

CHENIERE ENERGY INC  
Form SC 13D  
August 31, 2004

**UNITED STATES  
SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934  
(Amendment No. )\*

**Cheniere Energy, Inc.**

(Name of Issuer)

**Common Stock**

(Title of Class of Securities)

**16411R208**

(CUSIP Number)

**Charif Souki  
Cheniere Energy, Inc.  
717 Texas Avenue, Suite 3100  
Houston, TX 77002  
(713) 659-1361**

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

**August 27, 2004**

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

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**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. 16411R208

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)  
Charif Souki
  2. Check the Appropriate Box if a Member of a Group (See Instructions)
 

(a)	<input type="radio"/>
(b)	<input type="radio"/>
  3. SEC Use Only
  4. Source of Funds (See Instructions)  
Not applicable
  5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
  6. Citizenship or Place of Organization  
United States of America
- |   |     |                                     |
|---|-----|-------------------------------------|
|   | 7.  | Sole Voting Power<br>1,375,017      |
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 8.  | Shared Voting Power                 |
|   | 9.  | Sole Dispositive Power<br>1,375,017 |
|   | 10. | Shared Dispositive Power            |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
1,375,017\*
  12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
  13. Percent of Class Represented by Amount in Row (11)  
7.07%
  14. Type of Reporting Person (See Instructions)  
IN

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\* Includes (i) 170,000 shares issuable upon exercise of currently exercisable warrants held by Mr. Souki, (ii) an aggregate of 60,000 shares issuable upon exercise of currently exercisable warrants held by three of Mr. Souki's children, (iii) 54,750 shares owned by Mr. Souki's wife and (iv) 800,000 shares owned of record by a trust of which Mr. Souki is the sole beneficiary and over which Mr. Souki has voting and dispositive control. Excludes 73,333 shares issuable upon the exercise of options held by Mr. Souki but not exercisable within 60 days of the filing of this Schedule 13D.

**ORIGINAL REPORT ON SCHEDULE 13D**

**Item 1. Security and Issuer**

The class of equity securities to which this Schedule 13D relates is the common stock, \$.003 par value (the Shares), of Cheniere Energy, Inc., a Delaware corporation (the Issuer). The address of the Issuer's principal executive offices is 717 Texas Avenue, Suite 3100, Houston, Texas 77002.

**Item 2. Identity and Background**

- (a) The person filing this Schedule 13D is Charif Souki.
- (b) The principal business address of Mr. Souki is 717 Texas Avenue, Suite 3100, Houston, Texas 77002.
- (c) Mr. Souki's principal occupation is serving as Chairman of the Board, President and Chief Executive Officer of the Issuer, which is a Houston-based company engaged primarily in the development of a liquefied natural gas, or LNG, receiving terminal business and related LNG business opportunities centered on the U.S. Gulf Coast. The Issuer is also engaged in oil and gas exploration, development and exploitation activities in the Gulf of Mexico.
- (d) During the last five years, Mr. Souki has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) During the last five years, Mr. Souki has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.
- (f) Mr. Souki is a citizen of the United States of America.

**Item 3. Source and Amount of Funds or Other Consideration**

Mr. Souki received the Shares being reported on this Schedule 13D as a gift from BSR Investments, Ltd.

**Item 4. Purpose of Transaction**

The Shares being reported on this Schedule 13D have been acquired by Mr. Souki solely for investment purposes.

**Item 5. Interest in Securities of the Issuer**

(a)

Amount Beneficially Owned:	1,375,017*
Percent of Class:	7.07%

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\* Includes (i) 170,000 shares issuable upon exercise of currently exercisable warrants held by Mr. Souki, (ii) an aggregate of 60,000 shares issuable upon exercise of currently exercisable warrants held by three of Mr. Souki's children, (iii) 54,750 shares owned by Mr. Souki's wife and (iv) 800,000 shares owned of record by a trust of which Mr. Souki is the sole beneficiary and over which Mr. Souki has voting and dispositive control. Excludes 73,333 shares issuable upon the exercise of options held by Mr. Souki but not exercisable within 60 days of the filing of this Schedule 13D.

(b) Number of Shares as to which Mr. Souki has:

(i)	sole power to vote or to direct the vote:	1,375,017
(ii)	shared power to vote or to direct the vote:	
(iii)	sole power to dispose or to direct the disposition:	1,375,017
(iv)	shared power to dispose or to direct the disposition:	

(c) There have been no transactions with respect to the Common Stock that were effected during the past sixty days by Mr. Souki except for the acquisition of beneficial ownership of the Shares being reported on this Schedule 13D.

