

ORIGINAL

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March 26, 2004

Sally Kornfeld  
Office of Natural Gas and Petroleum Import and Export Activities  
Fossil Energy  
U.S. Department of Energy  
Docket Room 3E-042  
Forrestal Building  
1000 Independence, Avenue, S.W.  
Washington, D.C. 20585

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2004 MAR 26 P 4: 03  
OFFICE OF FOSSIL ENERGY  
U.S. DEPARTMENT OF ENERGY

Re: FE Docket No. 04-40-LNG

Dear Ms. Kornfeld:

Pursuant to Part 590 of the regulations of the Department of Energy ("DOE"), 10 C.F.R. Pt. 590 (2003), please find enclosed the application of BG LNG Services, LLC ("BGLS") for long-term authorization to import liquefied natural gas pursuant to Section 3 of the Natural Gas Act, as amended. Also please find enclosed a check for \$50 made payable to the Treasury of the United States as required by 10 C.F.R. § 590.207.

Pursuant to 10 C.F.R. §§ 590.202(e) and 1004.11, BGLS hereby notifies DOE that the Master LNG Sale and Purchase Agreement between BGLS and Mitsubishi International Corporation ("Sales Agreement"), which is the subject of this application, contains highly sensitive commercial information that is exempt from public disclosure. The Sales Agreement, which is attached to the application as Exhibit B, contains certain commercially sensitive terms the disclosure of which would place BGLS at a commercial disadvantage.

Accordingly, BGLS is providing one original copy of the application clearly marked "Contains Confidential Information—Do Not Release" and 15 copies with the confidential information redacted from the Sales Agreement. Those copies are clearly marked "Privileged Information Removed For Confidential Treatment." Notwithstanding the filing of a redacted copy of the application, BGLS reserves its right, pursuant to 10 C.F.R. § 1004.11(c), to be notified prior to any disclosure of the confidential information and to be allowed an opportunity to submit its views with respect to such disclosure.

Ms. Sally Kornfeld

Page 2

March 26, 2004

Please file stamp the enclosed extra copies of this application and return them to our messenger. Thank you for your attention to this matter.

Respectfully Submitted



John S. Decker  
Attorney for BG LNG Services, LLC



**CONTAINS CONFIDENTIAL INFORMATION - DO NOT RELEASE**

**UNITED STATES OF AMERICA  
BEFORE THE  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY**

**BG LNG Services, LLC**

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)  
)

**FE Docket No. 04-\_\_\_\_-LNG**

**APPLICATION OF BG LNG SERVICES, LLC  
FOR LONG-TERM AUTHORIZATION  
TO IMPORT LIQUEFIED NATURAL GAS  
PURSUANT TO THE MASTER LNG SALE AND PURCHASE AGREEMENT  
WITH MITSUBISHI INTERNATIONAL CORPORATION**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), as amended;<sup>1</sup> Department of Energy (“DOE”) Delegation Order Nos. 0204-111 and 0204-127;<sup>2</sup> and Part 590 of the Regulations of the DOE, Office of Fossil Energy (“OFE”),<sup>3</sup> BG LNG Services, LLC (“BGLS”) hereby submits this application for long-term authorization to permit BGLS to import liquefied natural gas (“LNG”) pursuant to a long-term Master LNG Sale and Purchase Agreement (“Sales Agreement”) between BGLS and Mitsubishi International Corporation (“Mitsubishi”). In support of this application, BGLS respectfully shows as follows:

**I. Correspondence and Communications**

Correspondence and communications regarding this application should be addressed to the following:

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<sup>1</sup> 15 U.S.C. § 717b (2000).

<sup>2</sup> DOE Delegation Order No. 0204-111, Administrator of the Economic Regulatory Administration (Feb. 22, 1984); DOE Delegation Order No. 0204-127, Assistant Secretary for Fossil Energy (Feb. 7, 1989).

<sup>3</sup> 10 C.F.R. Pt. 590 (2003).

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Vice President Marketing, Logistics  
and Asset Optimization  
BG LNG Services, LLC  
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## II. Background

BGLS is a limited liability company organized under the laws of the State of Delaware, having its principal place of business at 5444 Westheimer, Suite 1775, Houston, Texas 77056. BGLS is a wholly-owned subsidiary of BG Group plc, which has its principal place of business at 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT, England. Pursuant to the authorization requested in this application, BGLS intends to engage in the business of importing LNG purchased from Mitsubishi on a long-term basis. Mitsubishi, a subsidiary of Mitsubishi Corporation, is a marketer of LNG. BGLS currently imports LNG from various international sources pursuant to a blanket authorization previously granted by the OFE.<sup>4</sup> BGLS also imports LNG into the United States pursuant to certain long-term authorizations previously granted by the OFE.<sup>5</sup>

## III. Authorization Requested

BGLS seeks long-term authorization to import LNG purchased from Mitsubishi pursuant to the Sales Agreement.<sup>6</sup> Upon importation, BGLS will sell the LNG, and natural gas resulting

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<sup>4</sup> *BG LNG Services, LLC*, Order Granting Blanket Authorization to Import Liquefied Natural Gas, DOE/FE Order No. 1947, FE Docket No. 04-15-LNG (Feb. 18, 2004).

<sup>5</sup> *BG LNG Services, LLC*, Order Granting Long-Term Authorization to Import Liquefied Natural Gas from the Federal Republic of Nigeria, DOE/FE Order No. 1932, FE Docket No. 03-76-LNG (Dec. 30, 2003); *BG LNG Services, LLC*, Order Granting Long-Term Authorization to Import Liquefied Natural Gas from the Republic of Trinidad and Tobago, DOE/FE Order No. 1926, FE Docket No. 03-77-LNG (Dec. 8, 2003). BGLS is seeking by a simultaneous submission long-term authorization to import LNG pursuant to an LNG Sale and Purchase Agreement with Marathon LNG Marketing, LLC.

<sup>6</sup> Pursuant to 10 C.F.R. § 590.202(c), a copy of the Sales Agreement is attached hereto as Exhibit B.

from the vaporization of the LNG, to third parties in the normal course of business. Mitsubishi will procure the LNG subject to the Sales Agreement from various international sources. The point of entry for the LNG into the United States will generally be the LNG terminalling, storage and vaporization facility located at Lake Charles, Louisiana ("LNG Terminal"). The Sales Agreement provides that BGLS may designate alternative delivery points for the LNG.

BGLS and Mitsubishi entered into the Sales Agreement July 20, 2003. The Sales Agreement has an initial term of 5 years, which commenced November 1, 2003. Pending approval of this application, BGLS anticipates that the first delivery of LNG will take place May 26, 2004. The parties may agree to extend the term of the Sales Agreement for a term of one or more years.

BGLS will purchase from Mitsubishi a quantity of LNG up to an annual contract quantity of 25,600,000 MMBtu. Mitsubishi will acquire the LNG subject to the Sales Agreement from various international sources. BGLS will take title to the LNG at the inlet flange of the LNG Terminal. The price BGLS will pay to Mitsubishi for LNG under the Sales Agreement is based on the Henry Hub NYMEX contract price. Because the contract price for LNG under the Sales Agreement is linked to the market price for natural gas, the LNG supply covered by the Sales Agreement will remain competitive for its duration.

#### **IV. The Public Interest**

Section 3 of the NGA provides that an import or export of natural gas must be authorized unless there is a finding that it "will not be consistent with the public interest."<sup>7</sup> Under Section 3(c), the importation of LNG "is deemed to be consistent with the public interest and must be

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<sup>7</sup> 15 U.S.C. § 717b(a) (2000).

granted without modification or delay.”<sup>8</sup> The importation authorization sought by BGLS herein meets the Section 3(c) criterion and, therefore, is consistent with the public interest.

#### **V. Environmental Impact**

BGLS intends to use existing facilities for importing LNG as requested herein and thus this application neither contemplates nor requires the construction of new facilities. Consequently, granting this application will not involve a federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act.<sup>9</sup> Accordingly, neither an environmental impact statement nor an environmental assessment is required.

#### **VI. Request for Waiver of 10 C.F.R. § 590.201(b)**

BGLS respectfully requests waiver of the requirement that applications for import authorization be filed at least 90 days in advance of the proposed import. Pursuant to section 590.201(b) of DOE’s regulations, good cause exists to permit the proposed importation to commence promptly upon the issuance of the authorization requested herein. Mitsubishi is prepared to begin delivering LNG to BGLS as early as May 26, 2004. Expedited approval of this application will allow this new source of supply to enter the U.S. market at the earliest opportunity, which will benefit consumers. Consequently, BGLS requests that the long-term import authorization requested herein become effective upon the issuance of an order by DOE, or in any event, no later than May 19, 2004.

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<sup>8</sup> *Sonat Energy Services Co.*, Order Granting Long-Term Authorization to Import Liquefied Natural Gas From Trinidad and Tobago, DOE/FE Order No. 1549, FE Docket No. 99-93-LNG (Dec. 8, 1999).

<sup>9</sup> 42 U.S.C. §§ 431, *et seq.* (2000).

## VII. Reporting Requirements

BGLS proposes the following reporting requirements, which are consistent with those provided by OFE in prior orders granting long-term authorization to import LNG:<sup>10</sup>

- A. Within two weeks after deliveries begin, BGLS must provide written notification of the date that the first import of LNG occurred.
- B. With respect to the LNG imports authorized in this docket, BGLS will file within 30 days following each calendar quarter, quarterly reports indicating, by month:
  - i) the total volume of LNG imported in Mcf and MMBtu; ii) the country of origin;
  - iii) the name(s) of the seller(s); iv) the point(s) of entry; v) transporters, including the name(s) of the LNG tankers used; vi) the geographic market(s) served; vii) the average landed cost per MMBtu at the point of importation; and viii) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, if applicable.
- C. The first quarterly report required by paragraph B will be due within 30 days following the first complete calendar quarter that follows the commencement of deliveries under this authorization.

## VIII. LNG Importation Within Corporate Power Of The Company

The opinion of counsel, required by 10 C.F.R. § 590.202(c), showing that the proposed importation of LNG is within the corporate powers of BGLS is attached hereto as Exhibit A.

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<sup>10</sup> See, e.g., *BG LNG Services, LLC*, Order Granting Long-Term Authorization to Import Liquefied Natural Gas from the Federal Republic of Nigeria, DOE/FE Order No. 1932, FE Docket No. 03-76-LNG (Dec. 30, 2003); *El Paso Merchant Energy, L.P.*, Order Granting Long-Term Authorization to Import Liquefied Natural Gas, DOE/FE Order No. 1780, FE Docket No. 02-26-LNG (May 29, 2002).

**IX. Related Regulatory Proceedings**

Neither BGLS's request for import authorization, nor any matter related thereto, is being considered by any other part of DOE, including the Federal Energy Regulatory Commission, or by any other federal agency or department.

**X. Conclusion**

WHEREFORE, for the foregoing reasons, BGLS respectfully requests that OFE expeditiously consider the instant application and, pursuant to Section 3 of the NGA, as amended, grant BGLS authority to import into the United States pursuant to the terms of the Sales Agreement up to 25,600,000 MMBtu of LNG per year for a term of 5 years. BGLS submits that a grant of such authorization would be consistent with the public interest.

Respectfully Submitted,



John S. Decker  
Attorney for BG LNG Services, LLC

March 26, 2004

**Exhibit A**

**Corporate Power Of The Company**

# BG LNG Services, LLC <sup>B</sup>

**BG LNG Services, LLC**  
5444 Westheimer, Suite 1775  
Houston, TX 77056

Telephone: 713-403-3741  
Fax: 713-403-3781

March 24, 2004

Sally Kornfeld  
Office of Natural Gas and Petroleum Import and Export Activities  
Fossil Energy  
U.S. Department of Energy  
Docket Room 3E-042  
Forrestal Building  
1000 Independence, Avenue, S.W.  
Washington, D.C. 20585

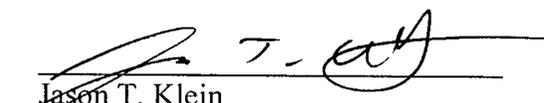
Dear Ms. Kornfeld:

This opinion is furnished in accordance with the requirements of 10 C.F.R. § 590.202(c), in conjunction with the application of BG LNG Services, LLC for an order requesting long-term authorization to import liquefied natural gas pursuant to Section 3 of the Natural Gas Act, as amended.

I am counsel for BG LNG Services, LLC, in the above-referenced matter, and as such, I am familiar with the Articles of Incorporation, By-laws, and corporate records of BG LNG Services, LLC. I have examined these and other relevant documents and am of the opinion that the proposed importation of liquefied natural gas by BG LNG Services, LLC is within the corporate powers of BG LNG Services, LLC.

This opinion is submitted solely for the purpose of this matter, and may not be relied upon by the Office of Fossil Energy, or by any other governmental entity, or any person, for any other purpose.

Respectfully Submitted,

  
Jason T. Klein  
Attorney for BG LNG Services, LLC

**Exhibit B**

**Sales Agreement**

**CONTAINS CONFIDENTIAL INFORMATION**  
**DO NOT RELEASE**

**CONFIDENTIAL**

**MASTER  
LNG SALE AND PURCHASE AGREEMENT  
(DELIVERED EX-SHIP)**

**BETWEEN**

**MITSUBISHI INTERNATIONAL CORPORATION**

**as Seller**

**AND**

**BG LNG SERVICES, LLC**

**as Buyer**

**Dated** \_\_\_\_\_

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**SCHEDULE A – TESTING AND METHODS**

**SCHEDULE B – MEMORANDUM**

**SCHEDULE C – QUALITY**

**SCHEDULE D – FORM OF PARENT COMPANY GUARANTY**

**SCHEDULE E – FORM OF LETTER OF CREDIT**

**THIS AGREEMENT**, executed as of this \_\_\_\_ day of July, 2003, is made by and between **Mitsubishi International Corporation**, a New York corporation, whose principal place of business is at 520 Madison Avenue, New York, New York 10022, USA (hereinafter referred to as "Seller"), and **BG LNG Services, LLC**, a Delaware limited liability company, whose registered office is at Suite 1775, 5444 Westheimer, Houston, Texas, USA (hereinafter referred to as "Buyer").

Seller and Buyer may sometimes be referred to collectively as the "Parties" and individually as a "Party."

Now, therefore, in consideration of the mutual agreements contained herein, the Parties agree as follows:

## **1 DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

In this Agreement, except where the context otherwise requires:

**"Affiliate"** in relation to a company or other entity, means a public, private, governmental or commercial company or other entity that directly or indirectly controls, is controlled by, or is under common control with, the first company or entity. For the purposes of this definition, "control" means the right to cast fifty percent (50%) or more of the votes exercisable at an annual general meeting (or its equivalent) of the entity concerned or, if there are no such rights, ownership of fifty percent (50%) or more of the equity share capital of or other ownership interests in such entity, or the right to direct the policies or operations of such entity;

**"Agreement"** means, subject to Section 10, this Master Delivered Ex Ship LNG Sale and Purchase Agreement including, without limitation, all Sections and schedules hereto, as the same from time to time may be amended, modified, varied or supplemented in accordance with Section 23 hereof;

**"Allowed Laytime"** has the meaning set forth in Section 15.6.2;

**"Base Interest Rate"** has the meaning set forth in Section 11.3.3;

**"British Thermal Unit"** or its abbreviation **"BTU"** means the amount of heat required to raise the temperature of one (1) avoirdupois pound of pure water from fifty-nine (59) degrees Fahrenheit to sixty (60) degrees Fahrenheit at an absolute pressure of fourteen decimal six nine six (14.696) pounds per square inch;

**"Buyer"** has the meaning specified in the first sentence of this Agreement;

"Buyer's Facilities" means the berthing, vessel service, unloading, receipt, storage, regasification and regasified LNG processing and delivery facilities (including utilities, other infrastructure and ancillary facilities) at Lake Charles, Louisiana, United States of America and that portion of the Trunkline Gas Company pipeline system that connects the CMS Trunkline LNG Company regasification facilities to the Longville compression station, such pipelines comprising (1) twenty-five (25) miles of thirty (30) inch pipeline connecting the regasification facilities to Trunkline Gas Company's main pipeline system and (2) eighty-three (83) miles of pipeline connecting the Kaplan and Longville compressor stations;

"Buyer's Operator" means the operator of Buyer's Facilities or any of such facilities;

"Cancelled Cargo" means a Cargo for which a Firm Nomination Window has been agreed which is either cancelled by the Seller pursuant to Section 16.5, or in relation to which the Buyer notifies the Seller not to deliver the Cargo pursuant to Section 16.4.3;

"Cargo" means any cargo of LNG to be delivered by the Seller to the Buyer pursuant to this Agreement;

"Cargo Prediction" has the meaning set forth in Section 7.1;

"Cargo Schedule" has the meaning set forth in Section 7.2;

"Completion of Unloading" means when final gauging is completed;

"Confidential Information" has the meaning set forth in Section 24.1;

"Contract Sales Price" has the meaning set forth in Section 9;

"Contract Year" shall commence on 1<sup>st</sup> April and end on March 31<sup>st</sup> of each year for the Term of this Agreement other than the First Contract Year and the Last Contract Year;

"Cubic Foot" means a volume equal to the volume of a cube each edge of which is one (1) Foot in length;

"Cubic Meter" or its abbreviation "CBM" means a volume equal to the volume of a cube each edge of which is one (1) meter in length;

"Defaulting Party" has the meaning set forth in Section 21.1;

"Delivered Ex-Ship" shall have the meaning set forth in Incoterms (2000 edition). Should any specific provision of this Agreement conflict with the

terms contained in the Incoterms definition, then the specific provisions of this Agreement shall prevail;

"Delivery Point" means the point at Buyer's Facilities at which the flange coupling of Buyer's unloading line joins the flange coupling of the LNG discharge manifold onboard the LNG Tanker;

"Dispute" shall have the meaning set forth in Section 22.1.1;

"Dollar", "US\$", "\$" or "U.S. Dollar" means the currency of the United States of America;

"Effective Date" means the date on which this Agreement is executed by the Parties;

"Estimated Time of Arrival" or its abbreviation "ETA" has the meaning set forth in Section 15.5.1;

"Event of Default" has the meaning set forth in Section 21.1;

"Firm Nomination Window" has the meaning set forth in Section 7.4;

"First Contract Year" shall start on the Start Date and finish on the following March 31<sup>st</sup>.

