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DISTRIGAS CORPORATION

Docket No. 88-37-LNG

EXHIBIT E-III-C
TRANSPORTATION AGREEMENT.

EXECUTION COPY

TRANSPORTATION AGREEMENT

between

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

and

DISTRIGAS CORPORATION

as Shipper

Dated as of February __, 1988

ms DP

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
ARTICLE I	
<u>Definitions</u>	
ARTICLE II	
<u>Purpose; Transportation Commitment</u>	
2.1. Purpose	4
2.2. Transportation; Quantities	4
ARTICLE III	
<u>Commitment to Pay for Transportation</u>	
3.1. Freight Rate	5
3.2. Calculation of Freight	8
3.3. When Earned and Payable	10
3.4. Fuel Payments	10
ARTICLE IV	
<u>The LNG Tankers</u>	
4.1. The LNG Tankers	14
4.2. Availability of LNG Tankers	14
4.3. Maintenance of LNG Tankers, etc.	15
4.4. Flag and Operation	16
ARTICLE V	
<u>Force Majeure</u>	
5.1. Definition	17
5.2. Excuse of Performance	18
5.3. Notice, etc.	18
5.4. Resumption of Performance	18

Section

Page

ARTICLE VI

LNG Boil-Off and
Retention for Cryogenic Purposes

6.1.	Allowance	19
6.2.	Excess Boil-Off	20
6.3.	Determination of Boil-Off	20
6.4.	Cooldown; Heel and Gas Trials.....	21
6.5.	Cooling on Entry into Service and Return to Service	23
6.6	Cargo Tank Vapor Pressure	23

ARTICLE VII

<u>Quarantined Ports</u>	24
--------------------------	----

ARTICLE VIII

Terminal Facilities

8.1.	Discharge Terminal	24
8.2.	Loading Port	25
8.3.	Order of Berthing	25

ARTICLE IX

Technical Requirements, Scheduling Operations,
Laytime and Demurrage, and Measurements

9.1.	Notices of Arrival Time, Ready to Receive and Discharge, Laytime and Demurrage	26
9.2.	Measurements and Tests	28
9.3.	Compliance with Legal Requirements Concerning Pollution, etc.; Insurance	29

Section

Page

ARTICLE X

Payments

10.1.	Invoicing and Payment	29
10.2.	Interest on Late Payments	31

ARTICLE XI

Responsibilities

11.1.	Safe Ports	31
11.2.	Receipts for Cargo	31
11.3.	Trading Limits	32
11.4.	Risk of Seizure	33
11.5.	Use of LNG Tankers	33
11.6.	Drydocking	34
11.7.	Insurance	34
11.8.	Port Charges, etc.	35

ARTICLE XII

<u>Term of Agreement</u>	36
--------------------------	----

ARTICLE XIII

<u>Authorizations</u>	36
-----------------------	----

ARTICLE XIV

<u>Arbitration</u>	36
--------------------	----

ARTICLE XV

<u>Notices</u>	37
----------------	----

Section

Page

ARTICLE XVI

Miscellaneous

16.1.	Amendment	38
16.2.	Assignment	38
16.3.	Consequential Damages	39
16.4.	Currency Conversions	39
16.5.	Invalid Clauses	39
16.6.	Headings	39
16.7.	Entire Agreement	39
16.8.	Governing Law	40
16.9.	Counterparts	40
16.10.	No Intermediaries	40

ANNEX A - Non-Negotiable, Non-Transferable
Cargo Receipt

ANNEX B - Fuel and Deviation Credits

TRANSPORTATION AGREEMENT, dated as of February 21, 1988, between L'ENTREPRISE NATIONALE POUR LA RECHERCHE, LA PRODUCTION, LE TRANSPORT, LA TRANSFORMATION ET LA COMMERCIALISATION DES HYDROCARBURES (SONATRACH), an Algerian entreprise nationale, as transporter ("SONATRACH"), and DISTRIGAS CORPORATION, a Delaware corporation, as shipper (the "Shipper").

SONATRACH and the Shipper agree as follows:

ARTICLE I

Definitions

"Actual Bunker Amount": The meaning given in section 3.4(b).

"British Thermal Unit" and "Btu": The meaning given in the Purchase Agreement.

"Bunker Price": For any Round Trip Voyage, the amount obtained by dividing (a) the aggregate amount in U.S. dollars paid by SONATRACH or the owner or operator of the LNG Tanker performing such Voyage in respect of bunker fuels consumed during such Round Trip Voyage (computed on a first in first out basis), by (b) the aggregate amount in metric tons of bunker fuels so consumed; provided, that in computing the amount in (a) above in respect of bunker fuels purchased in Algeria there shall not be taken into account any part of the price so paid which exceeds the market price of fuels of the same grade(s) in non-Algerian ports located in the European Mediterranean region.

"Contract Year": The meaning given to "Contractual Year" in the Purchase Agreement.

"Day": The meaning given in the Purchase Agreement.

"Discharge Port": The port of Boston, Massachusetts or such other port on the East Coast of the United States of America as may be nominated by the Shipper and consented to by SONATRACH, which consent shall not be unreasonably withheld.

"Discharge Terminal": The LNG terminal facilities at Everett, Massachusetts, or such other point as may be nominated by the Shipper and consented to by SONATRACH, which consent shall not be unreasonably withheld.

"Freight Rate": The meaning given in section 3.1.

"Gross Cargo Capacity": The total volume in cubic meters of the LNG cargo tanks of an LNG Tanker as certified by the builder thereof.

"LIBOR": The meaning given in the Purchase Agreement.

"Liquefied Natural Gas" and **"LNG"**: The meaning given in the Purchase Agreement.

"LNG Tanker": The meaning given in section 4.1.

"Loading Port": The port in Algeria at which the LNG to be transported hereunder is loaded pursuant to the Purchase Agreement.

"Purchase Agreement": The LNG Purchase Agreement, dated 13 April 1976, concluded between SONATRACH and the Shipper as amended by Amendment No. 3 thereto dated as of the date hereof, and as may be further amended from time to time.

"Round Trip Voyage": In relation to any LNG Tanker, the period in service hereunder commencing when she moves from her buoy or anchorage at or off the Loading Port for purposes of proceeding to her loading berth to load and ending when (having there loaded her cargo, carried it to, and discharged it at, the Discharge Terminal, and having proceeded with due despatch on her return ballast passage therefrom) either (a) she has once again reached such buoy or anchorage at or off the Loading Port and has waited there for such waiting period (if any) not exceeding 24 hours as may be necessary prior to her reaching the loading berth at the Loading Port, or (b) she has reached (or would with due dispatch have reached) her next port of loading or a point the same distance from the Discharge Terminal as the Loading Port, whichever occurs earlier; provided that such period shall be extended by any time immediately following during which performance of further services by her may be delayed or prevented by the act or at the request of the Shipper and, provided, further, that cessation or interruption of service in accordance with lifting schedules agreed between the parties shall not be deemed such an act or request.

"SNTM/HYPROC": Société Nationale de Transport Maritime des Hydrocarbures et des Produits Chimiques, an Algerian société nationale, Arzew, Algeria.

"SONATRADING": Sonatrading Amsterdam B.V., a Netherlands company all of the capital stock of which is owned by SONATRACH.

ARTICLE II

Purpose; Transportation Commitment

2.1. Purpose. The purpose of this Agreement is to provide transportation for some or all of such quantities of LNG as may be purchased by the Shipper pursuant to the Purchase Agreement.

