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DISTRIGAS CORPORATION

Docket No. 88-31-LNG

EXHIBIT E-II

SETTLEMENT AGREEMENT.

607

EXECUTION COPY

S E T T L E M E N T A G R E E M E N T

This SETTLEMENT AGREEMENT dated as of February , 1988, is made among l'Entreprise Nationale Pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (SONATRACH), having its principal place of business in Algiers, Algeria ("Sonatrach"); Cabot Corporation, having its principal place of business in Waltham, Massachusetts, USA ("Cabot"); and Distrigas Corporation, having its principal place of business in Boston, Massachusetts, USA ("Distrigas").

WHEREAS Distrigas and Sonatrach are parties to an Agreement for the Sale and Purchase of Liquefied Natural Gas ("LNG") dated 13 April, 1976 (the "1976 Agreement", which for the purposes of this Settlement Agreement shall not include Amendment No. 2 or Amendment No. 3 thereto);

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WHEREAS the parties hereto have entered into Heads of Agreement in writing dated 11 November, 1987 (the "Heads of Agreement");

WHEREAS in implementation of the Heads of Agreement Sonatrach has since the date thereof caused cargoes of Algerian LNG to be shipped from Algeria to Distrigas at Boston, Massachusetts;

WHEREAS, in further implementation of the Heads of Agreement the following further agreements (the "Agreements") have been or will this day be executed by the parties thereto:

- (1) Amendment No. 2 to the 1976 Agreement;
- (2) Amendment No. 3 to the 1976 Agreement;
- (3) A Transportation Agreement between Sonatrach as transporter and Distrigas as shipper; and
- (4) A Mutual Assurances Agreement between Cabot, Sonatrach, Distrigas, and Sonatrading Amsterdam B.V.

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NOW THEREFORE in consideration of the foregoing and of the mutual promises contained in this Settlement Agreement, the parties hereto agree as follows:

1. With all reasonable expedition following the signature of this Settlement Agreement and the delivery to Distrigas of a letter from Sonatrach confirming that all requisite consents and authorizations of Algerian authorities with respect to this Settlement Agreement and the Agreements have been obtained, Distrigas shall cause to be paid in favor of Sonatrach to Account No. 32 62 407, at Bankers Trust Company of New York, for Sonatrach's absolute use and benefit, a principal cash sum of dollars U.S. sixty million (US\$60 Million). Such \$60 Million payment shall be a condition precedent to the coming into force of the undertakings and obligations of Sonatrach under Section 2 of this Settlement Agreement. Further, by not later than December 31, 1988 Distrigas shall cause to be paid to the credit of the said account for Sonatrach's absolute use and benefit a further cash sum of dollars U.S. five and one-half million (US\$5.5 Million).

In addition, on December 31, 1988 or (if later) with reasonable expedition after the shipment of the first seven cargoes under Amendment No. 3 to the 1976 Agreement, Distrigas shall cause to be paid to the credit of the said account for Sonatrach's absolute use and benefit a further cash sum of dollars U.S. five and one-half million (US\$5.5 Million).

2. The parties do hereby mutually quit, release and forgive each other and the affiliates of each other (an

affiliate as used in this Settlement Agreement being defined as any entity which controls, is controlled by or is under common control with, a party) from all claims, demands, causes of action and liabilities whensoever arising, whether at law or in equity or by statute, and whether or not asserted before the date of this Settlement Agreement, arising out of Article 6 and Section 12.1(d) of the 1976 Agreement, including those the subject of arbitration No. 5903/MB pending under the Rules of the International Chamber of Commerce Court of Arbitration (the "Arbitration"). The parties further agree that with all reasonable expedition following the signature of this Settlement Agreement:

- (i) Sonatrach and Distrigas shall take all necessary steps jointly to notify the International Chamber of Commerce and the arbitrators in the Arbitration that they have settled their differences on terms agreed between them, that all claims and defences filed therein are withdrawn, that neither side will hereafter pursue any claims against the other in the Arbitration, and that the Arbitration should accordingly be treated as discontinued and at an end. Such notification will contain a joint request that the sums previously deposited by Sonatrach with the International Chamber of Commerce in the

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Arbitration be reimbursed to Sonatrach after making such deductions therefrom as may be appropriate for fees or costs (if any) payable to the International Chamber of Commerce in respect of the Arbitration.

(ii) Each party to the Arbitration shall pay its own legal fees and expenses thereof; and

(iii) Each such party shall pay one-half of any fees and costs ultimately payable in respect of the Arbitration to the International Chamber of Commerce and shall make such payments to one another as are necessary to insure that each shall bear such one-half and no more.

3. Cabot and Distrigas represent and warrant as follows:

(a) Each of Cabot and Distrigas is a corporation duly organized and existing under the laws of the State of Delaware and has full corporate power and authority to enter into this Settlement Agreement and carry out the provisions hereof.

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- (b) This Settlement Agreement has been duly executed and delivered by Cabot and Distrigas and constitutes the valid, binding and legal obligation of each such corporation enforceable in accordance with its terms.
- (c) The execution and delivery of this Settlement Agreement do not, and the consummation of the transactions contemplated hereby will not, conflict with or result in a breach of any of the terms, conditions or provisions of the respective Certificates of Incorporation or By-Laws of Cabot or Distrigas or of any agreement or instrument to which either of them is a party or by which it is bound, or constitute a default or give rise to a right of acceleration, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of Cabot or Distrigas, under any of the foregoing, or violate any law, rule, regulation, judgment or decree by which any of them is bound (the consequence of which could have a material adverse effect on Cabot or Distrigas).

4. Sonatrach represents and warrants as follows:

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(a) It is an entreprise nationale duly organized and existing under the laws of Algeria and has full power and authority to enter into this Settlement Agreement and carry out the provisions hereof.

(b) This Settlement Agreement has been duly executed and delivered by Sonatrach. After approval by the competent authorities of Algeria, this Settlement Agreement shall constitute the valid, binding and legal obligation of Sonatrach enforceable in accordance with its terms.

5. This Settlement Agreement shall be governed by and construed in accordance with the laws of England.

6. This Settlement Agreement may be executed in any number of counterparts and each of such counterparts shall be deemed an original. All such counterparts shall together constitute a single instrument. The French and English versions of this Settlement Agreement shall be equally authoritative.