"Foot" means zero decimal three zero four eight (0.3048) meters as defined by the eleventh Conférence Générale des Poids et Mesures at Paris, France in 1960;

"Force Majeure" has the meaning set forth in Section 17.1;

"Gas Supply Area(s)" means the area, specified in the Memorandum, from which the Natural Gas used to manufacture the LNG to be sold by Seller to Buyer hereunder is produced;

"Gross Heating Value (Mass Basis)" means the quantity of heat, expressed in British Thermal Units per kilogram (BTU/kg), produced by the complete combustion in dry air of one (1) kilogram mass of dry ideal gas and the condensation of all water formed, with the initial and final temperature and pressure being fifteen (15) degrees Celsius and one thousand and thirteen decimal two five (1,013.25) millibar absolute respectively;

"Gross Heating Value (Volume Basis)" means the quantity of heat, expressed in British Thermal Units, produced by the complete combustion in dry air of one (1) cubic foot of anhydrous gas, at a temperature of sixty (60) degrees Fahrenheit and an absolute pressure of fourteen decimal six

nine six (14.696) pounds per square inch, with the air at the same temperature and 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 formed by combustion;

“ICC” means the International Chamber of Commerce;

“ICC Court” means the ICC International Court of Arbitration;

“ICC Rules” means the ICC Arbitration Rules;

“Independent Surveyor” has the meaning set forth in Section 12.12;

“Insolvency Event” means with respect to a Party when such Party (a) is, or could be, deemed by law or a court to be insolvent or unable to pay its debts, stops, suspends, or threatens to stop or suspend payment of all or a material part of its indebtedness, begins negotiations or takes any other step with a view to or proposes to make any agreement for the deferral, rescheduling or other re-adjustment of all or a material part of its indebtedness, proposes or makes a general assignment or arrangement or composition with or for the benefit of creditors or a moratorium is agreed or declares in respect of or affecting all or a material part of its indebtedness; (b) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a substantial part of the assets of such party and is not discharged or permanently stayed within seven (7) days; (c) any step is taken by any Person with a view to the winding-up of such Party except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, unless in the course of taking that step such Party becomes or is declared insolvent. However, that taking of any such step by any Person other than such Party shall not constitute an Event of Default during the first seven (7) days after the taking of such step if it is being contested in good faith and by appropriate means; or (d) is the subject of an appointment of a receiver and manager or like officer of the whole or any part of its assets; provided that the forgoing shall not include any voluntary proceedings for the purpose of amalgamation, reconstruction or reorganisation;

“Japanese Company” means any of the following:

- a. an entity incorporated in Japan;
- b. an entity with its principal place of business in Japan;
- c. an entity which has a majority of its voting rights held by Japanese citizens; or
- d. any body corporate that is a Subsidiary of an entity falling within any of the definitions in a., b., or c. above.

"Japanese Trading Company" means any Japanese Company that purchases, or arranges for others to purchase, LNG cargoes that it does not intend to itself consume or to sell as natural gas to consumers.

"Kilogram" means the mass of a particular cylinder of platinum-iridium alloy, also called the "International Prototype Kilogram", which is preserved in a vault in Sèvres, France by the International Bureau of Weights and Measures;

"Last Contract Year" shall start on the fourth April 1<sup>st</sup> after the Start Date and finish on the fifth anniversary of the Start Date.

"Liquefied Natural Gas" or its abbreviation "LNG" means processed Natural Gas in a liquid state, at or below its boiling point and at a pressure of approximately one (1) atmosphere;

"LNG Tanker" means the ocean-going vessel that, in the case of each sale and purchase pursuant to this Agreement, shall be named and described in the applicable executed Memorandum and be used by Seller for the transportation of LNG hereunder for the duration of the following period: from the date of the applicable executed Memorandum until the vessel departs from the Buyer's Facilities after delivering its last Cargo under that Memorandum, or in the case of a substitution of the LNG Tanker pursuant to Section 15.2.3, from the time that such substitution is approved in writing by the Buyer until the time that the substitute LNG Tanker departs from the Buyer's Facilities after delivering its last Cargo under that Memorandum;

"LNG Tanker Cargo Lot" means the quantity, being approximately the amount specified in the applicable executed Memorandum, of LNG which can be delivered at the Unloading Port from the LNG Tanker, taking into account the maximum amount of LNG that can practicably and safely be loaded onto the LNG Tanker at the Loading Port as determined by Seller, standard vessel capacity in Cubic Meters, port restrictions, heel requirements, LNG properties including LNG Tanker boil-off as well as other relevant considerations;

"Loading Port" means the port specified in the Memorandum;

"Maximum Quantity" means the maximum number of Cargoes that the Buyer is obliged to purchase from the Seller in any Contract Year;

"Memorandum" shall have the meaning set forth in Section 10;

"Metric Ton" or "Tonne" means one thousand (1,000) Kilograms;

**“Minimum Quantity”** means the minimum number of Cargoes that the Seller is obliged to sell and deliver to the Buyer in order to recover all its payments of Reservation Fees from the Buyer.

**“MMBTU”** means one million (1,000,000) BTUs;

**“Natural Gas”** or **“Gas”** means any hydrocarbon or mixture of hydrocarbons consisting essentially of methane, other hydrocarbons and non-combustible gases in a gaseous state and which is extracted from the subsurface of the earth in its natural state, separately or together with liquid hydrocarbons;

**“Net Proceeds”** has the meaning set forth in Section 16.3.2;

**“Nominees”** has the meaning set forth in Section 22.1.2;

**“Normal Cubic Meter”** or **“NCM”** means the amount of Natural Gas, free of water vapor, occupying a volume of one (1) Cubic Meter at a temperature of zero (0) degrees Centigrade and at an absolute pressure of one decimal zero one three two five (1.01325) bar;

**“Notice of Arrival”** has the meaning set forth in Section 15.5.1.7;

**“Notice of Readiness”** has the meaning set forth in Section 15.5.1.8;

**“Redirect LNG”** means any LNG produced pursuant to an LNG sales contract lasting more than 5 years between the producer and a Japanese, Korean or Taiwanese buyer;

**“Related Agreements”** has the meaning set forth in Section 22.1.3;

**“Reservation Fee”** means US\$850,000;

**“Seller”** has the meaning specified in the first sentence of this Agreement;

**“Seller’s Facilities”** means the Natural Gas production facilities, pipelines and utilities, Natural Gas treatment, liquefaction and related facilities, LNG storage facilities and loading port facilities at the respective Gas Supply Areas, located at the site identified in the Memorandum, where Seller will load LNG enabling Seller to fulfil its obligations to make deliveries of LNG in accordance with this Agreement, and including all modifications, alterations or additions thereto as they may be made from time to time;

**“Seller’s Transporter”** means one or more owners and/or operators of the LNG Tanker or LNG Tankers specified by Seller pursuant to the applicable Memorandum as the vessel or vessels to be employed to lift LNG on behalf of Seller pursuant to this Agreement;

“Standard Cubic Foot” or its abbreviation “SCF” means the amount of Natural Gas, free of water vapor, occupying a volume of one (1) Cubic Foot at a temperature of sixty (60) degrees Fahrenheit and at an absolute pressure of fourteen decimal six nine six (14.696) pounds per square inch;

“Start Date” means the earliest date that the Seller is allowed to deliver a Cargo to the Buyer being the first day of the fourth calendar month following the Effective Date;

“Subsidiary”: a company is a “Subsidiary” of another company if that other company:

- (a) holds a majority of the voting rights in it, or
- (b) is a member of it and has the right to appoint or remove a majority of its board of directors, or
- (c) is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it, or if it is a Subsidiary of a company which is itself a Subsidiary of that other company.

“Term” has the meaning set forth in Section 3;

“Transportation Agreement” means the agreement between Seller and Seller’s Transporter for the use of the LNG Tanker or LNG Tankers for the transportation of LNG hereunder, as amended, modified or supplemented and/or replaced from time to time;

“Unloading Port” means the port at Lake Charles, Louisiana, United States of America where Buyer’s Facilities are located;

“Used Laytime” has the meaning set forth in Section 15.6.1.

## **1.2 References**

In this Agreement, unless the context otherwise indicates:

- 1.2.1 references to “months,” “quarters” and “years” are to months, quarters and years of the Gregorian Calendar;
- 1.2.2 references to Sections are to the relevant sections of this Agreement, including clauses and sub-clauses in that Section;
- 1.2.3 references to words importing the singular shall include the plural and vice versa;
- 1.2.4 references to a Party shall include the successors and permitted assigns of that Party;

1.2.5 references to a Person include any person, firm, company, corporation, government, state, or agency of a state, or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing; and

1.2.6 references to any statute, ordinance or other law shall include all regulations and other instruments thereunder and all consolidations, amendments, re-enactments or replacements thereof.

### **1.3 Headings**

The headings and captions in this Agreement are inserted solely for the sake of convenience and shall not affect the interpretation or construction of this Agreement.

### **1.4 Schedules**

Schedules A through E are attached hereto and incorporated herein as an integral part of this Agreement.

## **2 SALE AND PURCHASE**

Seller shall sell and deliver at the Delivery Point, and Buyer shall purchase, receive at the Delivery Point and pay for, LNG in the quantities and at the prices determined in accordance with the terms and conditions of this Agreement. The Natural Gas to be processed into LNG and sold and delivered hereunder shall be produced from the Gas Supply Area. The source of LNG to be sold and purchased under this Agreement is LNG available to Seller from Seller's Facilities.

The LNG Tanker(s) to be used by Seller for delivering LNG pursuant to this Agreement shall be provided at Seller's expense. LNG shall be sold in LNG Tanker Cargo Lots.

## **3 TERM**

### **3.1 Term**

Subject to the other terms hereof, this Agreement shall be effective as of the Effective Date and shall remain in effect for five years from the Start Date (the "Term"). Subject to any express rights to terminate a Memorandum pursuant to this Agreement, in the event a Memorandum has been executed by the Parties, such notice to terminate shall only be effective once all obligations set forth in such Memorandum have been satisfied.

### **3.2 Renewal of Term**

12 months before the end of the Term of this Agreement, the Buyer shall propose terms under which the Buyer would be prepared to extend the Term by one or more Contract Years.

### **3.3 Survival of Rights and Remedies**

Termination of this Agreement, howsoever caused or occurring, shall be without prejudice to any rights or remedies that may have accrued to either Party prior to the date thereof, and any provisions of this Agreement necessary for the exercise of such accrued rights or remedies shall survive expiry or termination of this Agreement to the extent so required.

## **4 BUYER'S FACILITIES**

Buyer's Facilities shall be of appropriate design and sufficient capacity to enable Buyer to perform its obligations to take delivery of the quantities of LNG in accordance with this Agreement. Buyer's Facilities shall include, without limitation, the following:

- 4.1.1 berthing facilities capable of receiving the LNG Tanker (within the range of overall length 180.00 meters to 290.00 meters, width 24.00 meters to 43.70 meters and draft at full capacity 11.3 meters) which the LNG Tanker can safely reach, fully laden, and safely depart, and at which the LNG Tanker can lie safely berthed and discharge safely afloat at all times;
- 4.1.2 unloading facilities capable of receiving LNG at a rate that will permit the discharging of cargo from the LNG Tanker fully loaded at an approximate rate of ten thousand (10,000) Cubic Meters per hour with a maximum saturation pressure of the LNG Tanker's cargo tanks being no greater than 1112 millibars, 1.4 psig, 16.13 psi (absolute);
- 4.1.3 a vapor return line system of sufficient capacity to transfer to the LNG Tanker quantities of Natural Gas necessary for the safe unloading of the LNG at such rates, pressures and temperatures required by the LNG Tanker's design and/or good operating practice with respect to such LNG Tanker;
- 4.1.4 LNG storage tanks of adequate capacity to receive and store a full cargo of LNG;
- 4.1.5 regasification facilities;

4.1.6 appropriate systems for necessary e-mail, facsimile, telephone and radio communications with the LNG Tanker; and

4.1.7 emergency shutdown systems.

## **5 QUANTITIES**

### **5.1 Number of Cargoes Per Annum**

Subject to Section 5.2, and unless otherwise agreed, in each Contract Year the Minimum Quantity shall be six (6) Cargoes and the Maximum Quantity shall be eight (8) Cargoes. In the First Contract Year the Minimum Quantity and Maximum Quantity shall be prorated (rounding down to the nearest whole cargo) based on that percentage of 365 days comprising the First Contract Year.

The Minimum Quantity and Maximum Quantity for the Last Contract Year shall be increased from six and eight, respectively, by the number of Cargoes less than six and eight, respectively, comprising the First Contract Year's Minimum Quantity and Maximum Quantity.

### **5.2 Reduction of Minimum Number of Cargoes Per Annum**

If, during the Term, the Buyer purchases any Redirect LNG from a Japanese Company, the Minimum Quantity for that Contract Year may, at the option of the Seller, be reduced by an equal number of Cargoes as the Buyer purchases from that Japanese Company.

### **5.3 Size of Cargoes**

Each Cargo shall be between 2,700,000 to 3,200,000 MMBTU unless the Parties agree otherwise.

## **6 QUALITY**

The LNG to be sold and purchased hereunder, when converted into a gaseous state, shall have the specifications set forth on Schedule C hereto at the time of unloading.

## **7 SCHEDULING**

### **7.1 Cargo Prediction**

By the fifth day of each calendar month of the Term, the Seller shall submit to the Buyer a Cargo Prediction. The Cargo Prediction shall contain the following information:

7.1.1 The Seller's best estimate of the total number of Cargoes that it anticipates to deliver in the months from the fifth calendar month after the month of the Cargo Prediction to and including the twelfth month after the month of the Cargo Prediction;

7.1.2 The Seller's best estimate of the number of Cargoes that it anticipates to deliver in the fourth calendar month after the month of the Cargo Prediction together with an estimate of the likely delivery date of those Cargoes (to within a five-day period); and

7.1.3 Any revision to the Seller's previous Cargo Predictions for the number of Cargoes and their delivery times anticipated to be delivered in each of the second and third months after the month of the Cargo Prediction.

## **7.2 Cargo Schedule**

By the fifth working day before the end of each month of the Term, the Seller shall submit to the Buyer a Cargo Schedule. The Cargo Schedule shall set out the forty-eight (48) hour window(s) required for deliveries in the second month after the month of the Cargo Schedule.

## **7.3 Allocation of Delivery Window**

The Buyer shall use the information given in the Cargo Prediction to facilitate scheduling the Seller's intended deliveries making reasonable endeavours to ensure that windows are available to the Seller to deliver at the times indicated in the Cargo Prediction.

In the event that the forty-eight hour window requested in the Cargo Schedule has already been allocated to another vessel, the Buyer shall inform the Seller as soon as possible, and:

7.3.1 in respect of the first six Cargoes delivered in each Contract Year, provided that such requested forty-eight hour window is within the five-day period estimated in the most recent Cargo Prediction, offer the Seller at least one delivery window either starting within forty-eight hours before the window requested in the Cargo Schedule or finishing within forty-eight hours after the window requested in the Cargo Schedule; and

7.3.2 in respect of any other Cargo, use reasonable endeavours to offer the Seller a delivery window as close to the window requested in the Cargo Schedule as is reasonably practicable.

Notwithstanding the provisions of this Section 7.3, in the event that the Seller requests that the Buyer schedule more than two delivery windows into one calendar month the Buyer shall have no obligation to offer the Seller more than two delivery windows in that calendar month.

#### **7.4 Firm Nomination Window**

The Buyer shall allocate to the Seller the delivery window nominated in the Cargo Schedule, or such window that is agreed between the Parties if the window nominated in the Cargo Schedule is not available (the "Firm Nomination Window").

#### **7.5 Changes to a Firm Nomination Window**

In the event that the Seller at any time receives information that the Cargo may be delivered outside the Firm Nomination Window, it shall inform the Buyer and the Parties shall consider, in good faith, all reasonable measures to mitigate the loss likely to arise from the delay of the Cargo.

The Seller shall consider in good faith to accommodate any requested changes to the Firm Nomination Window made by the Buyer for reasons of operational necessity.

#### **7.6 Communication**

Notwithstanding the obligations contained in this Section 7, the Buyer and Seller shall make reasonable endeavours to share information frequently in order to facilitate mutually advantageous scheduling.

### **8 RESERVATION FEE**

The Seller shall pay the Buyer US\$850,000 (the "Reservation Fee") on the Start Date and every two months thereafter during the Term; provided that in any Contract Year the Seller's obligation to pay every two months shall cease for that Contract Year if:

- a. the Seller has sold and delivered (or would have but for Buyer's failure to take pursuant to Section 16.3) the Minimum Quantity for that Contract Year; or
- b. The Parties have agreed the Minimum Quantity of Firm Nomination Windows for that Contract Year and the Seller has paid a Reservation Fee in respect of each Cancelled Cargo.

## CONTRACT SALES PRICE

### 9.1 Calculation of Contract Sales Price

The amount payable by Buyer to Seller shall be calculated by multiplying the quantity of LNG delivered as determined pursuant to Section 12 by the Contract Sales Price plus, if the Buyer is in receipt of a Reservation Fee that has not been applied to a previously delivered or Cancelled Cargo, US\$850,000.

The Contract Sales Price shall be determined in accordance with the following formula:

$$CSP = HH - (R \times [HH - X] + Y) - A - B + C$$

Where:

**CSP** is the Contract Sales Price per MMBTU

**HH** is the price per MMBTU for the Henry Hub NYMEX contract for the month in which the Cargo is nominated to be delivered (or, if nominated to be delivered after the 25<sup>th</sup> day of any month, the following month) determined either as:

9.1.1 agreed between the parties at the time that the Firm Nomination Window is agreed or at anytime thereafter up until the expiry of that applicable NYMEX contract; or

9.1.2 the final monthly settlement price for that NYMEX Henry Hub contract.

**A** is the reservation charge per the CMS Trunkline LNG Tariff rate schedule

**B** is the total usage charge for the terminal per the CMS Trunkline LNG Tariff rate schedule calculated by adding the Base Rate per Dt, the Section 20 Surcharge, the product of the Fuel Reimbursement and the price per MMBTU for the Henry Hub NYMEX contract for the month of delivery and, if applicable, any Annual Charge Adjustment (ACA) and Gas Research Institute (GRI) surcharges.;

**C** is the basis differential calculated by subtracting the Inside FERC monthly index price for Trunkline Louisiana from the final NYMEX monthly settlement price for the month of delivery or, if delivered after the 25<sup>th</sup> day of any month, the following month;

When HH is less than \$3.50, X will equal HH, R will equal 0 and Y will equal 0.

When HH is \$3.50 or more, but less than \$4.00, X will equal \$3.50, R will equal 0.05 and Y will equal 0.

When HH is \$4.00 or more, but less than \$4.50, X will equal \$4.00, R will equal 0.15 and Y will equal 0.025.

When HH is \$4.50 or more, X will equal \$4.50, R will equal 0.25 and Y will equal 0.1.

## 9.2 Unavailability of Data

If any of the indices or published data needed to determine the Contract Sales Price pursuant to Section 9.1 ceases to be available to the Parties, the Parties will agree commercially reasonable alternative methods to determine the price.

## 10 MEMORANDUM

When the Parties have agreed on one or more Firm Nomination Windows, they will immediately execute a memorandum substantially in the form of Schedule B (or any other form agreed by the Parties) (the "Memorandum") for the sale and purchase of such LNG Tanker Cargo Lot(s) on the terms set forth in this Agreement and in such Memorandum. In the event of a conflict between the terms of the Memorandum and the terms of this Agreement, the terms of the Memorandum shall prevail. Each such Memorandum shall constitute (together with the terms of this Agreement) a separate and independent agreement, and references to this "Agreement" shall be construed accordingly.

## 11 INVOICES AND PAYMENT

### 11.1 Delivery Invoices and Cargo Documents

11.1.1 Prior to the commencement of unloading at the Unloading Port, Seller or its representative shall furnish to Buyer any and all documentation sufficient, in Buyer's estimation, to demonstrate that the LNG Tanker and its Cargo has properly and completely cleared customs in the United States of America.