(d) No other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares being reported on this Schedule 13D.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

On November 9, 2001, the Issuer granted Mr. Souki an option, evidenced by a stock option agreement and pursuant to the Cheniere Energy, Inc. 1997 Stock Option Plan, to purchase 120,000 Shares.

On December 19, 2002, the Issuer granted Mr. Souki an option, evidenced by a stock option agreement and pursuant to the Cheniere Energy, Inc. 1997 Stock Option Plan, to purchase 50,000 Shares.

On April 16, 2003, the Issuer granted Mr. Souki a warrant, evidenced by a warrant agreement, to purchase 250,000 Shares.

On February 2, 2004, the Issuer granted Mr. Souki 66,667 shares of the Issuer's restricted stock, evidenced by a restricted stock grant and pursuant to the Cheniere Energy, Inc. 2003 Stock Incentive Plan.

On August 27, 2004, BSR Investments, Ltd. gifted 800,000 Shares to Mr. Souki, which shares are held in trust for the benefit of Mr. Souki and over which Mr. Souki has voting and dispositive control.

**Item 7. Material to Be Filed as Exhibits**

Exhibit A	Cheniere Energy, Inc. Nonqualified Stock Option Agreement dated November 15, 2001 by and between the Issuer and Charif Souki (filed herewith).
Exhibit B	Cheniere Energy, Inc. Nonqualified Stock Option Agreement dated December 19, 2002 by and between the Issuer and Charif Souki (filed herewith).
Exhibit C	Warrant to Purchase Common Stock of Cheniere Energy, Inc. dated April 16, 2003 by and between the Issuer and Charif Souki (filed herewith).
Exhibit D	Cheniere Energy, Inc. 2003 Stock Incentive Plan Restricted Stock Grant dated February 2, 2004 by and between the Issuer and Charif Souki (filed herewith).
Exhibit E	Cheniere Energy, Inc. 1997 Stock Option Plan (incorporated by reference to Exhibit 10.25 of the Issuer's Quarterly Report on Form 10-Q for the quarter ended November 30, 1997 (File No. 000-09092), filed on January 14, 1998).

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Exhibit F

Amendment No. 1 to Cheniere Energy, Inc. 1997 Stock Option Plan (incorporated by reference to Exhibit 10.27 of the Issuer's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 000-09092), filed on March 29, 2000).

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- Exhibit G      Amendment No. 2 to Cheniere Energy, Inc. 1997 Stock Option Plan (incorporated by reference to Exhibit 4.7 of the Issuer's Registration Statement on Form S-8 (File No. 333-111457), filed on December 22, 2003).
- Exhibit H      Amendment No. 3 to Cheniere Energy, Inc. 1997 Stock Option Plan (incorporated by reference to Exhibit 4.8 of the Issuer's Registration Statement on Form S-8 (File No. 333-111457), filed on December 22, 2003).
- Exhibit I      Amendment No. 4 to Cheniere Energy, Inc. 1997 Stock Option Plan (incorporated by reference to Exhibit 4.9 of the Issuer's Registration Statement on Form S-8 (File No. 333-111457), filed on December 22, 2003).
- Exhibit J      Cheniere Energy, Inc. 2003 Stock Incentive Plan (incorporated by reference to Exhibit 4.5 of the Issuer's Registration Statement on Form S-8 (File No. 333-112379), filed on January 30, 2004).

**Signature**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

August 31, 2004  
Date

/s/ Charif Souki  
Signature

Charif Souki  
Name/Title



CHENIERE ENERGY, INC.

NONQUALIFIED STOCK OPTION AGREEMENT

Optionee: Charif Souki

WHEREAS Cheniere Energy, Inc. a Delaware corporation (the Company ), has granted to Optionee certain Nonqualified Stock Options some of which may have been issued prior to October 18, 2000, the effective date of a one-for-four reverse stock split of the common stock of the Company, this agreement represents an aggregation of all such grants made to Optionee on or before November 15, 2001, setting forth the number of shares and the option prices of each such grant including those restated for the effects of such reverse stock split where appropriate.