7. Each notice, request, demand or other communication hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand to an authorised employee or a duly appointed representative of the addressee party; or when

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received by such party after being sent by mail; or one day after it has been sent to such party by telex or telecopier (with receipt confirmed), provided a copy is also sent by mail addressed as follows (or to such other address as a party may designate by notice to the other):

(a) if to Cabot:

Cabot Corporation
950 Winter Street
Waltham, Massachusetts
USA.
Telecopier: 617-622-3703 or 04
Telex: 6817525

(b) if to Distrigas:

Distrigas Corporation,
2 Oliver Street,
Boston, Massachusetts,
USA.
Telecopier: (617) 439-6690
Telex: 671-6307

(c) if to SONATRACH:

Sonatrach,
46, Boulevard Mohamed V,
Algiers,
ALGERIA.
Telex: 67123
67124
67125

8. This Settlement Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof, except as specifically otherwise provided herein, and supersedes all prior agreements and understandings related to such subject matter.

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9. This Settlement Agreement may not be modified or amended except by an instrument in writing signed by all parties hereto.

10. Each party shall cooperate and take or cause to be taken such further action, and shall execute and deliver or cause to be executed and delivered such further documents as may be reasonably requested by the other party or parties in order to effectuate or facilitate the purpose and intents of the Agreements and of this Settlement Agreement.

11. Any dispute arising out of or in connection with this Settlement Agreement between Cabot and Distrigas or either of them on the one hand and Sonatrach on the other hand shall, unless such dispute falls within the terms of any arbitration clause under any other contract between the parties to such dispute, be referred to arbitration in Geneva, Switzerland under the Rules of conciliation and arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with such rules. For the purpose of the said Rules the party or parties initiating recourse to arbitration in respect of such dispute(s) shall be treated as the claimant party in the arbitration, and the party or parties

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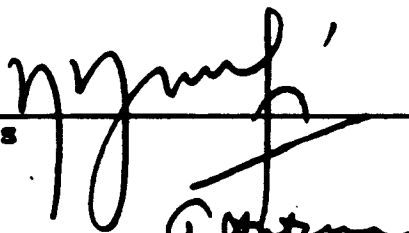
against whom such recourse is initiated shall be treated as the respondent party in the arbitration. The arbitration shall be conducted in the French and English languages. The award of the arbitrators shall be final and binding upon the parties, and may if necessary be enforced by any court or other competent authority.

12. Cabot hereby agrees to cause Distrigas to perform in full all the obligations of Distrigas under this Settlement Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement to be executed and delivered as of the date first above written.

L'ENTREPRISE NATIONALE POUR
LA RECHERCHE, LA PRODUCTION,
LE TRANSPORT, LA TRANSFORMATION
ET LA COMMERCIALISATION DES
HYDROCARBURES
(SONATRACH)

By
its



C. Othman

my

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CABOT CORPORATION

By Samuel C. Bodman
its President

DISTRIGAS CORPORATION

By R. L. Hewer
its Vice President

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DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-A

AMENDMENT NO. 3 TO THE
APRIL 13, 1976 AGREEMENT
FOR THE SALE AND PURCHASE OF
LIQUEFIED NATURAL GAS.

EXECUTION COPY

AMENDMENT NO. 3 TO THE
AGREEMENT FOR THE SALE AND PURCHASE OF
LIQUEFIED NATURAL GAS
OF APRIL 13, 1976

Between:

L'Entreprise Nationale SONATRACH, with registered office at 46 Boulevard Mohamed V, Algiers, Algeria, hereinafter referred to as the "Seller", represented by M. Faïd, Directeur, Division Gaz, authorized to execute this Amendment, on the one hand,
and

Distrigas Corporation, a corporation organized and existing in the United States of America, under the laws of the State of Delaware, with its principal office at 2 Oliver Street, Boston, Massachusetts, hereinafter referred to as the "Buyer", represented by its Vice President, R. Gordon Shearer, authorized to execute this Amendment, on the other hand,

WITNESSETH:

Whereas, Seller and Buyer executed an Agreement for the Sale and Purchase of Liquefied Natural Gas on April 13, 1976 (the "Agreement");

Whereas, to reflect significant changes in United States regulatory policy and regulations and United States natural gas markets, to introduce LNG tankers into the trade on an F.o.b. basis, to make LNG available at competitive prices, and to permit Seller to assign its rights, obligations and commitments under the Agreement, as amended, to Sonatrading Amsterdam B.V., a wholly-owned subsidiary of Seller incorporated in The Netherlands with principal office at Kantoorgebouw 'Sloterstyn' 5C, Sloterkade 133, 1058 HM Amsterdam, The Netherlands ("Sonatrading"), Seller and Buyer now propose to make certain modifications to the Agreement and an assignment of the Agreement, as amended, by means of this Amendment No. 3. It is agreed as follows:

G. H. Shearer

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I.

Article 2 of the Agreement is deleted, and the second paragraph of Article 3 of the Agreement is amended and restated as follows:

Seller represents that the LNG which is to be sold under the provisions of this agreement will be produced by liquefaction units at Seller's liquefaction plants in Algeria.

II.

Article 4 of the Agreement is amended and restated as follows:

TANKERS; DELIVERY; PASSAGE OF TITLE

Section 4.1. Tankers. Buyer shall cause the LNG purchased and sold hereunder to be shipped from Algeria in LNG tankers having a Gross Cargo Capacity, as defined in the Transportation Agreement dated the date hereof between Seller as transporter and Buyer as shipper (the "Transportation Agreement"), of between 30,000 and 135,000 cubic meters, for carriage to and delivery at the Terminalling Facility. Such LNG tankers shall have specifications and characteristics compatible with the ports of loading and discharging. Seller shall furnish or cause to be furnished to Buyer, and Buyer shall accept, on and subject to the terms and conditions of the Transportation Agreement, at least one of such LNG tankers in use hereunder at any given time. If a second LNG tanker is, at any given time, required to lift LNG which is to be purchased and sold hereunder, Buyer shall, before entering into any arrangements with any third party for the provision of such additional LNG tanker, offer to Seller first refusal of the right to provide the same on terms and conditions not less favorable to Buyer than would be the terms and conditions of such arrangements. Unless such offer is accepted by Seller and such acceptance communicated to Buyer within 48 hours of such offer being made it shall be deemed to have been rejected by Seller.