11.1.2 Promptly after completion of unloading of the LNG Tanker at the Unloading Port, Seller or its representative shall furnish to Buyer a certificate of volume unloaded. Buyer shall, as soon as possible but in no event later than forty-eight (48) hours after completion of

unloading, complete a laboratory analysis and calculations to determine the quality and BTU content of the LNG unloaded, in accordance with the provisions of Section 12.7, and shall promptly furnish to Seller or its representative a copy of the laboratory analysis with respect thereto. Upon receiving such certificate, Seller shall calculate the number of BTUs unloaded and delivered, in accordance with the provisions of Section 12.9, and shall furnish to Buyer the details of the calculation. By the fifteenth (15<sup>th</sup>) day of each calendar month, Seller shall provide Buyer with an invoice for all Cargoes delivered to the Buyer during the preceding calendar month.

## **11.2 Other Invoices**

Except as provided in Section 11.1, in the event that any sums of money are due from one Party to the other Party hereunder including Reservation Fees referred to in Section 8, then the Party to whom such sums of money are owed shall furnish to the other Party an invoice therefor, together with relevant supporting documents showing the basis for the calculation thereof (no supporting documents are required for Reservation Fees).

## **11.3 Invoice Due Dates**

11.3.1 Each invoice referred to in Section 11.1 for LNG delivered to Buyer shall become due and payable by Buyer on or before the twenty-fifth (25<sup>th</sup>) day of the calendar month following the calendar month during which such LNG is delivered.

11.3.2 Except as otherwise expressly provided in this Agreement, each Section 11.2 invoice shall become due and payable by the Party receiving the invoice on or before the tenth (10<sup>th</sup>) day after the date of receipt of such invoice. For this purpose, an e-mail or facsimile copy of an invoice shall be deemed received by a Party on the day after it was sent.

11.3.3 In the event the full amount of any invoice payable hereunder is not paid when due as provided in Sections 11.3.1 and (b) and in accordance with Section 11.4, any unpaid amount thereof shall bear interest from the due date until paid, at the rate of two percent per annum (2%) above the Base Interest Rate. For the purposes of this Section 11.3.3, the Base Interest Rate is the rate per annum which Lloyds Bank International Limited offers to prime banks in the London Interbank market for deposits in Dollars for a three (3) month period, determined at 11.00 a.m. London time, as quoted on the date when payment is due. Interest shall be calculated on the basis of a three hundred and sixty (360) day year, shall accrue daily and be

compounded at three-monthly rests, and shall be paid on the date when payment of the amount due is made.

#### **11.4 Payment**

11.4.1 Buyer shall pay or cause to be paid, on or before the due date, in Dollars, all amounts that become due and payable by Buyer pursuant to Seller's invoice issued hereunder. Such payments shall be made in immediately available funds good for value in the United States of America to such account or accounts with such bank and in such location as shall have been designated by Seller.

11.4.2 Seller shall pay or cause to be paid, on or before the due date, in Dollars, all amounts that become due and payable by Seller pursuant to Buyer's invoice issued hereunder. Such payments shall be made in immediately available funds, good for value in the United States of America, to such account with such bank in such location as shall have been designated by Buyer.

11.4.3 Each payment of any amount owing hereunder shall be for the full amount due, without reduction, withholding or offset for any reason (including, any exchange charges, bank transfer charges, any other fees, or taxes, other than any taxes for which Seller is liable in accordance with Section 13). If Buyer is required by law to make any reduction or withholding, Buyer shall pay to Seller such amount as will result in Seller receiving the full invoiced amount after such reduction or withholding, and promptly pay to the relevant authorities the amount deducted or withheld and provide to Seller a receipt or other evidence of payment.

11.4.4 If Buyer is unable to make any payment in the currency or by the method specified in Section 11.4.1 for reasons of Force Majeure (for the avoidance of doubt, lack of funds shall not constitute Force Majeure), Buyer shall arrange to make payment in an alternative available and readily convertible currency or by any alternative lawful method which will yield to Seller an amount in Dollars equivalent to the amount Seller would have received if payment had been in accordance with Section 11.4.1.

#### **11.5 Disputed Invoices**

In the event a Party disputes any invoice, it shall pay the portion of the invoice that is not in dispute, and shall immediately notify the other Party of the reasons for such dispute. An invoice may be contested by the Party that received it, or modified by the Party that sent it, by written notice delivered to the other Party within a period of one hundred twenty (120)

days after such receipt or sending, as the case may be. If no such notice is served, such invoice shall be deemed correct and accepted by both Parties. Promptly after resolution of any dispute as to an invoice, the amount of any overpayment or underpayment shall be paid by Seller or Buyer (as the case may be) to the other Party, together with interest thereon at the rate provided in Section 11.3.3 from the date payment was due to the date of payment.

## **11.6 Credit Support**

Simultaneously with the execution of the Memorandum by both Parties,

11.6.1 Buyer shall provide to Seller either (i) a parent company guaranty, substantially similar to the form attached hereto as Schedule D or (ii) an irrevocable standby letter of credit, substantially similar to the form attached hereto as Schedule E; and

11.6.2 If the rating of the Seller has fallen below investment grade Seller shall provide to Buyer either (i) a parent company guaranty, substantially similar to the form attached hereto as Schedule D, or (ii) an irrevocable standby letter of credit, substantially similar to the form attached hereto as Schedule E. If the rating of the Seller is investment grade no additional credit support shall be required.

Should the rating of the company providing the guaranty under Section 11.6.1 or 11.6.2 hereof fall below investment grade at any time during the duration of the guaranty, it must immediately provide an irrevocable standby letter of credit substantially in the form attached hereto as Schedule E.

## **12 MEASUREMENTS AND TESTS**

### **12.1 Parties to Supply Devices**

12.1.1 Seller shall supply, operate and maintain, or cause to be supplied, operated and maintained, suitable gauging devices for the LNG tanks of the LNG Tanker, as well as density, pressure and temperature measuring devices and all other measurement or testing devices that are incorporated in the structure of the LNG Tanker.

12.1.2 Buyer (for the purposes of enabling the quantity of LNG delivered to be determined) shall supply, operate and maintain, or cause to be supplied, operated and maintained, devices required for collecting continuous samples and for determining quality and composition of the delivered LNG and all other measurement or testing devices that

are necessary to perform the measurement and testing required hereunder at Buyer's Facilities.

## **12.2 Selection of Devices**

Each device provided for in this Section 12 shall be of a design that has been proven in service in an existing LNG trade, unless otherwise agreed by the Parties as provided below. Any devices provided for in this Section 12 not hitherto used in an existing LNG trade shall be chosen by agreement of the Parties and shall be such as are, at the time of selection, accurate and reliable in their practical application. The required degree of accuracy of such devices shall be agreed upon and verified by Buyer and Seller in advance of their use, and such degree of accuracy shall be verified by an Independent Surveyor. All such devices shall be subject to approval by classification societies or by the appropriate governmental authority pursuant to the law of the United States or any of its political subdivisions.

### 12.3 Units of Measurement and Calibration

The Parties shall co-operate closely in the design, selection and acquisition of devices used for measuring, gauging and testing under this Section 12 so that, as far as possible, such measuring, gauging and testing may be conducted in United States units of measurement or metric units of measurement. In the event that it becomes necessary to conduct such measuring, gauging and testing other systems of units of measurement, the Parties shall establish mutually agreed conversion tables. Such devices shall be calibrated in the United States or metric units set out in the table below.

Measurement	United States Units	Metric Units
Volume:	Standard Cubic Feet	Cubic Metres
Temperature:	Degrees Fahrenheit	Degrees Celsius
Pressure: (State whether absolute or gauge)	Pounds per square Inch or Inches of mercury	Kilograms per square Centimetre, bars, millibars, kilopascals or millimetres of mercury
Length:	Feet	Metres
Weight:	Pounds	Kilograms
Density	Pounds per cubic foot	Kilograms per cubic metre

### 12.4 Tank Gauge Tables of LNG Tankers

Seller shall furnish to Buyer, or cause Buyer to be furnished, a certified copy of tank gauge tables as described in Section II of Schedule A hereto for each tank of the LNG Tanker.

### 12.5 Gauging and Measuring LNG Volumes Unloaded

Volumes of LNG delivered under this Agreement shall be determined by gauging the LNG in the LNG tanks of the LNG Tanker immediately before and after unloading. Gauging the liquid in the tanks of the LNG Tanker and the measuring of liquid temperature, vapor temperature and vapor pressure in each LNG tank and the trim and list of the LNG Tanker shall be performed, or caused to be performed, by Seller before and after

unloading. Copies of gauging and measurement records shall be furnished to Buyer. Gauging measurements shall be effected, in accordance with the terms of Sections III and IV of Schedule A hereto, unless otherwise provided for in the applicable Memorandum.

#### **12.6 Samples for Quality Analysis**

Representative samples of the delivered LNG shall be obtained by Buyer as provided in Section V of Schedule A hereto.

#### **12.7 Quality Analysis**

The samples referred to in Section 12.6 shall be analysed, or caused to be analysed, by Buyer in accordance with the terms of Section V of Schedule A hereto in order to determine the molar fraction of the hydrocarbons and other components in the samples.

#### **12.8 Operating Procedures**

At the request of either Party, any measurements, gauging and testing provided for in Sections 12.5, 12.6 and 12.7 shall be witnessed and verified by an Independent Surveyor. Prior to effecting such measurements, gauging and testing, the Party responsible for such operations shall notify the designated representative(s) of the other Party and the Independent Surveyor (if applicable), allowing such representative(s) and such Independent Surveyor a reasonable opportunity to be present for all operations and computations; provided, however, that the absence of such representative(s) and/or such Independent Surveyor after notification and reasonable opportunity to attend shall not prevent any operation or computation from being performed. The results of the Independent Surveyor's verifications shall be made available promptly to each Party. All records of measurements and the computation results shall be preserved by the Party responsible for effecting such measurements and held available to the other Party for a period of not less than one (1) year after such measurements and computations have been completed, or if longer until any dispute between the Parties relating in any way to such measurements and computations has been finally resolved (by agreement or pursuant to the dispute resolution procedures hereof).

#### **12.9 BTU Quantity Delivered**

The quantity of BTU's sold and delivered shall be calculated by Seller following the procedures set forth in Section VI of Schedule A hereto and, at the request of either Party, shall be verified by an Independent Surveyor.

## **12.10 Verification of Accuracy and Correction for Error**

Seller and Buyer shall each test and verify the accuracy of their respective devices at intervals to be agreed to by Seller and Buyer. Each Party shall have the right to inspect at any time the devices installed and used by the other Party, at its own risk and cost, provided that the other Party shall be notified reasonably in advance. Testing shall be performed using methods recommended by the manufacturer of the equipment being utilized or any other method agreed upon by Seller and Buyer. Tests shall be witnessed and verified by an Independent Surveyor. Either Party may have a representative present, in addition, to witness the measurement, sampling and testing of such devices and of LNG. Permissible tolerances in the measuring, gauging and testing devices shall be as described in Section III of Schedule A hereto. Inaccuracy of a device exceeding the permissible tolerances shall require correction of recordings, and computations made on the basis of those recordings.

## **12.11 Costs and Expenses of Tests and Verifications**

All costs and expenses for testing and verifying measurement, gauging and testing devices shall be borne by the Party who is testing or verifying the devices being tested and verified unless the testing is conducted at the request of the other Party and such testing does not disclose errors or inaccuracies which require correction in such measurement, gauging and testing devices, in which event, the Party requesting such testing shall bear such costs; provided, however, that representatives of the Parties attending such tests and verifications shall do so at the cost and risk of the Party they represent. The fees and charges of Independent Surveyors shall be borne equally by Seller and Buyer.

## **12.12 Independent Surveyor**

The independent surveyor to be appointed for the purposes of this Section 12 ("Independent Surveyor") shall be mutually agreed between the Parties not less than one week before the LNG Tanker is to arrive at the Unloading Port. Neither Party shall unreasonably withhold consent to appointment of an Independent Surveyor proposed by the other Party.

# **13 TAXES, DUTIES AND CHARGES**

## **13.1 Seller's Obligations**

Seller shall pay (or shall reimburse Buyer for payments made by Buyer with respect to) and shall indemnify and hold harmless Buyer against and from all taxes, royalties, duties or other imposts levied or imposed before or at the Delivery Point by any governmental authority on the sale,

transportation or export of LNG under this Agreement, or in respect of any income resulting therefrom. Seller shall also pay (or shall reimburse Buyer for payments made by Buyer with respect to) all port charges, fees or imposts levied or imposed on the LNG Tanker.

### **13.2 Buyer's Obligations**

Buyer shall pay (or shall reimburse Seller for payments made by Seller with respect to) and shall indemnify and hold harmless Seller against and from all taxes, royalties, duties or other imposts levied or imposed after the Delivery Point by any governmental authority on the sale, purchase or import of LNG under this Agreement, or in respect of any income resulting therefrom.

## **14 TRANSFER OF TITLE**

The LNG to be sold by Seller and purchased by Buyer hereunder shall be delivered to the Delivery Point at the Unloading Port and such LNG shall be delivered free and clear of all liens, security interests, adverse claims, privileges or encumbrances. Delivery of LNG shall be deemed completed, and title and risk of loss of such LNG shall pass from Seller to Buyer, as the LNG passes the Delivery Point.

## **15 TRANSPORTATION AND UNLOADING**

### **15.1 Seller's Obligation to Provide Transportation**

15.1.1 Seller shall be responsible for the transportation from the Loading Port to the Delivery Point, using the LNG Tanker named in the applicable Memorandum, of all quantities of LNG to be sold and delivered at the Delivery Point under this Agreement.

15.1.2 Seller shall, prior to execution of each Memorandum, as applicable, furnish to Buyer the technical specifications for each LNG Tanker to be used thereunder. Buyer may review and approve such LNG Tanker, such approval not to be unreasonably withheld. Buyer's execution of the applicable Memorandum shall constitute approval of such LNG Tanker. Neither Seller nor Buyer shall make or permit any modification to the LNG Tanker or Buyer's Facilities (as the case may be) after agreement is reached on the LNG Tanker that would result in the LNG Tanker and Buyer's Facilities ceasing to be compatible with each other.

15.1.3 Seller shall, at all times throughout the period of supply of LNG, provide, maintain and operate, or cause to be provided, maintained and operated, in good working order, LNG Tanker(s), such that they

are able to fulfil its obligations under this Agreement with the LNG Tanker(s) at all times to be equipped and manned so as to be able to meet all applicable United States Coast Guard requirements and any other government or port authority requirements and any other maritime regulations required in the countries in which the LNG Tanker will call.

15.1.4 If the LNG Tanker requires assistance from or the use in any manner of tugs, pilots, escort vessels or other support vessels in connection with the safe berthing of the LNG Tanker, such assistance or use shall be at the sole risk and expense of Seller.

## **15.2 LNG Tankers**

15.2.1 Seller shall ensure that the LNG Tankers are compatible with the Buyer's Facilities. The Buyer shall consult with the Seller prior to making any change to the Buyer's Facilities likely to change the compatibility requirements of the LNG Tanker delivering to the Buyer's Facilities. The Buyer shall not make any change to the Buyer's Facilities likely to change the compatibility requirements of the LNG Tanker between the execution of any Memorandum and the delivery of the final Cargo set out in that Memorandum without the prior written consent of the Seller (such consent not to be unreasonably withheld).

15.2.2 The LNG Tankers shall normally be between 125,000m<sup>3</sup> to 140,000m<sup>3</sup>. The Seller may use LNG tankers outside this size range with the consent of the Buyer.

15.2.3 Without prejudice to Section 17 (Force Majeure) the Seller may substitute an LNG Tanker with another tanker at any time provided that the Buyer gives prior written consent (such consent not to be unreasonably withheld).

## **15.3 Unloading Port Facilities**

Buyer shall provide, maintain and operate, or cause to be provided, maintained and operated, facilities at the Unloading Port that comply with the requirements set forth in Section 4.

## **15.4 Unloading Port Obligations**

Buyer shall provide, or cause to be provided, a safe berth and unloading facilities at the Unloading Port in accordance with Section 4 free of charge, save for port charges, dues, taxes or other governmental imposts. During discharge of each Cargo of LNG, Buyer's Operator shall return to the LNG

Tanker Natural Gas in such quantities as are necessary for the safe unloading of the LNG at such rates, pressures and temperatures as may be required by the LNG Tanker.

**15.5 Operational Notices of LNG Tanker Movements and Characteristics of LNG Cargoes**

15.5.1 Seller shall send or cause to be sent to Buyer the following written notices, all of which shall contain an estimated date and hour of arrival of the LNG Tanker at the Unloading Port and Seller shall send or cause to be sent to Buyer further notification if the estimated time of arrival changes by more than twelve (12) hours:

15.5.1.1 a first notice shall be sent upon departure of the LNG Tanker from the Loading Port, and which shall set forth the time and date of departure, and the estimated time of arrival of the LNG Tanker at the Unloading Port ("ETA");

15.5.1.2 a second notice, updating or confirming the ETA, shall be sent so as to arrive ninety-six (96) hours prior to the ETA;

15.5.1.3 a third notice, updating or confirming the ETA, shall be sent so as to arrive seventy-two (72) hours prior to the ETA;

15.5.1.4 a fourth notice, updating or confirming the ETA, shall be sent so as to arrive forty-eight (48) hours prior to the ETA;

15.5.1.5 a fifth notice shall be sent by facsimile, telephone or e-mail so as to arrive twenty-four (24) hours prior to the ETA;

15.5.1.6 a final notice shall be sent by facsimile, telephone or e-mail six (6) hours prior to arrival of the LNG Tanker at the Unloading Port or designated anchorage at the Unloading Port;

15.5.1.7 a notice of arrival ("Notice of Arrival") which shall be sent by facsimile and radio when the LNG Tanker has arrived at the sea buoy or other customary waiting place at the Unloading Port; and

15.5.1.8 a notice of readiness ("Notice of Readiness") when the LNG Tanker is all fast in the berth and is ready to unload in all respects.

15.5.2 After Notice of Arrival has been given and Buyer's Operator has given clearance for the LNG Tanker to proceed to the berth, Seller

shall cause the LNG Tanker to be berthed safely, expeditiously, and in accordance with all Unloading Port rules and regulations, at the berth designated by Buyer, and Buyer shall cooperate, or cause Buyer's Operator to cooperate, with the LNG Tanker being so berthed.

15.5.3 Buyer and Seller shall use all reasonable endeavours to avoid any conflict with other LNG vessels in berthing the LNG Tanker at the Unloading Port. If the LNG Tanker arrives at the Unloading Port during the Firm Nomination Window, the LNG Tanker shall have priority in berthing over other LNG vessels. Buyer shall use reasonable endeavours to cause Buyer's Operator to accept as soon as possible the LNG Tanker that arrives at the Unloading Port prior to the Firm Nomination Window.

15.5.4 Seller and Buyer shall commence unloading or cause unloading to be commenced as soon as practicable after the completion of berthing and shall complete unloading or cause unloading to be completed safely, effectively, expeditiously and in accordance with all Unloading Port rules and regulations.

15.5.5 After the completion of unloading, Seller shall cause the LNG Tanker to depart from the berth safely, expeditiously and in accordance with all Unloading Port rules and regulations, and Buyer shall cooperate, or cause Buyer's Operator to cooperate, with such safe and expeditious departure of the LNG Tanker from the berth.