**I. Grant of Stock Option. As of the Grant Date (identified below), the Company hereby grants a Nonqualified Stock Option (the Option ) to the Optionee to purchase the number of shares of the Company s common stock, \$.003 par value per share, identified below (the Shares ), subject to the terms and conditions of this agreement (the Agreement ) and the Company s 1997 Stock Option Plan (the Plan ) which is incorporated herein in its entirety by reference. The Shares, when issued to Optionee upon the exercise of the Option, shall be fully paid and nonassessable. The Option is not an incentive stock option as defined in Section 422 of the Internal Revenue Code.**

**II. Definitions and Other Terms. All capitalized terms used herein shall have the meanings set forth in the Plan unless otherwise provided herein. The following capitalized terms shall have those meanings set forth opposite them:**

A. Optionee: Charif Souki.

B. Grant Date: The Grant Dates set forth on Exhibit I to this Agreement.

C. Shares: The numbers of shares of the Company s Common Stock set forth on Exhibit I to this Agreement.

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D. Option Price: The Option Prices as set forth on Exhibit I to this Agreement.

E. Option Period: The periods from Grant Date through 12:00 p.m. central on the dates set forth as End of Option Period on Exhibit I to this Agreement.

F. Vesting Schedule: As set forth on Exhibit I, a number equal to the number of Shares times the Percent Vesting Per Year shall become vested on each anniversary date of the Grant Date until 100% vested.

**III. Option Term. The Option shall commence on the Grant Date and terminate with respect to the applicable shares on the date specified as the End of Option Period on**

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III. Option Term. The Option shall commence on the Grant Date and terminate with respect to

Exhibit I. This period during which the Option is in effect and may be exercised is referred to herein as the **Option Period** .

IV. **Vesting.** The total number of Shares subject to this Option shall vest in accordance with the Vesting Schedule. The Shares may be purchased at any time after they become vested, in whole or in part, during the Option Period. The right of exercise provided herein shall be cumulative so that if the Option is not exercised to the maximum extent permissible after vesting, it shall be exercisable, in whole or in part, at any time during the Option Period.

V. **Method of Exercise.** The vested portion of the Option may be exercised, in whole or in part, at any time, with respect to whole Shares only, within the period permitted for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option with respect to a specified number of Shares delivered to the Company at its principal office, and payment in full to the Company at said office of the amount of the Option Price for the number of Shares with respect to which the Option is then being exercised. Payment of the Option Price shall be made (i) in cash or by cash equivalent, (ii) at the discretion of the Committee, in Common Stock (not subject to limitations on transfer) valued at the Fair Market Value of such Shares on the trading date immediately preceding the date of exercise, or (iii) at the discretion of the Committee, by a combination of such cash and such Common Stock. In addition to and at the time of payment of the Option Price, the Optionee shall pay to the Company in cash or, at the discretion of the Committee, in Common Stock, the full amount of all federal and state withholding and other employment taxes applicable to the taxable income of such Optionee resulting from such exercise.

VI. **Termination of Employment or Directorship.** Voluntary or involuntary termination of employment or service as a member of the Company's Board of Directors and death or disability of Optionee shall affect Optionee's rights under the Option as follows:

A. **Termination for Cause.** The Option shall terminate immediately and shall not be further exercisable to any extent if Optionee's employment with the Company (or any of its Subsidiaries) or service as a member of the Company's Board of Directors is terminated for Cause (as defined in the Plan at the time of such termination).

B. **Other Involuntary Termination or Voluntary Termination.** If Optionee's employment with the Company (or any of its Subsidiaries) or service as a member of the Company's Board of Directors is terminated for any reason other than for Cause, death or disability (as defined in the Plan at the time of termination), then (i) the Option will immediately terminate to the extent it is unvested and (ii) the vested portion of the Option will terminate to the extent not exercised within 180 calendar days after the date of such termination. In no event may the Option be exercised by anyone after the earlier of (i) the expiration of the Option Period or (ii) 180 calendar days after termination of employment or service as a member of the Company's Board of Directors.

C. **Death or Disability.** If Optionee's employment or service as a member of the Company's Board of Directors is terminated by death or disability, then (i) the Option will immediately terminate to the extent it is unvested and (ii) the vested portion of the Option will terminate 365 calendar days after the date of such termination to the extent not exercised by Optionee or, in the case of death, by the person or persons to whom Optionee's rights under the Option have passed by will or by the laws of descent and distribution or, in the case of disability, by Optionee's legal representative. In no event may any Option be exercised by anyone after the earlier of (i) the expiration of the Option Period or (ii) 365 days after Optionee's death or termination of employment or service as a member of the Company's Board of Directors due to disability.

