



AUDIT COMMITTEE CHARTER

Objectives

The Audit Committee is a committee of the Board of Directors (the “Board”) of El Paso Corporation (the “Company”). Its primary purposes are to (A) assist the Board in fulfilling its oversight responsibilities relating to (1) the integrity of the Company’s financial statements, (2) the evaluation and retention of the independent auditor’s and any third party petroleum reserves engineer (including a review of their qualifications, independence and performance), (3) the performance of the Company’s internal audit and ethics and compliance functions, (4) the Company’s compliance with legal and regulatory requirements and its Code of Business Conduct, and (5) the Company’s risk management policies and procedures, and (B) prepare the report by the Audit Committee required by the Securities and Exchange Commission (“SEC”) to be included in the Company’s proxy statement, or, if the Company does not file a proxy statement, in the Company’s annual report filed on Form 10-K with the SEC. The Audit Committee provides an open avenue of communication between the Company’s management, the internal auditors, the independent accountants, and the Board.

Membership and Policies

- The Board, based upon a recommendation by the Governance Committee of the Board, shall appoint the Chairperson and members of the Committee annually. The Audit Committee shall be composed of not less than three members of the Board, each of whom shall qualify as “independent” (pursuant to the rules adopted by the New York Stock Exchange and the SEC or any other applicable laws). Members of the Committee may be removed from the Committee only by action of the full Board.
- Each member of the Audit Committee shall be financially literate, as such qualification is interpreted by the Company’s Board of Directors in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee.
- At least one member of the Audit Committee shall be an “audit committee financial expert,” as such term is defined in the rules adopted by the SEC and interpreted by the Company’s Board in its business judgment; provided, however, that if at least one member of the Audit Committee is not determined by the Board to be an “audit committee financial expert,” then the Company shall disclose such determination and the reasons for such determination as required by applicable SEC rules. At least one member of the Audit Committee shall have accounting or related financial management expertise, as the Company’s Board interprets such qualification in its business judgment in accordance with the rules of the New York Stock Exchange; provided, however, that this may be the same individual as the member who is an “audit committee financial expert” (if any) described in the preceding sentence.
- Audit Committee members shall not serve on the audit committee of more than two other publicly traded companies unless the Board first determines that the simultaneous service does not impair the Audit Committee member’s ability to effectively serve on this Company’s Audit Committee and discloses such determination in the Company’s annual proxy statement, or, if the Company does not file a proxy statement, in the Company’s annual report filed on Form 10-K with the SEC.



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- The Audit Committee shall have the sole authority and responsibility to select, retain and evaluate independent counsel and other advisors and, where appropriate, terminate such independent counsel and other advisers that were retained by the Audit Committee, as it determines necessary to carry out its duties. Such engagement shall not require approval of the Board. The Company shall provide appropriate funding, as determined by the Audit Committee, for (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any third party reserves engineer for the purpose of reviewing or auditing the Company's proved oil and gas reserves, (iii) compensation for independent counsel and other advisers retained by the Audit Committee, and (iv) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
- The Audit Committee shall establish a schedule of meetings each year in order to discharge its responsibilities, and shall meet at least quarterly, and more frequently as circumstances require. The Audit Committee may also meet by telephone conference call or any other means permitted by law or the Company's By-laws.
- In discharging its duties under this Charter, the Committee may investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company, may conduct meetings or interviews with any officer or employee of the Company, the Company's outside counsel, internal audit service providers, independent auditors, third party reserves engineers, independent counsel or consultants to the Committee and may invite any such persons to attend one or more meetings of the Committee.
- The Committee may designate one or more subcommittees consisting of at least one member to address specific issues on behalf of the Committee. In addition, the Audit Committee may delegate to one or more designated members of the Audit Committee the authority to pre-approve any transaction for which such delegation is permissible under applicable law and the rules of the New York Stock Exchange, provided that such pre-approval decision is subsequently presented to the full Audit Committee at its next scheduled meeting.
- A Secretary, who need not be a member of the Committee, shall be appointed by the Committee to keep minutes of all meetings of the Committee and such other records as the Committee deems necessary and appropriate.
- The Audit Committee shall make regular reports to the Board on its activities and shall review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements and its Code of Business Conduct, the Company's compliance with its risk management policies and procedures, the performance and independence of the independent auditors or the performance of the internal audit and ethics and compliance functions.