2.2. Transportation; Quantities. Subject to the terms and conditions hereof:

- (a) The Shipper shall cause to be tendered for lifting in an LNG Tanker or LNG Tankers at the Loading Port in accordance with lifting schedules prepared pursuant to Article 6 of the Purchase Agreement, for carriage to the Discharge Terminal, LNG purchased by the Shipper under the said Article 6.
- (b) So long as, at any given time, not more than one LNG Tanker is required to effect such liftings, that LNG Tanker shall be made available by SONATRACH to load at the loading port.
- (c) If a second LNG Tanker is, at any given time, required to effect such liftings the Shipper shall, before entering into any arrangements with any third party for the provision of such additional LNG Tanker, offer to SONATRACH first refusal of the right to provide the same on terms and conditions

not less favourable to the Shipper than would be the terms and conditions of such arrangements. Unless such offer is accepted by SONATRACH and such acceptance communicated to the Shipper within 48 hours of such offer being made it shall be deemed to have been rejected by SONATRACH. In respect of any such second LNG Tanker provided by SONATRACH pursuant to such offer the terms and conditions upon which such LNG Tanker is so provided shall be the subject of a separate agreement between the parties and, except as expressly provided therein, such second LNG Tanker shall not be covered by this Agreement.

- (d) Unless otherwise agreed by the parties, SONATRACH shall cause any LNG Tanker furnished by it which shall have loaded at the Loading Port LNG tendered for loading by the Shipper to proceed with due despatch to the Discharge Terminal.

ARTICLE III

Commitment to Pay for Transportation

3.1. Freight Rate. The Shipper shall pay freight to SONATRACH for the transportation furnished by SONATRACH hereunder at the rate of U.S.\$0.27 per MMBtu (indexed as

hereinafter set out) of LNG loaded on board any LNG Tanker hereunder at the Loading Port (the "Freight Rate"). The said figure of U.S.\$0.27 shall consist of a fixed element of U.S.\$0.1728 and an indexed variable element of U.S.\$0.0972. The Freight Rate shall be recalculated on the first day of each Contract Year beginning with the fourth Contract Year in accordance with the following formula:

$$F = \text{U.S.}\$0.1728 + \text{U.S.}\$0.0972 \left[\frac{1}{2} \left(\frac{60}{100} \times \frac{S_n}{S_o} \times \frac{EX_n}{EX_o} \right) + \frac{1}{2} \left(\frac{60}{100} \times \frac{GNP_n}{GNP_o} \right) + \left(\frac{40}{100} \times \frac{I_n}{I_o} \right) \right]$$

where -

- F - Freight rate as recalculated, per MMBtu loaded.
- S_n - The value of the INSEE Index (Indice général des taux de salaire horaire des ouvriers, France entière, secteur privé" published in INSEE's "Bulletin Mensuel de Statistique" (Chapter 14, number 11) current at the time of the recalculation.
- S_o - The value of said INSEE Index on the first day of the third Contract Year.
- EX_n - The rate of exchange which would be used to convert French francs into U.S. dollars under section 16.4 of this Agreement current at the time of the recalculation.

- EXo -** Said rate of exchange current on the first day of the third Contract Year.
- GNPn -** The value of the Implicit Price Deflator for Gross National Product [Index numbers, 1982 = 100], published by the United States Department of Commerce, Bureau of Economic Analysis, for the last year for which such information has been published at the time of the recalculation.
- GNPo -** The value of said Implicit Price Deflator current on the first day of the third Contract Year.
- In -** The total costs expended by SNTM/HYPROC or SONATRACH for all insurances (including hull and machinery, disbursements, war risks, and P & I) reasonably effected pursuant to section 11.7 of this Agreement and in force in respect of any LNG Tanker furnished hereunder during the year immediately preceding the recalculation (being insurances of the classes and coverages in force on 1 October 1988 in respect of that LNG Tanker or, if not so in force, which are approved by the Shipper, such

approval not to be unreasonably withheld), expressed in U.S. dollars (costs expended in any other currency being exchanged at the rate of exchange prevailing when so expended).

When more than one LNG Tanker has been so furnished said total costs shall be taken as the average of such costs per LNG Tanker so furnished.

10 - The cost of said insurances current on the first day of the third Contract Year.

In the event the authority which publishes an index used above should cease to publish the same but the same authority issues a conversion table by which a new index can be related to the former index, such new index and said conversion table shall be used to make the applicable adjustment calculations hereunder. In the event no such conversion table is published, a comparable, alternative index shall be applied.

3.2. Calculation of Freight. The freight for any voyage by any LNG Tanker transporting LNG hereunder shall be a U.S. dollar amount equal to the Freight Rate times the number of MMBtu's of LNG falling within Article 6 of the Purchase Agreement loaded on board such LNG Tanker at the Loading Port, as measured at the Loading Port pursuant to the

Purchase Agreement, based on the documents sent to the Shipper following the completion of loading of such LNG. Further, at the end of each full Contract Year during the term of this Agreement there shall be calculated the total number (N) of cargoes of LNG loaded hereunder during that year, and if N shall be less than seventeen the Shipper shall make a further aggregate freight payment ("Dead Freight") to SONATRACH of U.S.\$300,000 multiplied by (17 - N); provided that N shall be increased by the number of cargoes of LNG which would have been loaded during that year but for (a) the failure of SONATRACH to make LNG Tankers available under this Agreement by reason of (i) Force Majeure, (ii) breach of this Agreement by SONATRACH, or (iii) drydocking, maintenance, repairs or breakdown; (b) the nonacceptance by Seller (as defined in the Purchase Agreement) of offers exceeding 115% of the Minimum Price (as defined in the Purchase Agreement) pursuant to section 6.2 of the Purchase Agreement with respect to cargoes proposed for shipment after the minimum quantities (as described in section 6.3(a) of the Purchase Agreement) have been shipped in that year; and (c) the breach by Seller of the Purchase Agreement. Whenever during such Contract Year SONATRACH shall perform (other than for the Shipper) transportation services totalling 20 days in duration with an LNG Tanker which shall previously have been made available to the Shipper hereunder during such Contract

Year, such services being performed at any time after the completion of any Round Trip Voyage hereunder by such LNG Tanker and prior to the commencement of a subsequent Round Trip Voyage hereunder by that or a substitute LNG Tanker, N shall be increased by 1.

3.3. When Earned and Payable. Freight with respect to any shipment of LNG shall be considered earned when such LNG is loaded (ship and/or cargo lost or not lost) and shall be payable in accordance with Article X.

3.4. Fuel Payments. (a) The Shipper shall make payments to SONATRACH in respect of bunker fuels, diesel fuels and liquid nitrogen reasonably utilized (or alternatively, at the Discharge Port, the Shipper may cause to be supplied free of expense to SONATRACH any such fuels and nitrogen reasonably required) for the efficient operation and maintenance of each LNG Tanker and its cargo systems in port and at sea (including, without limitation, fuels required for main and auxiliary engines, heating and air conditioning of quarters, galleys and inert gas generators) during each Round Trip Voyage hereunder as set forth in this section 3.4, following receipt of the invoices referred to below.

(b) The Shipper may give notice to SONATRACH at least three days prior to the commencement of any Round Trip Voyage hereunder by any LNG Tanker, stating that such LNG

Tanker shall minimize the use of bunker fuels during such Round Trip Voyage by slow steaming or by correspondingly increasing the use as fuel of the boil-off from LNG being transported. The actual quantity of bunker fuel in metric tons consumed during any such Round Trip Voyage shall be referred to herein as the Actual Bunker Amount. Any excess of the Actual Bunker Amount over 600 metric tons (the "Maximum Bunker Amount") for any such voyage shall be referred to herein as the Excess Bunker Amount.

(c) The amount of the payment to SONATRACH for bunker fuels consumed during any Round Trip Voyage for which SONATRACH has been instructed to minimize consumption of bunker fuels shall be equal to the sum of (i) the product of (A) the lesser of the Actual Bunker Amount and the Maximum Bunker Amount, multiplied by (B) the Bunker Price for such Round Trip Voyage; plus (ii) the product of (C) the Excess Bunker Amount multiplied by (D) the lesser of (x) the Bunker Price for such Round Trip Voyage, and (y) the LNG-equivalent price P' for the month in which such Round Trip Voyage was completed, determined as follows:

$$P' = P \times K$$

where:

P' = the LNG-equivalent price, in U.S. dollars per metric ton;

P = the price payable under the Purchase Agreement for LNG loaded thereunder during the month in which such Round Trip Voyage was completed; and

K - 42.6 if grade 180 centistokes bunker fuel is used (appropriate adjustment being made when other grades of bunker fuels are used).

