

Cheniere Energy Partners, L.P.
Form 8-K
March 31, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 26, 2010

CHENIERE ENERGY PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or
organization)

1-33366
(Commission File Number)

20-5913059
(I.R.S. Employer
Identification No.)

700 Milam Street
Suite 800
Houston, Texas
(Address of principal executive offices)

77002
(Zip Code)

Registrant's telephone number, including area code: (713) 375-5000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On March 26, 2010, Cheniere Marketing, LLC (“Cheniere Marketing”), a wholly owned subsidiary of Cheniere Energy, Inc. (“Cheniere”), and an affiliate of the registrant, entered into an LNG Services Agreement (the “Services Agreement”) with JPMorgan LNG Co. (“LNGCo”), an indirect subsidiary of JPMorgan Chase & Co. Also on March 26, 2010 and in connection with Cheniere Marketing’s entering into the Services Agreement, Sabine Pass LNG, L.P. (“Sabine Pass”) entered into a Surrender of Capacity Rights Agreement with Cheniere Marketing (the “Capacity Surrender Agreement”), a Capacity Rights Agreement with LNGCo (the “Capacity Rights Agreement”), and a Tri-Party Agreement with Cheniere Marketing and LNGCo (the “Tri-Party Agreement”), each of which is described below, and all of which will become effective on April 1, 2010.

Services Agreement

Under the Services Agreement, Cheniere Marketing has agreed to develop and maintain commercial and trading opportunities in the liquefied natural gas (“LNG”) industry and present any such opportunities exclusively to LNGCo. Cheniere Marketing also agreed to provide, or arrange for the provision of, all of the operations and administrative services required by LNGCo in connection with any LNG cargoes purchased by LNGCo pursuant to the Services Agreement, including negotiating agreements and transporting, receiving, storing, hedging and regasifying LNG cargoes. In return for the services to be provided by Cheniere Marketing, LNGCo will pay a fixed fee to Cheniere Marketing, and may pay additional fees dependent upon the gross margins of each transaction, and the aggregate revenue earned during the term of the Services Agreement. The term of the Services Agreement is two years; however, either party may terminate the Services Agreement without penalty at the end of one year.

Surrender of Capacity Rights Agreement

Under the Capacity Surrender Agreement, Cheniere Marketing has agreed to surrender a portion of its existing storage and regasification capacity at the Sabine Pass regasification terminal to Sabine Pass. The surrender of capacity is on a cargo by cargo basis in amounts required to regasify, store, transport and deliver any cargoes of LNG purchased by LNGCo under the Services Agreement which are delivered to the Sabine Pass regasification terminal. The capacity to be surrendered on a cargo by cargo basis automatically reverts to Cheniere Marketing when the associated LNG has been regasified and delivered. Cheniere Marketing also has agreed to surrender to Sabine Pass storage and regasification capacity sufficient to allow LNGCo to exercise its option, granted under the Capacity Rights Agreement described below, to enter into a terminal use agreement with Sabine Pass covering approximately 0.5 billion cubic feet per day (“Bcf/d”).

Cheniere Marketing remains responsible for the fees and other costs payable under its Terminal Use Agreement with Sabine Pass (the “Terminal Use Agreement”), other than retainage due to Sabine Pass with respect to cargoes of LNG processed for the benefit of LNGCo and any taxes imposed on LNG inventory stored on behalf of LNGCo at the Sabine Pass regasification terminal.

Notwithstanding the surrender of regasification capacity, Cheniere Marketing retained its exclusive rights under the Terminal Use Agreement to utilize excess storage and regasification capacity available at the Sabine Pass regasification terminal.

The Capacity Surrender Agreement terminates upon termination or expiration of the Services Agreement except that Cheniere Marketing has agreed to continue to surrender capacity rights on a cargo by cargo basis (i) for any cargoes of LNG purchased by LNGCo under the Services Agreement that have not been delivered prior to the termination or expiration of the Services Agreement and (ii) for LNGCo inventory in storage in the Sabine Pass regasification terminal at the end of the term on behalf of LNGCo, in each case until the associated LNG has been regasified and

delivered.

