

the quantity in MMBtus of LNG so loaded (including the measurements and calculations under Article 8 hereof); and (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 Seller a payment on account for such LNG of that amount, by wire transfer to Seller's account in a United States bank specified by Seller, 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 Seller of a first-class bank in the United States in form and substance reasonably satisfactory to Seller to pay Seller 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 Seller that 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 Seller 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 determined in accordance with Article 8 hereunder; and (b) the price as estimated by Buyer and notified to Seller 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), Seller 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 Seller 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 Seller or Buyer under Section 11.

(c) Payment. In the event that the invoice sent by Seller 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 Seller, 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 Seller 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, Seller 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 Seller 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.

(e) Access to Books and Records. Seller 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.

Section 12.2. Errors. In the event of any error being found in the amount shown on any invoice issued pursuant to Section 12.1, such error shall be corrected within one (1) month after it has been found, provided notice thereof shall have been given within three (3) months from the date when the invoice was issued.

ARTICLE 13

FORCE MAJEURE, ETC.

Section 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;

(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, or any affiliate of Seller, 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.

Section 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.

Section 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.

Section 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 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.

Section 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 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.

ARTICLE 14

EFFECTIVE DATE AND TERM OF THE AGREEMENT

Section 14.1. The effective date of this agreement shall be the date of execution or the date on which all of the governmental authorizations provided in Article 18 have been received, whichever is later.

Section 14.2. This agreement shall remain in effect until the date the quantities set forth in Section 6.1 have been delivered by Seller to Buyer.

ARTICLE 15

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 authorized 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 Buyer:

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

(b) If to Seller:

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

ARTICLE 16
GOVERNING LAW

This agreement shall be construed in accordance with the laws of England.

ARTICLE 17
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 Geneva, Switzerland, by arbitration under the rules of conciliation and arbitration of the International Chamber of Commerce by one or more 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 exception or reservation. 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.

ARTICLE 18

APPROVAL OF GOVERNMENTAL AUTHORITIES

Section 18.1. Governmental Authorizations. This agreement is subject to receipt of all of the respective authorizations of the governmental authorities of the parties concerned.

Section 18.2. What Seller and Buyer Shall Make Every Effort to Obtain.

Seller shall do all in its power to obtain within the shortest possible period of time all approvals and authorizations which may be required by the administrative authorities of Algeria, or by any other authority, deemed necessary by Seller, to allow Seller to begin and to continue deliveries of LNG to Buyer under the terms of this agreement, and to provide Buyer with certified true copies of such governmental approvals and authorizations attaching certified true copies of the rules, regulations and restrictions imposed by each of these administrative authorities concerning such authorizations.

Buyer shall do all in its power to obtain within the shortest possible period of time all approvals and

authorizations required by the administrative authorities of the United States of America, or deemed necessary by Buyer, to allow it to begin and to continue to receive the LNG under the terms of this agreement and to provide Seller with certified true copies of such governmental approvals and authorizations attaching certified true copies of the rules, regulations and restrictions imposed by each of the administrative authorities, if any, concerning such approvals and authorizations. Buyer shall also do all in its power to obtain from the administrative authorities of the United States of America any other approval or authorization which may be required from time to time during the term of this agreement.

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.

ARTICLE 19

CONTENTS OF THE AGREEMENT

This agreement contains the entire contract and agreement entered into between the parties and supersedes all prior agreements between them with respect thereto. No oral promise or representation may affect it. It may be amended only in writing and by mutual agreement.

The provisions concerning measurement procedures and methods of analysis may be amended or supplemented by memoranda written, under mutual agreement, by the employees of Buyer and Seller.

ARTICLE 20

(Intentionally left blank)

ARTICLE 21

ASSIGNMENT

Seller or Buyer may assign all or a part of the rights which it holds under this agreement to any person who, by accepting this assignment, shall become a party to this agreement, but no assignment shall ever release or relieve Seller or Buyer of any of its obligations or commitments agreed to under this agreement.

The party assigning its rights shall, before proceeding to the assignment, obtain the prior authorization of the other party, which shall not unreasonably refuse it, and shall deliver to it copies of the instrument establishing the assignment after having proceeded to it.

Any assignment shall contain a provision to the effect that the assignee agrees that all the clauses and conditions of this agreement will be binding upon and inure to the benefit of the parties, their successors and assigns, and shall include the express commitment of the assigning party, that is, to remain guarantor towards the other party for the due performance of the contractual obligations of its assignee.

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.

Made in Algiers, on December 11, 1988.

DISTRIGAS CORPORATION

SONATRADING B.V.

By /s/ R. G. Shearer

By /s/ M. L. Kateb

APPENDIX A

DEFINITIONS

For the purpose of this agreement, to which this Appendix A is attached, the words and terms hereafter shall have the following meanings unless their use in the context obviously implies a different meaning:

1. Natural Gas (NG)

Any hydrocarbon or mixture of hydrocarbons consisting mainly of methane, in the gaseous state, and which is extracted from underground in the natural state, separately or in association with liquid hydrocarbons.