The payment to SONATRACH for bunker fuels consumed during any Round Trip Voyage for which SONATRACH has not been instructed to minimize consumption thereof shall be equal to the product of the Actual Bunker Amount for such Round Trip Voyage and the Bunker Price for such Round Trip Voyage.

The payment to SONATRACH for diesel fuels and liquid nitrogen consumed during any Round Trip Voyage shall be the aggregate amount in U.S. dollars respectively paid by SONATRACH or the owners or operators of the LNG Tanker concerned in respect of the actual quantity thereof so consumed; provided that if purchased in Algeria there shall not be taken into account any part of the price so paid which exceeds in the case of diesel fuels the comparable market price in non-Algerian ports located in the European Mediterranean region, and in the case of liquid nitrogen the comparable market price at Boston, U.S.A.; and provided further that in respect of any such purchases of liquid nitrogen in Algeria on the entry into service of an LNG Tanker hereunder, or on its return to service hereunder following an absence exceeding 30 days, the price to be taken into account shall be the price actually paid for such purchases, not exceeding 120% of the comparable market price in non-Algerian ports located in the European Mediterranean region.

(d) SONATRACH shall prepare and send to the Shipper an invoice as soon as practicable following the end of each Round Trip Voyage covering the payments owed by the Shipper to SONATRACH for fuels consumed during that Round Trip Voyage, specifying the prices payable in respect thereof to SONATRACH computed as set forth above, the actual quantities thereof consumed for that Round Trip Voyage and the cost thereof, showing separately the quantities of such fuels purchased in Algeria, if any, and the cost thereof, and otherwise showing in reasonable detail the basis for the calculation of the foregoing, including currency conversions, if any. Payment of such invoices shall be made by the Shipper to SONATRACH by deposit or transfer to SONATRACH's account at the United States bank specified therein no later than seven days from the receipt thereof by the Shipper. SONATRACH will as soon as reasonably practicable after dispatching any invoice hereunder forward to the Shipper copies of any related loading tickets and tank gaugings (and, in the case of fuels purchased outside Algeria, of suppliers' invoices) in respect of each Round Trip Voyage to which such invoice relates.

(e) The Shipper shall be entitled to Fuel and Deviation Credits from time to time pursuant to Annex B.

ARTICLE IV

The LNG Tanker(s)

4.1. The LNG Tankers. An LNG Tanker or LNG Tankers each having a Gross Cargo Capacity of between 120,000 and 135,000 cubic meters, compatible with the Loading Port and the Discharge Terminal and otherwise conforming to the specifications set forth in the Purchase Agreement ("LNG Tankers") shall be made available by SONATRACH to furnish transportation pursuant to this Agreement. Subject to the terms and conditions hereof SONATRACH shall not be obliged so to make available and the Shipper shall not be obliged to pay for, the services of more than one LNG Tanker hereunder at any one time. SONATRACH shall initially make the Mostefa Ben Boulaid available as the LNG Tanker to furnish transportation pursuant to this Agreement; provided that SONATRACH may at any time and from time to time, with the prior consent of the Shipper (which consent shall not be unreasonably withheld), provide a substitute LNG Tanker to furnish transportation pursuant to this Agreement in lieu of the Mostefa Ben Boulaid on condition that such substitution shall not in itself result in any increase in fuel costs payable under this Agreement.

4.2. Availability of LNG Tanker(s). Subject to the terms and conditions of this Agreement SONATRACH shall cause such LNG Tanker(s) to proceed with all convenient speed to

the Loading Port to load and carry full and complete cargoes of LNG in accordance with lifting schedules agreed pursuant to the Purchase Agreement.

4.3. Maintenance of LNG Tanker(s), etc. SONATRACH shall at all times during the term of this Agreement use due diligence to ensure that each LNG Tanker made available by SONATRACH for the purpose of providing transportation hereunder shall be:

- (a) in every way fit to carry LNG;
- (b) tight, staunch, strong, in good order and condition, with all machinery, boilers and hull such as to obtain economic operation, and with a full and efficient complement of master, officers and crew for vessels of its age, type and tonnage;
- (c) in good running order and repair, so that each such tanker shall be, insofar as such due diligence can make it so, well and sufficiently tackled, appareled, furnished, equipped, fully outfitted with its outfit in good condition, working order and repair and in every respect seaworthy and in good operating condition; and
- (d) in such condition as will entitle it to the highest classification and rating for vessels of the same age and type from Bureau Veritas (or other classification society of equivalent international standing), including any changes or additions required to maintain such classification.

Nothing in this section 4.3 shall in relation to the loading, handling, stowage, carriage, custody, care and discharge of any particular cargo pursuant to this Agreement be construed to qualify the rights and immunities to the benefit of which SONATRACH would otherwise be entitled under section 11.2(b) or to diminish any of the responsibilities or liabilities imposed on SONATRACH under section 11.2(b).

4.4. Flag and Operation. The LNG Tankers shall fly the Algerian flag or another flag approved by the Shipper (such approval not to be unreasonably withheld) and shall be operated by SNTM/HYPROC or another operator approved by the Shipper (such approval not to be unreasonably withheld). Prior to the furnishing of transportation pursuant to this Agreement SONATRACH shall have caused to be duly obtained all approvals and certificates required by the competent Algerian authorities, and shall use best endeavours to obtain any approvals and certificates required by the United States Coast Guard and other competent regulatory authorities in the United States of America for the furnishing of such transportation; provided that the Shipper shall obtain all necessary or appropriate authorizations required of the Shipper, as a shipper, in order for LNG Tankers to attend and discharge at the Discharge Terminal under this Agreement. The Shipper shall provide all assistance reasonably requested by SONATRACH and vice versa in connection with the

foregoing. The Shipper shall have the right to put a supercargo on board any LNG Tanker performing services hereunder, provided that particulars of any individual whom the Shipper proposes to nominate as such supercargo shall first have been furnished by the Shipper to and approved by SONATRACH, such approval not to be unreasonably withheld.

ARTICLE V

Force Majeure

5.1 Definition. The definition of Force Majeure in Article 13.1 of the Purchase Agreement shall be deemed to be incorporated herein and applicable hereto, save that for this purpose for the word "Seller" there shall be substituted the word "SONATRACH", and for the word "Buyer" there shall be substituted the words "the Shipper"; and save also that there shall be deemed for this purpose to be included among the events and conditions expressly listed in Article 13.1(a) any event or condition beyond the reasonable control of a party hereto which causes an LNG Tanker to (i) be compulsorily purchased, confiscated, requisitioned for title or for hire, seized, forfeited, arrested or detained in any jurisdiction other than Algeria by any governmental authority or otherwise except by reason of SONATRACH's or the operator's failure to

use due diligence pursuant to section 9.3, or (ii) become disabled or laid up for maintenance or repairs for a period in excess of an aggregate of 40 days during any Contract Year.

5.2. 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.

5.3. Notice, etc. 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 of such Force Majeure and its effect 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.

5.4. Resumption of Performance. In the event performance hereof shall be prevented in whole or in part by Force Majeure, the parties shall take all reasonable and appropriate measures to bring about conditions permitting the normal performance of this Agreement as soon as possible. In the event that performance 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.

ARTICLE VI

LNG Boil-Off and Retention for Cryogenic Purposes

6.1. Allowance. Any LNG Tanker made available hereunder shall be entitled at no cost to SONATRACH to use as fuel the boil-off from LNG on board; provided that unless otherwise instructed by the Shipper SONATRACH shall use its best efforts to minimize boil-off and shall not use as boil-off an average of more than 0.25% of the Gross Cargo Capacity of such LNG Tanker for each day of any Round Trip Voyage (such percentage being referred to as the "Boil-Off Allowance"). The average daily boil-off of the laden passage shall be calculated independently of the average daily boil-off of the ballast passage of any Round Trip Voyage. If and to the extent so requested by the Shipper, SONATRACH shall, at no cost to SONATRACH, vaporize LNG on board to use as fuel to the extent reasonably practicable for the LNG Tanker, in which event the LNG so vaporized shall be added to the Boil-Off Allowance.

