vii) There shall have been no material change in the condition of the Project Site from the condition in which the Project Site existed as of the date that PROJECT COMPANY exercised the Option without PROJECT COMPANY’s prior written consent.

(viii) DISTRICT shall not be in default of any other existing agreement with the PROJECT COMPANY (“Existing Agreements”), after notice and beyond any applicable cure period.

In the event that after PROJECT COMPANY's exercise of the Option, any of the conditions precedent to PROJECT COMPANY's obligation to lease the Project Site are not satisfied as of the Closing Date or not waived by PROJECT COMPANY or it is reasonably determined prior to the Closing Date that such conditions cannot be fulfilled or satisfied and the same are not waived by PROJECT COMPANY, then, at the sole option of PROJECT COMPANY (to be exercised in PROJECT COMPANY's sole discretion by delivery of written notice to DISTRICT): (i) PROJECT COMPANY may elect not to enter into the Ground Lease and this Option Agreement shall be terminated and all parties shall be relieved of any further obligations hereunder; whereupon the DISTRICT shall not be obligated to refund any of the Option Payments, except to the extent that the failure to fulfill or satisfy a condition results from DISTRICT's default under this Option Agreement with respect to its obligations described herein, in which case the DISTRICT shall be obligated to return the aggregate Option Payments paid by the PROJECT COMPANY and shall be liable for PROJECT COMPANY's actual third party costs and expenses incurred in the due diligence and/or development of the Project Site, drafting and negotiating of this Option Agreement and the Ground Lease, and preparation of the Closing of the transaction contemplated by this Option Agreement (including, without limitation, all costs and expenses incurred in connection with the Project Site Activities), or (ii) PROJECT COMPANY may, at its option and at no cost to the PROJECT COMPANY, extend up to three hundred sixty-five (365) days the Closing or for such period as is reasonably necessary to satisfy all of the conditions precedent to PROJECT COMPANY's obligation to proceed with the Closing.

H. Conditions Precedent for the District to Close. The following are conditions precedent to the DISTRICT's obligations at Closing, including execution of the Ground Lease:

(i) As of the Closing Date, all of the PROJECT COMPANY's representations and warranties contained in Paragraph 8.C hereof shall be true and correct in all material respects.

(ii) PROJECT COMPANY shall not be in default of any other Existing Agreement with the DISTRICT, after notice and beyond any applicable cure period.

(iii) PROJECT COMPANY shall have performed all of its obligations under this Option Agreement.

In the event that after PROJECT COMPANY's exercise of the Option, any of the conditions to DISTRICT's obligation to lease the Project Site are not satisfied as of the Closing Date or not waived by the DISTRICT, and the non-fulfillment or satisfaction of such conditions was not caused by the DISTRICT, in whole or in part, or it is reasonably determined prior to the Closing Date that such conditions cannot be fulfilled or satisfied and the same are not waived by the DISTRICT, then, at the sole option of the DISTRICT (to be exercised in the DISTRICT's sole discretion by delivery of written notice to PROJECT COMPANY): (i) the DISTRICT may elect not to enter into the Ground Lease and this Option Agreement shall be terminated and all parties shall be relieved of any further obligations hereunder; whereupon the DISTRICT shall not be obligated to refund any of the Option Payments. To the extent that the failure of such condition results from PROJECT COMPANY's default under this Option Agreement with respect to its obligations described herein, or any material obligation under any Existing Agreement with respect to its obligations described therein, the PROJECT COMPANY shall be liable for the DISTRICT's actual third party costs and expenses in drafting and negotiating of this Option Agreement and the Ground Lease, and preparation of the Closing of the transaction contemplated by this Option Agreement, or (ii) the DISTRICT may, with the PROJECT COMPANY'S written consent, extend up to three hundred sixty-five (365) days the Closing or for such period as is reasonably necessary to satisfy all of the conditions precedent to the DISTRICT's obligation to proceed with Closing, in exchange for which PROJECT COMPANY shall pay the DISTRICT One Hundred Fifty Thousand and NO/100 (\$150,000.00) Dollars, prorated for the period of such extension.

I. Mutual Indemnification. The PROJECT COMPANY agrees to indemnify, defend and hold the DISTRICT and the DISTRICT's officers and directors harmless from and against any and all claims, actions, damages, liabilities and expenses (including, without limitation, reasonable attorneys' fees and expenses) resulting from any occurrence on the Project Site during the term of this Option Agreement and arising from any act or omission of PROJECT COMPANY or the PROJECT COMPANY's employees, agents, representatives, contractors or consultants, except to the extent that any of the same arise from or out of the negligence or



willful misconduct of the DISTRICT or the DISTRICT's employees, agents, representatives, contractors or consultants. The DISTRICT agrees to indemnify, defend and hold the PROJECT COMPANY and the PROJECT COMPANY's officers, directors, managers, and members harmless from and against any and all claims, actions, damages, liabilities and expenses (including, without limitation, reasonable attorneys' fees and expenses) resulting from any occurrence on the Project Site during the term of this Option Agreement and arising from any act or omission of the DISTRICT or the DISTRICT's employees, agents, representatives, contractors or consultants, except to the extent that any of the same arise from or out of the negligence or willful misconduct of the PROJECT COMPANY or the PROJECT COMPANY's employees, agents, representatives, contractors or consultants.

**9. Intentionally left blank.**

**10. SUCCESSORS AND ASSIGNS.** This Option Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and lawful assigns. However, this Option Agreement may not be assigned or transferred by PROJECT COMPANY to any other person or entity without the consent of the DISTRICT, which consent shall not be unreasonably withheld, delayed or conditioned; provided that if PROJECT COMPANY is not in default after notice and beyond any applicable cure period under this Option Agreement or any material obligation under an Existing Agreement, PROJECT COMPANY may assign this Option Agreement in its entirety without the DISTRICT's prior consent to (i) an Affiliate or (ii) a successor in interest in connection with a merger, acquisition or sale of all or substantially all of PROJECT COMPANY's assets or membership interests of PROJECT COMPANY, (iii) as collateral in connection with a financing, or (iv) any person to whom PROJECT COMPANY is permitted to assign the Option Agreement. "Affiliate" shall mean an entity that controls, is controlled by or is under common control with the PROJECT COMPANY, where "control" means the ownership directly or indirectly of more than fifty percent (50%) of the voting rights in a company or other legal entity or the ability to directly or indirectly appoint a majority of the directors in a company or other legal entity.

**11. NOTICES.** All notices required or allowed by this Option Agreement shall be delivered by email (with a requirement that such electronic notice shall be followed within three (3)

calendar days by written notice delivered in one of other manners permitted in this paragraph), third party overnight courier (including overnight courier services such as Federal Express) or by certified mail, return receipt requested, postage prepaid, addressed to the party to whom notice is to be given, at the following addresses:

If to PROJECT COMPANY:           Magnolia LNG, LLC  
616 Broad Street  
P.O. Box 3759 (70602)  
Lake Charles, LA 70601  
Attention: Company Secretary  
Email: dgardner@lnglimited.com.au

with a copy to:                   Winfield E. Little, Jr.  
616 Broad Street  
P.O. Box 3759 (70602)  
Lake Charles, LA 70601  
Email: wlittle@littlawfirm.com

and

Chad Mills  
Sutherland Asbill & Brennan LLP  
1001 Fannin Street, Suite 3700  
Houston, TX 77002-6760  
Email: chad.mills@sutherland.com

If to the DISTRICT:               Lake Charles Harbor & Terminal District  
751 Bayou Pines East, Suite P  
Lake Charles, LA 70601  
Attention: Executive Director  
Email: brase@portlc.com

With a copy to:                   General Counsel  
Lake Charles Harbor & Terminal District  
751 Bayou Pines East, Suite P  
Lake Charles, LA 70601  
Email: mdees@portlc.com

Notice shall be deemed to have been given upon receipt by recipient (provided that any notice by email shall have been followed within three (3) calendar days by written notice delivered in one of the other manners permitted under this paragraph), by the overnight courier airbill or by the

return receipt. In the event that the recipient fails or refuses to sign the return receipt for delivery by certified mail, the receipt shall be sufficient.