2. Liquefied Natural Gas (LNG)

Natural Gas at its bubbling point or below and at or about the atmospheric pressure.

3. Normal Cubic Meter (Nm³)

Quantity of Natural Gas necessary to fill one (1) cubic meter of space at a temperature of 0-C and at a pressure of 1.01325 Bar.

4. Gross Heating Value (PCS)

Amount of heat generated by burning one cubic meter of water-free gas in the air, at a constant pressure, the air being at the same temperature and at the same pressure as the gas, after cooling the products of the combustion to the initial temperature of the gas and air, and after condensation of the water produced by the combustion.

The initial conditions of the air and gas will be equal to 0-C and 1.01325 Bar.

5. Thermie (th)

One calorie (cal) being the amount of heat necessary to raise by 1-C the temperature of one (1) gram of an element the heat pertaining to the mass of which is equal to that of water at 15-C at normal atmospheric pressure (1.01325 Bar), one thermie is equal to one thousand kilocalories (Kcal), one kilocalory (Kcal) being itself equal to one thousand (1,000) calories; 252 thermies being equal to one (1) million Btu (MMBtu).

All references to Btus, calories, kilocalories, thermies shall be considered, as references to Btus, calories, kilocalories, thermies of gross heating value, at constant pressure.

6. Btu

Btu means one (1) British Thermal Unit (Btu) and is defined as the amount of heat required to raise the temperature of one pound (avoirdupois) of water from fifty-nine (59) to sixty (60) degrees Fahrenheit at the absolute constant pressure of fourteen and six hundred and ninety-six thousandths (14.696) pounds per square inch.

7. Standard Cubic Foot (SCF)

One Standard Cubic Foot (SCF) is the quantity of natural gas filling one (1) cubic foot of space at a temperature of sixty (60) degrees Fahrenheit and at the absolute pressure of fourteen and six hundred and ninety-six thousandths (14.696) pounds per square inch.

8. Bar

One Bar is equal to one hundred thousand (100,000) Pascal; one Pascal is the pressure exercised by a force of one (1) Newton per square meter; one (1) Newton is the force which, applied to a mass of one (1) kilogram, transmits to it an acceleration of one (1) meter per second/per second (1 m/sec²).

9. Contractual Annual Quantity

The Contractual Annual Quantity means the quantity of LNG which Buyer is under an obligation to buy and to receive and which Seller is under an obligation to sell and to deliver to Buyer each Contractual Year.

10. Pound

A pound is the weight unit defined by the avoirdupois system.

11. LNG Tanker

LNG Tanker means a ship in which LNG purchased and sold is transported.

12. Barrel

Barrel means forty-two (42) United States gallons (five cubic feet six thousand one hundred and forty-six ten thousandths) (5.6146 cft).

13. Day

The period of time of 24 consecutive hours beginning at 8:00 a.m. GMT of every calendar day and ending at 8:00 a.m. GMT of the following calendar day.

14. Month

The period of time beginning at 8:00 GMT the first day of a calendar month and ending at the same hour of the first day of the following calendar month.

15. Contractual Year

The period of time beginning March 15 and ending the following March 14.

16. LIBOR

The average rate of interest per annum (rounded up to the nearest one sixteenth of one percent) 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).

17. Minimum Price

The minimum price of LNG shall be the price per MMBtu F.o.b. Algerian port set out below for the periods indicated:

	<u>U.S.\$</u>
March 15, 1989 - October 14, 1989	1.35
October 15, 1989 - March 14, 1990	1.56
March 15, 1990 - October 14, 1990	1.40

October 15, 1990 - March 14, 1991	1.645
March 15, 1991 - October 14, 1991	1.45
October 15, 1991, and thereafter	1.70

18. Reference Price

The Reference Price for any month during the term of this agreement 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:

$$\text{Reference Price} = .6324 \times \text{RP}$$

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

$$\text{Reference Price} = (.6532 \times \text{RP}) - .0923$$

RP shall be determined as follows:

(a) For cargoes loaded between October 15 and March 14 of each contractual year.

$$\text{RP} = 0.3333\text{B} + 0.3333\text{CD} + 0.3333\text{B1, and}$$

(b) For cargoes loaded between March 15 and October 14 of each contractual year,

$$\text{RP} = \text{B1}$$

Where:

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 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

DISTRIGAS CORPORATION

FE Docket No. 89-____-LNG

EXHIBIT E-III

TRANSPORTATION AGREEMENT.