6.2. Excess Boil-Off. If the amount of boil-off during any Round Trip Voyage of an LNG Tanker made available hereunder shall exceed (a) the Boil-Off Allowance of such LNG Tanker for such Round Trip Voyage, plus (b) the amount of boil-off (if any) used at the Shipper's request for the purpose of preparing the LNG cargo for unloading, SONATRACH shall credit against the next freight payable by Shipper an amount expressed in U.S. dollars equal to any sum paid in respect of the excess by Shipper under the Purchase Agreement plus the cost of freight therefor calculated at the Freight Rate.

6.3. Determination of Boil-Off. The amount of boil-off during any loaded voyage shall be determined by SONATRACH by comparing the amount of LNG on board at the Loading Port as measured by the final gauging with the amount of LNG in the cargo tanks of the LNG Tanker immediately prior to discharge at the Discharge Terminal, all measured as provided in section 9.2. The amount of boil-off during any ballast voyage shall be determined similarly by comparing the amount of LNG in the cargo tanks of the LNG Tanker upon departure from the Discharge Terminal with the amount in such cargo tanks upon completion of the Round Trip Voyage during

which such departure occurred. The Shipper shall be entitled to have a representative present during any such determination.

6.4. Cooldown; Heel and Gas Trials. (a) SONATRACH shall make available or cause to be made available LNG for gas trials and cooldown for any LNG Tanker transporting LNG 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 the Shipper, except as provided below. The Shipper shall pay to SONATRACH or Sonatrading for the LNG so supplied (for which the Shipper bears such payment responsibility) the price in U.S. Dollars per MMBtu payable under the Purchase Agreement for LNG loaded thereunder during the month of such supply.

(b) Upon discharge of any LNG Tanker transporting LNG hereunder which is scheduled to load LNG at the Loading Port within 30 days following completion of such discharge, the Shipper shall retain 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 24 consecutive hours after its arrival at the Loading Port or (if earlier) after the time 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 the Shipper so to cause sufficient LNG to be retained aboard shall be the responsibility of, and shall be paid for by, the Shipper, but at the request of the Shipper such LNG shall be supplied by SONATRACH. The price to be paid by the Shipper to SONATRACH for LNG for which Shipper is obligated to pay SONATRACH under this section 6.4 shall be the price per MMBtu payable under the Purchase Agreement. If any LNG Tanker aboard which LNG has been so retained does not load within such 24-hour period for any cause attributable solely to any matter within the reasonable control of SONATRACH or the owner or operator of any LNG Tanker furnishing services hereunder, the cost of additional LNG thereby rendered necessary and utilized for cooldown of such tanker shall be deemed to be the responsibility of SONATRACH. Subject to Section 6.5 below, if any LNG Tanker furnishing services hereunder needs LNG for cooldown (in addition to the LNG, if any, required to be retained on board in accordance with the first sentence of this clause (b)) for any cause attributable to any matter

beyond the reasonable control of SONATRACH, the Shipper, and the owner or operator of that LNG Tanker, the cost of such additional LNG shall be shared equally between the parties hereto.

6.5. Cooling on Entry into Service and Return to Service. SONATRACH shall bear the cost of LNG furnished for cooldown purposes: (i) upon an LNG Tanker's entry into service hereunder, (ii) upon her return to service hereunder after an absence exceeding thirty days' duration not in accordance with lifting schedules agreed between the parties and attributable to matters within the reasonable control of SONATRACH or of the owner or operator of such LNG Tanker, (iii) upon her return to service hereunder from employment other than hereunder, or (iv) upon her return to service hereunder from any ship repair yard after dry-docking or maintenance attributable to a want of due diligence on the part of SONATRACH or the owner or operator of such LNG Tanker or (not more than once per Contract Year) attributable to any other cause, including normal and prudent maintenance.

6.6. Cargo Tank Vapor Pressure. SONATRACH shall endeavor to obtain, at the time of any LNG Tanker's arrival at the berth at any Discharge Terminal, a saturated pressure of the LNG not exceeding 1,080 millibars (15.67 psia).

ARTICLE VII

Quarantined Ports

The Shipper shall use its best efforts to direct any LNG Tanker performing services hereunder to a port or place for unloading where no blockade or quarantine exists.

ARTICLE VIII

Terminal Facilities

8.1. Discharge Terminal. Shipper shall make available safe port facilities as described in Appendix C to the Purchase Agreement for the discharging of LNG transported hereunder by LNG Tankers (capable of safely passing laden or unladen under the Mystic Bridge at the Discharge Port) of the following maximum dimensions:

Overall Length.....	290.00 meters
Width.....	43.70 meters

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

The Shipper shall make available to SONATRACH safe and efficient berthing and discharging facilities reachable on arrival at the Discharge Port 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) facilities to insure normal stocking of the LNG Tanker with bunker fuels;
- (iv) unloading arms, pipes and other appropriate facilities permitting the unloading of LNG at the average rate of seven thousand m³/hour;
- (v) a vapor return line from the shore facilities to the LNG Tanker of a diameter sufficient to maintain appropriate operating pressure in the storage reservoirs and in the tanks of such tanker;
- (vi) a liquid nitrogen loading facility compatible with the LNG Tanker.

The facilities described in this section 8.1 shall be provided, operated and maintained at the Shipper's expense.

8.2. Loading Port. The facilities to be provided at the Loading Port shall be those which are made available by SONATRACH under the Purchase Agreement.

8.3. Order of Berthing. The parties shall use their best efforts to ensure that at the Discharge Port and the Loading Port LNG Tankers and other vessels transporting LNG shall be berthed in order of arrival, except when

emergency conditions otherwise require.

ARTICLE IX

Technical Requirements, Scheduling Operations, Laytime and Demurrage, and Measurements

9.1. Notices of Arrival Time, Ready to Receive and Discharge, Laytime and Demurrage. (a) SONATRACH shall keep the Shipper advised of the movement of any LNG Tanker which SONATRACH uses, or intends on her next succeeding voyage to use, in furnishing the transportation under this Agreement. Without limiting the foregoing, SONATRACH shall give or cause to be given to the Shipper, or to such person as Shipper may designate, designation notices of the estimated time of arrival of, and the estimated quantities of LNG to be loaded on or discharged from, any such LNG Tanker at the Loading Port or Discharge Terminal, as the case may be, as follows:

(i) a first designation notice shall be given upon departure from the Loading Port or Discharge Terminal, as the case may be;

(ii) a second designation notice shall be given so as to arrive 72 hours prior to the estimated time of arrival;

(iii) a third designation notice shall be given so as to arrive 24 hours prior to the estimated time of arrival;

(iv) a final written notice shall be given at the time of the LNG Tanker's arrival at the sea buoy or designated anchorage at the loading port or the discharging port; and

(v) as soon as the LNG Tanker is berthed alongside the pier and prepared to load or discharge its cargo, as the case may be, the Captain of the LNG Tanker shall give the appropriate notice of "ready to receive" or "ready to discharge".

SONATRACH shall give or cause the operator of the LNG Tankers made available by SONATRACH hereunder to give, on the Shipper's behalf, the notices required by section 11.3 of the Purchase Agreement.

(b) Notices of "ready to receive" and "ready to discharge" shall be given by the Master or agent of the LNG Tanker to the authorized representative of SONATRACH at the Loading Port or of the Shipper at the Discharge Terminal, as the case may be.