**12. DEFAULT.** In the event of a default by the DISTRICT with respect to any of its obligations hereunder, including the satisfaction of all conditions precedent or any breach or misrepresentation by the DISTRICT of any warranties, representations and covenants made by the DISTRICT in Paragraph 8.B, PROJECT COMPANY shall, except as otherwise provided for herein, be entitled to the right of specific performance against the DISTRICT together with the recovery of all expenses incurred in obtaining specific performance, including reasonable attorney's fees and all costs of court or, at PROJECT COMPANY's sole election, PROJECT COMPANY shall be entitled to terminate this Option Agreement and the DISTRICT shall immediately return all Option Payments previously paid by PROJECT COMPANY as liquidated damages and shall be liable for PROJECT COMPANY's actual third party costs and expenses incurred in the due diligence and/or development of the Project Site, drafting and negotiating of this Option Agreement and the Ground Lease, and preparation of the Closing of the transaction contemplated by this Agreement (including, without limitation, all costs and expenses incurred in connection with the Project Site Activities) and PROJECT COMPANY may exercise any other rights or remedies available at law or in equity. For the avoidance of doubt, this is in addition to any rights for the return of the Option Payments that the PROJECT COMPANY may have under this Option Agreement.

**13. EMINENT DOMAIN/CASUALTY.** If, during the term of this Option Agreement, there is any taking of any portion of the Project Site by eminent domain or condemnation, then the DISTRICT shall promptly deliver written notice thereto of the PROJECT COMPANY, and if the PROJECT COMPANY determines that such taking will materially affect the Project Site for the development, construction, maintenance or operation of the Project, in PROJECT COMPANY's reasonable determination, PROJECT COMPANY may, at its option (to be exercised in PROJECT COMPANY's sole discretion by delivery of written notice to the DISTRICT), terminate this Option Agreement or elect to not enter into the Ground Lease (if PROJECT COMPANY has already exercised the Option), whereupon the DISTRICT shall immediately refund the aggregate Option Payments paid to the DISTRICT and the parties will be relieved from further liability hereunder. In the event that the Project Site is rendered, at any

time during the term of this Option Agreement or prior to the Closing, in PROJECT COMPANY's sole determination, permanently unsuitable for the development, construction, maintenance or operation of the Project as a result of a casualty event (including any hurricane, named storm, flood or tornado) or Force Majeure (as hereinafter defined) event occurring in and around Calcasieu Parish, Louisiana, then PROJECT COMPANY may, at its option (to be exercised in PROJECT COMPANY's sole discretion by delivery of written notice to the DISTRICT), terminate this Option Agreement or elect to not enter into the Ground Lease (if PROJECT COMPANY has already exercised the Option), whereupon the DISTRICT shall immediately refund the aggregate Option Payments paid to the DISTRICT and the parties will be relieved from further liability hereunder.

14. **ENTIRE AGREEMENT.** This Option Agreement constitutes the entire agreement of the parties with respect to subject matter hereof. All understandings and agreements heretofore between the parties hereto with respect to the subject matter hereof are merged in this Option Agreement which alone fully and completely expresses their understanding.

15. **ATTORNEY'S FEES.** In connection with any litigation concerning this Option Agreement, the prevailing party shall be entitled to recover all of its costs, expenses and reasonable attorney's fees from the non-prevailing party.

16. **NO WAIVER.** No waiver of any provision of this Option Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted; and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

17. **AMENDMENTS.** This Option Agreement may not be amended, modified, altered or changed in any respect whatsoever except by further agreement in writing and duly executed by the parties hereto.

18. **GOVERNING LAW.** This Option Agreement shall be governed in its enforcement, construction and interpretation by the laws of the State of Louisiana. In the event that either party must file suit as a result of a default on the part of the other, such suit shall be filed in a state court of competent jurisdiction in the Fourteenth Judicial District Court, State of Louisiana,

unless the default of dispute implicates or involves a federal statute, regulation, order, or permit, in which case venue shall be in the federal courts for the Western District of Louisiana.

**19. COUNTERPARTS; HEADINGS; TIME OF THE ESSENCE.** This Option Agreement may be executed in counterparts by the parties hereto and each of which shall be deemed an original but all of which taken together shall constitute but one and the same instrument. The paragraph captions and headings contained in this Option Agreement are included herein for convenience of reference only and shall not be considered a part hereof and are not in any way intended to define, limit or enlarge the terms hereof. Time shall be of the essence for each and every provision of this Option Agreement of which time is an element.

**20. RECORDING.** This Option Agreement shall not be recorded in the public records, provided, however, that the DISTRICT shall execute, acknowledge and deliver to PROJECT COMPANY a memorandum of this Option Agreement in recordable form prepared by PROJECT COMPANY, which may be recorded by PROJECT COMPANY in the conveyance records of Calcasieu Parish, Louisiana.

**21. EFFECTIVE DATE.** The effective date of this Option Agreement (“Effective Date”) shall be the last date that the DISTRICT or PROJECT COMPANY executes this Option Agreement.

**22. REAL ESTATE COMMISSION.** The DISTRICT and PROJECT COMPANY each represent to the other party that they have dealt with no brokers in connection with the negotiation, execution and/or delivery of this Option Agreement or the Ground Lease, and no party is entitled to any broker’s commission, finder’s fee or similar payment with respect to this Option Agreement or the Ground Lease arising from the representing party’s actions. If any other person shall assert a claim to a finder’s fee, brokerage commission or other compensation on account of alleged employment as finder or broker in connection with this transaction, the party against whom the purported finder or broker is claiming shall indemnify, defend and hold the other party harmless from and against any such claim and any and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought thereon, including, but not limited to, reasonable attorney’s fees and court costs in defending such claim.

**23. FORCE MAJEURE.** Notwithstanding any other provision of this Option Agreement, provided that notice is given within thirty (30) calendar days of an occurrence of an event of Force Majeure (as hereinafter defined) by the party hereto seeking to invoke and utilize the provisions of this Paragraph 23, such party shall be excused from performing any of its respective obligations or undertakings required hereunder for so long as the performance of such obligations are prevented or significantly delayed, retarded or hindered by any event of Force Majeure, provide that an event of Force Majeure shall not excuse any party from making any payment of money required under this Option Agreement. As used in this Paragraph, “Force Majeure” means any cause not reasonably within the control of the party claiming suspension, and shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms, hurricanes, droughts, floods, washouts, or explosions, (ii) weather related events affecting an entire geographic region; (iii) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, terrorism, insurrections, civil disturbance or wars; provided that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party claiming such suspension; (iv) the failure or interruption of performance by PROJECT COMPANY’s engineering, procurement and construction contractors or any subcontractors of such contractor to the extent caused by an event of Force Majeure; or (v) the failure or interruption of performance by PROJECT COMPANY’s suppliers by reason of such supplier’s valid declaration of an event that would constitute an event of force majeure under PROJECT COMPANY’s contract with such supplier; or (vi) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation or policy having the effect of law promulgated by a governmental authority having jurisdiction, or that restrict PROJECT COMPANY’s ability to construct the Project or any delay in issuance or effectiveness of any Governmental Approval that has been properly applied for by PROJECT COMPANY that is required to construct the Project.