15.5.6 If any problem occurs or is foreseen to occur which will or may cause delay to the LNG Tanker in berthing or unloading, Seller and Buyer shall discuss such problem in good faith and use all reasonable endeavours to minimise or to avoid the delay. Buyer and Seller shall cooperate with each other to find counter-measures to minimize or avoid the occurrence of any similar delay in the future.

## **15.6 Demurrage at Unloading Port**

15.6.1 Laytime used in unloading the LNG Tanker ("Used Laytime") shall include:

15.6.1.1 the period between the time at which Notice of Readiness is given and the time when the last unloading arm is disconnected and the LNG Tanker is cleared for departure, plus

- 15.6.1.2 the period of any delay in berthing experienced by the LNG Tanker between (A) the later of the Notice of Arrival or the beginning of the Firm Nomination Window and (B) the Notice of Readiness, which delay is caused by Buyer or Buyer's Operator, and
- 15.6.1.3 the period of any delay in the LNG Tanker's departing from the berth (after Completion of Unloading) which is caused by Buyer or Buyer's Operator.
- 15.6.2 Laytime to be allowed at the Unloading Port ("Allowed Laytime") shall be twenty-four (24) consecutive hours, extended by any period of delay that is caused by:
- 15.6.2.1 reasons attributable to the fault of Seller, the LNG Tanker or its master, crew, owner or operator;
- 15.6.2.2 Force Majeure, as defined in Section 17.1;
- 15.6.2.3 the saturated pressure of the vapour in the LNG tanks of the LNG Tanker exceeding 16.13 psi (absolute) at the time at which the LNG Tanker is berthed.
- 15.6.3 In the event Used Laytime exceeds Allowed Laytime in unloading the LNG Tanker, Buyer shall pay to Seller, or for Seller's account if so directed by Seller, demurrage at the daily rate set forth in the applicable Memorandum.
- 15.6.4 Seller shall invoice Buyer in accordance with Section 11.2 for amounts due under this Section 15.6, and Buyer shall pay such invoice in accordance with Section 11.3.2.

## **15.7 Effect of Unloading Port Delays**

- 15.7.1 If the LNG Tanker is delayed in berthing and/or commencement of unloading, and if, as a result thereof, the commencement of unloading is delayed beyond the later of (i) twenty-four hours from the time that Notice of Arrival has been given, or (ii) twelve hours from the beginning of the Firm Nomination Window, then:
- 15.7.1.1 where such delay occurred for reasons attributable to the fault of Buyer or Buyer's Operator, and the LNG Tanker arrived at the Unloading Port on or before the beginning of the Firm Nomination Window, for the period by which the commencement of unloading is delayed beyond the later of (x) twenty-four hours from the time that Notice of Arrival has

been given or (y) twelve hours from the beginning of the Firm Nomination Window, then, Buyer shall pay to Seller an amount, on account of excess boil-off, equal to the Contract Sales Price multiplied by the number of MMBTU's by which such boil-off reduces the aggregate number of BTU's of a full Cargo at berth;

15.7.1.2 notwithstanding any boil-off, on completion of unloading, Buyer shall be deemed to have received a full LNG Tanker Cargo Lot for the purposes of Seller's obligation under Section 5.

The BTU boil-off rate to be applied for such purpose shall be the boil-off rate set forth in the applicable Memorandum.

15.7.2 If Allowed Laytime is extended for reasons described in Sections 15.6.2.1 or 15.6.2.3 and as a result the LNG Tanker prevents the berthing of another LNG vessel, then Seller shall reimburse to Buyer the costs reasonably incurred by Buyer including (i) demurrage and losses in respect of any excess LNG boil-off from such other LNG vessel) as a result of such delay, (ii) the amount, if any, by which Buyer's cost of acquiring substitute gas required as a result of such delay is in excess of the Contract Sales Price multiplied by the quantity of substitute gas.

## **16 LIABILITIES**

### **16.1 Consequential Loss or Damage**

Without prejudice to the remedies expressly set forth in this Agreement, including remedies in respect of any direct or out-of-pocket loss or damage, neither Party nor its Affiliate shall be liable to the other Party under this Agreement in contract, tort (including negligence) or otherwise for or in respect of any special, indirect or consequential loss or damage, including any loss of income or profits or any claim, demand or action made or brought against the other Party by a third party, as a result of any act or omission in the course of or in connection with the performance of this Agreement.

### **16.2 No Third Party Beneficiaries**

Nothing in this Agreement (expressed or implied) is intended to confer on any person any rights or remedies as a third party beneficiary to, or by reason of, this Agreement, enforceable under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

## 16.3 Failure to Accept

- 16.3.1 If for any reason other than Force Majeure or due to the fault of Seller, Buyer fails to take delivery of a Cargo scheduled for delivery to Buyer by the later of seven (7) days from end of the Firm Nomination Window or seven (7) days from the Notice of Arrival, or such longer period as the Parties may agree to, then Seller shall be entitled not to deliver such Cargo to Buyer. In such event, Buyer shall be liable to pay Seller, in accordance with Section 11, an amount equal to the LNG Tanker Cargo Lot in respect of such Cargo multiplied by the Contract Sales Price in respect thereof, and, if the Buyer is in receipt of a Reservation Fee that has not been applied to another Cargo, the Reservation Fee.
- 16.3.2 Seller shall be obliged to use reasonable endeavours to mitigate its losses by locating a third party purchaser for such Cargo. In the event Seller is able to complete such sale, Buyer shall be entitled to receive the net proceeds of such sale realised by Seller from such third party, being the following (the "Net Proceeds"):
- 16.3.2.1 the total proceeds received from the sale to such third party plus any shipping costs saved, less
- 16.3.2.2 all fees, commissions, duties, expenses and costs of sale, additional bunkering and other LNG Tanker expenses over and above those costs which would have been incurred (including compensation for any delays resulting from such alternative sale at the demurrage rate stated in the applicable Memorandum) in transporting the Cargo to Buyer's Facilities;
- provided, however, that if the Net Proceeds exceed the amount paid or payable by Buyer in respect of such Cargo, the difference between such Net Proceeds and the amount paid or payable by Buyer shall be retained by Seller for its own account.
- Seller shall send an invoice to Buyer for any amount which may be payable by Buyer pursuant to this Section 16.3, which invoice Buyer shall pay within ten (10) days of receipt.
- 16.3.3 Any payment from Buyer to Seller pursuant to Section 16.3.1 shall be Seller's sole and exclusive remedy in damages or otherwise for failure by Buyer to accept any Cargo and Seller shall not be obliged to sell or deliver any replacement Cargo to Buyer.

## **16.4 Late Delivery; Failure to Deliver**

16.4.1 If for any reason other than Force Majeure or the fault of Buyer or Buyer's Operator, Seller issues a Notice of Arrival with respect to any Cargo more than forty-eight (48) hours after the end of the Firm Nomination Window, then Seller shall pay to Buyer an amount equal to the sum of:

16.4.1.1 the amount, if any, by which Buyer's cost of acquiring substitute gas required as a result of such delay exceeded the Contract Sales Price multiplied by the quantity of such substitute gas, plus

16.4.1.2 the amount, if any, by which Buyer's proceeds from resale of such Cargo or a series of trades including such Cargo were reduced as a direct result of such delay from the proceeds that Buyer would have received had such Cargo been delivered in the Firm Nomination Window.

16.4.2 If for reasons of Force Majeure affecting Seller's Facilities or LNG Tankers, Seller is unable to deliver any Cargo within forty-eight (48) hours after the end of the Firm Nomination Window (or such longer period that the Parties may agree to), then:

16.4.2.1 Either (1) Seller shall pay to Buyer the amount, if any, by which Buyer's cost of acquiring substitute gas required as a result of such delay exceeded the Henry Hub in the Contract Sales Price for such Cargo multiplied by the quantity of such substitute gas, or (2) Buyer shall pay Seller the amount by which Buyer's cost of acquiring substitute gas required as a result of such delay was less than the Henry Hub in the Contract Sales Price for such Cargo multiplied by the quantity of such substitute gas; and

16.4.2.2 Either (1) Seller shall pay Buyer the amount, if any, by which Buyer's proceeds from resale of such Cargo or a series of trades including such Cargo were reduced as a direct result of such delay from the proceeds that Buyer would have received had such Cargo been delivered in the Firm Nomination Window, or (2) Buyer shall pay Seller the amount, if any, by which Buyer's proceeds from resale of such Cargo were increased as a result of such delay from the proceeds that Buyer would have received had such Cargo been delivered in the Firm Nomination Window,

subject to Buyer making reasonable endeavours to ensure that any such gain is maximised or any such loss is minimised.

Subject to Section 7.5, Buyer shall use reasonable endeavours to reschedule the unloading date of any such Cargo and the "cover" provisions described in this Section 16.4.2 shall apply until the date of such unloading. For purposes of Section 15.6, Allowed Laytime shall be extended by the period between the Firm Nomination Window and the actual unloading date. Section 15.7.1.1 shall not apply to such rescheduled Cargo.

16.4.3 If for any reason other than Force Majeure or the fault of Buyer or Buyer's Operator, Seller is unable to or fails to deliver any Cargo for which a Firm Nomination Window has been agreed within seven (7) days after the end of the Firm Nomination Window, or such longer period as the Parties may agree to, then Buyer shall use reasonable endeavours to take delivery of the Cargo. If despite reasonable endeavours Buyer cannot take such Cargo, Buyer shall be entitled to require the Seller not to deliver such Cargo. If in such circumstances Buyer notifies Seller that it requires Seller not to deliver such Cargo, then such delayed Cargo shall be a Cancelled Cargo and Seller shall pay to Buyer an amount equal to Buyer's costs incurred using reasonable efforts to procure replacement LNG or Natural Gas at a cost that is commercially reasonable under the circumstances, less what Buyer would have paid Seller had Seller provided the LNG to Buyer. If Buyer is in receipt of a Reservation Fee that has not been applied to another Cargo, Buyer shall be entitled to retain such Reservation Fee as liquidated damages; if Buyer is not in receipt of such a Reservation Fee at the time of the Cancelled Cargo, Buyer shall invoice Seller \$850,000 as additional liquidated damages for such Cancelled Cargo.

16.4.4 If for reasons of Force Majeure affecting Seller's Facilities or LNG Tankers, Seller is unable to deliver any Cargo, then either:

- a. Seller shall reimburse Buyer the amount by which (i) Buyer's costs incurred using reasonable efforts to procure replacement LNG or Natural Gas at a cost that is commercially reasonable under the circumstances exceeded (ii) the Henry Hub of the Contract Sales Price for such Cargo multiplied by the amount of replacement LNG or Natural Gas, or
- b. Buyer shall reimburse Seller the amount by which (i) Buyer's costs incurred using reasonable efforts to procure replacement LNG or Natural Gas at a cost

that is commercially reasonable under the circumstances were less than (ii) the Henry Hub of the Contract Sales Price for such Cargo multiplied by the amount of replacement LNG or Natural Gas

Subject to Buyer making reasonable endeavours to ensure that any such gain is maximised or any such loss is minimised.

16.4.5 Seller shall have the right to audit Buyer's accounts to verify that Buyer has complied with the provisions of this clause 16.4.

16.4.6 If for any reason other than Force Majeure or the fault of Buyer or Buyer's Operator, Buyer has not been notified of a delay in the ETA of the LNG Tanker in accordance with Section 16.4.1 at least forty (40) hours prior to the beginning of the Firm Nomination Window, Seller shall reimburse Buyer for any payments that Buyer is required to make to the terminal operator caused by or as a result of such failure to provide notice of such delay.

16.4.7 Buyer or Seller, as the case may be, shall send an invoice to the other Party for the amount payable by such Party pursuant to this Section 16.4, which such Party shall pay within ten (10) days of receipt.

## **16.5 Cancellation of a Cargo**

If the Seller cancels a Cargo (other than a Cargo provided for under Section 16.4.3) at any time after a Firm Nomination Window has been agreed, such cargo shall become a Cancelled Cargo and the liquidated damages set forth in Section 16.4.3 shall apply. Buyer shall send an invoice to Seller for the amount payable by Seller. Seller shall pay such invoice on the last day of the Firm Nomination Window for such Cancelled Cargo.

## **16.6 Sole and Exclusive Remedy**

Payment of the damages under Sections 16.4.1, 16.4.2, 16.4.3, 16.4.4, or 16.5, as applicable, shall be Buyer's sole and exclusive remedy in damages or otherwise for failure by Seller to deliver any Cargo or to deliver any Cargo in a timely manner.

**FORCE MAJEURE****17.1 Events of Force Majeure**

No failure, delay or omission by either Party to fulfill any of its obligations under this Agreement (other than the obligation to make payments (other than Reservation Fees during a Force Majeure to the Buyer's Facilities) when due) shall give rise to any claim against such Party or be deemed to be a breach of this Agreement if and to the extent such failure, delay or omission arises from any event of Force Majeure. The term "Force Majeure" shall mean any act, event, or circumstance, whether of the kind described herein or otherwise, that is not reasonably within the control of the Party claiming Force Majeure and that prevents or delays such Party's performance. It may include circumstances of the following kind:

**17.1.1 as to Seller's Facilities:**

17.1.1.1 fire, flood, atmospheric disturbance, lightning, storm, typhoon, hurricane, tornado, earthquake, landslide, soil erosion, subsidence, washout or epidemic or other acts of God;

17.1.1.2 war (whether declared or undeclared), riot, civil war, blockade, insurrection, terrorism, acts of public enemies or civil disturbances;

17.1.1.3 strike, lockout or other industrial disturbances;

17.1.1.4 loss of or damage to or failure of any of Seller's Facilities;

17.1.1.5 loss of or damage to or failure of the Natural Gas reservoirs, or the depletion of the reserves in the Gas Supply Area that can economically be delivered by Seller for purposes of this Agreement; or

17.1.1.6 acts of governments, or compliance with such acts, that directly affect Seller's ability to perform its obligations hereunder;

**17.1.2 as to LNG Tankers:**

17.1.2.1 loss of, damage to or failure of an LNG Tanker;

17.1.2.2 fire, flood, atmospheric disturbance, lightning, storm, typhoon, hurricane, tornado, epidemics or other acts of God;

17.1.2.3 war (whether declared or undeclared), riot, civil war, blockade, insurrection, terrorism, piracy, acts of public enemies or civil disturbances;

17.1.2.4 strike, lockout or other industrial disturbance occurring aboard an LNG Tanker or at a port, canal or other facility at which such LNG Tanker calls while in passage en route to or from the Unloading Port; or

17.1.2.5 acts of government, or compliance with such acts, that directly affect Seller's or Seller's Transporter's ability to perform its obligations hereunder, provided, however, that failure of the LNG Tanker to pass an inspection performed by the United States Coast Guard or other similar state or local entity shall not be considered a Force Majeure event;

17.1.3 as to Buyer's Facilities:

17.1.3.1 fire, flood, atmospheric disturbance, lightning, storm, typhoon, hurricane, tornado, earthquake, landslide, soil erosion, subsidence, washout or epidemic or other acts of God;

17.1.3.2 war (whether declared or undeclared), riot, civil war, blockade, insurrection, terrorism, acts of public enemies or civil disturbances;

17.1.3.3 strike, lockout or other industrial disturbances;

17.1.3.4 loss of or damage to or failure of any of Buyer's Facilities;  
or

17.1.3.5 acts of governments, or compliance with such acts, that directly affect Buyer's or Buyer's Operator's ability to perform its obligations hereunder provided, however, that failure of the Buyer's Facilities to pass an inspection performed by the United States Coast Guard or other similar state or local entity shall not be considered a Force Majeure event.

**17.2 Related Parties**

For the purposes of Section 17.1, an event shall not be considered to be beyond the reasonable control of a Party to this Agreement unless:

17.2.1 in the case of Seller, it is beyond the reasonable control of Seller, the operator of any of Seller's Facilities or Seller's Transporter, or any servant or agent of any of such persons; or

17.2.2 in the case of Buyer, it is beyond the reasonable control of Buyer or Buyer's Operator, or any servant or agent of any of such persons;

### **17.3 Notice; Resumption of Normal Performance**

17.3.1 Promptly upon the occurrence of an event that a Party considers may subsequently lead it to claim Force Majeure relief under this Agreement on account thereof, the Party affected shall give notice of such event to the other Party, describing such event and the obligations the performance of which could be delayed or prevented thereby. In the event any Party claims Force Majeure relief under this Agreement, it shall so notify the other Party thereof as soon as reasonably practicable and shall state in such notice:

17.3.1.1 the particulars of the event giving rise to the Force Majeure claim, in as much detail as is then reasonably available;

17.3.1.2 the obligations which have been actually delayed or prevented in performance and the estimated period during which such performance may be suspended or reduced, including (to the extent known or ascertainable) the estimated extent of such suspension or reduction in performance; and

17.3.1.3 the particulars of the program to be implemented, if any, to ensure full resumption of normal performance hereunder.

Such notices shall thereafter be supplemented and updated monthly during the period of such Force Majeure, specifying the actions being taken to remedy the circumstances causing such Force Majeure and the date on which such Force Majeure terminates.

17.3.2 The Party affected by an event of Force Majeure shall, at the request of the other Party, give or procure access (at the expense and risk of the Party seeking access) at reasonable times for a reasonable number of representatives of such Party to examine the scene of the event which gave rise to the Force Majeure claim to the extent reasonably possible.

17.3.3 The Parties shall exercise reasonable diligence to resume normal performance of this Agreement after the occurrence of an event of Force Majeure. Prior to resumption of normal performance, the Parties shall continue to perform their obligations under this Agreement to the extent not prevented by such event of Force Majeure.

## **18 ASIAN OPERATIONS**

### **18.1 Source of LNG**

The Parties agree that the Cargoes shall be obtained by the Seller from the following sources unless agreed otherwise:

18.1.1 redeliveries of Redirect Cargoes;

18.1.2 LNG projects located in Brunei, Malaysia, Australia and Indonesia;  
or

18.1.3 The following LNG projects that the Seller has an equity holding in:  
Oman, Venezuela and Sakhalin.

### **18.2 Cargoes from the Middle East**

The Buyer shall not be obliged to purchase from the Seller any Cargo produced in the Middle East that the Buyer has been directly offered for sale by an LNG producer.

### **18.3 Exclusivity**

Buyer agrees Buyer will not purchase any LNG from any other Japanese Trading Company before the twenty-fourth month after the Start Date.

### **18.4 Buyer's right to purchase spot cargoes in Asia**

For the avoidance of doubt, the Buyer shall have the right to purchase LNG cargoes on a one-off basis from any party (other than from a Japanese Trading Company before the twenty fourth month after the Start Date).

## **19 NOTICES**

All notices, invoices, statements and other communications given under this Agreement shall be in writing in the English language and shall be deemed to have been properly given if: (i) personally handed to an authorized representative of the Party to whom given; (ii) sent by postage prepaid and registered mail, return receipt requested (airmail if international); or (iii)

transmitted by e-mail or facsimile, in each case to the address of such Party set forth below. Notices, invoices, statements and other communications given by e-mail or facsimile shall be confirmed by mail (as provided above), unless otherwise agreed by the Parties.