Section 4.2. Delivery Point, Passage of Title and Risk of Loss. The delivery point is the point at which the flange coupling of Seller's loading line joins the flange coupling of the LNG loading manifold

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Sections 4.3, 4.4 and 4.5 of the Agreement are deleted.

In Article 5, the words-"Buyer's dock" are changed to "loading port," the word "negligent" is inserted between "or" and "act," and after the word "services" shall be added the words "and in no case shall Buyer or its affiliates be deemed to be employees, representatives, contractors or suppliers of Seller, and vice versa."

Article 6 of the Agreement is amended and restated as follows:

Section 6.1. Annual Quantities. Subject to the provisions of this Article 6, from 15 September, 1988 Seller shall cause Sonatrading to sell to Buyer and Buyer shall purchase from Sonatrading F.o.b. Algerian port 51 million MMBtu of LNG, corresponding to 17 full cargoes each of approximately 125,000 cubic meters in each Contractual Year and pro rata for any part of a Contractual Year.

Section 6.2. Undertaking of Buyer and Affiliates.
Throughout the term of this agreement, Buyer undertakes that it and any affiliate of Buyer selling LNG purchased by Buyer hereunder or regasified LNG derived therefrom shall diligently seek to obtain from their customers and potential customers commitments (capable of being satisfied by such LNG or regasified LNG) on terms and conditions (including price) which in Buyer's reasonable commercial judgment are the most favorable available to Buyer and its affiliates in the prevailing market and under the prevailing circumstances, for the purchase by such customers and potential customers from Buyer or any such affiliate of Buyer of LNG for delivery in the U.S.A., or of Natural Gas derived from the regasification of LNG and emanating

G. H. R. P.

(a) Seller shall cause Sonatrading to sell and load hereunder, and Buyer shall buy from Sonatrading, as part of the quantities specified in Section 6.1, minimum quantities of LNG totalling in the aggregate approximately 27 million MMBtu (corresponding to nine full cargoes of an LNG tanker or LNG tankers each of a capacity of approximately 125,000 cubic meters) during each Contractual Year and pro rata for any part of a Contractual Year. Deliveries of such quantities hereunder shall be scheduled by agreement under Section 6.4 hereof. Buyer shall make payment to Sonatrading in respect of each cargo forming part of such quantities at the price computed in accordance with Article 9 hereof; provided that if the Reference Price on the tenth day preceding the date such cargo is scheduled for loading pursuant to Section 6.4 shall be below the prevailing Minimum Price Buyer shall not be obligated under this Section 6.3(a) to buy, and Seller shall not be obligated under this Section 6.3(a) to sell or load such cargo, but Buyer shall instead have the option (exercisable by notice delivered by telex or other prompt means not later than 10 days before such scheduled date) to purchase at the Minimum Price, and to call for delivery of, such cargo as scheduled. To the extent that the shipping schedule involves or would involve loading of any of the nine cargoes constituting minimum quantities after March 15 of such Contractual Year, the price for any cargoes so loaded after that date shall, at either party's request, be a price to be agreed between the parties. Accordingly, Seller and Buyer will attempt in that event to agree to alternative pricing terms. If Seller and Buyer

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do not agree to pricing terms for any of such cargoes then both Seller and Buyer shall be excused from any obligation to sell and deliver or receive and pay for the same.

(b) Buyer's obligations in respect of all quantities in excess of the above minimum quantities shall be governed by Section 6.2 hereof. To the extent that the aggregate quantities of LNG purchased by Buyer for delivery in any one Contractual Year shall at the end of such Contractual Year be less than 51 million MMBtu, Buyer shall have the right in respect of the next succeeding Contractual Year(s) during this Agreement to increase the quantity of 51 million MMBtu in Section 6.1 hereof until the total of such increases shall equal the amount by which such quantities are less than 51 million MMBtu. If at the end of the term of this agreement specified in Article 14 any part of such difference shall still not have been shipped hereunder, Buyer shall have the right to extend such term for a period of five (5) years or until such difference shall have been delivered at the delivery point in full, whichever shall first occur, but Section 6.3(a) shall not apply during any such extended term, and in no event shall Seller be obligated to deliver more than 51 million MMBtu of LNG in any one Contractual Year during this Agreement as so extended or otherwise.

Section 6.4. Schedule of Loadings. Seller and Buyer agree that Buyer and Sonatrading shall consult together during a Contractual Year as may be reasonably required, and shall in particular meet each February and August to establish a schedule of projected loadings hereunder month by month for the six-month period commencing the following March 15th and September 15th, respectively.

The nine cargoes constituting minimum quantities pursuant to Section 6.3(a), shall be scheduled for loading, to the extent reasonably practicable, at approximately 20 day intervals beginning September 15.

Such schedule shall be updated from time to time to the extent reasonably practicable.

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Ten (10) days prior to the beginning of each calendar month, Seller shall cause Sonatrading to confirm by telex to Buyer the schedule of deliveries for such month.

Seller shall ensure that Buyer shall be promptly notified by telex of any loading of LNG under this agreement and of the departure of such cargo and the estimated time of arrival at the Terminalling Facility.

Section 6.5. Plant Inspections and Overhauls.

Seller and Buyer shall provide that annual inspections and overhauls of the plants and facilities necessary to carry out the operation contemplated by this agreement shall take place preferably during the summer, or at any such other suitable time of the year selected by mutual agreement as will not entail a decrease in the annual quantity of LNG the delivery of which is provided for by this agreement. Seller and Buyer shall notify each other of schedules of such annual inspections and overhauls ninety (90) days prior to their commencement.

V.

Sections 8.1 and 8.2 of the Agreement are amended and restated as follows:

Section 8.1. Gauging. The quantities of LNG delivered under this agreement shall be measured in metric units by gauging of the liquid in the ship's tanks immediately prior to and after loading.

The gauging at the delivery point and the calculations relating thereto shall be made by Seller or its designated representative, with Buyer having the right to be present.