[Signatures on Following Pages]

THUS DONE AND SIGNED by the DISTRICT at Lake Charles, Louisiana, in the presence of the undersigned competent witnesses and me, Notary, on this \_\_\_\_\_ day of March, 2013.

WITNESSES:

LAKE CHARLES HARBOR &  
TERMINAL DISTRICT

\_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
William J. Rase, III, Executive Director

\_\_\_\_\_  
Print Name: \_\_\_\_\_

Approved By:

\_\_\_\_\_  
Michael K. Dees, General Counsel

BEFORE ME: \_\_\_\_\_

Notary Public

My Commission expires: \_\_\_\_\_

THUS DONE AND SIGNED by MAGNOLIA LNG, LLC at Lake Charles, Louisiana in the presence of the undersigned competent witnesses and me, Notary, on this \_\_\_\_\_ day of March, 2013.

WITNESSES:

MAGNOLIA LNG, LLC

\_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Fletcher Maurice Brand  
Title: Managing Director

\_\_\_\_\_  
Print Name: \_\_\_\_\_

BEFORE ME: \_\_\_\_\_

Notary Public

My Commission expires: \_\_\_\_\_



ANNEX A

(Form of “Ground Lease”)

## EXHIBIT 1

### Legal Description of Project Site

#### PROJECT SITE DESCRIPTION

(Morrison Survey is verifying total acres. District is fine with leasing maximum available acres. The east property line of area leased to BG and DII needs to be determined, verified and checked. This may be causing the difference between 90 acres and over 100 acres.)

EXHIBIT 2

Form of [Option Notice] or [Exercise of Right to Extend Option]

[Date]

Lake Charles Harbor & Terminal District  
751 Bayou Pines East, Suite P  
Lake Charles, LA 70601  
Attention: President

Re:     [Exercise of Option] [Extension of Option]

Dear Ladies and Gentlemen:

Reference is made to that certain Real Estate Lease Option Agreement dated as of \_\_\_\_\_, 2013 (the "Option Agreement") by and between Magnolia LNG, LLC, a Delaware limited liability company ("PROJECT COMPANY"), and the Lake Charles Harbor & Terminal District, a political subdivision of the State of Louisiana, (the "DISTRICT"). All capitalized terms used in this letter shall have the meanings ascribed thereto in the Option Agreement.

This letter shall serve as written notice by PROJECT COMPANY to the DISTRICT under the Option Agreement of PROJECT COMPANY's intention to [exercise its Option under the Option Agreement to enter into the Ground Lease for the Project Site] [extend the Option Agreement for the \_\_\_\_\_ Extended Option Period].

No further action is required by the DISTRICT in order for PROJECT COMPANY's [exercise of its Option] [extend the Option Agreement for the \_\_\_\_\_ Extended Option Period] to be effective and upon delivery of this letter to the DISTRICT, PROJECT COMPANY shall be deemed to have [exercised its Option under the Option Agreement] [extended the Option Agreement for the \_\_\_\_\_ Extended Option Period].

Very truly yours,  
Magnolia LNG, LLC

By: \_\_\_\_\_  
Its duly authorized signatory

cc:     Executive Director  
          Lake Charles Harbor & Terminal District  
          751 Bayou Pines East, Suite P  
          Lake Charles, LA 70601

Michael K. Dees  
Lake Charles Harbor & Terminal District  
751 Bayou Pines East, Suite P  
Lake Charles, LA 70601

Exhibit 2 – Page 1

D. Rental Provisions - Fixed and Throughput; General and Environmental Indemnities

1. LNG
2. Limestone
3. Methanol

RENTAL:

A. Within fifteen (15) days from the Ground Lease Effective Date, Tenant shall pay to the District, in addition to the rental provided for in Section B. below, a one-time lump sum payment of \$2,050,000.00.

B. Rental During Initial Term and Option Periods. Annual Rental for each of the first five (5) Lease Years of the Initial Term shall be \$1,000,000.00. Thereafter, the rental shall be increased each fifth (5<sup>th</sup>) Lease Year of the Initial Term and any option period as of the first day of each fifth (5<sup>th</sup>) Lease Year by an amount determined using the formula set forth below. The amount of the increase will be determined by multiplying the annual rental of \$1,000,000.00 by the percent of change in the most recently published U.S. Department of Labor, All-Urban Consumer Price Index (CPI-U), all items, not to exceed ten (10%) percent in any five (5) Lease Year period. The percent change will be computed by comparing the index figure published for the month closest to each fifth (5<sup>th</sup>) Lease Year anniversary date with the same month of the fifth preceding Lease Year. For example, if the Ground Lease Commencement Date is October 1, 2015, the adjustment for the annual rental due October 1, 2020 shall be calculated using the index published for the most recent month available prior to October 1, 2015 and comparing it to the index published for the same month of the year 2020, subject to the ten (10%) percent cap. The index to be used will be the most recently published U.S. Department of Labor, Consumer Price Index for All Urban Consumers (CPI-U), all items figure, (U.S. City Average (1982-84 = 100)), published by the Bureau of Labor Statistics or any successor index published by the Department of Labor. Annual Rental shall never be less than \$1,000,000.00 and shall only increase in accordance with the above formula.

A. Rent During Initial Term and Lease Option Terms. Rent for each of the first four (4) years of the Initial Term and any lease option term shall be \$360,000.00 per year, payable in four [4] equal quarterly payments commencing as of the Ground Lease Commencement Date. Rent shall be increased as of the first day of the second (2<sup>nd</sup>) lease year following the Ground Lease Commencement Date, and as of the first day of each lease year thereafter during the Initial Term and any Lease Option Term by an amount determined using the formula set forth below. The amount of the increase will be determined by multiplying the Rent by the percent of change for each lease year in the U.S. Department of Labor, All-Urban Consumer Price Index (CPI-U), all items. The percent change will be computed by comparing the index figure published for the month closest to each lease year anniversary date with the same month of the preceding lease year. The sum of the percent changes for each of the lease year period in question shall be used to determine the rental adjustment. For example, if the Ground Lease Commencement Date is October 1, 2012, the adjustment for the rent due beginning October 1, 2014 shall be calculated using the index published for the most recent month available prior to October 1, 2010 and comparing it to the index published for the same month of the year 2009 and the same procedure will be repeated for each lease year period. The index to be used will be the most recently published U.S. Department of Labor, Consumer Price Index for all Urban Consumers (CPI-U), all items figure, [U.S. City Average (1982-84 = 100)], published by the Bureau of Labor Statistics or any successor index published by the Department of Labor. Rent shall never be less than \$360,000.00 per year and shall only increase in accordance with the above formula.

B. Additional Rental, Throughput Charge: For each Lease Year, Tenant shall pay as additional rental the following Throughput charges which shall be calculated commencing as of the Rent Commencement Date for each month of each Lease Year and shall be payable no later than thirty (30) days from the end of each month of each Lease Year:

As to Throughput, the Tenant shall pay an amount based on the number of metric tons (a metric ton equals 2,205 pounds) of Throughput within a Lease Year (payable monthly during each Lease Year) calculated in accordance with the following schedule:

- |  |                   |
|--|-------------------|
| (1) For metric ton #1 to metric ton #1,000,000 | \$1.15/metric ton |
| (2) For metric ton #1,000,001 and greater      | \$0.75/metric ton |

If the Minimum Annual Guarantee set forth in Section C below is not met for a Lease Year, the Tenant shall pay an additional amount of rent as set forth in Subsection C below.