(c) Laytime and Demurrage. Laytime for loading or discharging the LNG Tanker shall respectively begin to run 6 hours after the giving of the notice under section 9.1(a)(iv) above, or, if earlier, when the LNG Tanker is berthed alongside the pier and prepared to load or discharge, as the case may be. Thereafter SONATRACH and the Shipper shall cause the LNG Tanker (at the Loading Port) to load, and (at the Discharge Terminal) to discharge, in both

cases as quickly as possible. Allotted laytime shall be 24 running hours. In respect of all time lost in excess of allotted laytime in loading or in discharging, the Shipper shall pay to SONATRACH demurrage at the rate of \$30,000 per day, and pro rata for less than a day. For the computation of demurrage, the following shall be added to allotted laytime: (i) any period during which loading or discharging is delayed, hindered or suspended by reason of the state or condition of the LNG Tanker; (ii) the time required at the Loading Port to cool down the tanks of the LNG Tanker to the temperature specified in Section 6.4 above; and (iii) any period during which loading of the LNG Tanker may have been delayed, hindered or suspended by reason of an event of Force Majeure. Demurrage, if any, shall be computed and payable at the end of each consecutive period of 3 consecutive months beginning with 1 October, 1988. In no case shall the Shipper be liable to pay to SONATRACH in respect of loading port demurrage hereunder any sum in excess of that which the Shipper shall have received from SONATRACH in respect of loading port demurrage for the same period under the Purchase Agreement, and vice versa.

9.2. Measurements and Tests. All measurements, tests and calculations required for the purposes of this Agreement shall be made in the manner and with the type of

equipment specified in Article 8 of the Purchase Agreement.

9.3. Compliance with Legal Requirements Concerning Pollution, etc.; Insurance. SONATRACH shall use due diligence to comply, or shall cause any other operator of LNG Tankers made available hereunder to use due diligence to comply, with all financial capability, responsibility, security or like laws, regulations and other requirements of whatsoever kind with respect to pollution control or damage applicable to each LNG Tanker entering, leaving, remaining at or passing through any ports or places or waters in the performance of this Agreement. SONATRACH shall, or shall cause such operator, at SONATRACH's sole expense, to make all such arrangements by bond, insurance or otherwise; obtain all such certificates or other documentary evidence; and take all such other action as may be necessary to satisfy such laws, regulations and other requirements. The Shipper shall provide all such reasonable assistance as SONATRACH may request in connection with the foregoing.

ARTICLE X

Payments

10.1. Invoicing and Payment. Promptly following completion of each loading of LNG pursuant to the Purchase Agreement in an LNG Tanker provided by SONATRACH, SONATRACH shall send Shipper an invoice identifying the LNG Tanker and

the quantity in MMBtu's of LNG so loaded and showing the amount of freight in U.S. dollars due from Shipper to SONATRACH, reflecting in the form of a credit any amounts due from SONATRACH to Shipper hereunder in respect of that LNG Tanker. Any such invoice of SONATRACH shall be paid to SONATRACH in United States dollars by deposit or transfer to SONATRACH's account at the United States bank specified in such invoice on or before (x) the twenty-first day following the completion of the loading to which such invoice relates or (y) the seventh day following the date of receipt by the Shipper of such invoice, whichever shall occur later (the "Due Date"), provided that the Shipper shall at all times have outstanding a stand-by, revolving, irrevocable commitment to SONATRACH of a first-class bank in the United States in form and substance reasonably satisfactory to SONATRACH to pay SONATRACH on the Due Date an amount of U.S. Dollars equal to each such invoiced amount together with any interest accrued thereon against presentation of written advice by SONATRACH that there has been a failure by the Shipper to pay the same in such manner to such account by such Due Date. In the event that it shall become unduly onerous for the Shipper to have such a bank commitment outstanding, the Shipper may so inform SONATRACH by notice. In such event, the Shipper 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 payment in respect of the invoice for each such loading not later than the seventh day following the date of receipt by the Shipper of such invoice by wire transfer to such account.

10.2. Interest on Late Payments. Interest for late payments shall accrue from the date due and shall be payable, to the extent permitted by applicable law, at a rate of one percent per annum over LIBOR.

ARTICLE XI

Responsibilities

11.1. Safe Ports. SONATRACH shall be required to send any LNG Tanker only to safe ports and to safe berths, wharfs, places, anchorages, submarine lines or alongside lighters or other vessels which such LNG Tanker can lawfully proceed to, remain at and depart from, always safely afloat, and at which adequate and safe facilities are available to receive, handle, dock and fully load or fully discharge such LNG Tanker.

11.2. Receipts for Cargo. (a) SONATRACH shall make or cause to be made all necessary arrangements so that the Master of any LNG Tanker providing transportation hereunder or the authorized agent of the owner of such LNG Tanker will, upon request of the Shipper or its agents,

prepare and sign non-negotiable, non-transferable cargo receipts for all cargo shipped pursuant to this Agreement, in the form of Annex A attached hereto. The Master or such agent shall not be required to sign cargo receipts for any port which any such LNG Tanker cannot enter, remain at or leave in safety and always afloat.

(b) Any provision of this Agreement to the contrary notwithstanding, the terms of the clauses (ii) through (ix) contained in Annex A shall be binding as between SONATRACH and the Shipper in relation to the loading, handling, stowage, carriage, custody, care and discharge of any particular cargo pursuant to this Agreement, and for the purposes of this section 11.2(b), the word "carrier" in such clauses and in any Act referred to therein shall mean SONATRACH and the word "shipper" in such clauses and in any Act referred to therein shall mean the Shipper.

(c) Should any cargo be discharged at a place of discharge pursuant to a liberty granted by the war risk clauses (vii)(A) and (vii)(B) in Annex A, such discharge shall be deemed to be due fulfillment of this Agreement as to such voyage and SONATRACH shall be entitled to freight in accordance with the provisions of section 3.1.

11.3. Trading Limits. At the direction of the Shipper SONATRACH shall transport in LNG Tankers only lawful cargoes from Loading Ports to the Discharge Terminal, subject

to the provisions of this Agreement, provided that the Shipper shall not send any LNG Tanker on a voyage which involves the breach of the then current trading warranty clauses in general use and promulgated by the American Institute of Marine Underwriters unless the Shipper agrees to pay any additional insurance premiums required by the insurance underwriters on account of such breach and provided, further, that the Shipper shall not send any LNG Tanker to any ice bound waters without SONATRACH's consent, which consent shall not be unreasonably withheld.

11.4. Risk of Seizure. No voyage shall be undertaken or goods or cargoes loaded that would involve risk of seizure, capture, forfeiture or penalty by, without limitation, any State or organized political or quasi-political body engaged in civil war, hostilities or warlike operations.

11.5. Use of LNG Tankers. (a) The Shipper shall not require SONATRACH to use any LNG Tanker providing transportation hereunder in any manner which violates any Algerian laws or regulations or any other laws, treaties or conventions applicable to such LNG Tanker.

(b) The Shipper shall not require SONATRACH to take any action under this Agreement in contravention of applicable regulations and requirements and applicable provisions and conditions of any licenses, permits, consents

and approvals of any regulatory authority having jurisdiction over such LNG Tankers.

(c) The Shipper shall not require SONATRACH to use any LNG Tanker in any fashion which would subject such LNG Tanker to forfeiture under the laws of the United States of America or would result in the imposition of any penalty or payment in the nature of a penalty.

11.6. Drydocking. The Shipper and SONATRACH, consistent with the requirements for maritime transportation under the Purchase Agreement (including requirements with respect to the timing of plant inspections and overhauls of onshore facilities), shall use their respective best efforts to schedule cargoes to be transported under this Agreement so as to make the LNG Tankers providing transportation hereunder available for scheduled overhaul, survey, drydocking, or maintenance and repair when mutually agreed by SONATRACH and the Shipper or when required in order to effect emergency repairs to an LNG Tanker or by regulation, statute or rules of any classification society or regulatory body having jurisdiction over such LNG Tanker.

11.7. Insurance. SONATRACH shall ensure that it or the operator shall carry at its or their expense with respect to any LNG Tanker providing transportation hereunder and the operation thereof such insurance as a reasonable and prudent owner, operator or charterer, as the case may be, of an LNG

Tanker in a trade substantially similar to that contemplated by this Agreement would carry. SONATRACH shall as far as reasonably practicable ensure that the Shipper is named as a co-assured to the extent that interest may appear in all such insurances and/or that the insurers waive rights of subrogation against the Shipper. The Shipper shall carry at its expense with respect to LNG shipped hereunder such insurance as a reasonable and prudent LNG cargo owner would carry, and shall to the extent reasonably practicable ensure that SONATRACH and the owner and operator of the LNG Tanker carrying the same is named as a co-assured to the extent that interest may appear in all such insurances and/or that the insurers waive rights of subrogation against all of them. SONATRACH and the Shipper shall each comply with any reasonable request of the other to furnish copies of any insurance policy or certificate relating to the aforementioned insurances.