Each party shall send or cause to be sent to the other party a certified copy of the gauging standards for each tank of each LNG tanker being furnished by such party, in metric units approved by the Departments of Instruments and Measurements of Algiers - Paris or of the U.S. Bureau of Standards in Washington (D.C.), as well as correction charts (list, trim, tanks' contraction, etc.). Such standards and charts shall be used throughout the

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term of this agreement, except in the case of a physical change in the tanks, in which case new standards and charts shall be used. LNG level measuring devices shall be approved by both Seller and Buyer. Each tank shall be equipped with two level-measuring devices of different types.

Section 8.2 Determination of Density. The density of the LNG shall be determined by a calculation from the molecular composition determined in accordance with Section 8.4 hereof; for the average temperature defined in Section 8.3 hereof.

The method of calculation shall be the method known as the revised Klosek and McKinley Model, as set forth in NBS Technical Note 1030, published by the U.S. Department of Commerce in December 1980.

In the first sentence of the first paragraph of section 8.4 the words "by Seller" are added after the word "taken", and the word "loading" is substituted for the word "discharging".

In the second sentence of the second paragraph of Section 8.4 the word "Buyer" is substituted for the word "Seller".

In the third paragraph of Section 8.4 the word "Buyer" is substituted for the word "Seller".

In the first sentence of Section 8.5 of the Agreement, the phrase "0°C at a pressure of 760 mm/Hg" is deleted and the following is substituted in its place: "0°C at a pressure of 1.01325 BAR."

In Section 8.6 of the Agreement the words "loaded on" are substituted for the words "delivered by", thereafter the word "loaded" is substituted for the word "delivered" in two places, and the words "LNG loaded" are substituted for the words "LNG discharged".

The first two paragraphs of Section 8.7 are amended and restated as follows:

The gauging equipment in the ship's tanks shall be provided, operated and maintained by the Buyer at its expense. The equipment and material utilized for the determination and tests of the quality and density of the product shall be provided, operated and maintained by Seller at its expense.

P. Hutchinson
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Any measurement and any calculation relating to the determination of the quality and density of the LNG shall be made by Seller in the presence of a representative of Buyer if Buyer so wishes.

In the second sentence of the first paragraph of Section 8.8 the words "with both parties having the right to be present" are substituted for the words "if the two parties are present".

VI.

Article 9 of the Agreement is amended and restated as follows:

PRICE

Section 9.1 F.o.b. Terms. For any month during which there shall be completed any loading of any LNG tanker hereunder the price F.o.b. Algerian port in U.S. Dollars per MMBtu of such LNG so loaded shall be the higher of the Reference Price (if any), the Minimum Price, and a price ("P") computed as follows:

(i) If SP for such month is less than \$5.00:

$$P = 0.6324 \times SP$$

(ii) If SP for such month is equal to or greater than \$5.00:

$$P = (0.6532 \times SP) - 0.0923$$

SP, for any month, shall be the amount obtained by ascertaining

(a) the total number of MMBtus of LNG or regasified LNG derived from LNG purchased hereunder and delivered to customers of Buyer or of any affiliate of Buyer during such month; and

(b) the total proceeds receivable by Buyer or any affiliate of Buyer from such deliveries less any sums paid by Buyer or such affiliate during such month to fiscal authorities in the United States in respect of any import duty, tax or other imposition not levied at the date

A. Robinson
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of execution of Amendment No. 3 to this agreement but applicable to quantities of LNG imported under this agreement;

and by then dividing the aggregate of the amounts calculated under (b) above by the aggregate of the amounts calculated under (a) above. For any period less than a month, or for any month during which no vapor or liquid is delivered, SP shall be fixed by agreement of Buyer and Seller.

Buyer shall throughout this Agreement diligently seek to maximize the proceeds under (b) above by negotiating or causing to be negotiated with such customers terms and conditions (including price) which in Buyer's reasonable commercial judgment are the most favorable available to Buyer in the prevailing market and in the prevailing circumstances.

VII.

In the first paragraph of Article 10 the words "without prejudice to Section 9.1 hereof" are added after the word "Buyer".

In the second paragraph of Article 10, the words "other states and" shall be deleted and the words "Algeria, and, where the LNG tanker is furnished under the Transportation Agreement," shall be substituted therefor.

VIII.

Article 11 of the Agreement is amended and restated as follows:

PORT FACILITIES; LOADING

Section 11.1. Port and Loading Facilities.

(a) **Port Facilities.** Seller shall make available, or cause to be made available, safe port facilities for the loading of LNG purchased hereunder capable of receiving LNG tankers of the following maximum dimensions:

O. Anderson
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Overall Length..... 290.00 meters
Width..... 43.70 meters
Draft at full capacity... 11.30 meters

Port facilities shall be such as to permit all loading and maneuvers to be carried out in complete safety within a reasonable time.

(b) Berthing and Loading Facilities. Seller shall make available or cause to be made available to Buyer at the port of loading in Algeria berthing and loading facilities including:

- (i) mooring equipment;
- (ii) lighting sufficient to permit docking maneuvers by day or by night in complete safety, to the extent permitted by the port authorities;
- (iii) pipelines to ensure normal stocking of the LNG tanker with bunker fuel;
- (iv) loading arms, pipes and other appropriate facilities permitting the loading of LNG at the average rate of ten thousand m³/hour;
- (v) a vapor return line from the LNG tanker to shore facilities having a diameter sufficient to maintain appropriate operating pressure in the tanks of the LNG tanker and in the storage reservoirs; and
- (vi) a liquid nitrogen loading facility compatible with the LNG tanker.

The facilities described in this Section 11.1(b) shall be provided, operated and maintained at no cost to Buyer.

Section 11.2. Safety. Loading of LNG shall be carried out in strict conformity with all applicable safety and other similar regulations.