The Throughput charges listed above will remain fixed for each of the first ten (10) Lease Years of the Initial Term. The rental shall be increased as of the first day of the eleventh (11th) Lease Year following the Rent Commencement Date and as of the first day of each tenth (10th) Lease Year thereafter during the Initial Term and any Extended Term by an amount determined using the formula set forth below. The amount of the increase will be determined by multiplying the Throughput charge by the percent of change for each Lease Year in the U.S. Department of Labor, All-Urban Consumer Price Index (CPI-U), all items, not to exceed 2.75% in any one (1)

Lease Year period and not to exceed twenty seven and one-half (27.50%) percent in any ten (10) Lease Year period. The percent change will be computed by comparing the index figure published for the month closest to each Lease Year anniversary date with the same month of the preceding Lease Year. If the percent change is less than or equal to 2.75%, then the actual percent change shall be used in the calculation. If the percent change is greater than 2.75%, then the figure 2.75% shall be used in the calculation. The sum of the percent changes (subject to the 2.75% maximum) for each of the ten (10) Lease Years in the ten (10) Lease Year period in question shall be used to determine the rental adjustment. For example, if the Rent Commencement Date is October 1, 2009, the adjustment for the Annual Rental due beginning October 1, 2019 shall be calculated using the index published for the most recent month available prior to October 1, 2010 and comparing it to the index published for the same month of the year 2009, subject to the 2.75% cap in any one (1) Lease Year period, and the same procedure will be repeated for each Lease Year period. The index to be used will be the most recently published U.S. Department of Labor, Consumer Price Index for all Urban Consumers(CPI-U), all items figure, (U.S. City Average (1982-84 = 100)), published by the Bureau of Labor Statistics or any successor index published by the Department of Labor. The per metric ton shall never be less than \$1.15 and \$0.75, respectively, and shall only increase in accordance with the above formula.

4. Rent.

(1)(a) The annual rental is \$2,800.00 per acre for approximately one hundred twenty (120) acres owned by the District (exact amount to be determined by survey) through the end of the fifth Lease Year (and with respect to the first Lease Year, shall be inclusive of the period from Ground Lease Commencement Date through the beginning of the next calendar month). Thereafter, the rent shall be adjusted pursuant to the formula set forth in paragraph (2)(iv) below.

(b) The annual rental is \$2,800.00 per acre for approximately forty (40) acres owned by Prairie Land Company and leased to the District (exact amount to be determined by survey), plus an eight (8%) percent administration charge, or \$3,024.00 per acre, through the end of the fifth Lease Year (and with respect to the first Lease Year, shall be inclusive of the period from Ground Lease Commencement Date through the beginning of the next calendar month). Thereafter, the rent shall be adjusted pursuant to the formula set forth in paragraph (2)(iv) below.

(2)(i) In addition to the annual rent provided in (1) above, Tenant shall pay a throughput charge of \$.0015/Dt (dekatherm) to be paid on a per vessel basis for LNG imported and LNG exported. The throughput charge will start on the date of first commercial operation, defined as the first date that (a) the initial liquefaction train is constructed, commissioned, and placed in-service, (b) the liquefaction facilities and the terminal facilities are capable of receiving natural gas and delivering LNG to customers consistent with project performance specifications, (c) all regulatory approvals (including the FERC Section 3 authorization) required to operate the liquefaction facilities and the terminal facilities are received by Tenant, and (d) all FTA and non-FTA export authorizations are in full force and effect.

(ii) The minimum annual through-put charge shall be \$600,000.00. If \$600,000.00 is not attained during any particular calendar year, the difference between actual and \$600,000.00 will be paid by Tenant to the Port by January 31 for the previous year. The first year minimum shall be prorated if operations start other than on the first day of a year.

(iii) The minimum ship charge currently being paid by Trunkline LNG Company under the 2004 Settlement Agreement will cease when the annual throughput charge under this Ground Lease commences.

(iv)(1) For each five year period, the annual per acre rental shall be increased each such five year period as of the date the rental is owed by an amount determined using the formula set forth below. The amount of the increase will be determined by multiplying the above set forth rent by the percent of change in the Consumer Price Index (CPI-W), all items. The percent change will be computed by comparing the index figure published for the month of the effective date of this Ground Lease with the month prior to fifth anniversary of the effective date for each particular five year term that the Ground Lease continues, provided, however, that in no five year period shall the rent increase more than 15%. For example, if the Ground Lease effective date is March 1, 2015, the adjustment for the rental due March 2020 shall be calculated using the index published



for February 1, 2015 and comparing it to February 1, 2020 for the percent of change. The index to be used will be the U. S. Department of Labor Revised Consumer Price Index for Wage Earners and Clerical Workers U.S. City Average, all items figure, (Base to December 1982=100) published by the Bureau of Labor Statistics or any successor index published by the Department of Labor. Rental shall never be less than \$2,800.00 per acre, per year for the District's property and \$3,024.00 per acre, per year for the Prairie Land Company's property, and shall only increase in accordance with the above formula.

(iv)(2) If (i) the Consumer Price Index used to determine rent and throughput adjustments ceases to be published, then District and Tenant will begin negotiations as to what would constitute a reasonable replacement index. If the parties are unable to agree on a replacement index, the same shall be determined by arbitration pursuant to the rules of the American Arbitration Association.

NOW, THEREFORE, all of the foregoing provisions are hereby made a part of this addendum, and Tenant and District agree, as follows:

1.

The following definitions of the Ground Lease Agreement are hereby amended to read as follows:

"Additional Rental" shall mean, as to limestone and any Cargo except bulk cement and bulk commercial lime, an amount equal to .15¢ per ton as adjusted under Section 4.2 for each ton of cargo over 500,000 tons unloaded from vessels or barges over the dock and wharf of the District in any calendar year until the total tonnage in any calendar year reaches 750,000 tons and for each ton over 750,000 tons unloaded over the dock and wharf of the District in any calendar year a sum equal to .10¢ per ton as adjusted under Section 4.2. As to bulk cement or bulk commercial lime, the amount of the Additional Rental shall be in accordance with Tariff 011A of the District, as it may be amended from time to time or such other rate as may be negotiated in good faith between the District and Tenant. As used in this Agreement, 'ton' shall mean 2000 pounds."

"Cargo" shall mean limestone, granite, gravel, sand, cement, shell, dirt, fly ash, slag, and, subject to the reasonable approval of the District, any other bulk construction material or commercial lime."

"Minimum Rental" shall mean a sum equal to .20¢ per ton (adjusted upward in accordance with Section 4.2) for each ton of cargo unloaded from vessel or barges over the dock and wharf of the District in any calendar year commencing January 1, 1994 up to and including 500,000 tons of cargo; however, should Tenant not unload 500,000 tons of cargo as provided for herein, then, the Minimum Rental shall be a sum equal to \$100,000.00 (adjusted upward in accordance with Section 4.2) for the calendar year regardless of the amount of cargo actually unloaded in such calendar year."

"Project" means the construction of bulk loading and conveying systems for the loading, unloading or storage of bulk construction materials and agricultural lime as described on Exhibit "2". Project shall also include the construction of silos and related handling equipment for the storage and handling of cement in accordance with plans and specifications subject to the reasonable approval of the District."

3.

Section 4.2 of the Ground Lease Agreement is hereby amended to read as follows:

"4.2 Rental - Extended Terms. (a) First Option Term - During the First Option Term, Tenant shall pay to the District as rent the Minimum Rental and Additional Rental as provided for and defined herein.