11.8. Port Charges, etc. All port or wharfage charges, fire boat charges, towage and pilotage fees, taxes, levies or other charges wherever payable incurred by or imposed on the LNG Tankers made available hereunder shall:

- (a) with respect to each call hereunder at the Loading Port, be shared equally by the parties hereto when aggregating up to the equivalent of U.S.\$80,000 and any excess over said amount shall be borne solely by SONATRACH; and

- b) with respect to each call hereunder at the Discharge Port, be shared equally by the parties hereto when aggregating up to U.S.\$25,000 and any excess over said amount shall be borne solely by the Shipper.

ARTICLE XII

Term of Agreement

Except for the provisions of Articles I, V, XII, XIII, XIV, XV, and XVI, which shall become effective upon signature of this Agreement, this Agreement shall not be effective before 15 September, 1988. This Agreement shall remain in effect for so long as the Purchase Agreement is in effect.

ARTICLE XIII

Authorizations

The parties undertake to use their best efforts to obtain and maintain in effect all permits, authorizations and approvals of the competent authorities in their respective countries which are required for the performance of the transactions which are the subject of this Agreement and to do nothing that might interfere with the obtaining and maintaining of such permits, authorizations and approvals.

ARTICLE XIV

Arbitration

Any dispute between the parties hereto relating to the construction or the performance of the terms of this agreement shall be settled by arbitration in London, England.

of the International Chamber of Commerce by three arbitrators appointed in accordance with such rules. The arbitration award shall be final and without any appeal being open.

The parties shall perform the arbitration award without any exceptions or reservations. Such award may be invoked before any court of competent jurisdiction and application may be made to such court to confirm such arbitration award by authorizing its enforcement. The arbitration shall be conducted in the French and English languages.

ARTICLE XV

Notices

Unless otherwise provided herein, each notice, request, demand and other communication hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand, mail, telex or telecopier addressed as follows (or to such other address as a party may designate by notice to the other):

(a) If to the Shipper:

Distrigas Corporation
2 Oliver Street,
Boston, Mass. 02109
USA
Attention: President
Telex: 6716307
Telefax: (617) 439-6690

(b) If to SONATRACH:

SONATRACH
Division Commercialisation
46, Boulevard Mohamed V
Algiers, Algeria
Attention: Directeur Division Gaz

ARTICLE XVI

Miscellaneous

16.1. Amendment. This Agreement may not be modified, varied or amended except by an instrument in writing signed by SONATRACH and the Shipper.

16.2. Assignment. Neither this Agreement nor any of the rights, duties or obligations of either party hereunder may be transferred or assigned by such party, without the prior written consent of the other party, except that the Shipper may assign this Agreement to any affiliate of the Shipper, and SONATRACH may assign this Agreement to any affiliate of SONATRACH, provided that no such assignment shall relieve the Shipper or SONATRACH of its obligations hereunder, and provided further that, before effecting such assignment, the assigning party shall give to the other party not less than thirty days' notice in writing of its intention so to do (with particulars of the proposed assignee and terms of assignment) and shall in good faith consider any representations which such other party may wish to make in respect thereto.

16.3. Consequential Damages. Neither Shipper nor SONATRACH shall be liable for any consequential or indirect loss or damage whatsoever.

16.4. Currency Conversions. Whenever it is necessary for purposes of this Agreement to convert a payment made by SONATRACH or the operator of an LNG Tanker into U.S. dollars from another currency, such conversion shall be made on the basis of the average purchase and sale rates for commercial transactions at 10:30 Eastern Standard Time on the date upon which such payment was made as quoted or certified by Citibank, N.A., New York, New York, provided that if such other currency is not freely convertible into U.S. dollars, such conversion shall be made on the basis of the official rate in effect for such date in the country of such other currency for export-import transactions (as published by the central bank of such country).

16.5. Invalid Clauses. If any term or provision of this Agreement shall be invalid, illegal or unenforceable, the remaining terms and provisions shall be unaffected thereby and shall continue in full force and effect.

16.6. Headings. The headings herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

16.7. Entire Agreement. This Agreement embodies the entire agreement and understanding between the Shipper and SONATRACH relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter.

16.8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of England.

16.9. 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.

16.10. No Intermediaries. This Agreement has been concluded without the assistance or intervention, direct or indirect, of any broker, intermediary, commission agent, business agent or similar party (whether Algerian or non-Algerian). No fee nor any remuneration, commission, repayment or other payment has been made, and is not and will not be due, to any broker, intermediary, commission agent, business agent or similar party (whether Algerian or non-Algerian). The parties undertake to deal directly with each other as to any matter directly or indirectly related to this Agreement. The parties shall not permit, in their relationships with each other or in the relationships of any one of them with any government or administration, the intervention of any broker, intermediary, commission agent, business agent or similar party (whether Algerian or non-Algerian). The Shipper undertakes to indemnify SONATRACH

in the event the Shipper violates any of the provisions of this section 16.10 and SONATRACH undertakes to indemnify the Shipper in the event SONATRACH violates any of the provisions of this section 16.10. The parties acknowledge, however, that they have used, and in the future may continue to use in connection with this Agreement the services of lawyers, accountants and other technical, maritime, financial and economic experts who have been and will be compensated by the party respectively so using them for professional services actually rendered.

IN WITNESS WHEREOF, the parties have executed this Agreement 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: 

DISTRIGAS CORPORATION

By: 

ANNEX A

NON-NEGOTIABLE, NON-TRANSFERABLE CARGO RECEIPT

Shipped in apparent good order and condition by
DISTRIGAS CORPORATION (the "Shipper") on board the
Steamship/Motorship _____ (hereinafter called the
"vessel") whereof _____ is Master, at the
port of _____, cargo said to be Liquefied
Natural Gas of about _____ cubic meters to be delivered
at the port of _____ or so near thereto as
the vessel can safely get, always safely afloat, unto the
Shipper. Actual quality, condition and value are unknown.

This receipt is subject to the following provisions:

(i) General. In the following clauses and in any
Act referred to therein, the words "carrier" and "owner"
shall mean the owners or demise charterers, whichever of
them may be in possession and control of the vessel, and
the word "shipper" shall mean the Shipper.

(ii) Clause Paramount. The cargo shipped hereunder
is so shipped subject to the provisions of the Carriage
of Goods by Sea Act, 1971 of the United Kingdom, as

amended (the "Act"). The Act shall be deemed to be incorporated herein and nothing herein contained shall be deemed a surrender by the carrier of any of its rights or immunities or an increase of any of its responsibilities or liabilities under the Act. If any term of this cargo receipt be repugnant to the Act to any extent, such term shall be void to that extent but no further.

(iii) New Jason Clause. In the event of accident, danger, damage or disaster before or after the commencement of any voyage performed hereunder, resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, the owner is not responsible, by statute, contract or otherwise, the cargo, shipper or owner of the cargo shall contribute with the vessel or the owner in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred and shall pay salvage and special charges incurred in respect of the cargo. If any salvaging ship is owned or operated by the owner, salvage shall be paid for as fully as if such salvaging ship belonged to strangers. Such deposit as the owner or his agents may deem sufficient to cover the estimated contribution of the cargo and any salvage and special charges thereon shall, if required, be made by the cargo, shippers,

consignees or owners of the cargo to the owner before delivery.