Section 11.3. Conditions of Loading. Buyer shall give written notice to Seller of the estimated date and hour of arrival at the port of loading of any LNG tanker providing maritime transportation

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hereunder as well as of the estimated quantity of LNG which is to be loaded. Buyer shall send or cause to be sent to Seller the following written notices:

- (i) a first designation notice shall be given upon departure from last port of discharge or (if later) at least ninety-six (96) hours prior to the estimated time of arrival, and shall contain an estimated time of arrival;
- (ii) a second designation notice shall be given so as to arrive seventy-two (72) hours prior to the estimated time of arrival;
- (iii) a third designation notice shall be given so as to arrive twenty-four (24) hours prior to the estimated time of arrival; and
- (iv) At the time the LNG tanker arrives at the sea buoy or designated anchorage at the loading port, the Master shall give written notice of such arrival to Seller or its authorized representative at any time of the day or night.

As soon as the LNG tanker is berthed alongside the pier and prepared to load its cargo, the Master of the LNG tanker shall give written notice of ready to receive to Seller or to its representative at any time of the day or night. Notwithstanding the foregoing, where the LNG tanker is furnished under the Transportation Agreement, all notices required to be given under this Section 11.3 shall be the responsibility of Seller. Provided that the bottom temperature of the tanks of the LNG tanker is not higher than minus one hundred and forty-five degrees centigrade, Seller shall then take all appropriate measures within its reasonable control to permit the loading of the LNG tanker as quickly as is safely possible.

Authorized laytime for loading any LNG tanker under this Agreement shall commence at the same time and shall run for the same period as authorized laytime at the loading port under the Transportation Agreement and demurrage shall be computed for the same period at the same rate and shall be payable in the same manner as demurrage at the loading port under the Transportation Agreement.

G. [Signature]
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(a) Seller shall make available or cause to be made available LNG for gas trials and cooldown for any LNG tanker transporting LNG purchased hereunder which has a bottom temperature in its tanks prior to loading higher than minus one hundred and forty-five degrees centigrade. Payment for the LNG so supplied shall be the responsibility of Buyer, except as provided below. Buyer shall pay to Sonatrading for the LNG so supplied (for which Buyer bears such payment responsibility) the price in U.S. Dollars per MMBtu provided in Article 9 hereof for LNG loaded during the month of such supply.

(b) Upon discharge of any LNG tanker transporting LNG in connection herewith, which is scheduled to load LNG at the loading port within thirty (30) days following completion of such discharge, Buyer shall retain or cause to be retained aboard that LNG tanker (if returning forthwith in ballast to the loading port to load further cargo hereunder) an amount of LNG sufficient to permit such tanker to maintain a temperature no higher than minus one hundred and forty-five degrees centigrade at the bottom of the tanks for a period of at least twenty-four (24) consecutive hours after its arrival at the loading port or, in the case of an LNG tanker provided under Transportation Agreement, after the time (if earlier) when such arrival would have occurred had it proceeded to the loading port with due dispatch. The supply of LNG necessitated by a failure of Buyer so to cause sufficient LNG to be retained aboard shall be the responsibility of and shall be paid for by, Buyer but at the request of Buyer such LNG shall be supplied by Seller. The price to be paid by Buyer to Seller for LNG for which Buyer is obligated to pay Seller under this Section 11.4 shall be the price in U.S. Dollars per MMBtu provided in Article 9 hereof.

(c) If any LNG tanker aboard which LNG has been so retained does not load within such twenty-four (24)-hour period for any cause attributable solely to any matter within the reasonable control of Seller or the owner or operator of any LNG tanker furnishing services under the Transportation Agreement, the cost of additional LNG thereby rendered necessary and utilized for cooldown of such tanker shall be the responsibility of Seller.

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(d) The quantities of LNG purchased pursuant to this Section 11.4 by Buyer shall not be included in the quantities covered by Article 6 of this agreement.

IX.

Section 12.1 of the Agreement is hereby amended and restated as follows:

Section 12.1. Invoicing and Payment.

(a) Seller's Documents; Payments on Account. Not less than 7 days in advance of each month in the course of which Buyer anticipates that there will be LNG deliveries hereunder, Buyer shall notify Sonatrading by telex of Buyer's best good faith estimate of the price P under Article 9 for that month. Promptly following the completion of each loading of LNG purchased hereunder Seller shall cause Sonatrading to send to Buyer in respect thereof a telex substantially in the form of Annex C hereto. Sonatrading shall at the same time cause to be dispatched to Buyer (a) the data and documents indicating the quantity in MMBtu's of LNG so loaded (including the measurements and calculations under Article 8 hereof); (b) where the LNG is loaded under the Transportation Agreement, a cargo receipt substantially in the form of Annex A to that Agreement in respect of such LNG; and (c) a provisional invoice (which may be sent by telex or telecopier) for the amount calculated pursuant to the final paragraph of this Section 12.1(a). Buyer shall make to Sonatrading a payment on account for such LNG of that amount, by wire transfer to Sonatrading's account in a United States bank specified by Sonatrading, on or before the later of (i) the fifteenth day following the completion of each loading or (ii) the seventh day following the date of receipt by Buyer of the documents under (a), (b) and (c) above (the "Due Date"), provided that Buyer shall at all times have outstanding a standby, revolving, irrevocable commitment to Sonatrading of a first-class bank in the United States in form and substance reasonably satisfactory to Sonatrading to pay Sonatrading on the Due Date an amount of U.S. dollars equal to each such payment on account together with any interest accrued thereon against presentation of written advice by Sonatrading that

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there has been a failure by Buyer to pay the same when required by this agreement to such account by such Due Date. In the event that it shall become unduly onerous for Buyer to have such a bank commitment outstanding, Buyer may so inform Sonatrading by notice. In such event, Buyer shall not be obligated to have such a commitment outstanding in respect of any loadings occurring after the date on which such notice was given and shall make such payment on account for each loading by wire transfer to the aforementioned account not later than the seventh day following the date of receipt by Buyer of the documents under (a), (b) and (c) above.

The amount so payable on account shall be equal to:

- (i) the product of (a) the quantity of LNG in MMBtus loaded as specified in the aforementioned cargo receipt or (if not so specified) as determined in accordance with Article 8 hereunder; and (b) the price as estimated by Buyer and notified to Sonatrading in accordance with this Section 12.1(a) for the month in which such loading was completed, plus or minus
- (ii) any amount required to be added to or subtracted from the foregoing product under Section 12.1(c).