**19.1 To Seller:**

Mitsubishi International Corporation,  
Energy Business Division, 18<sup>th</sup> Floor,  
520 Madison Avenue,  
New York,  
New York 10022,  
United States of America  
Attention: Manager, Natural Gas/LNG  
Telephone: +1 212 605 3434  
Facsimile: +1 212 980 6129  
E-mail: atsushi.hozumi@mitsubishicorp.com

**19.2 To Buyer:**

BG LNG Services, LLC  
Suite 1775  
5444 Westheimer  
Houston, TX 77056  
United States of America  
Attention: CEO  
Telephone: (1) 713 403 3741  
Facsimile: (1) 713 403 3781  
E-mail: elizabeth.spomer@bglng.com

The Parties may designate additional addresses for particular communications and may change any address, by notice given thirty (30) days in advance of such addition or change. Immediately upon receiving communications by e-mail, facsimile, cable or telex (as aforesaid), a Party shall acknowledge receipt by the same means, and may request a repeat transmittal of the entire communication, or confirmation of particular matters. If the sender receives no acknowledgement of receipt within twenty-four (24) hours, or receives a request for repeat transmittal or confirmation, said Party shall repeat the transmittal or answer the particular request. All notices, invoices, statements, and other communications hereunder shall be deemed made upon receipt.

The Parties shall also maintain radio channels, frequencies and procedures for all communications between the LNG Tanker, the Unloading Port or Buyer's Facilities.

## **20 APPLICABLE LAW**

This Agreement shall be governed by and construed in accordance with the laws of England and Wales. The United Nations Convention on Contracts for the International Sale of Goods (1980) shall not apply to this Agreement or to the performance thereof or to any aspect of any dispute arising therefrom.

## **21 EVENTS OF DEFAULT AND REMEDIES**

### **21.1 Events of Default**

In relation to either Party (the "Defaulting Party") each of the following shall constitute an event of default ("Event of Default"):

21.1.1 the Defaulting Party does not pay on the due date at the place at and in the currency in which it is expressed to be payable any amount by it under this Agreement and such non-payment is not remedied within seven (7) days after the due date;

21.1.2 the Defaulting Party shall be the subject of an Insolvency Event;

21.1.3 the institution providing any letter of credit ceases to be an institution which (on reasonable grounds) is acceptable to the other Party.

### **21.2 Effect of an Event of Default**

Without prejudice to Section 17 on and at any time after the occurrence of an Event of Default, the Party not in default may, while such Event of Default subsists, by giving written notice to the Defaulting Party, suspend performance of its obligations under this Agreement and/or immediately draw amounts due on the credit support documents provided pursuant to Section 16.6. If such Event of Default is remedied thereafter, prior to the exercise of rights under Section 21.3, the suspension notice served under this Section 21.2 shall be deemed revoked automatically.

### **21.3 Termination on Default**

Without prejudice to Section 17 on the occurrence of an Event of Default the non-defaulting Party may, at any time thereafter while such Event of Default subsists, terminate either the relevant Memorandum or this Agreement and all Memorandums by giving 15 days notice to the Defaulting Party. Unless the Party not in default is satisfied that the circumstances constituting the Event of Default have been fully remedied or ceased to apply before the end of the 15 day notice period, the Memorandum or the Agreement, or both, shall terminate.

## 21.4 Sole Rights of Termination

The sole rights of the Parties to terminate this Agreement are as set out in this Section 21.

## 22 ARBITRATION; REFERENCE TO EXPERT

### 22.1 Arbitration

22.1.1 Any dispute, claim or controversy arising out of or in connection with this Agreement, or the alleged breach thereof, or in any way relating to the Agreement or the relationship between the Parties (a "Dispute"), shall be exclusively and finally resolved by binding arbitration administered by the ICC in accordance with ICC Rules in effect at the time of such arbitration, except as modified herein, regardless of whether such Dispute (i) allegedly is extra-contractual in nature, (ii) sounds in contract, tort, or otherwise, (iii) is provided for by statute or otherwise, or (iv) seeks damages or any other relief, whether at law, in equity or otherwise. The Party that wishes to refer a Dispute to arbitration must provide notice to the other Party in accordance with and in the manner set forth in the ICC Rules.

22.1.2 The arbitral tribunal shall be composed of three (3) arbitrators. Within twenty (20) days following delivery of a Party's written request for arbitration to the other Party, each Party shall nominate one (1) arbitrator in accordance with the ICC Rules (such arbitrators, the "Nominees"). The Nominees shall then agree within twenty (20) days from the date on which the second (2<sup>nd</sup>) Nominee was nominated on a third (3<sup>rd</sup>) arbitrator to serve as chairperson of the tribunal. If the Nominees are unable to select a third (3<sup>rd</sup>) arbitrator within such period, the ICC International Court of Arbitration (the "ICC Court") shall appoint such third (3<sup>rd</sup>) arbitrator within twenty (20) days of a written request by either Party. Each arbitrator must confirm that he or she is neutral and independent of the Parties. Any arbitration proceeding pursuant to this Section 22.1 shall be conducted and any award shall be rendered in New York, New York, in the English language. Within twenty (20) days of the nomination of the chairperson, the Parties shall agree upon discovery, arbitration procedures, and the time and facility for any hearings, provided that all hearings must be concluded within one hundred and fifty (150) days of the nomination of the chairperson. Unless the Parties otherwise agree, the hearing procedures shall include at least the following: (i) a date for exchange of documents to be used as exhibits at the hearing; (ii) a date for identification of witnesses whose testimony will be presented; (iii) the permitted

length of time for presentation by each Party at the hearing of any information required to be provided by one Party to the other; and (iv) orders to either Party to produce at the hearing witnesses under the control of such Party if the presence of such witnesses is reasonably necessary for the presentation of either Party's position. The arbitral tribunal shall decide any matter not agreed by the Parties. The validity, construction, and interpretation of this agreement to arbitrate, and all procedural aspects of the arbitration conducted pursuant to this agreement to arbitrate, including the determination of the issues that are subject to arbitrations (i.e., arbitrability), the scope of the arbitrable issues, allegations of "fraud in the inducement" to enter into this agreement to arbitrate, allegations of waiver, laches, delay or other defences to arbitrability, and the rules governing the conduct of the arbitrations shall be decided by the arbitral tribunal.

22.1.3 The Parties are committed to the prompt and efficient resolution of Disputes arising under this Agreement, any applicable Memorandum and any letter of credit or guaranty issued pursuant to this Agreement (collectively, the "Related Agreements"). Accordingly, if two (2) or more Disputes arise under the Related Agreements, then any such Disputes for which a Party to any such agreement seeks an arbitral resolution may be consolidated in a single arbitration proceeding, as further described in this Section 22.1.3. If one or more arbitrations are already pending with respect to a Dispute under any of the Related Agreements, then either Seller or Buyer may request that any new Dispute arising under any of the Related Agreements be consolidated into any such prior arbitration. If more than one arbitration already is pending, then Seller and Buyer shall, within twenty (20) days of a request to consolidate the new Dispute, select one (1) of the pending arbitrations into which the new Dispute shall be consolidated. If Seller and Buyer are unable to select the arbitration within such twenty (20) day period, then the ICC Court shall select the arbitration within twenty (20) days of a written request by Seller or Buyer. The new Dispute shall be so consolidated, provided that the arbitral tribunal for the arbitration so selected determines that: (i) the new Dispute presents significant issues of law or fact common with those in the pending arbitration, (ii) no Party would be unduly prejudiced and (iii) consolidation under these circumstances would not result in undue delay for the pending arbitration. Any such order of consolidation issued by the arbitral tribunal shall be final and binding upon Seller and Buyer. Seller and Buyer waive any right they may have to appeal or to seek interpretation, revision or annulment of such order under the ICC Rules or in any court.

The arbitral tribunal for the arbitration into which a new Dispute is consolidated shall serve as the arbitral tribunal for the consolidated arbitration. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Section 22.1, the subject of which has been consolidated into a separate arbitral proceeding under this Section 22.1.

- 22.1.4 Any decision of or award by an arbitral tribunal pursuant to this Section 22.1 shall be reduced to writing and shall include the findings of fact and conclusions of law upon which it is based. The award shall be final and binding upon the Parties and judgment for execution and enforcement of any award may be entered by any court of competent jurisdiction. The arbitral tribunal's award shall be final and entitled to all of the protections and benefits of a final judgment as to any Dispute, including compulsory counterclaims, that were or could have been presented to the arbitral tribunal.
- 22.1.5 The Parties undertake to carry out any award without delay and hereby irrevocably waive any rights of appeal, challenge or other recourse regarding the enforceability of an arbitration award or decision issued in accordance with the provisions of this Section 22.1 to the fullest extent permitted by law; provided, however, that either Party may maintain actions for enforcement of the arbitration agreement or an arbitral award and for interim or other provisional relief in aid of arbitration proceedings in any court of competent jurisdiction.
- 22.1.6 The costs of arbitration, including reasonable attorneys' fees, shall be allocated to each Party involved in such proceedings as determined by the arbitral tribunal. The decision or award shall include interest from the date of any breach or other violation of an agreement between the Parties at the Base Interest Rate. Unless otherwise agreed by the Parties, all payments made pursuant to the arbitration decision or award shall be made in U.S. Dollars free of any deduction or withholding for taxes. The Parties hereby further irrevocably waive any claim against each other for incidental, consequential, multiple, special or punitive damages.
- 22.1.7 Seller and Buyer agree that irreparable damage could occur in the event that this Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, each of Seller and Buyer shall have the right to seek from any court of competent jurisdiction, provisional measures in aid of arbitration (including, a temporary restraining order or preliminary injunction) to prevent harm (for avoidance of doubt, this provision is not intended to derogate from the Parties' agreement to arbitrate or to

refer any matter to court for final decision, and is further not intended to permit court action intended to prevent arbitration); provided, however, that the Parties agree mutually to seek vacation or modification of any such measure from the issuing court consistent with any decision or order of the arbitral tribunal and each of the parties is free to seek such a decision or order from the arbitral tribunal. An arbitral tribunal convened under this Section 22.1 shall have the power to grant an injunction or injunctions to prevent breaches of this Agreement and impose penalties for any party's failure to comply therewith. Each of Seller and Buyer shall be entitled to enforce specifically the terms and provisions of this Section 22.1 and any decision or an award of such arbitral tribunal providing for such an injunction or injunctions in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

22.1.8 A Party's breach of this Agreement shall not affect this agreement to arbitrate, and the Parties' obligations under this Agreement to arbitrate are enforceable even after this Agreement has terminated. The Parties intend that the provisions to arbitrate set forth in this Section 22.1 be valid, enforceable and irrevocable (subject only to the termination provisions herein). The invalidity or unenforceability of any provision of this agreement to arbitrate shall not affect the validity or enforceability of the Parties' obligation to submit a Dispute to binding arbitration or the other provisions of this agreement to arbitrate.

## **22.2 Disputes of a Technical Nature**

Notwithstanding the provisions of Section 22.1, if a dispute of a purely technical nature, which does not require the interpretation of this Agreement, arises in connection with the interpretation, performance or non-performance of any of the provisions of Section 12, the Parties may agree to submit the matter for expert determination to any competent and impartial expert agreed by the Parties. If either Party shall request that such a dispute shall be so determined, the Parties shall endeavour to agree in good faith upon the selection and appointment of such an expert and the rules and procedures applicable to such expert's determination. Section 22.1 shall apply if the Parties do not agree upon such expert determination.

## **23 AMENDMENT AND WAIVER**

### **23.1 Amendment**

This Agreement shall not be amended, modified, varied or supplemented except by an instrument in writing executed by both Seller and Buyer.

### **23.2 Waiver**

The failure of a Party at any time to require performance of any provision of this Agreement shall not affect its right to require subsequent performance of such provision. Waiver by a Party of any breach of any provision hereof shall not constitute the waiver of any subsequent breach of such provision. Performance of any condition or obligation to be performed hereunder shall not be deemed to have been waived or postponed except by an instrument in writing signed by the Party who is claimed to have granted such waiver or postponement. Any partial exercise of a right or remedy hereunder shall not affect any greater or further exercise thereof.

## **24 CONFIDENTIALITY**

### **24.1 Confidentiality**

24.1.1 "Confidential Information" shall mean the contents of this Agreement, the contents of any executed or unexecuted Memoranda, and any information or documents that may come into the possession of a Party from the other Party, directly or indirectly, in connection with the performance of this Agreement. Neither Party shall disclose Confidential Information to any third party unless Confidential Information has entered into the public domain otherwise than through the act or failure to act of the disclosing Party and except as provided herein.

24.1.2 Either Party may without the prior written consent of the other Party communicate Confidential Information to:

24.1.2.1 its shareholders, Affiliates, Affiliates of its shareholders and such of their officers, directors and employees to whom communication is reasonably necessary on a need to know basis for the purposes of this Agreement, in each case provided that such person, on behalf of itself and its officers, directors and employees, undertakes to the disclosing Party to maintain confidentiality of such Confidential Information in accordance with the requirements of this Agreement;

24.1.2.2 persons participating in the implementation of the arrangements contemplated by this Agreement, to whom such communication is reasonably necessary on a need to know basis for the purposes of this Agreement, including accountants, other professional, business or technical consultants and advisers, underwriters or lenders, or Seller's Transporter, in each case provided that such persons, on behalf of itself and its officers, directors and employees, undertake to the disclosing Party to maintain the confidentiality of such Confidential Information in accordance with the requirements of this Agreement;

24.1.2.3 any court of law, governmental authority or other authority (or any political subdivision of any of the foregoing) provided that (A) such court of law, governmental authority or other authority has ordered such disclosure, (B) such court of law, governmental authority or other authority has the authority, in the opinion of counsel to the disclosing Party, to require such disclosure, and (C) such disclosure is made in accordance with that order;

24.1.2.4 any expert, arbitrator or court to which any dispute between the Parties has been referred; provided that such expert or arbitrator have agreed to abide by the requirements of this Section 23 and provided that any disclosure to a court shall be made so as to protect the confidentiality of the information to the extent allowed by law; or

24.1.2.5 a Party's legal counsel.

Any person to whom Confidential Information is disclosed shall be notified at the time that such information is confidential, and such person shall be required to treat it as confidential and not to disclose it further without the disclosing Party's approval.

24.1.3 A Party may also communicate Confidential Information to any person reasonably needing to see the same in connection with any bona fide financing or offering or sale of securities by Seller, Buyer, any Affiliate of Seller or Buyer, or any Affiliate of any of the shareholders of Seller or Buyer, to comply with the disclosure or other requirements of applicable law or of financial institutions or other participants (including, rating agencies) in the financing, offering or sale, in each case provided that the receiving party obtains an undertaking from such person to maintain the confidentiality of such Confidential Information in writing.

24.1.4 A Party may communicate Confidential Information to a recognized stock exchange on which the shares of such Party or its shareholders are traded in accordance with the requirements of such stock exchange, provided that such Party shall inform the other Party of such request.

## **24.2 Survival**

This Section 23 shall survive, and shall remain in force for a period of three (3) years following termination of this Agreement, howsoever caused.

## **25 ASSIGNMENT**

### **25.1 Assignment with Prior Consent**

25.1.1 Except as otherwise provided in Section 25.2, neither Party shall have the right to assign this Agreement or any of its rights under this Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld), and any purported assignment without the consent of the other Party shall be void. Notwithstanding the foregoing, a Party may assign this Agreement or any of its rights under this Agreement to an Affiliate.

25.1.2 Notwithstanding the foregoing, either Party shall be entitled to assign its rights and obligations under this Agreement to any of its Affiliates, provided that the original assigning Party and each subsequent assignee (having itself assigned to an Affiliate) shall be fully liable under this Agreement in the event of non-fulfilment of its obligations under this Agreement by an assignee.

### **25.2 Assignment of Rights for Security and Payment**

Notwithstanding the foregoing provisions of this Section 25 and without the prior written consent of Buyer as aforesaid, Seller may assign (i) its rights to payment under this Agreement to a trust, trustee, bank, paying agent, financial entity or other person or company for the purposes of any bona fide financing or in order to facilitate the making of any such payment, and (ii) any of Seller's rights under this Agreement to any lender or lender's agent as security for its obligations to any such lender under any such financing.

**PERMISSIONS AND APPROVALS****26.1 Governmental Approvals**

26.1.1 Seller represents and warrants that it has all authorizations, approvals and permissions of the government of the United States and of any political subdivisions, authorities or agencies thereof, or elsewhere required for Seller's performance of its obligations under this Agreement.

26.1.2 Buyer represents and warrants that it has all authorizations, approvals and permissions, if any, of the government of the United States of America, and of any political subdivision, authority or agency thereof required for Buyer's performance of its obligations under this Agreement.

**26.2 Corporate**

Each Party hereby represents and warrants as follows:

26.2.1 It is a corporation duly organized, validly existing and in good standing under the laws of the state and/or country of its incorporation and is duly qualified to do business in, and are in good standing in, all other jurisdictions where the nature of their business or nature of property owned by them make such qualification necessary.

26.2.2 The execution and delivery by the Party of this Agreement, and the performance by the Party of its obligations hereunder:

26.2.2.1 are within the Party's corporate powers;

26.2.2.2 have been duly authorized by all necessary corporate action; and

26.2.2.3 do not and will not:

26.2.2.3.1 require any consent or approval of the stockholders of the Party;

26.2.2.3.2 violate any provision of the charter or by-laws of the Party or of law;

26.2.2.3.3 violate any legal restriction binding on or affecting the Party; or

26.2.2.3.4 result in a breach of, or constitute a default under, any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Party is a party or by which it or its properties may be bound or affected.

26.2.2.4 This Agreement constitutes the legal, valid and binding obligation of the Party enforceable against the Party in accordance with its terms; provided, however, that the enforcement of the rights and remedies herein is subject to bankruptcy and other similar laws of general application affecting rights and remedies of creditors and the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law).

26.2.2.5 No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Party of this Agreement.

26.2.2.6 There are no pending or threatened actions, suits or proceedings against or, to the knowledge of either Party, affecting the Party before any court, governmental agency or arbitrator, that would reasonably be expected to materially adversely affect the financial condition, properties, business or operations of the Party or affect the legality, validity or enforceability of this Agreement.

## **27 ENTIRETY OF AGREEMENT**

This Agreement together with the applicable executed Memorandum constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes and replaces any provisions on the same subject contained in any other agreement between the Parties, whether written or oral, prior to the date of the execution hereof.

## **28 EXPENSES AND COSTS**

Each Party shall bear its own expenses and costs in the negotiation, preparation and execution of this Agreement and any associated Memorandum (unless specifically agreed therein), including any costs arising in accordance with the legislation of incorporation of such Party.

**29**     **COUNTERPARTS**

This Agreement and any Memorandum may be executed in one or more counterparts, all of which shall constitute one and the same agreement. If a Party sends a facsimile copy of the signature page of this Agreement or any Memorandum to the other Party showing that it has caused the same to be executed, then such other Party may rely on such facsimile as having the same legal force and effect as a signed original counterpart of this Agreement or Memorandum as the case may be. The Parties shall exchange executed original counterparts of this Agreement or any executed Memorandum as promptly as possible.

**30**     **MISCELLANEOUS**

**30.1**   **No Partnership**

Nothing in this Agreement and no action taken by the Parties pursuant to this Agreement shall constitute, or be deemed to constitute, a partnership, unincorporated association or other cooperative entity.