(b) Second Option Term - During the Second Option Term, Tenant shall pay to the District as rent the same rental provided in Section 4.2(a) above except that the amount paid per ton as Minimum Rental and Additional Rental shall be adjusted upward to reflect any percent of change, if any, in the Industrial Price Index (IPI) as issued by the United States Federal Reserve or any successor index published by the Bureau of Labor. The percent change will be computed by comparing the index figure published for the month of November 1993 with the month of November 1999. Minimum Rental and Additional Rental for the Second Option Term shall under no circumstance be less than the Minimum Rental and Additional Rental paid during the First Option Term.

(c) Third Option Term - During the Third Option Term, Tenant shall pay to the District as rent the same rental provided in Section 4.2(a) above except that the amount paid per ton as Minimum Rental and Additional Rental shall be adjusted upward to reflect any percent of change, if any, in the Producer Price Index for Industrial Commodities Without Fuel and Related Products as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index published by the Bureau of Labor. The percent change will be computed by comparing the index figure published for the month of November 1993 with the month of November 2004. Minimum Rental and Additional Rental for the Third Option Term shall under no circumstance be less than the Minimum Rental and Additional Rental paid during the Second Option Term.

(d) Fourth Option Term - During the Fourth Option Term, Tenant shall pay to the District as rent the same rental provided in Section 4.2(a) above except that the amount paid per ton as Minimum Rental and Additional Rental shall be adjusted upward to reflect any percent of change, if any, in the Producer Price Index for Industrial Commodities Without Fuel and Related Products, as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index published by the Bureau of Labor. The percent change will be computed by comparing the index figure published for the month of November 1993 with the month of November 2009. Minimum Rental and Additional Rental for the Fourth Option Term shall under no circumstance be less than the Minimum Rental and Additional Rental paid during the Third Option Term.

(e) Fifth Option Term - During the Fifth Option Term, Tenant shall pay to the District as rent the same rental provided in Section 4.2(a) above except that the amount paid per ton as Minimum Rental and Additional Rental shall be adjusted upward to reflect any percent of change, if any, in the Producer Price Index for Industrial Commodities Without Fuel and Related Products, as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index published by the Bureau of Labor. The percent change will be computed by comparing the index figure published for the month of November 1993 with the month of November 2014. Minimum Rental and Additional Rental for the Fifth Option Term shall under no circumstance be less than the Minimum Rental and Additional Rental paid during the Fourth Option Term.

(f) Sixth Option Term - During the Sixth Option Term, Tenant shall pay to the District as rent the same rental provided in Section 4.2(a) above except that the amount paid per ton as Minimum Rental and Additional Rental shall be adjusted upward to reflect any percent of change, if any, in the Producer Price Index for Industrial Commodities Without Fuel and Related Products, as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index published by the Bureau of Labor. The percent change will be computed by comparing the index figure published for the month of November 1993 with the month of November 2019. Minimum Rental and Additional Rental for the Sixth Option Term shall under no circumstance be less than the Minimum Rental and Additional Rental paid during the Fifth Option Term.

(g) Seventh Option Term - During the Seventh Option Term, Tenant shall pay to the District as rent the same rental provided in Section 4.2(a) above except that the amount paid per ton as Minimum Rental and Additional Rental shall be adjusted upward to reflect any percent of change, if any, in the Producer Price Index for Industrial Commodities Without Fuel and Related Products, as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index published by the Bureau of Labor. The percent change will be computed by comparing the index figure published for the month of November 1993 with the month of November 2024. Minimum Rental and Additional Rental for the Seventh Option Term shall under no circumstance be less than the Minimum Rental and Additional Rental paid during the Sixth Option Term.

(h) Eighth Option Term - During the Eighth Option Term, Tenant shall pay to the District as rent the same rental provided in Section 4.2(a) above except that the amount paid per ton as Minimum Rental and Additional Rental shall be adjusted upward to reflect any percent of change, if any, in the Producer Price Index for Industrial Commodities Without Fuel and Related Products, as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index published by the Bureau of Labor. The

percent change will be computed by comparing the index figure published for the month of November 1993 with the month of November 2029. Minimum Rental and Additional Rental for the Eighth Option Term shall under no circumstance be less than the Minimum Rental and Additional Rental paid during the Seventh Option Term.

(i) Ninth Option Term - During the Ninth Option Term, Tenant shall pay to the District as rent the same rental provided in Section 4.2(a) above except that the amount paid per ton as Minimum Rental and Additional Rental shall be adjusted upward to reflect any percent of change, if any, in the Producer Price Index for Industrial Commodities Without Fuel and Related Products, as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index published by the Bureau of Labor. The percent change will be computed by comparing the index figure published for the month of November 1993 with the month of November 2034. Minimum Rental and Additional Rental for the Ninth Option Term shall under no circumstance be less than the Minimum Rental and Additional Rental paid during the Eighth Option Term."

4.

Section 8.2 of the Ground Lease Agreement is hereby amended to read as follows:

"8.2 Permitted Uses. The Tenant covenants not to use or permit the Project Site to be used for any purpose other than (i) the construction and operation of the Project as provided herein, or (ii) the loading, unloading or storage of Cargo or (iii) such other uses as may be approved by the District in writing in connection with any consent given by the District to a sublease or assignment of the Tenant's rights hereunder. The District shall not unreasonably withhold, delay or condition its approval of such other use, it being understood that the District shall not be required to approve any such other use which shall be for an unlawful purpose, which permits use or occupancy in a manner which would in any way make void or voidable or impossible to obtain any insurance required to be furnished by the Tenant hereunder, which would constitute a public or private nuisance, which would violate any present or future, ordinary or extraordinary, foreseen or unforeseen, laws, regulations, ordinances, or requirements of any governmental authority having jurisdiction, including without limitation, any lawful limitations imposed on the District generally with respect to the permitted use by lessees of real property owned by the District or which proposed use is not maritime related."

## RENTAL

- A. Rental During Initial Term and Extended Terms. Annual Rental for the first year of the Initial Term shall be \$3,000.00 per acre, per Lease Year (“Annual Rental”). Thereafter, for each year of the Initial Term and Extended Terms, if any, the annual per acre rental shall be increased each such year as of the date the Annual Rental is owed by an amount determined using the formula set forth below. The amount of the increase will be determined by multiplying the above set forth Annual Rental by the percent of change in the Consumer Price Index for all Urban Consumers (CPI-U), all items. The percent change will be computed by comparing the index figure published for the month of \_\_\_\_\_ with the month prior to the Rent Commencement Date for each particular year that the Ground Lease continues. For example, if the Rent Commencement Date is March 1, 2009, the adjustment for the rental due March 2010 shall be calculated using the index published for February 1, 2009 and comparing it to February 1, 2010 for the percent of change. The index to be used will be the most recently published U.S. Department of Labor, Consumer Price Index for all Urban Consumers (CPI-U), all items figure, (U.S. City Average (1982-84 = 100)), published by the Bureau of Labor Statistics or any successor index published by the Department of Labor. Annual Rental shall never be less than \$3,000.00 per acre, per Lease Year and shall only increase in accordance with the above formula.
- B. If, with respect to the Extended Terms, if any, (i) the Consumer Price Index used to determine adjustments to the Annual Rental as provided in Section A above should cease to be published or (ii) either Party determines that the Annual Rental as adjusted according to such Consumer Price Index would yield a fee for such term that is substantially lesser or greater than the fair market rental value for the Project Site and such Party gives notice of such determination to the other Party, then, on a date not later than six months prior to the expiration of the Initial Term or the applicable Extended Term, as applicable, the District and Tenant will begin negotiations as to what would constitute the amount of fair and reasonable rental payments to be made by Tenant annually during the Extended Terms, as applicable, beginning on the date of the beginning of such Extended Terms. In such negotiations, the Parties agree to give due consideration to the facts heretofore set forth and to the benefits accruing to the District and to the Tenant from the continued use of the Project Site. If the parties are unable to agree on the amount of such Annual Rental by a date which will be five months prior to the date upon which the Extended Terms, if any, will begin, the same shall be determined in accordance with the provisions of Section C below.
- C. In the event the determination as to the Annual Rental to be made by Tenant is made pursuant to Section B above, and the District and Tenant should be unable to agree as set forth in said Section B on what would constitute the amount of fair and reasonable Annual Rental to be made by Tenant during the Extended Terms by the date which will be five months prior to the date upon which such Extended Terms begins, then, on or before the date which will be four months prior to the date upon