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 December 11, 1988

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
ARTICLE I	
<u>Definitions</u>	1
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	9
3.4. Fuel Payments	9
ARTICLE IV	
<u>The LNG Tanker(s)</u>	
4.1. The LNG Tankers	13
4.2. Availability of LNG Tanker(s)	13
4.3. Maintenance of LNG Tanker(s), etc.	14
4.4. Flag and Operation	15
ARTICLE V	
<u>Force Majeure</u>	
5.1. Definition	16
5.2. Excuse of Performance	17
5.3. Notice; etc.	17
5.4. Resumption of Performance	17

ARTICLE VI

LNG Boil-Off and
Retention for Cryogenic Purposes

6.1.	Allowance	18
6.2.	Excess Boil-Off	18
6.3.	Determination of Boil-Off	19
6.4.	Cooldown; Heel and Gas Trials	19
6.5.	Cooling on Entry into Service and Return to Service	21
6.6.	Cargo Tank Vapor Pressure	22

ARTICLE VII

<u>Quarantined Ports</u>	22
--------------------------	----

ARTICLE VIII

Terminal Facilities

8.1.	Discharge Terminal	22
8.2.	Loading Port	24
8.3.	Order of Berthing	24

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	24
9.2.	Measurements and Tests	27
9.3.	Compliance with Legal Requirements Concerning Pollution, etc.; Insurance	27

ARTICLE X

Payments

10.1.	Invoicing and Payment	28
10.2.	Interest on Late Payments	29

ARTICLE XI

Responsibilities

11.1.	Safe Ports	30
11.2.	Receipts for Cargo	30
11.3.	Trading Limits	31
11.4.	Risk of Seizure	32
11.5.	Use of LNG Tankers	32
11.6.	Drydocking	32
11.7.	Insurance	33
11.8.	Port Charges, etc.	34

ARTICLE XII

<u>Term of Agreement</u>	34
--------------------------	----

ARTICLE XIII

<u>Authorizations</u>	35
-----------------------	----

ARTICLE XIV

<u>Arbitration</u>	35
--------------------	----

ARTICLE XV

<u>Notices</u>	36
----------------	----

ARTICLE XVI

Miscellaneous

16.1.	Amendment	37
16.2.	Assignment	37
16.3.	Consequential Damages	38
16.4.	Currency Conversions	38
16.5.	Invalid Clauses	38
16.6.	Headings	38
16.7.	Entire Agreement	39
16.8.	Governing Law	39
16.9.	Counterparts	39
16.10.	No Intermediaries	39

Annex A - Non-Negotiable, Non-Transferable Cargo Receipt	41
Annex B - Fuel and Deviation Credits	49

TRANSPORTATION AGREEMENT, dated as of December __, 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 in the United States of America to which LNG is to be delivered, 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 the Discharge Port, 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 LNG cargo tanks 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 Agreement for the Sale and Purchase of Liquefied Natural Gas of even date herewith, concluded between SONATRAIDING and the Shipper as 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 dispatch 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": Societe Nationale de Transport Maritime des Hydrocarbures et des Produits Chimiques, an Algerian societe 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) 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 dispatch 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 fifteenth day of September of each Contract Year beginning on September 15, 1991 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 general des taux de salaire horaire des ouvriers,

France entiere, secteur prive" published in INSEE's "Bulletin Mensuel de Statistique" (Chapter 14, number 11) current at the time of the recalculation.

So = The value of said INSEE Index on September 15, 1990.

EXn = 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 September 15, 1990.

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 September 15, 1990.

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

France entiere, secteur priv-" published in INSEE's "Bulletin Mensuel de Statistique" (Chapter 14, number 11) current at the time of the recalculation.

So = The value of said INSEE Index on September 15, 1990.

EXn = 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 September 15, 1990.

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 September 15, 1990.

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.

Io = The cost of said insurances current on September 15, 1990.

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. If Shipper nominates a Discharge Port other than Boston, Massachusetts, Shipper and Sonatrach shall, if necessary, agree to increase the Freight Rate.

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 eight in the first Contract Year and less than seventeen in the succeeding Contract Years the Shipper shall make a further aggregate freight payment ("Dead Freight") to SONATRACH of U.S.\$300,000 multiplied by (8 - N) for the first Contract Year and \$300,000 multiplied by (17-N) for the succeeding Contract Years; 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; or
 - (iv) withholding by Seller (as defined in the Purchase Agreement) of cargoes when the Prevailing Market Price for Natural Gas exceeds 110% of the Reference Price or the Minimum Price (all as defined in the Purchase Agreement); and

- (b) the breach by Seller of the Purchase Agreement.

For each Contract Year, N shall also be increased by the quotient of (a) the number of days in excess of one during

which LNG Tankers used in service hereunder in such Contract Year are used to perform transportation services other than for the Shipper hereunder, (b) divided by 20.

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_1 for the month in which such Round Trip Voyage was completed, determined as follows:

$$P_1 = P \times K$$

where:

P_1 = 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 Larbi Ben M'Hidi 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 Larbi Ben M'Hidi 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 for the discharging of LNG transported hereunder by LNG Tankers (capable of safely passing laden or unladen under the Mystic Bridge at the

Port of Boston, Massachusetts) 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 SONATRADING 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 discharge 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 or unloading 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, with respect to each calendar quarter during the term of this Agreement, on the last day of such quarter and at the end of the term of this Agreement. 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 SONATRADING 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 become effective on the effective date of the Purchase Agreement. 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, by arbitration under the rules of conciliation and arbitration 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.