**30.2**   **Remedies**

Unless otherwise specified in this Agreement, any remedies provided for in this Agreement shall be several and cumulative. The remedies expressly stated in this Agreement shall be the sole and exclusive remedies of the Parties for liabilities to one another arising out of or in connection with this Agreement, notwithstanding any remedy otherwise available at law or equity. This Section 29.2 shall not restrict remedies in the case of fraud.

**30.3**   **Business Practices and Foreign Corrupt Practices Act**

30.3.1 All statements to be made by a Party to the other Party under or pursuant to this Agreement, including billings, notices, reports, financial settlements, and other undertakings between the Parties, shall properly reflect the facts about activities and transactions between the Parties.

30.3.2 Each Party agrees that neither it, its representatives nor its Affiliates will, in connection with this Agreement or the performance of such Party's or such person's obligations hereunder, make promise to make or authorize the making of any payment, gift or transfer of anything of value, directly or indirectly, to any official or employee of an government or instrumentality of any government or to any political party of official thereof or any candidate of any political party if the making of such payment or gift by such Party or

such representatives or Affiliates would violate the United States Foreign Corrupt Practices Act or any similar statute, regulation or order of the government, or a governmental instrumentality, of Japan or any country from which the Cargoes are being exported.

**30.4 Severability**

If any provision (or part thereof) of, or pursuant to, this Agreement is or becomes illegal, ineffective, or inoperable, the legality, effectiveness or operability of any other part of that provision or any other provision shall not be affected but shall continue in force and effect. In such event, the Parties shall meet promptly to discuss and agree on any amendments to the Agreement necessary to maintain the original intention of the Parties.

**30.5 Press Releases**

Neither Party shall, without the written consent of the other Party (such consent not to be unreasonably withheld), make any press releases, public announcements or public disclosures regarding this Agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by its duly authorized representative as of the date first written above.

**BG LNG SERVICES, LLC**

**MITSUBISHI INTERNATIONAL CORPORATION**

By:

By:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

**SCHEDULE A**

**TESTING AND METHODS**

to the

**MASTER LNG SALE AND PURCHASE AGREEMENT**

BETWEEN

**MITSUBISHI INTERNATIONAL CORPORATION**

AND

**BG LNG SERVICES, LLC**

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## SCHEDULE A TESTING AND METHODS

This Schedule A, entitled "Testing and Methods", is attached to and forms a part of the Master LNG Sale and Purchase Agreement ("Agreement") between **Mitsubishi International Corporation** as Seller, and **BG LNG Services, LLC** as Buyer, and sets forth, pursuant to Section 9 of the Agreement, detailed procedures for sampling and analyzing LNG and for gauging and calculating the density and heating value of LNG.

### **Section I        Definitions**

Terms defined in the main body of the Agreement and appearing in this Schedule A are used herein as defined in the Agreement. Reference to GPA or ASTM standards and procedures shall be to the latest officially published revisions thereof.

### **Section II        Tank Gauge Tables**

#### **II.1    Evidence of Calibration of LNG Tanks**

Seller shall furnish to Buyer evidence of calibration of the LNG tanks of the LNG Tanker for volume against level by a qualified surveyor.

#### **II.2    Tank Gauge Tables**

Seller shall furnish tank gauge tables for each LNG tank of the LNG Tanker. Such tank gauge tables shall include sounding tables, correction tables for list (heel) and trim, volume corrections to tank service temperature, and other corrections if necessary.

#### **II.3    Accuracy of Tank Gauge Tables**

The tank gauge tables shall indicate volumes in Cubic Meters expressed to the nearest thousandth, with tank depths expressed in meters to the nearest hundredth.

### **Section III       Selection of Gauging Devices**

#### **III.1    Liquid Level Gauging Devices**

III.1.1 Each LNG tank of each LNG Tanker shall be equipped with a main and an auxiliary liquid level gauging device.

III.1.2 The measurement accuracy of the main liquid level gauging devices and of the auxiliary liquid level gauging devices shall be  $\pm 10$  millimeters;

III.1.3 The level in each LNG tank shall be logged or printed.

III.2 Temperature Gauging Devices

III.2.1 Each LNG tank of each LNG Tanker shall be equipped with a minimum of four (4) temperature gauging devices located on or near the vertical axis of such LNG tank.

III.2.2 Such temperature gauging devices shall be installed at or near the bottom, at approximately fifty percent (50%) of the height, at approximately eighty-five percent (85%) of the height and at approximately one hundred percent (100%) of the height of such LNG tank. An additional gauging device shall be located at approximately twenty-five (25%) in the case of five temperature gauging devices.

III.2.3 The measurement accuracy of the temperature gauging devices shall be as follows:

Temp. Range, ° C	Range, ± ° C
-----	-----
-199 to +50	0.5 (total tolerance)

III.2.4 The temperatures in each LNG tank shall be logged or printed.

III.3 Pressure Gauging Devices

III.3.1 Each LNG tank of each LNG Tanker shall have one absolute pressure gauging device.

III.3.2 The measurement accuracy of the pressure gauging device shall be plus or minus one percent (± 1%) of full-scale. The expected accuracy shall be ± 0.01 kg/cm<sup>2</sup>.

III.3.3 The pressure in each LNG tank shall be logged or printed.

III.4 Verification of Accuracy of Gauging Devices

Gauging devices shall be verified for accuracy, and any inaccuracy of a device exceeding the permissible tolerance shall require correction of recordings and computations in accordance with the terms of Section 9.10 of the Agreement.

## Section IV Measurement Procedures

### IV.1 Liquid Level

IV.1.1 Measurement of the liquid level in each LNG tank of each LNG Tanker shall be made to the nearest millimeter by using the main liquid level gauging device referred to in Section III.1 hereof. Should the main device fail, the auxiliary device shall be used.

IV.1.2 At least four (4) readings shall be made in as rapid succession as possible. The arithmetic average of the readings shall be deemed the liquid level.

IV.1.3 Such arithmetic average shall be calculated to the nearest 0.1 millimeter and shall be rounded to the nearest millimeter.

### IV.2 Temperature

IV.2.1 At the same time liquid level is measured, temperature shall be measured to the nearest zero decimal one degree Celsius ( $0.1^{\circ}\text{C}$ ) by using the temperature gauging devices referred to in Section III.2 hereof.

IV.2.2 In order to determine the temperature of liquid and vapor in the tanks of an LNG Tanker, one (1) reading shall be taken at each temperature gauging device in each LNG tank. An arithmetic average of such readings with respect to vapor and liquid in all LNG tanks shall be deemed the final temperature of vapor and liquid.

IV.2.3 Such arithmetic average shall be calculated to the nearest zero decimal zero one degree Celsius ( $0.01^{\circ}\text{C}$ ) and shall be rounded to the nearest zero decimal one degree Celsius ( $0.1^{\circ}\text{C}$ ).

### IV.3 Pressure

IV.3.1 At the same time liquid level is measured, the absolute pressure in each LNG tank shall be measured to the nearest  $0.01\text{ kg/cm}^2$  by using the pressure gauging device referred to in Section III.3 hereof.

IV.3.2 The determination of the absolute pressure in the LNG tanks of each LNG Tanker shall be made by taking one (1) reading of the pressure gauging device in each LNG tank, and then by taking an arithmetic average of all such readings.

IV.3.3 Such arithmetic average shall be calculated to the nearest  $0.001\text{ kg/cm}^2$  and shall be rounded to the nearest  $0.01\text{ kg/cm}^2$ .

#### IV.4 Procedures in Case of Gauging Device Failure

Should the measurements referred to in Sections IV.1, IV.2 and IV.3 hereof become impossible to perform due to a failure of gauging devices, alternative gauging procedures shall be determined by mutual agreement between Buyer and Seller in consultation with the Independent Surveyor.

#### IV.5 Determination of Volume of LNG Unloaded

IV.5.1 The list (heel) and trim of the LNG Tanker shall be measured at the same time as the liquid level and temperature of LNG in each LNG tank are measured. Such measurements shall be made:

- (i) immediately before unloading commences; accordingly, immediately before opening the vapor manifold ESD valve of the LNG Tanker, the initial gauging shall be conducted upon the confirmation of stoppage of all spray pumps and compressors and shut-off of gas master valve to the boilers; and
- (ii) immediately after unloading is completed; accordingly immediately before completing the liquid loading arms purge, the final gauging shall be conducted upon the confirmation of shut-off of the vapor manifold ESD valve and gas master valve to the boilers.

The volume of LNG, stated in Cubic Meters to the nearest 0.001 Cubic Meter, shall be determined by using the tank gauge tables referred to in Section II hereof and by applying the volume corrections set forth therein.

IV.5.2 The volume of LNG unloaded shall be determined by deducting the total volume of LNG in all tanks immediately after unloading is completed from the total volume in all tanks immediately before unloading commences. This volume of LNG unloaded is then rounded to the nearest Cubic Meter.

### **Section V      Determination of Composition of LNG**

#### V.1 Sampling Procedures

V.1.1 The composition of the LNG loaded and unloaded shall be determined in accordance with recognised industry standards.

V.1.2 Representative samples of LNG shall be obtained continuously and at an even rate during the period starting immediately after continuous loading or unloading, as applicable, has commenced and ending immediately prior to the suspension of continuous loading or unloading, as applicable.

V.1.3 Samples shall be taken and put into sample bottles after completion of loading as well as after unloading. Such sample bottles shall be sealed by the Independent Surveyor who witnessed such sampling in accordance with Section 9.8 of the Agreement. Seller shall use samples taken in accordance with its standard practice at loading for analysis to determine the composition of the LNG upon loading. Buyer shall use samples taken in accordance with its standard practice at unloading for analysis to determine the composition of the LNG at unloading

V.1.4 The gaseous samples taken at loading shall be distributed as follows:

First sample: for analysis by Seller

Second sample: for retention by Seller for at least thirty (30) days.

In case any dispute as to the accuracy of any analysis is raised, the sample shall be further retained until Buyer and Seller agree to retain it no longer.

The gaseous samples taken at unloading shall be distributed as follows:

First sample: for analysis by Buyer.

Second sample: for retention by Buyer for at least thirty (30) days.

In case any dispute as to the accuracy of any analysis is raised, the sample shall be further retained until Buyer and Seller agree to retain it no longer.

## V.2 Analysis Procedures

V.2.1 Hydrocarbons, Carbon Dioxide and Nitrogen - samples shall be analyzed immediately to determine, by gas chromatography, the mol fraction of hydrocarbons, carbon dioxide and nitrogen in the sample. The method used shall be the method described in the latest version of the Gas Processors Association (GPA) Publication 2261 current at the time of analysis or any other method agreed upon by Buyer and Seller. Duplicate runs shall be made on each sample to determine that the repeatabilities of peak heights or peak areas are within acceptable limits. The calculated results of such duplicate runs shall be averaged.

V.2.2 Hydrogen Sulfide - ASTM D 2725-70 (Standard Test Method for determination of sulfur compounds in natural gas and gaseous fuel by gas chromatography and chemiluminescence).

V.2.3 Total Sulfur - The ASTM D 3246-81 (Standard Test Method for determination of sulfur compounds in natural gas and gaseous fuel by gas

chromatography and chemiluminescence) procedure shall be used to determine the total sulfur content of samples, unless Seller and Buyer mutually agree that some other method should be used. If the total sulfur content is less than 0.25 grains per 100 Standard Cubic Feet, it is not necessary to analyze the sample for H<sub>2</sub>S.

## Section VI Determination of BTU Quantity of LNG Delivered

### VI.1 Calculation of Density

The density of LNG shall be calculated by use of the formula:

$$D = \frac{\sum(X_i \times M_i)}{\sum(X_i \times V_i) - X_m \times C} \quad \text{and} \quad C = K_1 + \frac{(K_2 - K_1) \times X_n}{0.0425}$$

Where:

- D is the density to four (4) significant figures of the LNG unloaded, stated in kilograms per Cubic Meter at temperature T<sub>L</sub>;
- T<sub>L</sub> is the temperature of the LNG in the tanks of the LNG Tanker before unloading, stated in degrees Centigrade to the nearest 0.1°C;
- X<sub>i</sub> is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of component (i) from the composition obtained in accordance with Section V hereof;
- M<sub>i</sub> is the molecular weight of component (i) as set forth in Table 1 attached hereto;
- V<sub>i</sub> is the molar volume, to the nearest sixth (6<sup>th</sup>) decimal place, of component (i), stated in Cubic Meters per kilomol at temperature T<sub>L</sub> and obtained by linear interpolation of the data set forth in Table 2 attached hereto;
- X<sub>m</sub> is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of methane from the composition obtained in accordance with Section V hereof;
- X<sub>n</sub> is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of nitrogen from the composition obtained in accordance with Section V hereof;
- K<sub>1</sub> is the volume correction factor derived from the values set forth in Table 4; and
- K<sub>2</sub> is the volume correction factor derived from the values set forth in Table 4.

### VI.2 Calculation of Gross Heating Value

VI.2.1 The Gross Heating Value (mass basis) of LNG shall be calculated by use of the formula:

$$P = \sum \left[ H_i \times \left\{ \frac{X_i \times M_i}{\sum (X_i \times M_i)} \right\} \right]$$

where:

- P is the Gross Heating Value of LNG, stated in BTUs per kilogram;
- H<sub>i</sub> is the Gross Heating Value of component (i), stated in BTUs per kilogram as set forth in Table 1 attached hereto;
- X<sub>i</sub> is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of component (i) from the composition obtained pursuant to Section V hereof; and
- M<sub>i</sub> is the molecular weight of component (i) as set forth in Table 1 attached hereto.

VI.2.2 The Gross Heating Value (volume basis) for purposes of Section 6 of the Agreement shall be calculated by use of the formula:

$$H_v = \sum (X_i \times H_{vi})$$

where:

- H<sub>v</sub> is the Gross Heating Value, stated in BTUs per Standard Cubic Foot;
- X<sub>i</sub> is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of component (i) from the composition obtained pursuant to Section V hereof; and
- H<sub>vi</sub> is the Gross Heating Value of component (i), stated in BTUs per Standard Cubic Foot, as set forth in Table 1 attached hereto.

### VI.3 Calculation of BTU Quantity of LNG Delivered

The BTU quantity of LNG delivered shall be computed using the formula below and applying the method of rounding set forth in VI.4.1:

$$Q = V \times D \times P - Q_R$$

where:

- Q is the BTU quantity delivered;
- V is the volume of the LNG unloaded, stated in Cubic Meters, obtained pursuant to Section IV.5 hereof;
- D is the density of the LNG, stated in kilograms per Cubic Meter, as calculated in accordance with Section VI.1 hereof;
- P is the Gross Heating Value of the LNG, stated in BTUs per kilogram, as calculated in accordance with Section VI.2.1 hereof; and
- Q<sub>R</sub> is the BTU quantity of the vapor which displaced the volume of the LNG unloaded (V). Q<sub>R</sub> is computed by use of the formula:

$$Q_R = V \times \frac{288.8}{273.2 + T_v} \times \frac{P_a}{760} \times 35657$$

where:

- T<sub>v</sub> is the temperature of the vapor in the tanks of the LNG Tanker after unloading, stated in degrees Centigrade to the nearest tenth (0.1) degree C; and
- P<sub>a</sub> is the absolute pressure of the vapor in the tanks of the LNG Tanker after unloading, stated in millimeters of mercury to the nearest mm Hg; and

35657 is the heating value of the vapor (assumed to be methane), stated in BTUs per Cubic Meter at 60<sup>0</sup>F (15.6<sup>0</sup>C) and 760 mm Hg.

#### VI.4 Method of Rounding Numbers

##### VI.4.1 General -

If the first of the figures to be discarded is five (5) or more, the last of the figures to be retained is increased by one (1).

If the first of the figures to be discarded is four (4) or less, the last of the figures to be retained is unaltered.

For the purpose of rounding to a zero (0), the last of the figures to be retained shall have the same value as a ten (10).

The following examples are given to illustrate how a number is to be established in accordance with the above:

<u>Number to be rounded</u>	<u>decimal place</u>
2.24	2.2
2.249	2.2
2.25	2.3
2.35	2.4
2.97	3.0

#### VI.4.2 Determination of BTU Quantity of LNG Delivered Applying Method of Rounding Numbers

The BTU quantity of LNG delivered is computed by use of the formula:

$$Q = V \times D \times P - Q_R$$

where:

- Q is the BTU quantity delivered. The BTU quantity shall be rounded to the nearest ten (10) million BTUs;
- V is the volume of the LNG unloaded, stated in Cubic Meters. The volume shall be rounded to the nearest Cubic Meter;
- D is the density of the LNG, stated in kilograms per Cubic Meter at temperature  $T_L$ . The density shall be rounded to the nearest tenth (0.1) of a  $\text{kg/m}^3$ ;
- $T_L$  is the temperature of the LNG in the tanks of the LNG Tanker before unloading, stated in degrees Centigrade to the nearest tenth (0.1) degree C;
- P is the Gross Heating Value of the LNG, stated in BTUs per kilogram. The Gross Heating Value shall be rounded to the nearest BTU/kg;

$V \times D \times P$  shall be calculated and rounded to the nearest million BTUs;

$Q_R$  is the BTU quantity of the vapor which displaced the volume of the LNG unloaded (V), and shall be rounded to the nearest million BTUs;

$Q_R$  is computed by use of the formula:

$$Q_R = V \times \frac{288.8}{273.2 + T_v} \times \frac{P_a}{760} \times 35657$$

where

$T_v$  is the temperature of the vapor in the tanks of the LNG Tanker after unloading, stated in degrees Centigrade to the nearest tenth (0.1) degree C;

$\frac{288.8}{273.2 + T_v}$  corrects the vapor temperature  $T_v$  to 60°F (15.6°C) and shall be rounded to three decimal places;

$P_a$  is the absolute pressure of the vapor in the tanks of the LNG Tanker after unloading, stated in millimeters of mercury to the nearest mm Hg;

$\frac{P_a}{760}$  corrects the vapor pressure  $P_a$  to 760 mm Hg, and shall be rounded to three decimal places;

$V \times \left( \frac{288.8}{273.2 + T_v} \right) \times \left( \frac{P_a}{760} \right) \times 35657$  shall be calculated rounded to the nearest million BTUs; and

$V \times D \times P - Q_R$  shall be calculated and rounded to the nearest ten million BTUs

#### VI.4.3 Determination of LNG Density –

The density of the LNG is calculated by use of the formula:

$$D = \frac{\sum (X_i \times M_i)}{\sum (X_i \times V_i) - X_m \times C}$$

where:

D is the density of the LNG, stated in kilograms per Cubic Meter at temperature  $T_L$ . The density shall be rounded to the nearest tenth (0.1) of a kg/m<sup>3</sup>;

$T_L$  is the temperature of the LNG in the tanks of the LNG Tanker before unloading, stated in degrees Centigrade to the nearest tenth (0.1) degree C;

$X_i$  is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of component (i) from the composition obtained in accordance with Section V hereof. The mol fraction of methane shall be adjusted so as to make the total mol fraction equal to 1.0000;

$M_i$  is the molecular weight of component (i) as set forth in Table 1 attached hereto;

$\sum(X_i \times M_i)$  The result of the calculation of " $X_i \times M_i$ " of component (i) shall be rounded to the nearest third (3<sup>rd</sup>) decimal place, and then, " $\sum(X_i \times M_i)$ " shall be calculated to the nearest third (3<sup>rd</sup>) decimal place;

$V_i$  is the molar volume, to the nearest sixth (6<sup>th</sup>) decimal place, of component (i), stated in Cubic Meters per kilomol at temperature  $T_L$ , and shall be obtained by linear interpolation of the data set forth in Table 2 attached hereto;

$\sum(X_i \times V_i)$  The result of the calculation of " $X_i \times V_i$ " of component (i) shall be rounded to the nearest sixth (6<sup>th</sup>) decimal place, and then " $\sum(X_i \times V_i)$ " shall be calculated to the nearest sixth (6<sup>th</sup>) decimal place;

$X_m$  is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of methane from the composition obtained in accordance with Section V hereof;

$C$  is the volume correction, to the nearest sixth (6<sup>th</sup>) decimal place, stated in Cubic Meters per kilogram-mol at temperature  $T_L$ ;

$X_m \times C$  shall be calculated to the nearest sixth (6<sup>th</sup>) decimal place;  
and

$\sum(X_i \times V_i) - X_m \times C$  shall be calculated to the nearest sixth (6<sup>th</sup>) decimal place.