which the Extended Terms will begin, the then market rental value of the Project Site, without consideration being given to the ownership, status, and value of mineral rights therein or the improvements made by Tenant thereon, shall be determined by a board of land appraisers consisting of three appraisers licensed in the State of Louisiana and holding the M.A.I. designation issued by the American Institute of Real Estate Appraisers (the "Board"). Each Party shall select a member of the Board and notify the other Party in writing of its selection. The two members so selected shall select a third member of the Board and advise the Parties in writing, within twenty days after the exchange of the mutual notices between the Parties of their individual selections as provided above, of whom they have selected or of their failure to agree on a third member of the Board, if such shall be the case. In the latter event, the District and Tenant shall join in an application to the Senior Judge of the United States District Court for the District in which Calcasieu Parish, Louisiana, is then situated to make such selection, and the selection by such judge shall be final. Thereupon the Board shall determine such value and report its finding in writing to the parties by the date which will be no later than one month prior to the date upon which the Extended Terms will begin. Each of the parties will pay the cost of the member of the Board selected by it, and the reasonable charges of the third member of the Board will be borne one-half by the Tenant and one-half by the District.

In the event the market rental value of the Project Site is determined by an appraisal of a board of land appraisers pursuant to Section C above, then (i) if such appraisal is for an amount less than the amount then being paid in Annual Rental as of the date of such appraisal, the Annual Rental for each year of the succeeding Extended Terms shall be equal to such Annual Rental being paid as of the date of such appraisal, and shall not be adjusted according to Section A above; (ii) if such appraisal is for an amount equal to the amount then being paid in Annual Rental as of the date of such appraisal, the Annual Rental for each year of the succeeding Extended Terms shall be equal to such Annual Rental being paid as of the date of such appraisal; provided, that such amount shall be subject to adjustment according to Section A above; (iii) if such appraisal is for an amount greater than the amount then being paid in Annual Rental as of the date of such appraisal, the Annual Rental for each year of the succeeding Extended Terms shall be equal to the amount of such appraisal; provided, that such amount shall be subject to adjustment according to Section A above.

#### 14. Indemnification and Insurance.

(a) General Agreement to Indemnify. (I) LESSEE releases the District, its officers, representatives, employees, agents, successors and assigns, (individually and collectively, “District Indemnitees”) from, assumes any and all liability for, and agrees to indemnify and hold the District Indemnitees harmless from and against all claims, liabilities, obligations, damages, fines, penalties, litigation, suits, legal actions, liens, costs, charges and expenses (including, without limitation, reasonable attorneys’ fees, engineers’ fees, architects’ fees, and the costs and expenses of appellate action, if any) (collectively, “Claims”), imposed on, incurred by or asserted against any District Indemnatee or its interest in the Leased Premises to the extent arising out of (i) the use or occupancy of the Leased Premises by LESSEE, its officers, representatives, agents, employees and invitees, (ii) the construction or operation of LESSEE’s Facilities by LESSEE, its officers, representatives, agents, employees and invitees, (iii) the use, occupancy, operation, or construction of the Facilities by LESSEE, its officers, representatives, agents, employees and invitees, and (iv) activities on or about the Leased Premises by LESSEE, its officers, representatives, agents, employees and invitees, of any nature, whether foreseen or unforeseen, ordinary, or extraordinary, in connection with the construction use, occupancy, operation, maintenance, or repair of LESSEE’s Facilities or the Leased Premises to the fullest extent allowed by law regardless of whether such Claims result from the sole, concurrent, or joint fault, negligence or strict liability of the District; provided, however, that any such claim, liability, obligation, damage or penalty arising as a result of the gross negligence or willful misconduct of any District Indemnatee shall be excluded from this indemnity, and any consequential, special, punitive or exemplary damages (including but not limited to loss of future rents or revenues) shall be excluded from this indemnity. Notwithstanding the above, any and all claims brought under the authority of or with respect to any local, state, or federal environmental statute or regulation shall be covered by Section 14(b)(I) below and not included within the scope of this Section 14(a)(I). This Section 14(a)(I) shall include within its scope but not be limited to any and all claims or actions for wrongful death.

(II) The District releases LESSEE, its officers, representatives, employees, agents, successors and assigns, (individually and collectively, “Lessee Indemnitees”) from, assumes any and all liability for, and agrees to indemnify and hold the Lessee Indemnitees harmless from and against all Claims, imposed on, incurred by or asserted against any Lessee Indemnatee or its interest in the Leased Premises to the extent arising out of (i) the use or occupancy of the Leased Premises by the District, its officers, representatives, agents, employees and invitees (including without limitation any sub-lessees), (ii) the construction or operation of any facilities by the District, its officers, representatives, agents, employees and invitees (including without limitation any sub-lessees), (iii) the use, occupancy, operation, or construction of any facilities by the District, its officers, representatives, agents, employees and invitees (including without limitation any sub-lessees), and (iv) activities on or about the Leased Premises by the District, its officers, representatives, agents, employees and invitees (including without limitation any sub-lessees), of any nature, whether foreseen or unforeseen, ordinary, or extraordinary, in connection with the construction use, occupancy, operation, maintenance, or repair of any facilities or the Leased



Premises to the fullest extent allowed by law regardless of whether such Claims result from the sole, concurrent, or joint fault, negligence or strict liability of LESSEE; provided, however, that any such claim, liability, obligation, damage or penalty arising as a result of the gross negligence or willful misconduct of any Lessee Indemnitee shall be excluded from this indemnity, and any consequential, special, punitive or exemplary damages (including but not limited to loss of future rents or revenues) shall be excluded from this indemnity. This Section 14(a)(II) shall include within its scope but not be limited to any and all claims or actions for wrongful death, but any and all claims brought under the authority of or with respect to any local, state, or federal environmental statute or regulation shall be covered by Section 14(b)(II) below and not this Section 14(a)(II).

(b) Environmental Indemnification. (I) LESSEE agrees that it will comply with all environmental laws and regulations (collectively, “Environmental Laws” as defined in Section 14(b)(III) below) applicable to LESSEE, including without limitation, those applicable to the use, storage, and handling of Hazardous Substances, as defined in Section 14(b)(III) below, by LESSEE or LESSEE’s employees, contractors, subcontractors and agents in, on or about the Leased Premises. LESSEE agrees to fully cooperate with the District with respect to any and all environmental matters relating to the environmental conditions of the Leased Premises and to notify the District of any and all changes that relate to the District’s status as a Bona Fide Prospective Purchaser (“BFPP”), as that term is defined in CERCLA § 101(40), 42 U.S.C. § 9601(40), and La. R.S. 30:2272(1). LESSEE agrees to indemnify and hold harmless each of the District Indemnitees against and in respect of, any and all damages, claims, losses, liabilities, and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), which may be imposed upon, incurred by, or assessed against any of the District Indemnitees by any other party or parties (including, without limitation, a governmental entity), to the extent arising out of, in connection with, or relating to the subject matter of: (i) LESSEE’s breach of the covenant set forth above in this Section 14(b)(I) or (ii) any environmental condition or contamination on the Leased Premises which is in violation of any federal, state, or local environmental law with respect to the Leased Premises first occurring after the Lease Commencement Date and caused solely by LESSEE’s operations or Facilities. The indemnity obligations set forth in this Section 14(b)(I) shall not extend to the disturbance, migration, movement, transportation, or release of any Hazardous Substance present in, on, under, at, over, emanating from, or alleged to be emanating from the Leased Premises prior to the Lease Commencement Date.