(b) Invoices. Within seven days following receipt of the monthly statement furnished by Buyer under Section 12.1(d), Sonatrading shall prepare and send to Buyer an invoice in U.S. Dollars for the aggregate quantity of LNG purchased hereunder the loading of which was completed during the month covered by such monthly statement. The amount invoiced shall be equal to the product of (i) the price per MMBtu under Article 9 for such month as calculated in the monthly statement prepared under Section 12.1(d), and (ii) such aggregate quantity in MMBtus as determined pursuant to Section 12.1(a) for such month less the payments on account received by Sonatrading under Section 12.1(a) with respect to the shipments of LNG covered by such invoice. Any such invoice shall take into account any amount owed by either Sonatrading or Buyer under Section 11.

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(c) Payment. In the event that the invoice sent by Sonatrading under Section 12.1(b) shows a net amount owed to Buyer, such amount shall be subtracted from the product referred to in Section 12.1(a)(i) in computing the amount or amounts payable by Buyer under Section 12.1(a) in respect of the shipment or shipments next following the date of receipt by Buyer of such invoice, in such a manner as to amortize as rapidly as possible the amount of such credit. In the event that the invoice shows a net amount owed to Sonatrading, all or any part of such amount remaining unpaid shall be added to the product referred to in Section 12.1(a)(i) in computing the amount payable by Buyer under Section 12.1(a) with respect to the shipment next following the date of receipt by Buyer of such invoice. If the amount shown in any invoice as a net amount owed to Buyer or to Sonatrading has not been paid in full as provided in this Section 12.1(c) within thirty (30) days following the date of receipt by Buyer of such invoice, then the party owing that net amount remaining unpaid shall forthwith pay the same by wire transfer to such account at a United States bank as the other party shall have specified by notice. If and for so long as Buyer shall be in default in respect of any obligation upon Buyer under this Article 12 to make payment for LNG, Sonatrading shall be under no obligation to make any further shipment(s) of LNG to Buyer hereunder. Upon the amount of any payment under this Article 12 which is in default the defaulting party shall pay interest at a rate which shall equal 1 percent per annum over LIBOR from the last date due until the date of payment.

(d) Monthly Statements. No later than the eighteenth day following the end of each month, Buyer shall prepare and deliver to Sonatrading a statement showing the price under Article 9 for such month and including in reasonable detail the basis for the calculation thereof. Such statement shall include in particular the aggregate quantities of deliveries of LNG or regasified LNG derived from LNG purchased hereunder effected in such month, the customers concerned, and the total proceeds receivable from such deliveries to customers.

G. Hutchinson

37 RJP

(e) Access to Books and Records. Sonatrading and its representatives shall be entitled from time to time at their expense to inspect Buyer's books and records upon reasonable notice during normal working hours for the purpose of verifying sales and deliveries to customers and computing the amounts payable under this agreement.

X.

Article 13 of the Agreement is amended and restated as follows:

FORCE MAJEURE, ETC.

13.1. Definition. "Force Majeure" means any event or condition, whether affecting Buyer, Seller or any other person, which has prevented or delayed or may reasonably be expected to prevent or delay any party hereto from performing hereunder in whole or in part (including but not limited to performing transportation to, storage at and redelivery from the Terminalling Facility), if such event or condition is beyond the reasonable or prudent control, forecasting or planning, and not the result of willful or negligent action or a lack of reasonable diligence, of whichever party hereto is relying thereon (the "Non-Performing Party") as justification for such nonperformance. The foregoing provisions shall not be construed to require that the Non-Performing Party observe a higher standard of conduct than that required by the usual and customary standards of the industry, as a condition to claiming the existence of Force Majeure. Such events or conditions shall include but shall not be limited to circumstances of the following kind:

- (a) (i) an act of God or government, epidemic, landslide, lightning, earthquake, fire, explosion, accident, storm, flood or similar occurrence, an act of the public enemy, war, blockade, insurrection, riot, civil disturbance or similar occurrence, or (ii) a strike, lockout, or similar industrial or labor action;

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- (b) the failure to obtain, or suspension, termination, adverse modification, interruption or failure of renewal of any permit, license, consent, authorization or approval, including any approval contemplated by Article 18 hereof; and
- (c) circumstances preventing Seller, Sonatrading, Buyer or any affiliate of Buyer from supplying LNG or regasified LNG, as the case may be, including serious accidental damage to operations or equipment affecting the Natural Gas production facilities in the field, transportation, treatment, liquefaction, storage, and loading operations in Algeria; transportation by LNG tankers; and unloading, storage, regasification and transportation in the United States.

13.2. Excuse of Performance. Each party hereto shall be excused for its failure or delay in performance hereunder to the extent that such failure or delay is caused by Force Majeure. Notwithstanding the foregoing, Buyer shall in any event make payment in accordance with the terms hereof for all LNG delivered hereunder as to which the risk has passed to Buyer.

13.3. Notice. As soon as practicable following the occurrence of Force Majeure the party affected thereby shall give notice to the other party by the most rapid means available, describing such Force Majeure and stating such party's best estimate of the duration thereof and the effect thereof on the performance of this agreement and shall keep such other party reasonably advised as to the status of such Force Majeure and the progress of such party's efforts to overcome the same.

13.4. Resumption of Performance. In the event performance hereunder shall be prevented or delayed in whole or in part by Force Majeure, the parties shall take all reasonable and appropriate measures to bring about conditions permitting the resumption

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of the normal performance of this agreement as soon as possible. In the event that performance hereunder shall be substantially prevented by Force Majeure for more than 24 consecutive months either party may, without prejudice to all other rights arising out of such circumstances, terminate this agreement by 30 days' written notice to the other.

13.5. Reduction or Cessation of Deliveries. If in respect of any transaction between Buyer or any affiliate of Buyer, and any customer, for the sale and purchase of regasified LNG, or of LNG, in relation to which Seller is obligated to sell LNG to Buyer hereunder, there shall arise:

(a) a failure or refusal of such customer to take delivery of or to make payment in full for any such regasified LNG or any such LNG;

(b) a bankruptcy or insolvency of any such customer; or

(c) a reasonable likelihood, in Buyer's good faith judgment, that the occurrence of one of the foregoing events is imminent;

Buyer or any such affiliate of Buyer may by reason thereof reduce or stop deliveries to such customer of regasified LNG, or of LNG, and if in consequence, so long as such deliveries shall not be made, Buyer fails to accept or lift all or any of such quantities of LNG hereunder as would have been required to effect such deliveries, Buyer shall have no liability whatsoever to Seller or Sonatrading in respect of such failure exceeding 60% of the amount by which the value of all monies or other consideration recovered from such customer by way of damages or otherwise in respect of any of the matters set forth under (a), (b), or (c) above exceeds the costs (including, without limitation, legal fees and expenses) disbursed by Buyer in effecting such recovery.