#### VI.4.4 Determination of Gross Heating Value

VI.4.4.1 The Gross Heating Value (mass basis) of the LNG is calculated by use of the formula:

$$P = \sum \left[ H_i \times \left\{ \frac{X_i \times M_i}{\sum (X_i \times M_i)} \right\} \right]$$

where:

P is the Gross Heating Value of the LNG, stated in BTU's per kilogram. Each term of the above equation shall first be calculated and rounded to the nearest BTU/kg, and then all terms shall be summed to obtain the Gross Heating Value "P";

H<sub>i</sub> is the Gross Heating Value of component (i), stated in BTU's per kilogram, as set forth in Table 1 attached hereto;

X<sub>i</sub> is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of component (i) from the composition obtained in accordance with Section V hereof. The mol fraction of methane shall be adjusted so as to make the total mol fraction equal to 1.0000;

M<sub>i</sub> is the molecular weight of component (i) as set forth in Table 1 attached hereto;

X<sub>i</sub> × M<sub>i</sub> "X<sub>i</sub> × M<sub>i</sub>" of component (i) shall be calculated to the nearest third (3<sup>rd</sup>) decimal place;

∑(X<sub>i</sub> × M<sub>i</sub>) "∑(X<sub>i</sub> × M<sub>i</sub>)" shall be calculated to the nearest third (3<sup>rd</sup>) decimal place by summing all "X<sub>i</sub> × M<sub>i</sub>" obtained as above;

$\frac{X_i \times M_i}{\sum (X_i \times M_i)}$  shall be calculated for component (i) to the nearest fifth (5<sup>th</sup>) decimal place by dividing "X<sub>i</sub> × M<sub>i</sub>" by "∑ (X<sub>i</sub> × M<sub>i</sub>)";

$H_i \times \left( \frac{X_i \times M_i}{\sum X_i \times M_i} \right)$  shall be calculated for component (i) to the nearest whole number by multiplying "H<sub>i</sub>" by  $\frac{X_i \times M_i}{\sum (X_i \times M_i)}$ ; and

$\sum \left[ H_i \times \left\{ \frac{X_i \times M_i}{\sum (X_i \times M_i)} \right\} \right]$  shall be calculated to the nearest whole number by summing all  $H_i \times \left( \frac{X_i \times M_i}{\sum X_i \times M_i} \right)$  obtained above.

VI.4.4.2 The Gross Heating Value (volume basis) of the LNG shall be calculated by use of the formula:

$$H_v = \sum (X_i \times H_{vi})$$

where:

H<sub>v</sub> is the Gross Heating Value of LNG, stated in BTU's per Standard Cubic Foot. Each term of the above equation shall first be calculated and rounded to the nearest tenth (0.1) of a BTU/SCF, and then all terms shall be summed and rounded to the nearest BTU/SCF to obtain the Gross Heating Value "H<sub>v</sub>";

X<sub>i</sub> is the mol fraction, to the nearest fourth (4<sup>th</sup>) decimal place, of component (i) from the composition obtained pursuant to Section V hereof; and

H<sub>vi</sub> is the Gross Heating Value of component (i), stated in BTU's per Standard Cubic Foot, as set forth in Table 1 attached hereto.

**TABLE I**  
**PHYSICAL CONSTANTS**

<u>Component</u>	Molecular Weight $M_i$	Gross Heating Value (BTU/kg) at 60°F $H_i$	Gross Heating Value (BTU/SCF) at 60°F $H_{vi}$
Methane (CH <sub>4</sub> )	16.043	52671	1010.0
Ethane (C <sub>2</sub> H <sub>6</sub> )	30.070	49236	1769.6
Propane (C <sub>3</sub> H <sub>8</sub> )	44.097	47737	2516.1
Iso-butane (i-C <sub>4</sub> H <sub>10</sub> )	58.123	46809	3251.9
Normal Butane (n-C <sub>4</sub> H <sub>10</sub> )	58.123	46959	3262.3
Iso-pentane (i-C <sub>5</sub> H <sub>12</sub> )	72.150	46392	4000.9
Normal Pentane (n-C <sub>5</sub> H <sub>12</sub> )	72.150	46485	4008.9
Normal Hexane (n-C <sub>6</sub> H <sub>14</sub> )	86.177	46172	4755.9
Nitrogen (N <sub>2</sub> )	28.013	0	0
Oxygen (O <sub>2</sub> )	31.999	0	0
Carbon Dioxide (CO <sub>2</sub> )	44.010	0	0

The above table of Physical Constants, developed from GPA Publication 2145-92, shall be used for all density and heating value calculations associated with the Agreement. This table of Physical Constants shall be revised to conform to any subsequent officially published revision of GPA Publication 2145. The values for the Gross Heating Value in BTU/kg as shown above have been obtained by multiplying the GPA 2145 values for "BTU/lbm fuel as ideal gas" by 2.20462.

**TABLE 2****MOLAR VOLUMES OF INDIVIDUAL COMPONENTS**Values of  $V_i$  (in cubic meter/kmol)**Temperature**

	<u>-150°C</u>	<u>-154°C</u>	<u>-158°C</u>	<u>-160°C</u>	<u>-162°C</u>	<u>-166°C</u>	<u>-170°C</u>
Methane	0.039579	0.038983	0.038419	0.038148	0.037884	0.037375	0.036890
Ethane	0.048805	0.048455	0.048111	0.047942	0.047774	0.047442	0.047116
Propane	0.063417	0.063045	0.062678	0.062497	0.062316	0.061957	0.061602
Iso-Butane	0.079374	0.078962	0.078554	0.078352	0.078151	0.077751	0.077356
N-Butane	0.077847	0.077456	0.077068	0.076876	0.076684	0.076303	0.075926
Iso-Pentane	0.092817	0.092377	0.091939	0.091721	0.091504	0.091071	0.090641
N-Pentane	0.092643	0.092217	0.091794	0.091583	0.091373	0.090953	0.090535
N-Hexane	0.106020	0.105570	0.105122	0.104899	0.104677	0.104236	0.103800
Nitrogen	0.055877	0.051921	0.048488	0.046995	0.045702	0.043543	0.041779
Carbon Dioxide	0.027950	0.027650	0.027300	0.027200	0.027000	0.026700	0.026400

Source: National Bureau of Standards Interagency Report 77-867.

Note: For intermediate temperatures a linear interpolation shall be applied.

TABLE 3

VOLUME CORRECTION FACTOR  $K_1$ 

Molecular Mass of Mixture	Temperature (°C)						
	-170	-166	-162	-160	-158	-154	-150
Volume Reduction, m <sup>3</sup> /kmol							
16.0	-0.000007	-0.000007	-0.000008	-0.000009	-0.000009	-0.000010	-0.000012
16.5	0.000078	0.000086	0.000094	0.000100	0.000106	0.000118	0.000135
17.0	0.000163	0.000179	0.000197	0.000209	0.000221	0.000245	0.000282
17.2	0.000195	0.000214	0.000235	0.000248	0.000261	0.000293	0.000337
17.4	0.000228	0.000250	0.000274	0.000287	0.000301	0.000342	0.000392
17.6	0.000260	0.000286	0.000312	0.000327	0.000342	0.000390	0.000447
17.8	0.000293	0.000321	0.000351	0.000366	0.000382	0.000438	0.000502
18.0	0.000325	0.000357	0.000389	0.000405	0.000422	0.000486	0.000557
18.2	0.000349	0.000385	0.000423	0.000441	0.000460	0.000526	0.000597
18.4	0.000383	0.000412	0.000456	0.000477	0.000499	0.000566	0.000637
18.6	0.000397	0.000440	0.000489	0.000513	0.000537	0.000605	0.000677
18.8	0.000421	0.000467	0.000523	0.000548	0.000575	0.000645	0.000717
19.0	0.000445	0.000494	0.000556	0.000584	0.000613	0.000685	0.000757
19.2	0.000474	0.000526	0.000589	0.000619	0.000649	0.000724	0.000800
19.4	0.000503	0.000558	0.000622	0.000653	0.000685	0.000763	0.000844
19.6	0.000532	0.000590	0.000655	0.000688	0.000721	0.000803	0.000888
19.8	0.000561	0.000622	0.000688	0.000722	0.000757	0.000842	0.000932
20.0	0.000590	0.000654	0.000721	0.000757	0.000793	0.000881	0.000976
25.0	0.001116	0.001220	0.001339	0.001407	0.001475	0.001619	0.001782
30.0	0.001435	0.001567	0.001714	0.001790	0.001867	0.002043	0.002238

Source: National Bureau of Standards Interagency Report 77- 867

- Notes:
1. Molecular mass of mixture equals  $\sum (X_i \times M_i)$ .
  2. For intermediate values of temperature and molecular mass a linear interpolation shall be applied.

TABLE 4

VOLUME CORRECTION FACTOR  $K_2$ 

Molecular Mass of Mixture	Temperature (°C)						
	-170	-166	-162	-160	-158	-154	-150
	Volume Reduction, m <sup>3</sup> /kmol						
16.0	-0.000009	-0.000012	-0.000017	-0.000021	-0.000024	-0.000031	-0.000039
16.5	0.000101	0.000131	0.000162	0.000178	0.000196	0.000269	0.000315
17.0	0.000210	0.000274	0.000341	0.000377	0.000416	0.000568	0.000669
17.2	0.000246	0.000318	0.000397	0.000436	0.000478	0.000630	0.000745
17.4	0.000282	0.000362	0.000452	0.000495	0.000540	0.000692	0.000821
17.6	0.000318	0.000406	0.000508	0.000554	0.000602	0.000754	0.000897
17.8	0.000354	0.000449	0.000564	0.000613	0.000664	0.000816	0.000973
18.0	0.000390	0.000493	0.000620	0.000672	0.000726	0.000878	0.001049
18.2	0.000425	0.000530	0.000658	0.000714	0.000772	0.000939	0.001116
18.4	0.000460	0.000567	0.000696	0.000756	0.000819	0.001000	0.001184
18.6	0.000496	0.000605	0.000735	0.000799	0.000865	0.001061	0.001252
18.8	0.000531	0.000642	0.000773	0.000841	0.000912	0.001121	0.001320
19.0	0.000566	0.000679	0.000811	0.000883	0.000958	0.001182	0.001388
19.2	0.000594	0.000708	0.000844	0.000920	0.000998	0.001222	0.001434
19.4	0.000623	0.000737	0.000876	0.000956	0.001038	0.001262	0.001480
19.6	0.000652	0.000765	0.000908	0.000992	0.001078	0.001302	0.001526
19.8	0.000681	0.000794	0.000941	0.001029	0.001118	0.001342	0.001573
20.0	0.000709	0.000823	0.000973	0.001065	0.001158	0.001382	0.001619
25.0	0.001383	0.001562	0.001777	0.001893	0.002014	0.002374	0.002734
30.0	0.001934	0.002172	0.002459	0.002631	0.002806	0.003230	0.003723

Source: National Bureau of Standards Interagency Report 77-867

- Notes:
1. Molecular mass of mixture equals  $\sum(X_i \times M_i)$
  2. For intermediate values of temperature and molecular mass a linear interpolation shall be applied.

**SCHEDULE B**

**MEMORANDUM**

To the Master LNG Sale and Purchase Agreement (Delivered Ex-Ship)  
Between Mitsubishi International Corporation (as Seller) and  
BG LNG Services, LLC (as Buyer) (the "Agreement")

**TERMS AND CONDITIONS**

**1. Contract Quantities**

The number of LNG Tanker Cargo Lots to be sold and purchased under this Memorandum is \_\_\_\_\_. The approximate quantity of LNG comprising an LNG Tanker Cargo Lot based on the LNG Tanker Cargo Lot described in paragraph 5 below is \_\_\_\_\_.

**2. Source of LNG**

The Gas Supply Area, from which the Natural Gas used to produce the LNG to be sold hereunder is derived from \_\_\_\_\_.

Seller's Facilities are located at \_\_\_\_\_.

The Loading Port shall be the port located at \_\_\_\_\_.

**3. Contract Sales Price**

The Contract Sales Price shall be \_\_\_\_\_ US Dollars (US\$\_\_\_\_) per MMBTU or shall be calculated using the following calculation of HH:  
\_\_\_\_\_.

**4. Seller's Account for payment of Contract Sales Price**

The name of Seller's bank and Seller's account details for purposes of Section 8.4.1 are as follows:

Bank Name: \_\_\_\_\_

City: \_\_\_\_\_

Account Number: \_\_\_\_\_

SWIFT Code: \_\_\_\_\_

**5. LNG Tanker to be used by Seller**

The LNG Tanker to be utilized for transportation of LNG under this Agreement and her description is as follows:

Name of LNG Tanker: \_\_\_\_\_

Tanker Owner: \_\_\_\_\_

Gross Cargo Capacity: \_\_\_\_\_

**6. Demurrage**

The rate of demurrage for purposes of Section 14.6.3 shall be US\$ \_\_\_\_\_ per day and pro rata for part of a day.

**7. Delivery Schedule**

The Firm Nomination Window for arrival of the LNG Tanker at the Unloading Port shall be forty-eight (48) hours from [time] on the [date].

**8. Heel**

On discharge Buyer shall leave a maximum retained heel of approximately \_\_\_\_\_ CBM of LNG in the LNG Tanker.

**9. Boil-Off Rate**

The boil-off rate for purposes of Section 14.7.1 shall be \_\_\_\_\_ per hour.

**MITSUBISHI  
CORPORATION**

**INTERNATIONAL**

**BG LNG SERVICES, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## SCHEDULE C

### QUALITY

The LNG to be sold and purchased pursuant to the Agreement and the applicable Memorandum, when converted into a gaseous state, shall have the following specifications:

1. Gross Heating Value of not less than nine hundred fifty (950) BTUs and not more than one thousand two hundred (1,200) BTUs per Standard Cubic Foot.
2. Constituent elements varying within the following percentage limits (in molecular percentage):
  - (i) Nitrogen between 0.00 and 1.40
  - (ii) Methane between 84.55 and 100.00
  - (iii) Ethane between 0.00 and 9.20
  - (iv) Propane between 0.00 and 3.25
  - (v) Isobutane between 0.00 and 0.60
  - (vi) Normal butane between 0.00 and 0.75
  - (vii) Pentanes Plus between 0.00 and 0.25
3. Hydrogen sulfide content not to exceed 0.50 parts per million in volume.
4. Total sulfur content of not more than 30 mg/Nm<sup>3</sup>.
5. Mercaptan sulfur content not exceeding 2.30 mg/Nm<sup>3</sup>.
6. No water, carbon dioxide or mercury.
7. No active bacteria or bacterial agent, including but not limited to, sulphate reducing bacteria or acid producing bacteria.
8. No hazardous or toxic substances.

## SCHEDULE D

### FORM OF BUYER PARENT COMPANY GUARANTY

Guarantee, dated as of \_\_\_\_\_, 20\_\_, by BG Energy Holdings Limited, a company registered in England and Wales ("BGEH")("Guarantor"), in favor of Mitsubishi International Corporation, a New York corporation ("Beneficiary").

1. Guarantee. In consideration of Beneficiary entering into that certain Memorandum dated \_\_\_\_\_, 20\_\_ (the "Memorandum") pursuant to the Master LNG Sale and Purchase Agreement (Delivered Ex Ship), dated as of \_\_\_\_\_, 20\_\_, as amended and supplemented from time to time (the "LNG Agreement"), between BG LNG Services, LLC ("Company"), an affiliate of Guarantor, and Beneficiary, Guarantor irrevocably and unconditionally guarantees to Beneficiary, its successors and assigns, the prompt payment when due, subject to any applicable grace period under the LNG Agreement and Memorandum, of all present and future amounts payable by Company to Beneficiary under the Memorandum (the "Obligations"). Beneficiary may make written demand of Guarantor for any Obligation not paid by Company when due, subject to applicable grace periods, and Guarantor shall pay such Obligations within five (5) business days' of receipt of such demand. Notwithstanding any other provision hereof to the contrary, the maximum amount payable by Guarantor under this Guarantee shall not exceed [US\$ \_\_\_\_\_] in the aggregate, being one hundred percent (100%) of the Contract Sales Price multiplied by the approximate quantity of LNG (in MMBTU) comprising the LNG Tanker Cargo Lot as stated in the applicable Memorandum.

2. Nature of Guarantee. Guarantor's obligations hereunder shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any instrument evidencing any Obligations, or by the existence, validity, enforceability, perfection, or extent of any collateral therefor or by any other event, occurrence or circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety other than the defense of payment by Company or Guarantor. Beneficiary makes no representation or warranty in respect of any such circumstance and has no duty or responsibility whatsoever to Guarantor with respect to the management and maintenance of the Obligations or any collateral therefor. This Guarantee constitutes a guarantee of payment when due and not of collection. In the event that any payment of Company in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever, Guarantor shall remain liable hereunder with respect to such Obligations as if such payment had not been made.

3. Consents, Waivers and Renewals. Without limiting the provisions of Section 1 hereof with respect to the termination of this Guarantee and Guarantor's maximum liability hereunder, Guarantor agrees that Beneficiary may at any time and from time to time, either before or after the maturity thereof, without notice to or further

consent of Guarantor, extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations, and may also make any agreement with Company for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between Beneficiary and Company or any such other party or person, without in any way impairing or affecting this Guarantee. Guarantor agrees that Beneficiary may resort to Guarantor for payment of any of the Obligations, whether or not Beneficiary shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Obligations.

4. Expenses. Guarantor agrees to pay on demand all reasonable out-of-pocket expenses (including the reasonable fees and expenses of Beneficiary's counsel) in any way relating to the enforcement or protection of the rights of Beneficiary hereunder; provided, however, that Guarantor shall not be liable for any expenses of Beneficiary unless payment is due under this Guarantee.

5. Subrogation. Guarantor will not exercise any rights which it may acquire by way of subrogation until all the Obligations to Beneficiary shall have been paid in full. Subject to the foregoing, upon payment of all the Obligations, Guarantor shall be subrogated to the rights of Beneficiary against Company, and Beneficiary agrees to take at Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. No Waiver; Cumulative Rights. Without limiting the provisions of Section 1 hereof with respect to the termination of this Guarantee and Guarantor's maximum liability hereunder, no failure on the part of Beneficiary to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Beneficiary of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to Beneficiary or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Beneficiary from time to time.