(iv) General Average. General average shall be adjusted, stated and settled according to York/Antwerp Rules 1974, excluding Rule XXII, and shall be adjusted in London, England and, as to matters not provided for by those Rules, according to the customs and usages of the Port of London. If a general average statement is required, it shall be prepared at London by an adjuster appointed by the owner and approved by the shipper. Such adjuster shall attend to the settlement and the collection of the general average, subject to customary charges. In such adjustment, any disbursements in a foreign currency shall be exchanged into United States currency at the rate prevailing on the date such disbursement is made and allowances for damage to cargo claimed in a foreign currency shall be converted at the rate prevailing on the last day of discharge at the port or place of final discharge of such damaged cargo from the vessel. Average agreement or bond and such additional security for the contribution of the cargo and for any salvage and special charges thereon as may be required by the owner shall be furnished before delivery of the cargo. Such deposit shall, at the option of the owner, be payable in United States currency, and be

remitted to the adjuster. When so remitted, the deposit shall be held in a special account at the place of adjustment in the name of the adjuster pending settlement of the general average and refunds or credit balance, if any, shall be paid in United States currency.

(v) Both to Blame. If the vessel comes into collision with another ship as a result of the negligence of the other ship and any act, neglect or default of the master, mariner, pilot or the servants of the owner in the navigation or in the management of the vessel, the owners of the cargo carried hereunder shall indemnify the owner against all loss or liability to the other or non-carrying ship or her owners insofar as such loss or liability represents loss of, or damage to, or any claim whatsoever of the owners of said cargo, paid or payable by the other or recovered by the other or non-carrying ship or her owners to the owner of said cargo and set off, recouped or recovered by the other non-carrying ship or her owners as part of their claim against the carrying ship or the owner. The foregoing provisions shall also apply where the owners, operators or those in charge of any ships or objects other than, or in addition to, the colliding ships or objects are at fault in respect of a collision or contact.

(vi) Limitation of Liability. The carrier shall

have the benefit of all limitations of, and exemptions from, liability accorded to the owner, or disponent or chartered owner, or charterer of vessels whether constructed to be a private carrier, contract carrier or common carrier, by any statute or rule of law for the time being in force. Nothing shall operate to limit or deprive the carrier of any statutory exemption from or limitation of liability on the theory of personal contract or otherwise.

(vii) War Risks. (A) (i) If any port or place of discharge to which the vessel may properly be ordered be blockaded, or

(ii) If, owing to any war, hostilities, warlike operations, civil war, civil commotions, revolutions or the operation of national or international law (x) entry to such port or place of discharge or the discharge of cargo at any such port or place be considered by the Master or the carrier in his or their discretion dangerous or prohibited or (y) it be considered by the Master or the carrier in his or their discretion dangerous or impossible for the vessel to reach any such port or place of discharge or to pass through waters which the vessel would necessarily traverse on its route to such port or place, the shipper shall have the right to order the cargo or such part of it as may be affected

to be discharged at the closest safe port of discharge at which the vessel is able to discharge cargo within Institute Warranties limits (provided such other port is not blockaded or that entry thereto or discharge of cargo thereat or departure therefrom is not considered by the Master or the carrier in his or their discretion dangerous or prohibited). If, in respect of a port of discharge which the Master or carrier in his or their discretion consider to be dangerous or prohibited, no orders be received from the shipper within 48 hours after it or its agents have received from the carrier a request for the nomination of a substitute port, the carrier shall then be at liberty to discharge the cargo at any safe port which they or the Master may in their or his discretion decide on (whether within Institute Warranties limits or not) and such discharge shall be deemed due fulfillment of the voyage. A port or place shall be deemed to be blockaded if it is subjected to any action which is announced as a blockade by a belligerent or by any State or organized political or quasi-political body engaged in civil war, hostilities or warlike operations. A place or port is "dangerous" if there is a substantial risk of loss, seizure, forfeiture, capture, requisition or damage to the vessel, cargo or crew due to actual or threatened war, hostilities, warlike operations, civil

war, civil commotions, revolutions, acts of piracy, or of hostility or malicious damage against the vessel or its cargo or crew by any organized political or quasi-political body or State whatsoever, or by the operation of national or international law.

(B) The vessel shall have liberty to comply with any directions or recommendations as to departure, arrival, routes, ports of call, stoppages, destinations, zones, waters, delivery or in any other wise whatsoever (including any direction or recommendation not to go to the port of destination or to delay proceeding thereto or to proceed to some other port) given by the United States Government or, if having jurisdiction or otherwise in a position to enforce such directions or recommendations, any other government or local authority including any de facto government or local authority or by any belligerent or by any State or organized political or quasi-political body engaged in civil war, hostilities or warlike operations or by any person or body acting or purporting to act as or with the authority of any such government or authority or by any committee or person having under the terms of the war risks insurance on the vessel the right to give any directions or recommendations. If by reason of or in compliance with any such directions or recommendations, anything is done or is not done, such shall not be deemed a deviation.

If, by reason of or in compliance with any such direction or recommendation, the vessel does not proceed to the port or ports of discharge originally designated or to which she may have been ordered, the vessel may proceed to any safe port of discharge at which the vessel is able to discharge cargo which the Master or the carrier in his or their discretion may decide on and there discharge the cargo and such discharge shall be deemed to be due fulfillment of the voyage.

(viii) Deviation. The vessel shall have liberty to sail with or without pilots, to tow or to be towed, to go to the assistance of vessels in distress, to deviate for the purpose of saving life or property or of landing any ill or injured person on board, and to call for fuel at any port or ports in or out of the regular course of the voyage. Any salvage shall be for the benefit of the owner.

(ix) Governing law. This receipt shall be governed and construed in accordance with the Laws of England.

Dated at _____ this ____ day of _____, 19__

Master/Agent, for and on behalf
of the owner as above defined of
the vessel named herein

ANNEX B

FUEL AND DEVIATION CREDITS1. Fuel Credit.

(a) SONATRACH shall allow the Shipper a Fuel Credit with respect to each Contract Year for each LNG Tanker furnishing transportation hereunder during that Contract Year equal to

$$\frac{\text{EFR}}{\text{BFR}} \times \text{AFC}$$

Where:

- EFR - the number of metric tons by which the average daily bunker consumption of the LNG Tanker during that Contract Year exceeds BFR.
- BFR - the average daily bunker consumption of the LNG Tanker during the last full calendar year prior to the year in which such LNG Vessel first enters into service hereunder.
- AFC - the total cost to the Shipper of all fuel consumed by that LNG Tanker for the account of the Shipper during that Contract Year.

For purposes of the foregoing, "average daily bunker consumption" shall be calculated only for the periods during which the LNG Tanker is proceeding on sea passages between sea buoys excluding any time during such periods when the LNG Tanker's performance is affected by Force Majeure or when the LNG Tanker is operating under express instructions from the

Shipper (or any third party having contractual rights or legal power to do so) with respect to fuel consumption or speed.

(b) Failure to maintain BFR shall not in itself constitute a breach by SONATRACH of this Agreement unless such failure constitutes a material breach of its obligations under this Agreement.

2. Deviation Credit. SONATRACH shall also allow the Shipper a Deviation Credit equal to one-half of the fuel consumed during authorized deviations described in paragraph (viii) of Annex A hereto which occur during a Round Trip Voyage.

3. Method of Payment. Fuel or Deviation Credits shall be allowed to the Shipper by way of deduction from the first freight or fuel payment due after the respective credits have accrued or, in the event such credits are in excess of the amount available for such deduction, such excess shall be paid by SONATRACH immediately after delivery of an invoice therefor from the Shipper to SONATRACH.

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-D

REVENUE SHARING AGREEMENT.

AGREEMENT

In consideration of entering into the Mutual Assurances Agreement, of even date hereto, and other good and valuable consideration, this letter records the agreements of Cabot Corporation and Sonatrach and Sonatrading as follows:

At the end of each Contractual Year (as defined in Amendment No. 3 to the Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976) Cabot shall calculate all fixed and non-gas variable cost-of-service revenues constituting a component of any demand or commodity rate of any rate schedule for terminalling service approved by the Federal Energy Regulatory Commission pursuant to which DOMAC or any affiliate of Cabot is permitted to recover Gas Research Institute passthrough, depreciation, return, taxes, operating and maintenance expense and other similar non-gas expenses, which (i) are not subject to refund and have been collected by DOMAC or any affiliate of Cabot from customers in that Contractual Year, or (ii) having been collected in a previous Contractual Year have in the Contractual Year ceased to be subject to refund, in connection with sales to customers of LNG or regasified LNG derived from purchases under the said Amendment No. 3 ("the Cost-of-Service Revenues").