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Functions

A. Oversight of Financial Statements, Internal Controls over Financial Reporting and Disclosure Controls and Procedures

- The Audit Committee shall meet with management and the independent auditor to review, discuss and provide oversight with respect to the annual and quarterly financial statements and associated disclosures in the Company’s Form 10-K and Form 10-Q filings (including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”), and any other material filings with the SEC. Such review and oversight shall include a review and discussion of any matters required to be communicated to the Committee by the independent auditor under the standards of the Public Company Accounting Oversight Board (“PCAOB”), applicable law or regulation or the applicable listing standards (including the rules of the New York Stock Exchange). Following such a review and discussion of the financial information to be included in the annual report on Form 10-K, the Committee shall make a determination whether to recommend to the Board that the audited financial statements be included in the Company’s annual report on Form 10-K.
- The Audit Committee shall discuss with management and the independent auditor, as appropriate, earnings press releases and financial information and earnings guidance given to analysts and rating agencies.
- The Audit Committee shall review with the Corporate Controller and the independent auditor and provide oversight with respect to (a) all critical accounting policies and practices, (b) any significant changes in the Company’s selection and application of accounting principles as well as any other significant financial reporting issues, (c) judgments made in connection with the preparation of the financial statements including analyses of the effects of alternative GAAP methods on the financial statements, and (d) other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
- The Audit Committee shall review with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements.
- The Audit Committee shall review with the independent auditor (a) plans, scope and staffing requirements for each annual audit and (b) the results of the annual audit and resulting opinion (including any material issues regarding accounting and auditing issues and management’s response).
- The Audit Committee shall review with the independent auditor any audit problems or difficulties and management’s responses, including (a) accounting adjustments that the auditors noted or proposed but were “passed” (as immaterial or otherwise), (b) any significant disagreements with management, (c) any restrictions on the independent auditor’s scope of activities or access to information, (d) communications between the audit team and its national office with respect to issues presented by the engagement team, and (e) any management or internal control letter



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issued or proposed to be issued by the audit firm to the Company. This review shall also include discussion of the responsibilities, budget and staffing of the Company's internal audit function.

- The Audit Committee shall meet, on a quarterly basis, with the head of internal audit, the independent auditor and management to discuss (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial information, and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.
- The Audit Committee shall review with the Chief Executive Officer, the Chief Financial Officer, the Internal Auditor and the General Counsel and provide oversight with respect to the Company's disclosure controls and procedures, including a periodic review, but in no event less frequently than quarterly, of management's conclusions about the efficacy of such disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.
- The Audit Committee shall review management's report on internal control over financial reporting and the independent auditor's attestation on the Company's internal control over financial reporting and management's assertion to be included annually in the Company's annual report on Form 10-K.
- The Audit Committee shall prepare the report for inclusion in the Company's annual proxy statement, in accordance with applicable rules and regulations of the SEC and the New York Stock Exchange, as applicable.
- The Audit Committee shall meet annually (or more frequently as circumstances require) with any third party petroleum reserves engineer retained to review the Company's oil and gas reserves, as well as with management and any relevant committees of the Company that are either responsible for, or provide oversight with respect to, the reserves estimation process.

B. Retention of Independent Auditor and Third Party Petroleum Reserves Engineer

- The Audit Committee shall be responsible for the appointment, termination, compensation, retention, evaluation and oversight of the work of the independent auditing firm engaged by the Company (including resolution of disputes between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing any other audit, review or attest services for the Company, and the independent auditor shall report directly to the Audit Committee. The Audit Committee's selection of the Company's independent auditor may be subject to shareholder approval if required by law or by the Company's Restated Certificate of Incorporation or By-laws. The Committee shall have sole authority to approve all audit engagement fees and terms and all significant non-audit engagements. All auditing services and permitted non-audit services provided to the Company by the independent auditor shall be pre-approved by the Audit Committee in accordance with applicable law and the Committee shall consider whether the provision of any non-audit services is compatible with the independent auditor's independence. These



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responsibilities do not preclude the Committee from obtaining the input of management, but these responsibilities may not be delegated to management. Similarly, while the Committee retains ultimate oversight over the independent audit function, management may consult with the independent auditor whenever necessary.