Capacity Rights Agreement

Under the Capacity Rights Agreement, Sabine Pass granted to LNGCo on a cargo by cargo basis the same storage and regasification capacity surrendered to Sabine Pass by Cheniere Marketing under the Capacity Surrender Agreement. The capacity granted on a cargo by cargo basis to LNGCo is the amount required to regasify, store, transport and deliver any cargoes of LNG purchased by LNGCo under the Services Agreement which are delivered to the Sabine Pass regasification terminal. LNGCo's rights to storage and regasification capacity granted to it on a cargo by cargo basis automatically terminate when the associated LNG has been regasified and delivered.

Sabine Pass also granted LNGCo the option to enter into a terminal use agreement with Sabine Pass covering approximately 0.5 Bcf/d at approximately \$0.32 per million British thermal units ("MMBtu") (subject to certain adjustments) and with a term to expire on October 1, 2028 without extensions. LNGCo may exercise its option at any time during the term of the Capacity Rights Agreement.

LNGCo is not obligated to pay Sabine Pass for the rights granted to it on a cargo by cargo basis other than retainage due to Sabine Pass with respect to cargoes of LNG processed for the benefit of LNGCo and any taxes imposed on LNG inventory stored on behalf of LNGCo.

The term of the Capacity Rights Agreement terminates upon termination or expiration of the Services Agreement except that LNGCo remains entitled to its rights granted on a cargo by cargo basis (i) for any cargoes of LNG purchased by LNGCo under the Services Agreement that are not delivered prior to the termination or expiration of the Services Agreement and (ii) for any LNG inventory in storage in the Sabine Pass regasification terminal at the end of the term on behalf of LNGCo, in each case until the associated LNG has been regasified and delivered.

Tri-Party Agreement

Under the Tri-Party Agreement, LNGCo is granted the right to enter into a new terminal use agreement with Sabine Pass if it enters into a multi-cargo term purchase agreement under the Services Agreement at a rate selected by LNGCo of either (i) approximately \$0.32 per MMBtu (subject to certain adjustments) or (ii) a fixed rate that is equivalent to an aggregate projected LNG cargo fee that would be due under the Services Agreement if each LNG cargo were purchased individually. Should a new terminal use agreement be entered into between Sabine Pass and LNGCo at a rate lower than approximately \$0.32 per MMBtu, Cheniere Marketing and Sabine Pass will amend the Terminal Use Agreement to increase the fees payable by Cheniere Marketing thereunder to an amount whereby Sabine Pass will be entitled to receive, from Cheniere Marketing and LNGCo on a combined basis, a rate of approximately \$0.32 per MMBtu (subject to certain adjustments) for the capacity granted to LNGCo under the new terminal use agreement.

The Tri-Party Agreement terminates upon termination or expiration of the Services Agreement.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

d) Exhibits

Exhibit
Number

Description

- 10.1 Surrender of Capacity Rights Agreement, dated March 26, 2010, by and between Cheniere Marketing, LLC and Sabine Pass LNG, L.P. (Incorporated by reference to Exhibit 10.1 to the Current Report of Cheniere Energy, Inc. SEC File No. 1-16383), filed on March 31, 2010.
- 10.2 Capacity Rights Agreement, dated March 26, 2010, by and between Sabine Pass LNG, L.P. and JPMorgan LNG Co. (Incorporated by reference to Exhibit 10.2 to the Current Report of Cheniere Energy, Inc. SEC File No. 1-16383), filed on March 31, 2010.
- 10.3 Tri-Party Agreement, dated March 26, 2010, by and among Cheniere Marketing, LLC, Sabine Pass LNG, L.P. and JPMorgan LNG Co. (Incorporated by reference to Exhibit 10.3 to the Current Report of Cheniere Energy, Inc. SEC File No. 1-16383), filed on March 31, 2010.
- 10.4 LNG Services Agreement, dated March 26, 2010, by and between Cheniere Marketing, LLC and JPMorgan LNG Co. (Incorporated by reference to Exhibit 10.4 to the Current Report of Cheniere Energy, Inc. SEC File No. 1-16383), filed on March 31, 2010.
- 99.1 Press Release, dated March 31, 2010. (Incorporated by reference to Exhibit 99.1 to the Current Report of Cheniere Energy, Inc. SEC File No. 1-16383), filed on March 31, 2010.
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SIGNATURES

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

CHENIERE ENERGY
PARTNERS, L.P
By: CHENIERE ENERGY
PARTNERS GP, LLC,
its general partner
/s/ Meg A. Gentle
Meg A. Gentle
Senior Vice President and
Chief Financial Officer

Date: March 31, 2010

EXHIBIT INDEX

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