(II) The District hereby represents and warrants that, to the best of its knowledge, no environmental contaminants exist on the Leased Premises and the Leased Premises complies with all applicable environmental laws, except as noted in the Phase I and Phase II Environmental Site Assessment reports prepared by Arabie Environmental Solutions, LLC for the District, dated January 14 and March 4, 2016, respectively. The District represents and warrants that it currently satisfies, and agrees to continuously satisfy, all applicable criteria and obligations necessary to establish and maintain the District’s status as a BFPP. The District agrees to fully cooperate with LESSEE with respect to any and all environmental matters relating to the environmental conditions of the Leased Premises and to notify LESSEE of any and all changes that relate to the District’s status as a BFPP. The District agrees that it will comply with all Environmental Laws applicable to the District, including without limitation, those applicable to the use, storage, and handling of Hazardous Substances by District or District’s employees, contractors, subcontractors, agents and invitees (including without limitation any sub-lessees) in, on or about the Leased Premises. The

District agrees to indemnify and hold harmless each of the Lessee Indemnitees against and in respect of, any and all damages, claims, losses, liabilities, and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), which may be imposed upon, incurred by, or assessed against any of the Lessee Indemnitees by any other party or parties (including, without limitation, a governmental entity), to the extent arising out of, in connection with, or relating to the subject matter of: (i) the District's breach of the covenant set forth above in this Section 14(b)(II); (ii) any environmental condition or contamination on the Leased Premises which was not caused by LESSEE's operations or Facilities; or (iii) any disturbance, migration, movement, transportation, or release of any Hazardous Substance present in, on, under, at, over, emanating from, or alleged to be emanating from the Leased Premises prior to the Lease Commencement Date.

(III) The term "Environmental Laws" means all federal, state, and local environmental, health, and safety laws, codes and ordinances, and all rules and regulations promulgated thereunder, now or in the future, including, without limitation, the Clean Water Act (33 U.S.C. §1251, et seq.), the Resource Conservation and Recovery Act ("RCRA") (42 U.S.C. §9601, et seq.), the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (as amended) ("CERCLA"), the Louisiana Department of Environmental Quality Act (La. R.S. 30:2001, et seq.), and all state law counterparts to CWA, RCRA, and CERCLA. The term "Hazardous Substances" means any pollutant, contaminant, or substance which has been or shall be determined at any time by any federal, state, or local agency or court to be regulated by any applicable Environmental Law, whether currently in existence or hereafter promulgated, including, without limitation, CWA and CERCLA, and includes, without limitation, solid wastes as defined in RCRA, petroleum products, and asbestos.

(c) Survival of Indemnities. The foregoing indemnities shall survive the expiration or other termination of this Lease and shall be the sole and exclusive remedy of parties hereto with regard to any and all damages, claims, losses, liabilities, and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, and other fees and expenses) ("Claims"), which are within the scope of the above stated indemnities.

(d) *Insurance*.

(i) At all times during the term of this Lease, at its sole expense, LESSOR shall maintain or cause to be maintained for the protection of LESSEE and LESSOR the following insurance coverage:

(1) Commercial General Liability Insurance. Commercial general liability insurance covering the Leased Premises and LESSOR's and LESSEE's use thereof against claims for personal or bodily injury or death or property damage occurring upon, to or about the Leased Premises (including contractual indemnity and liability coverage) with limitations of not less than \$1,000,000.00 per occurrence and a general aggregate limit of at least \$2,000,000.00, and LESSOR shall provide, in addition, excess liability insurance on a following form basis, with overall limits of at least \$5,000,000.00.

(2) Fire and Extended Coverage Insurance. Property insurance with Special Causes of Loss (All Risk) form that insures all buildings, fixtures, machinery, boilers (if applicable), equipment, improvements, and personal property located on the Leased Premises, in an amount not less than one hundred percent (100%) of full replacement costs thereof.

(3) Flood Insurance. Flood insurance in an amount not less than one hundred percent (100%) of full replacement costs of any improvements if any portion of the Leased Premises is located in a Flood Hazard Area as defined by the Federal Emergency Management Agency.

(4) Workers Compensation and Employer's Liability Insurance. Worker's compensation insurance insuring against and satisfying LESSOR's obligations and liabilities under the worker's compensation laws of the State of Louisiana.

(ii) Requirements. All insurance required to be carried under this Lease shall be issued by responsible insurance companies. Insurance companies rated A- VII or better by Best's Insurance Reports shall be deemed acceptable. Each insurance policy carried by LESSOR in accordance with this Lease shall include a waiver of the insurer's rights of subrogation to the extent necessary to give effect to the release. The foregoing waiver shall be effective whether or not a waiving party shall obtain and maintain the insurance which such waiving party is required to obtain and maintain pursuant to this Lease. Save for Worker's Compensation and Employer's Liability Insurance, each such policy shall be endorsed to include LESSEE as an additional insured.

(iii) Subrogation. Each of LESSOR and LESSEE hereby waives any and all rights to recover against the other for any loss or damage arising from any cause covered by any insurance required to be carried by hereunder or any other property insurance actually carried by such parties to the extent of the limits of such policy. LESSOR from time to time will cause its respective insurer to issue appropriate waiver of subrogation rights endorsements to all insurance policies carried in connection with the Leased Premises. This waiver will be complete and total, even if such loss or damage may have been caused by the negligence of the LESSEE, and will not be affected or limited by the amount of insurance proceeds available to the waiving party, regardless of the reason for such deficiency in proceeds.

(iv) Costs. LESSOR and LESSEE shall split the costs associated with any such insurance.

9. Indemnification.

9.1 District's and Tenant's General Agreements to Indemnify.

(a) Tenant releases the District, its officers, representatives, employees, agents, successors, and assigns, (individually and collectively, "District Indemnitee") from, assumes any and all liability for, and agrees to indemnify, defend and hold the District Indemnitee harmless from and against all claims, liabilities, obligations, damages, penalties, litigation, costs, charges, and expenses (including, without limitation, reasonable attorney's fees and the costs and expenses of appellate action, if any), imposed on, incurred by or asserted against the District Indemnitee or the District's interest in real property in the Project Site occurring on or after the Ground Lease Commencement Date and arising out of (i) the use or occupancy of the Project Site by Tenant, its officers, representatives, agents, and employees, (ii) the construction or operation of the Project by Tenant, its officers, representatives, agents, and employees, (iii) any claim arising out of the use, occupancy, operation, or construction of the Project Site by Tenant, its officers, representatives, agents, and employees, and (iv) activities on or about the Project Site by Tenant, its officers, representatives, agents, and employees, of any nature, whether foreseen or unforeseen, ordinary, or extraordinary, in connection with the construction use, occupancy, operation, maintenance, or repair of the Project, the Improvements, or the Project Site by Tenant, its officers, representatives, agents, and employees; provided, however, that any such claim, liability, obligation, damage, penalty, litigation, costs, charges, and expenses (including, without limitation, reasonable attorney's fees and the costs and expenses of appellate action, if any) shall be excluded from the provisions of this Section 9.1(a) to the extent that such claim, liability, obligation, damage, penalty, litigation, cost, charge and expense arises as a result of the negligence or willful misconduct of the District Indemnitee. The indemnity provided in this section shall include within its scope any liability imposed by law on the District on a strict liability theory as landowner for physical defects in the Project Site occurring on or after the Ground Lease Commencement Date and arising out of Tenant's activities permitted by this Ground Lease (except for environmental contamination, as further described in Section 9.2, including, without limitation, Soil Removal (herein defined)) and Tenant hereby assumes liability for such defects in the Project Site during the term of this Ground Lease. This section shall include within its scope, but not be limited to, any and all claims or actions for wrongful death, but any and all claims brought under the authority of or with respect to any local, state, or federal environmental statute or regulation shall be covered by Section 9.2(a) and not this Section 9.1(a).