- The Audit Committee shall evaluate, at least annually, the independent auditor's qualifications, performance and independence, including a review and evaluation of the lead partner of the independent auditor. In connection with each such evaluation, the Audit Committee shall obtain and review a formal written report by the independent auditor which (a) describes the audit firm's internal quality control procedures, (b) describes any material issues raised by the most recent inspection by the PCAOB as well as the most recent internal quality control review or peer review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the auditing firm and steps taken to address the issues, and (c) delineates all relationships between the independent auditor and the Company in order to assess the auditor's independence. In making its evaluations, the Audit Committee shall consult with and take into consideration the opinions of management and the Company's internal auditor. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
- The Audit Committee shall review the regular rotation of the lead audit partner as required by law or otherwise deemed appropriate by the Committee. The Audit Committee may also review, when deemed appropriate by the Committee, whether there should be a rotation of the audit firm itself.
- The Audit Committee shall set clear hiring policies for employees or former employees of the independent auditor in compliance with applicable law and listing standards. At a minimum, the Audit Committee will adopt hiring policies in compliance with Section 10A(l) of the Securities Exchange Act of 1934 and applicable New York Stock Exchange rules.
- The Audit Committee shall be responsible for the appointment, termination, compensation, and retention of any third party petroleum reserves engineer to review or audit the Company's oil and gas reserves. The Audit Committee shall review the third party petroleum reserves engineer's qualification, performance and independence (including, where appropriate, a review of non-audit work, conflicts of interest, rotation of representatives and employment relationships).

C. Oversight of Internal Audit and Ethics and Compliance Functions

- The Audit Committee shall review the internal audit function established by the Company as required by the New York Stock Exchange or as otherwise deemed appropriate by the Committee.
- The Audit Committee shall participate in the selection or removal of the head of internal audit.



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- The Audit Committee shall review annually with the head of internal audit: (a) audit plans and scope for internal audit activities, (b) results of audits performed, (c) adequacy of staffing, (d) the annual budget, and (e) the internal audit department charter.
- The Audit Committee shall review with the head of internal audit and the independent auditor the coordination of their respective audit efforts to ensure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- The Audit Committee shall review and provide oversight with respect to the Company's Code of Business Conduct, including the Company's procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal control or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding accounting, auditing or financial reporting practices.
- The Audit Committee shall meet periodically with the Ethics Officer to review the Company's compliance with its Code of Business Conduct, as well as any allegations (and investigations thereof) regarding concerns on the Company's accounting, auditing or financial reporting practices.

D. Oversight of Legal and Regulatory Compliance and Risk Management

- The Audit Committee shall meet periodically with the Company's general counsel and other appropriate legal staff of the Company to review material legal affairs of the Company, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- The Audit Committee shall meet periodically with management to review, discuss and provide oversight with respect to the Company's risk assessment and risk management guidelines and policies and the Company's significant risk exposures (whether financial, operating or otherwise), as well as the steps management has taken to monitor and control these exposures. In providing such oversight, the Audit Committee may also discuss the Company's major risk exposures with the Company internal and independent auditors.

E. Other Duties and Functions

- The Audit Committee may meet in executive session (without management or independent auditors present), and shall meet, at least once a quarter, with each of Company management, head of internal audit and the independent auditor in separate executive sessions.
- The Audit Committee shall review and reassess the adequacy of this charter at least annually and submit any proposed changes to the Board for approval.
- The Audit Committee shall conduct an annual performance evaluation in accordance with the rules adopted by the New York Stock Exchange, which may be done in conjunction with the annual evaluations of the Board and committees thereof conducted by the Governance Committee.



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- The Audit Committee will perform such other functions as assigned by applicable law, the rules adopted by the New York Stock Exchange, the Company's restated certificate of incorporation or By-laws, or the Board.
- Other than with respect to its duties to appoint, terminate, retain, and evaluate the independent auditor, the function of the Audit Committee is one of oversight. While the Audit Committee has the responsibilities and powers set forth in this Charter, members of the Audit Committee are not employees of the Company and are entitled to rely on the integrity of the Company's management and the independent auditor. Therefore, the Audit Committee has neither the duty nor the responsibility to (1) conduct audit, accounting, risk management, compliance or legal reviews, or (2) ensure that the Company's financial statements or disclosures are complete, accurate and in accordance with GAAP or SEC laws and regulations. Rather, the Company's management is responsible for such matters and the Company's independent auditor is responsible for auditing the Company's financial statements.

Effective: February 14, 2006