XI.

The second sentence of Article 14 of the Agreement is amended and restated as follows:

"Subject to Section 6.4(b), this agreement shall remain in effect for 15 years from 1 October, 1988."

G. *[Signature]* R.P.
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The last sentence of Article 14 of the Agreement is deleted.

XII.

Article 15 is amended and restated as follows:

NOTICES

Each notice, request, demand or other communication hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand to an authorised employee or a duly appointed representative of the addressee party; or when received by such party after being sent by mail; or one day after it has been sent to such party by telex or telecopier (with receipt confirmed), provided a copy is also sent by mail addressed as follows (or to such other address as a party may designate by notice to the other):

(a) If to Distrigas:

Distrigas Corporation,
2 Oliver Street,
Boston, Massachusetts,
U.S.A.
Telecopier: (617) 439-6690
Telex: 671-6307

(b) If to SONATRACH:

Sonatrach,
46, Boulevard Mohamed V,
Algiers,
ALGERIA.
Telex: 67123
67124
67125

(c) If to Sonatrading:

Sonatrading Amsterdam B.V.
Kantoorgebouw "Sloterstyn" No. 5C
Sloterkade 133
1058 HM Amsterdam West,
The Netherlands
Telex: 1074B SKADE (temporary number)

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XIII.

In Article 16 of the Agreement, the words "the United Kingdom" are deleted and the word "England" is substituted therefor.

XIV.

The last two paragraphs of Section 18.2 of the Agreement are deleted and the following is substituted therefor:

Seller's and Buyer's obligations hereunder shall be subject to obtaining and maintaining all approvals of authorities required for performance, including any such approvals required to enable Buyer or an affiliate of Buyer to purchase, import, sell or resell LNG the subject of this Agreement or regasified LNG derived therefrom. Seller shall do all in its power to maintain all such approvals of Algerian authorities, and Buyer shall do all in its power to maintain all such approvals of United States authorities. Each party shall notify the other party when it has received any such approval. Each party shall, if requested by the other, help the other party by doing all in its power to obtain and maintain such governmental approvals as may be required from time to time for performance.

Section 18.3 of the Agreement is deleted.

XV.

In the heading of ARTICLE 20, the words "REVISION OF THE CONTRACTUAL SALES PRICE" are changed to "REVISION OF REFERENCE PRICE FORMULA and of THE MINIMUM PRICE."

The first three paragraphs of Article 20 are amended and restated as follows:

The parties may meet to revise the formula contained in the definition of the Reference Price in Appendix A hereto every three (3) years and/or to revise the Minimum Price every five (5) years, during the term of this agreement or any extension thereof.

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Any such revision of the Reference Price Formula or of the Minimum Price shall be effected by adaptation of the said formula or of the said Minimum Price in a reasonable and fair manner (having regard, inter alia, to the terms of Article 9), to the economic circumstances then prevailing in the natural gas markets for the East Coast of the United States of America.

Among the factors to be considered in determining the appropriateness of any adaptation shall be Buyer's success in obtaining commitments from time to time during the term of this Agreement (capable of being satisfied by LNG purchased by Buyer hereunder or by regasified LNG derived from LNG purchased by Buyer hereunder), on terms and conditions (including price and date of contract and nature of purchase commitment) which in Buyer's reasonable commercial judgment are the most favorable to Buyer's and Seller's LNG trade in the then prevailing markets and under the then prevailing circumstances.

XVI.

Article 22 of the Agreement is amended and restated as follows:

ARTICLE 22

COUNTERPARTS

This agreement may be executed in any number of counterparts and each of such counterparts shall be deemed an original. All such counterparts shall together constitute a single instrument. The French and English versions of this agreement shall be equally authoritative.

XVII.

Article 23 of the Agreement is deleted.

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XVIII.

Appendix A to the Agreement is amended by adding thereto the defined terms set forth in Appendix A hereto. Appendix B to the Agreement is deleted and replaced by Appendix B attached hereto.

Appendix E to the Agreement is deleted.

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This Amendment shall be effective when all requisite approvals of the competent authorities in Algeria, and the United States of America respectively shall have been obtained. Seller shall use its best efforts to obtain all such approvals from Algerian authorities, and Buyer shall use its best efforts to obtain all such approvals from United States authorities. Each party shall notify the other when it has obtained final such approval from its national authorities. Each party shall, if requested by the other, help that other by doing all in its power to obtain any such approvals as may be required for the performance hereof.

XX.

Pursuant to Article 21 of the Agreement, Seller hereby absolutely and unconditionally assigns and delegates its rights, obligations and commitments under the Agreement, as amended, to Sonatrach. Buyer hereby consents to the assignment by Seller to Sonatrach of Seller's rights, obligations and commitments under the Agreement, as amended, but nothing herein shall release Seller from performance of all Seller's obligations and commitments hereunder.

XXI.

All the provisions of the Agreement, except as expressly amended hereby, shall remain in full force and effect.

Distrigas Corporation

/s/ R. Gordon Shearer
R. Gordon Shearer
Vice President

SONATRACH

/s/ M. Faïd
M. Faïd
Directeur, Division Gaz
O. Akkouch
24/24 RAO

Dated: February __, 1988

Sonatrading Amsterdam B.V. is signing this Amendment to acknowledge (i) that it hereby accepts and assumes all rights, obligations and commitments of Seller under the Agreement, as amended, and (ii) that it agrees all the clauses and conditions of the Agreement, as amended, will be binding upon and inure to the benefit of Sonatrading, its successors and permitted assigns.

Sonatrading Amsterdam B.V.

By  _____

A. Hutchinson

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APPENDIX A

"Contractual Year": The period of time beginning September 15 and ending the following September 14.