(b) Notwithstanding the provisions of Section 7.2 of this Ground Lease, the District releases Tenant, its officers, representatives, employees, agents, successors, and assigns, (individually and collectively, "Tenant Indemnitee") from, assumes any and all liability for, and agrees to indemnify, defend and hold Tenant Indemnitee harmless from and against all claims, liabilities, obligations, damages, penalties, litigation, costs, charges, and expenses (including, without limitation, reasonable attorney's fees and the costs and expenses of appellate action, if any), imposed on, incurred by, or asserted against Tenant Indemnitee or Tenant's Property or other

interest in the Project Site arising out of (i) the use or occupancy of the Project Site by the District Indemnitee or any third party prior to the Ground Lease Commencement Date, and (ii) activities on or about the Project Site by the District Indemnitee or any third party prior to the Ground Lease Commencement Date, whether foreseen or unforeseen, ordinary, or extraordinary; provided, however, that any such claim, liability, obligation, damage, penalty, litigation, costs, charges, and expenses (including, without limitation, reasonable attorney's fees and the costs and expenses of appellate action, if any) shall be excluded from the provisions of this Section 9.1(b) to the extent that such claim, liability, obligation, damage, penalty, litigation, cost, charge and expense arises as a result of the negligence or willful misconduct of Tenant Indemnitee. The District hereby assumes liability for all defects in the Project Site that existed prior to the Ground Lease Commencement Date and for all Soil Removal matters at all times as more fully set forth in Section 9.2(b) below. This section shall include within its scope, but not be limited to, any and all claims or actions for wrongful death, but any and all claims brought under the authority of or with respect to any local, state, or federal environmental statute or regulation shall be covered by Section 9.2(b) and not this Section 9.1(b).

## 9.2 Tenant's and District's Environmental Indemnifications.

(a) Tenant agrees that it will comply in all material respects with all environmental laws and regulations applicable to Tenant, including without limitation, those applicable to Tenant's use, storage, and handling of hazardous substances in, on, or about the Project Site. Tenant agrees to indemnify, defend and hold harmless each District Indemnitee against and in respect of any and all damages, claims, losses, liabilities, and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, and other fees and expenses), which may be imposed upon, incurred by, or assessed against any District Indemnitee by any other party or parties (including, without limitation, a governmental entity), arising out of, in connection with, or relating to: (i) Tenant's breach of the covenant set forth above in this Section 9.2(a) or (ii) any environmental condition of contamination on the Project Site first occurring on or after the Ground Lease Commencement Date and caused solely and directly by Tenant's activities under this Ground Lease, or any violation of any federal, state, or local environmental law with respect to the Project Site, first occurring after the Ground Lease Commencement Date and solely and directly caused by Tenant's operations or facilities. Tenant's Indemnity obligations under this Section 9.2(a) shall not apply in the event Tenant conducts any environmental remediation activities for environmental contamination or other environmental conditions that existed prior to the Ground Lease Commencement Date and such remediation activities fail to remedy the environmental condition of the Project Site or if such remediation efforts are not completed by Tenant and no activities so conducted by Tenant with respect to environmental contamination or other environmental conditions existing prior to the Ground Lease Commencement Date shall diminish or otherwise release District from its indemnification obligations set forth below in Section 9.2(b) or elsewhere in this Ground Lease.

(b) Except as set forth on Schedule "9.2(b)" attached to and made a part of this document, the District represents and warrants that as of the Ground Lease Commencement, the Project Site is in compliance with all environmental laws and regulations applicable to the Project Site in all material respects, including, without limitation, those applicable to the use, storage, and handling of hazardous substances in, on or about the Project Site and that the District has not

received any notice of any violation of such environmental laws and regulations. Notwithstanding the provisions of Section 7.2 of this Ground Lease, the District agrees to indemnify, defend and hold harmless each Tenant Indemnitee against and in respect of any and all damages, claims, losses, liabilities, and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, remediation, clean-up, and other fees and expenses), which may be imposed upon, incurred by, or assessed against any Tenant Indemnitee by any other party or parties (including, without limitation, a governmental entity), arising out of, in connection with, or relating to: (i) the District's breach of the representations and warranties set forth above in this Section 9.2(b) or (ii) any environmental condition of contamination on the Project Site first occurring prior to the Ground Lease Commencement Date or caused by any activities, acts or omissions by District or any other person prior to the Ground Lease Commencement Date (other than Tenant), or any violation of any federal, state, or local environmental law with respect to the Project Site, occurring prior to the Ground Lease Commencement Date or resulting from activities, acts or omissions by the District or any other person prior to the Ground Lease Commencement Date (other than Tenant). The District's indemnification and other obligations pursuant to this Section 9.2(b) shall include, without limitation, any and all damages, claims losses liabilities, and expenses (including, without limitation, reasonable attorneys, accounting, consulting, engineering, remediation, clean-up and other fees and expenses) that arise out of or otherwise relate to the removal, disposal, transportation or other handling of contaminated soil on the Project Site, including any Additional Property (such actions collectively referred to as "Soil Removal"), regardless of when such Soil Removal takes place and whether or not the Soil Removal is conducted by Tenant or District. The District at all times shall remain exclusively responsible and liable for all Soil Removal and shall execute such further agreements, documents or acknowledgments as may be required by Tenant or the applicable governmental authorities to evidence and effect such responsibility and liability.

(c) Prior to actual construction of the Project and during the clearing or "grubbing" of the Project Site, the District will bear contractual liability (as between the District and Tenant) for any claims regarding environmental remediation and disposal of contaminated soil. The project will bear the cost of the disposal, but the Port will sign the manifests.

9.3 Burden of Proof. Tenant, at its own cost, shall cause to be conducted a Phase I and, if necessary, a Phase II environmental assessment of the Project Site prior to commencement of construction of the Improvements, including the Liquefaction Facility, and a copy of all written reports issued in connection with such assessment shall be given to the District within five (5) business days of completion. If, as a result of such assessments, environmental contamination of the Project Site is discovered, such contamination shall be deemed to have existed prior to the Ground Lease Commencement Date and shall be the sole obligation and responsibility of District. Any condition of environmental contamination discovered on the Project Site after the completion of the environmental assessments (Phase I and Phase II) shall be presumed, for purposes of Tenant's agreement to indemnify the District Indemnitee, to have been caused by Tenant's operations or facilities, unless Tenant can demonstrate, by a preponderance of the evidence, that (i) such condition originated off the Project Site, or (ii) such condition was not solely and directly first caused by Tenant's operations or facilities. The provisions of this Section 9.3 are intended only to allocate the burden of establishing causation between the Tenant and the District with respect to environmental contamination discovered before and after the Ground Lease Commencement Date. In no event shall any third party other than the District Indemnitee and

Tenant Indemnatee be entitled to any benefit, reliance, or presumption based on the provisions of causation or liability of either party with respect to any environmental contamination of the Project Site.

9.4 Survival of Indemnities. The foregoing indemnities shall survive the term of this Ground Lease and shall be in addition to any of the District's or Tenant's obligations for breach of a representation or warranty.