

EL PASO CORP/DE
Form 8-K
November 21, 2007

**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: November 16, 2007

EL PASO CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of
incorporation or
organization)

1-14365
(Commission File
Number)

76-0568816
(I.R.S. Employer
Identification No.)

El Paso Building
1001 Louisiana Street
Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (713) 420-2600

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:

- 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 November 16, 2007, we and our pipeline subsidiaries, El Paso Natural Gas Company ("EPNG") and Tennessee Gas Pipeline Company ("TGP"), entered into a \$1.5 billion Third Amended and Restated Credit Agreement ("Credit Agreement") and a Third Amended and Restated Security Agreement ("Security Agreement"), each of which is attached as an exhibit hereto and incorporated herein by reference. The several banks and other financial institutions that are parties to these agreements are identified in the exhibits hereto. These agreements amended and restated our existing \$1.75 billion credit facility and related security agreement of which the \$1.25 billion revolving credit facility was scheduled to mature on July 31, 2009 and the \$0.5 billion pre-funded letter of credit facility was scheduled to mature on July 31, 2011.

The Credit Agreement provides for a \$1.5 billion revolving credit facility, the entire amount of which may be used for loans or letters of credit.

Pursuant to the terms of the Security Agreement, all obligations under the Credit Agreement are secured by certain inter-company receivables and by pledges of our interests in EPNG and TGP. We and certain of our subsidiaries also guarantee all of the borrowings under the Credit Agreement.

The revolving credit facility matures in November 2012. At closing, approximately \$900 million of revolving loans and \$393 million of letters of credit were outstanding under the revolving credit facility.

Revolving loans are priced at LIBOR plus a margin currently equal to 1.25 percent and outstanding letters of credit, which are considered usage of the revolving credit facility, are currently priced at 1.25 percent plus an additional fronting fee of up to 0.125 percent. An annual commitment fee currently equal to 0.25 percent is paid on any unused revolving credit capacity.

This Credit Agreement contains covenants restricting the ability of us and our pipeline company borrowers to: (1) grant certain liens; (2) enter into certain merger or consolidation transactions; (3) dispose of certain assets; (4) enter into certain affiliate transactions; and (5) enter into certain other restrictive agreements. Furthermore, the current debt limitations on the pipeline company borrowers— EPNG and TGP —will continue, which includes a restriction on each pipeline company borrower's incurrence of incremental borrowings if such debt would cause its ratio of Debt to Consolidated EBITDA to exceed 5.0 to 1.0.

This Credit Agreement also requires us to satisfy certain financial covenants at the end of each fiscal quarter, including:

(1) our ratio of Debt and Guaranties minus unrestricted cash to Consolidated EBITDA, all as defined in the Credit Agreement, shall not exceed 5.50 to 1.0 at any time prior to June 30, 2008; and 5.25 to 1.0 at any time on or after June 30, 2008 and

(2) our ratio of Consolidated EBITDA to interest expense and dividends paid shall not be less than 1.75 to 1.0 prior to June 30, 2008 and 2.0 to 1.0 on or after June 30, 2008 until maturity.

Pursuant to the terms of the Credit Agreement, the following shall constitute events of default under the Credit Agreement:

- a failure to pay principal or interest on any loan under the credit agreement;

- if a representation or warranty is proven to be incorrect when made;
- a change of control or the failure to observe or perform covenants or agreements;
- the commencement of proceedings under federal, state or foreign bankruptcy, insolvency, receivership or similar laws;
- inability or general failure to pay debts as they become due;
- the entry of one or more judgments for the payment of money in an aggregate uninsured amount equal to or greater than \$100,000,000 that remains undischarged for 60 days; or
- suffering an event of default and the lapse of any applicable grace period under any other Indebtedness (as defined in the Credit Agreement) in excess of \$200,000,000.

If an event of default occurs, then the lenders may: (1) terminate their commitments under the Credit Agreement; (2) declare any outstanding loans under the Credit Agreement to be immediately due and payable after applicable grace periods; and (3) foreclose on the collateral.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

See description above in Item 1.01.

Item 8.01 Other Events

On November 21, 2007, we announced the closing of the initial public offering of common units of our master limited partnership (MLP), El Paso Pipeline Partners, L.P. As part of this offering, we have contributed to the MLP 100% of Wyoming Interstate Company, Ltd. (our wholly owned interstate pipeline transportation business located primarily in Wyoming and Colorado) and 10 percent equity interests in Colorado Interstate Gas Company (CIG) and Southern Natural Gas Company (SNG) (excluding Citrus Corp., Southern LNG, Inc. and Elba Express Company, LLC). As part of the offering, CIG and SNG distributed certain entities and assets to us. We will serve as the general partner of the MLP and continue to operate these assets.

A copy of the press release is furnished as Exhibit 99.A hereto and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Description |
|-----------------------|---|
| 10.A. | Third Amended and Restated Credit Agreement dated as of November 16, 2007, among El Paso Corporation, El Paso Natural Gas Company, Tennessee Gas Pipeline Company, the several banks and other financial institutions from time to time parties thereto |

and JPMorgan Chase Bank, N.A., as administrative agent and as collateral agent.

- 10.B Third Amended and Restated Security Agreement dated as of November 16, 2007, made by among El Paso Corporation, El Paso Natural Gas Company, Tennessee Gas Pipeline Company, the Subsidiary Grantors and certain other credit parties thereto and JPMorgan Chase Bank, N.A., not in its individual capacity, but solely as collateral agent for the Secured Parties and as the depository bank.
 - 10.C Third Amended and Restated Subsidiary Guarantee Agreement dated as of November 16, 2007, made by each of the Subsidiary Guarantors in favor of JPMorgan Chase Bank, N.A., as Collateral Agent.
 - 99.A Press Release dated November 21, 2007.
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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 thereunto duly authorized.

EL PASO CORPORATION

By:

/s/ John R. Sult
John R. Sult
Senior Vice President and Controller
(Principal Accounting Officer)

Dated: November 21, 2007

EXHIBIT INDEX

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