VII. **Reorganization of Company.** The existence of the Option shall not affect in any way the right or power of Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in Company's capital structure or its business, or any merger or consolidation of Company, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares or the rights thereof, or the dissolution or liquidation of Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

In the event of a change in control of the Company (as defined in the Plan at the time of such event), vesting of the Option may be accelerated and the Option shall otherwise be affected as provided in the Plan at such time.

VIII. **Adjustment of Shares.** In the event of stock dividends, spin-offs of assets or other extraordinary dividends, stock splits, combinations of shares, recapitalizations, mergers, consolidations, reorganizations, liquidations, issuances of rights or warrants and similar transactions or events involving Company, appropriate adjustments shall be made to the terms and provisions of this Option as provided in the Plan.

IX. **No Rights in Shares.** Optionee shall have no rights as a stockholder in respect of the Shares until the Optionee becomes the record holder of such Shares.

X. **Investment Representation.** Optionee will enter into such written representations, warranties and agreements as Company may reasonably request in order to comply with any federal or state securities law. Moreover, any stock certificate for any Shares issued to Optionee hereunder may contain a legend restricting their transferability as determined by the Company in its discretion. Optionee agrees that Company shall not be obligated to take any affirmative action in order to cause the issuance or transfer of Shares hereunder to comply with any law, rule or regulation that applies to the Shares subject to the Option.

XI. **No Guarantee of Employment or Service Contract.** The Option shall not confer upon Optionee any right to employment or other service with Company, nor shall it interfere with any right the Company would otherwise have to terminate such Optionee's employment or other service at any time, with or without cause.

XII. **Withholding of Taxes.** Company shall have the right to (i) make deductions from the number of Shares otherwise deliverable upon exercise of the Option in an amount sufficient to satisfy withholding of any federal, state or local taxes required by law, or (ii) take such other action as may be necessary or appropriate to satisfy any such tax withholding obligations.

XIII. **General.**

A. **Notices.** All notices under this Agreement shall be mailed or delivered by hand to the parties at their respective addresses set forth beneath their signatures below or at such other address as may be designated in writing by either of the parties to one another. Notices shall be effective upon receipt.

B. **Shares Reserved.** Company shall at all times during the Option Period reserve and keep available under the Plan such number of Shares as will be sufficient to satisfy the requirements of this Option.

C. **Nontransferability of Option.** The Option granted pursuant to this Agreement is not transferable other than by will, the laws of descent and distribution or by a qualified domestic relations order (as defined in Section 414(p) of the Internal Revenue Code). The Option will be exercisable during Optionee's lifetime only by Optionee or by Optionee's legal representative in the event of Optionee's disability. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of Optionee.

D. **Amendment and Termination.** No amendment or termination of the Option shall be made at any time without the written consent of Optionee. No amendment or termination of the Plan will adversely affect the rights and privileges of Optionee under the Option without the written consent of Optionee.

E. **No Guarantee of Tax Consequences.** Neither Company, Board or Committee makes any commitment or guarantee that any federal or state tax treatment will apply or be available to any person eligible for benefits under the Option. The Optionee has been advised and been provided the opportunity to obtain independent legal and tax advice regarding the grant and exercise of this Option and the disposition of any Shares acquired thereby.

F. **Termination of Prior Agreement.** Company and Optionee hereby mutually agree that this Agreement replaces and supercedes any stock option agreement entered into by the parties prior to November 15, 2001 and neither party shall have any further rights, duties or obligations with respect to any such stock option agreement.

G. **Severability.** In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of the Agreement, and the

Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had not been included herein.

H. **Governing Law.** The Option shall be construed in accordance with the laws of the State of Texas without regard to its conflict of law provisions, to the extent federal law does not supersede and preempt Texas law.

IN WITNESS WHEREOF, this Stock Option Agreement is executed this 15th day of November, 2001.

**COMPANY  
CHENIERE ENERGY, INC.**

By: /s/ Don A. Turkleson  
Name: Don A. Turkleson  
Title: Vice President and CFO

333 Clay Street, Suite 3400  
Houston, Texas 77002-4102

Accepted and agreed this 16<sup>th</sup> day of November, 2001.

G. **Severability.** In the event that any provision of this Agreement shall be held illegal, invalid, or unenforceable, the remaining provisions of this Agreement shall survive and remain in full force and effect.