"LIBOR": The average rate of interest per annum (rounded up to the nearest one sixteenth of one per cent) offered from time to time by prime banks in the London interbank market for three-month eurodollar deposits in amounts of \$1,000,000, as certified by Citibank N.A. (London).

"Minimum Price": The minimum price of LNG shall be the price per MMBtu FOB Algerian port set out below for the periods indicated:

	<u>U.S.\$</u>
September 15, 1988 - September 14, 1989	1.475
September 15, 1989 - September 14, 1990	1.560
September 15, 1990 - September 14, 1991	1.645
September 15, 1991 - thereafter	1.730

"Reference Price": The Reference Price for any month during the period beginning on each 15th September during the term of this agreement and ending one year later or when the loading thereafter of nine cargoes comprising minimum quantities pursuant to section 6.3(a) shall have been

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effected, whichever shall be earlier, shall result from the application of the following formula on the first day of such month:

Reference Price = (i) If RP for such month is less than \$5.00:
Reference Price = $.6324 \times \text{RP}$
(ii) If RP for such month is equal to or greater than \$5.00:
Reference Price = $(.6532 \times \text{RP}) - .0923$

$$\text{RP} = 2.16 \times \text{PK} + 0.15 \times \text{WS} + 0.40 \times \text{B} + 0.15 \times \text{CD}$$

where:

PK = the price in U.S. dollars of one gallon of No. 2 distillate oil measured by adding, 75% of the arithmetic average of the high and low prices of "No. 2 Oil, Max 0.2% Sulfur, Contract Barges, NY Harbor" for the preceding month, as published by Platt's Oilgram, to 25% of the arithmetic average of the high and low prices of "No. 2 Oil, Spot Cargoes, NY Harbor", for the preceding month, as published by Platt's Oilgram.

WS = the arithmetic average of the commodity charge for gas in U.S. dollars per Dth to be delivered to Massachusetts utilities under the highest three rate schedules chosen from Algonquin W-1, Conteal F-2, National Fuel F-3 and Boundary, as reported in the gas cost adjustment filings made by the four gas distribution companies whose projected purchases are the largest at the Massachusetts Department of Public Utilities for the heating season (November through April), and as subsequently adjusted (where relevant) by filings made by the

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interstate pipeline suppliers at the Federal Energy Regulatory Commission ("FERC") for the subject heating season.

- B - the price in U.S. dollars of No. 6 fuel oil, 0.3% sulfur grade measured on a Btu basis, by dividing by 6.38 the total of 70% of the arithmetic average of the average prices of "No. 6 Fuel Oil, Max 0.3% Sulfur, Estimated Contract Cargo Prices" and 30% of the arithmetic average of the average prices of "No. 6 Fuel Oil, Max 0.3% Sulfur, Estimated Spot Cargo Prices" as published by Platt's Oilgram for the preceding month; less the arithmetic average cost of transportation per MMBtu as disclosed in filed tariffs or contracts provided to Seller from time to time which would be transported from the tailgate of the Terminalling Facility to such customer or customers in the Northeastern United States as are capable of substituting natural gas produced from vaporised LNG for No. 6 fuel oil, 0.3% sulfur grade.
- CD - the higher of the Tennessee Gas Pipeline Rate CD-6 or Algonquin Gas Pipeline Rate F-1 as reported in the gas cost adjustment filings made by the four gas distribution companies whose projected purchases are the largest at the Massachusetts Department of Public Utilities for the period November through April, and as subsequently adjusted (where relevant) by filings made by Algonquin and Tennessee at FERC for the subject period.

Promptly following the end of such period, there shall be calculated (1) the arithmetic average of the respective Reference Prices for each month of such period during which a cargo shall have been loaded and (2) the weighted average of the respective prices P for each such month. If the arithmetic average Reference Price so calculated shall differ from the weighted average price P so calculated, the aggregate price receivable by Sonatrading for cargoes shipped during such period shall be recalculated by repricing all such cargoes at the higher of such two average prices. Should the aggregate price which shall have been

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paid to Sonatrading in respect of such cargoes prior to such recalculation be less than the aggregate price so recalculated, the difference shall forthwith be paid by Buyer to Sonatrading. Should the aggregate price which shall have been paid to Sonatrading in respect of such cargoes prior to such recalculation be more than the aggregate price so recalculated, the difference shall forthwith be paid by Sonatrading to Buyer.

"Tailgate": The tailgate of the Terminalling Facility.

"Terminalling Facility": The Everett Marine Terminal located at Everett, Massachusetts.

"Transportation Agreement": The Transportation Agreement, dated as of the date hereof between Buyer and Seller, as amended from time to time.

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APPENDIX B

CHARACTERISTICS OF THE COMPONENTS OF NATURAL GAS

AT NORMAL CONDITIONS 0°C/1.01325 BAR

	Molecular Mass kg:kgmol	Molar Volume m ³ :kgmol	Molar GVV kcal/kgmol	Density kg/m ³	GVV kcal/m ³ (real gas)	critical temperature °K	critical absolute atmospheric pressure	
Methane CH ₄	16.04	22.38	213,280	0.7167	9,530	13,297	190.7	45.80
Ethane C ₂ H ₆	30.07	22.17	373,706	1.3563	16,860	12,431	305.4	48.20
Propane C ₃ H ₈	44.09	21.84	531,804	2.0188	24,350	12,062	370.0	42.01
iso-Butane iC ₄ H ₁₀	58.12	21.78	607,594	2.6685	31,570	11,831	408.1	36.00
n-Butane nC ₄ H ₁₀	58.12	21.50	609,290	2.7033	32,060	11,860	425.2	37.47
iso-Pentane iC ₅ H ₁₂	72.15	21.03	844,354	3.4308	40,150	11,703	461.0	32.90
n-Pentane nC ₅ H ₁₂	72.15	20.86	846,916	3.4588	40,600	11,738	469.8	33.31
Hexane nC ₆ H ₁₄	86.20	20.30	1,004,850	4.2463	49,500	11,657	507.9	29.92
Nitrogen N ₂	28.02	22.40	-	1.2509	-	-	126.4	33.53

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Form of Loading Report Telex

Telex No:
Answerback:
Attention: Chief Executive Officer

By