As soon as is reasonably practicable following the end of each such Contractual Year Cabot will pay Sonatrading an amount equal to the product of (i) 0.6324 and (ii) the total of all Cost-of-Service Revenues collected by DOMAC or any affiliate of Cabot during that Contractual Year; provided always that if at any time after such payment is effected DOMAC or such affiliate shall reasonably determine that any part of the Cost of Service Revenues so collected is to be refunded to customers and such refund is effected, Sonatrach will pay forthwith, or cause Sonatrading to pay forthwith, Cabot 0.6324 of the amount so refunded.

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

By 
its

3/23 2/18

CABOT CORPORATION

By Samuel W. Bodman
its President

SONATRADING AMSTERDAM B.V.

By [Signature]
its

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DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-E

MUTUAL ASSURANCES AGREEMENT.

EXECUTION COPY

MUTUAL ASSURANCES AGREEMENT

among

(1) CABOT CORPORATION,

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

(3) DISTRIGAS CORPORATION,

and

(4) SONATRADING AMSTERDAM B.V.

Dated February __, 1988

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MUTUAL ASSURANCES AGREEMENT, dated , 1988, among Cabot Corporation ("Cabot") and l'Entreprise Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures ("SONATRACH"), Distrigas Corporation ("Distrigas"), and Sonatrading Amsterdam B.V. ("Sonatrading").

WHEREAS, Distrigas (a wholly owned subsidiary of Cabot) and SONATRACH propose to enter into a contract with each other on the terms of Amendment No. 3 dated the date hereof to the Agreement for the Sale and Purchase of Liquefied Natural Gas between SONATRACH and Distrigas dated 13 April, 1976 (as amended from time to time, the "Purchase Agreement");

WHEREAS, pursuant to Article 21 of the Purchase Agreement and the said Amendment No. 3 thereto SONATRACH will effect an assignment of rights and obligations thereunder to Sonatrading, a wholly owned subsidiary of SONATRACH;

WHEREAS, Distrigas and SONATRACH propose to enter into a Transportation Agreement (as amended from time to time, the "Transportation Agreement"), dated the date hereof;

WHEREAS, Cabot wishes to provide SONATRACH and Sonatrading, and SONATRACH wishes to provide Cabot and Distrigas, with certain assurances and undertakings in respect of the performance by Distrigas and Sonatrading, respectively, of the respective obligations to be assumed by them under or in

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connection with the Purchase Agreement and the Transportation Agreement, in order to induce them to assume and perform such obligations;

NOW, THEREFORE, the parties hereto agree as follows:

1. Cabot Assurances. In consideration of SONATRACH agreeing as herein set out and of Sonatrading undertaking to perform the obligations of SONATRACH under the Purchase Agreement in accordance with Amendment No. 3 thereof, Cabot hereby agrees with SONATRACH and Sonatrading to cause Distrigas or another Cabot subsidiary acceptable to Sonatrading to perform all of Distrigas' obligations under the Purchase Agreement and the Transportation Agreement, as and when they fall due, subject always to the provisions of those Agreements (all those obligations of Distrigas being hereinafter called the "Buyer Obligations").
2. SONATRACH Assurances. In consideration of Cabot agreeing as herein set out and of Distrigas undertaking to enter into the Transportation Agreement and Amendment No. 3 to the Purchase Agreement, SONATRACH hereby agrees with Cabot and Distrigas to cause Sonatrading or another SONATRACH subsidiary acceptable to Distrigas to perform all of Sonatrading's obligations under the Purchase Agreement

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or the said assignment thereof, as and when they fall due, subject always to the provisions of that Agreement (all those obligations of Sonatrading being hereinafter called the "Seller Obligations").

3. Nature of Obligations Hereunder. (a) The obligations of Cabot and SONATRACH hereunder shall not be affected by any waiver, release, variation or amendment of any of the Buyer Obligations or the Seller Obligations, or by any release or variation of any security or of the liabilities of any surety.

(b) The obligations of Cabot and SONATRACH hereunder shall be continuing obligations. They shall remain in full force and effect until performance and satisfaction in full of the Buyer Obligations and the Seller Obligations and shall be enforceable without regard to, and without in any way being impaired or affected by, any bankruptcy, reorganization, insolvency, liquidation or similar proceeding for the relief of debtors to which Distrigas or Sonatrading is subject. Cabot undertakes not to claim in competition with SONATRACH in any such proceeding in respect of Distrigas, and SONATRACH undertakes not to claim in competition with Cabot, in any such proceeding in respect of Sonatrading.

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(c) Cabot shall never be under any greater obligation hereunder than Distrigas respecting non-performance by Distrigas of the Buyer Obligations, and SONATRACH shall never be under any greater obligation hereunder than Sonatrading respecting non-performance by Sonatrading of the Seller Obligations.

4. Effective Date. This agreement shall become effective when both Amendment No. 3 to the Purchase Agreement and the Transportation Agreement shall have become effective.

5. Arbitration. All disputes between Cabot and Distrigas or either of them on the one hand and SONATRACH and Sonatrading or either of them on the other hand, arising out of or relating to the interpretation or the performance of this Agreement and not covered by the arbitration clause of any other contract between those disputants, shall be finally settled by 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

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the arbitration, and the party or parties against whom such recourse is so 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.

6. 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 Cabot:

Cabot Corporation
950 Winter Street
Waltham, Massachusetts
USA.
Telecopier: 617-622-3703 or 04
Telex: 794667

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(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

(d) If to Sonatrading:

Sonatrading Amsterdam B.V.
Kantoorgebouw "Sloterstyn" No. 5 C
Sloterkade 133
1058 HM Amsterdam West,
The Netherlands
Telex: 10748 SKADE (temporary number)

7. Miscellaneous. (a) This Agreement may not be modified or amended except by an instrument in writing signed by all parties thereto.

(b) Neither this Agreement nor any of the rights, duties or obligations hereunder may be transferred or assigned by any party hereto without the prior written consent of the other parties hereto.

(c) The headings herein are for convenience of reference only and shall not define or limit any of

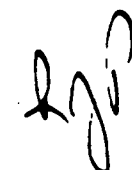
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the terms or provisions hereof.

(d) This Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter if and to the extent that they are inconsistent herewith.

(e) This Agreement shall be governed by and construed in accordance with the laws of England.

(f) 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.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

(1) CABOT CORPORATION

By Samuel R. Rodman
President

(2) DISTRIGAS CORPORATION

By R. J. Shearer

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

By [Signature]

(4) SONATRADING AMSTERDAM B.V.

By [Signature]

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DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-F

AGREEMENT AS TO TAXES.

DISTRIGAS CORPORATION

February 24, 1988

TO: 1'Entreprise Nationale SONATRACH
46, Boulevard Mohamed V
Algiers, Algeria

In consideration of your entering into the Settlement Agreement dated this day we confirm our understanding and the undertaking of Distrigas Corporation to you as follows.

Any sum of interest which may hereafter be payable by Distrigas (i) to Sonatrach or Sonatrading pursuant to Section 12.1(c) of the Agreement for the Sale and Purchase of Liquefied Natural Gas dated April 13, 1976, as amended by Amendment No. 3 thereto or (ii) to Sonatrach pursuant to Section 10.2 of the Transportation Agreement dated February 24, 1988 (collectively, the "Agreements"), shall be paid free and clear of and without deduction for any and all present and future taxes, withholdings or other charges of the United States (collectively, "Taxes"). In the event Distrigas (or a successor) shall be required by United States law to deduct any Taxes from any interest payable to Sonatrach or Sonatrading pursuant to the Agreements, (A) the amount of interest so payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable pursuant to this letter) Sonatrach or Sonatrading (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, and (B) Distrigas (or a successor) shall make such deductions and pay the full amount deducted to the relevant taxing authority in accordance with applicable law.

DISTRIGAS CORPORATION

By: R. J. Shearer

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