7. Waiver of Notice. Guarantor waives notice of the acceptance of this Guarantee, presentment, demand, notice of dishonor, protest, notice of any sale of collateral security and all other notices whatsoever, except for those expressly required by this Guarantee.

8. Representations and Warranties.

(a) Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has full power to execute, deliver and perform this Guarantee.

(b) The execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary action and do not contravene any provision of law or of Guarantor's constitutional documents or any contractual restriction binding on Guarantor or its assets.

(c) All consents, authorizations and approvals of, and registrations and declarations with, any governmental authority necessary for the due execution, delivery and performance of this Guarantee have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority is required in connection with the execution, delivery or performance of this Guarantee.

(d) This Guarantee constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

9. Assignment. Neither Guarantor nor Beneficiary may assign its rights, interest or obligations hereunder to any other person without the prior written consent of the other; provided that Beneficiary may assign its rights hereunder to any transferee of the LNG Agreement without the consent of Guarantor.

10. Notices. All notices or other communications to Guarantor shall be in writing and shall be given in the same manner and with the same effect as set forth in the LNG Agreement. Guarantor's address for notices is as follows:

100 Thames Valley Park Drive  
Reading  
Berkshire, RG6 1PT  
England  
Attn: Treasurer

or such other address as Guarantor shall from time to time specify to Beneficiary.

11. Governing Law. This Guarantee shall be governed by and construed in accordance with the laws of New York without reference to choice of law doctrine. Any dispute between the Guarantor and the Beneficiary in respect of this Guarantee shall be resolved in accordance with the dispute resolution procedures set forth in the LNG Agreement, as if the reference therein to Company was a reference to Guarantor.

IN WITNESS WHEREOF, Guarantor has caused its duly authorized officer to execute and deliver this Guarantee as of the date first above written.

BG Energy Holdings Limited

By: \_\_\_\_\_

Name:

Title:

## SCHEDULE D

### FORM OF SELLER PARENT COMPANY GUARANTY

Guarantee, dated as of \_\_\_\_\_, 20\_\_, by [ \_\_\_\_\_ ], a company registered in [ \_\_\_\_\_ ] ("Guarantor"), in favor of BG LNG Services, LLC, a Delaware limited liability company ("Beneficiary").

1. Guarantee. In consideration of Beneficiary entering into that certain Memorandum dated \_\_\_\_\_, 20\_\_ (the "Memorandum") pursuant to the Master LNG Sale and Purchase Agreement (Delivered Ex Ship), dated as of \_\_\_\_\_, 20\_\_, as amended and supplemented from time to time (the "LNG Agreement"), between Mitsubishi International Corporation ("Company"), an affiliate of Guarantor, and Beneficiary, Guarantor irrevocably and unconditionally guarantees to Beneficiary, its successors and assigns, the prompt payment when due, subject to any applicable grace period under the LNG Agreement and Memorandum, of all present and future amounts payable by Company to Beneficiary under the Memorandum (the "Obligations"). Beneficiary may make written demand of Guarantor for any Obligation not paid by Company when due, subject to applicable grace periods, and Guarantor shall pay such Obligations within five (5) business days' of receipt of such demand. Notwithstanding any other provision hereof to the contrary, the maximum amount payable by Guarantor under this Guarantee shall not exceed **US\$**\_\_\_\_\_ in the aggregate, being twenty (20) percent of the Contract Sales Price multiplied by the approximate quantity of LNG (in MMBTU) comprising the LNG Tanker Cargo Lot as stated in the applicable Memorandum.

2. Nature of Guarantee. Guarantor's obligations hereunder shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any instrument evidencing any Obligations, or by the existence, validity, enforceability, perfection, or extent of any collateral therefor or by any other event, occurrence or circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety other than the defense of payment by Company or Guarantor. Beneficiary makes no representation or warranty in respect of any such circumstance and has no duty or responsibility whatsoever to Guarantor with respect to the management and maintenance of the Obligations or any collateral therefor. This Guarantee constitutes a guarantee of payment when due and not of collection. In the event that any payment of Company in respect of any Obligations is rescinded or must

otherwise be returned for any reason whatsoever, Guarantor shall remain liable hereunder with respect to such Obligations as if such payment had not been made.

3. Consents, Waivers and Renewals. Without limiting the provisions of Section 1 hereof with respect to the termination of this Guarantee and Guarantor's maximum liability hereunder, Guarantor agrees that Beneficiary may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of Guarantor, extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations, and may also make any agreement with Company for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between Beneficiary and Company or any such other party or person, without in any way impairing or affecting this Guarantee. Guarantor agrees that Beneficiary may resort to Guarantor for payment of any of the Obligations, whether or not Beneficiary shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Obligations.

4. Expenses. Guarantor agrees to pay on demand all reasonable out-of-pocket expenses (including the reasonable fees and expenses of Beneficiary's counsel) in any way relating to the enforcement or protection of the rights of Beneficiary hereunder; provided, however, that Guarantor shall not be liable for any expenses of Beneficiary unless payment is due under this Guarantee.

5. Subrogation. Guarantor will not exercise any rights which it may acquire by way of subrogation until all the Obligations to Beneficiary shall have been paid in full. Subject to the foregoing, upon payment of all the Obligations, Guarantor shall be subrogated to the rights of Beneficiary against Company, and Beneficiary agrees to take at Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. No Waiver; Cumulative Rights. Without limiting the provisions of Section 1 hereof with respect to the termination of this Guarantee and Guarantor's maximum liability hereunder, no failure on the part of Beneficiary to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Beneficiary of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to Beneficiary or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Beneficiary from time to time.

7. Waiver of Notice. Guarantor waives notice of the acceptance of this Guarantee, presentment, demand, notice of dishonor, protest, notice of any sale of

collateral security and all other notices whatsoever, except for those expressly required by this Guarantee.

8. Representations and Warranties.

(a) Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has full power to execute, deliver and perform this Guarantee.

(b) The execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary action and do not contravene any provision of law or of Guarantor's constitutional documents or any contractual restriction binding on Guarantor or its assets.

(c) All consents, authorizations and approvals of, and registrations and declarations with, any governmental authority necessary for the due execution, delivery and performance of this Guarantee have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority is required in connection with the execution, delivery or performance of this Guarantee.

(d) This Guarantee constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

9. Assignment. Neither Guarantor nor Beneficiary may assign its rights, interest or obligations hereunder to any other person without the prior written consent of the other; provided that Beneficiary may assign its rights hereunder to any transferee of the LNG Agreement without the consent of Guarantor.

10. Notices. All notices or other communications to Guarantor shall be in writing and shall be given in the same manner and with the same effect as set forth in the LNG Agreement. Guarantor's address for notices is as follows:

[ ]

Attn: [ ]

or such other address as Guarantor shall from time to time specify to Beneficiary.

11. Governing Law. This Guarantee shall be governed by and construed in accordance with the laws of New York without reference to choice of law doctrine. Any



**SCHEDULE E**  
**FORM OF BUYER LETTER OF CREDIT**

\_\_\_\_\_, 200\_

\_\_\_\_\_

Gentlemen:

We hereby establish our irrevocable standby letter of credit No. \_\_\_\_\_ in favor of \_\_\_\_\_ ("Beneficiary") for the account of BG LNG Services, LLC, in the amount of **one hundred percent (100%) of the Contract Sales Price multiplied by the approximate quantity of LNG (in MMBTU) compromising the LNG Tanker Cargo Lot as stated in the applicable Memorandum (US\$ \_\_\_\_\_)**, available to Beneficiary against presentation to us of a sight draft at **[list office(s), branch(es), other locations(s)]** with notation that the same is drawn under this letter of credit, identifying the same by number. This Letter of Credit shall expire at 5:00 p.m. (\_\_\_\_\_ time) on \_\_\_\_\_, 20\_\_ **[insert date thirty (30) days after the due date for payment for such Cargo]**.

Your sight draft shall be accompanied by a statement on Beneficiary's letterhead purportedly signed by an authorized officer of Beneficiary stating: "I hereby certify that [name of Beneficiary] is entitled to draw under your letter of credit No. \_\_\_\_\_ pursuant to the terms of that certain Master LNG Sale and Purchase Agreement (Delivered Ex Ship), dated as of \_\_\_\_\_, 200\_, between \_\_\_\_\_ and BG LNG Services, LLC".

The term "Beneficiary" includes any successor to the Beneficiary, including, without limitation, any liquidator, receiver or successor by merger.

The amount which may be drawn by Beneficiary under this Letter of Credit shall be automatically reduced by the amount of any drawing hereunder. Any number of partial drawings are permitted from time to time hereunder.

We hereby undertake with Beneficiary that documents drawn under and in compliance with the terms of this letter of credit shall be duly honored upon presentation as specified.

This letter of credit shall be governed by, subject to and construed in accordance with the Uniform Customs and Practices for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500, and, to the extent not addressed thereby, laws of England and Wales. Notwithstanding Article 17 of said publication, if this credit expires during an interruption of business as described in Article 17 we agree to effect payment if the credit is drawn against within thirty (30) days after resumption of business.

[BANK]

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE E**  
**FORM OF SELLER LETTER OF CREDIT**

\_\_\_\_\_, 200\_

\_\_\_\_\_

Gentlemen:

We hereby establish our irrevocable standby letter of credit No. \_\_\_\_\_ in favor of BG LNG Services, LLC ("Beneficiary") for the account of \_\_\_\_\_, in the amount of **twenty percent (20%) of the Contract Sales Price multiplied by the approximate quantity of LNG (in MMBTU) compromising the LNG Tanker Cargo Lot as stated in the applicable Memorandum (US\$\_\_\_\_\_)**, available to Beneficiary against presentation to us of a sight draft at **[list office(s), branch(es), other locations(s)]** with notation that the same is drawn under this letter of credit, identifying the same by number. This Letter of Credit shall expire at 5:00 p.m. (\_\_\_\_\_ time) on \_\_\_\_\_, 200\_ **[insert date thirty (30) days after the due date for payment for such cargo]**.

Your sight draft shall be accompanied by a statement on Beneficiary's letterhead purportedly signed by an authorized officer of Beneficiary stating: "I hereby certify that BG LNG Services, LLC is entitled to draw under your letter of credit No. \_\_\_\_\_ pursuant to the terms of that certain Master LNG Sale and Purchase Agreement (Delivered Ex Ship), dated as of \_\_\_\_\_, 200\_, between \_\_\_\_\_ and BG LNG Services, LLC".

The term "Beneficiary" includes any successor to the Beneficiary, including, without limitation, any liquidator, receiver or successor by merger.

The amount which may be drawn by Beneficiary under this Letter of Credit shall be automatically reduced by the amount of any drawing hereunder. Any number of partial drawings are permitted from time to time hereunder.

We hereby undertake with Beneficiary that documents drawn under and in compliance with the terms of this letter of credit shall be duly honored upon presentation as specified.

This letter of credit shall be governed by, subject to and construed in accordance with the Uniform Customs and Practices for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500, and, to the extent not addressed thereby, laws of England and Wales. Notwithstanding Article 17 of said publication, if this credit expires during an interruption of business as described in Article 17 we agree to effect payment if the credit is drawn against within thirty (30) days after resumption of business.

[BANK]

By: \_\_\_\_\_

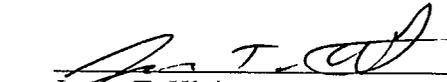
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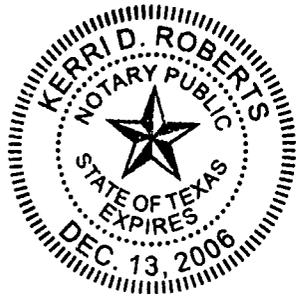
VERIFICATION

The State of Texas )  
 )  
County of Harris )

Jason Klein, declares before me on this date, and says that he is counsel of BG LNG Services, LLC, the applicant in this document; that he is authorized to verify the foregoing document pursuant to 10 C.F.R. § 590.103; that he has examined the statements contained therein and that all such statements are true and correct to the best of his knowledge, information and belief; and that he is the duly authorized representative of BG LNG Services, LLC; and that to the best of his knowledge, neither this nor any related matter is being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission, or any other federal agency or department.

  
Jason T. Klein

SUBSCRIBED and SWORN TO before me, a Notary Public, this day: March 24, 2004.



  
Notary Public in and for the  
State of Texas

My Commission Expires: December 13, 2006

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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U.S. DEPARTMENT OF ENERGY

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BG LNG SERVICES, LLC  
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FE DOCKET NO. 04-40-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION  
TO IMPORT LIQUEFIED NATURAL GAS  
FROM VARIOUS INTERNATIONAL SOURCES

DOE/FE ORDER NO. 1975

APRIL 16, 2004

## I. DESCRIPTION OF REQUEST

On March 26, 2004, BG LNG Services, LLC (BGLS) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>1/</sup> for authorization to import up to 25,600,000 million British thermal units (MMBtu) per year of liquefied natural gas (LNG) over a 5-year term under a Sales and Purchase Agreement (Agreement) with Mitsubishi International Corporation (Mitsubishi) dated July 20, 2003. The Agreement has an initial term of five years which commenced on November 1, 2003,<sup>2/</sup> which term the parties may extend by one or more years. BGLS anticipates that the first delivery of LNG under this docket will take place on May 26, 2004. BGLS, a limited liability company under the laws of Delaware has its principal place of business in Houston, Texas.

BGLS asserts that Mitsubishi will acquire the LNG from various international sources and, although an alternative delivery point for the LNG might be designated by BGLS, the LNG generally will enter the United States at the facilities located at Lake Charles, Louisiana. Under the Agreement, BGLS will pay Mitsubishi a price based on the NYMEX Henry Hub (natural gas) contract price. The requested authorization does not involve the construction of new LNG receiving facilities.

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<sup>1/</sup> 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redlegation Order No. 00-002.4 (January 8, 2002).

<sup>2/</sup> BGLS currently is using its blanket authority to import LNG under DOE/FE Order No. 1947, FE Docket No. 04-15-LNG granted February 18, 2004 (unpublished).

## II. FINDING

The application has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import of LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by BGLS to import LNG meets the section 3(c) criterion and, therefore, is consistent with the public interest.

## ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. BG LNG Services, LLC (BGLS) is authorized to import up to 25,600,000 million British thermal units (MMBtu) per year of liquefied natural gas (LNG) over a 5-year term under the terms of its July 20, 2003, LNG Sales and Purchase Agreement with Mitsubishi International Corporation.

B. This LNG may be imported at the Lake Charles, Louisiana, facility or any LNG receiving facility in the United States and its territories.

C. With respect to the LNG imports authorized by this Order, BGLS shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If LNG imports have not been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, the report must give the details of each transactions: (1) total monthly volumes in thousand cubic feet

(Mcf) and MMBtu; (2) the name of the purchaser(s); (3) the point(s) of entry; (4) the name(s) of the LNG tanker; (5) the geographic market(s) served (by State); (6) the average landed cost per MMBtu at the point of import; (7) the per unit (MMBtu) demand/commodity/reservation and demurrage rate charge breakdown of the contract price; and, if applicable, (8) the monthly volumes in Mcf taken by each of BGLS's customer. [OMB NO.: 1901-0294]

D. The first quarterly report required by this Order is due not later than July 30, 2004, and should cover the period from May 26, 2004, until the end of the second calendar quarter, June 30, 2003.

E. The notification and reports required by this Order shall be filed with the U.S. Department of Energy, Office of Natural Gas & Petroleum Import & Export Activities, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on April 16, 2004.



Sally Kornfeld  
Manager, Natural Gas Regulation  
Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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U.S. DEPARTMENT OF ENERGY

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FE DOCKET NO. 04-40-LNG

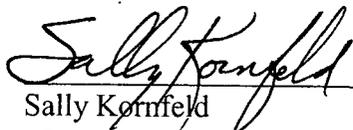
ORDER AMENDING LONG-TERM AUTHORITY TO  
IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1975-A

On April 16, 2004, the Office of Fossil Energy of the Department of Energy granted to BG LNG Services, LLC in DOE/FE Order No. 1975 (Order 1975) authority to import up to the equivalent of 58 billion cubic feet per year of liquefied natural gas over a 5-year term under a LNG Sale and Purchase Agreement Term Sheet with Mitsubishi International Corporation dated July 20, 2003.

In Ordering Paragraph C, the requirement to provide the country of origin was omitted. Accordingly, pursuant to section 3 of the Natural Gas Act, DOE/FE Order No. 1975 is amended to add the requirement to provide the country of origin under Ordering Paragraph C. All terms and conditions in Order 1975 remain in full force and effect.

Issued in Washington, D.C., on August 16, 2004.



Sally Kornfeld  
Manager, Natural Gas Regulation  
Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy

UNITED STATES OF AMERICA  
BEFORE THE  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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BG LNG Services, LLC

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FE Docket Nos. 06-02-LNG  
04-40-LNG

APPLICATION FOR LONG-TERM AUTHORIZATION  
TO IMPORT LIQUEFIED NATURAL GAS  
FROM VARIOUS INTERNATIONAL SOURCES AND  
MOTION TO VACATE EXISTING IMPORT AUTHORIZATION OF  
BG LNG SERVICES, LLC

Jason Klein  
Commercial Attorney  
BG LNG Services, LLC  
5444 Westheimer, Suite 1200  
Houston, Texas 77056  
(713) 599-3709

John S. Decker  
William E. Wolf  
Vinson & Elkins L.L.P.  
1455 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004-1008  
(202) 639-6599

January 5, 2006

**UNITED STATES OF AMERICA  
BEFORE THE  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY**

BG LNG Services, LLC

)  
)  
)

FE Docket Nos. 06-\_\_\_\_-LNG  
04-40-LNG

**APPLICATION FOR LONG-TERM AUTHORIZATION  
TO IMPORT LIQUEFIED NATURAL GAS  
FROM VARIOUS INTERNATIONAL SOURCES AND  
MOTION TO VACATE EXISTING IMPORT AUTHORIZATION OF  
BG LNG SERVICES, LLC**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), as amended,<sup>1</sup> Department of Energy (“DOE”) Delegation Order Nos. 0204-111 and 0204-127,<sup>2</sup> and Part 590 of the Regulations of the DOE, Office of Fossil Energy (“OFE”),<sup>3</sup> BG LNG Services, LLC (“BGLS”) hereby submits this application for long-term authorization to import liquefied natural gas (“LNG”) from various international sources pursuant to an executed Master LNG Sale and Purchase Agreement (the “Master Agreement”) and a Memorandum to the Master Agreement (the “Confirmation Memorandum”) between BGLS and BG LNG Trading, LLC (“BGLT”), as well as a motion to vacate a prior import authorization granted by the DOE.

In support of this application, BGLS respectfully shows as follows:

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<sup>1</sup> 15 U.S.C. § 717b (2000).

<sup>2</sup> DOE Delegation Order No. 0204-111, Administrator of the Economic Regulatory Administration (Feb. 22, 1984); DOE Delegation Order No. 0204-127, Assistant Secretary for Fossil Energy (Feb. 7, 1989).

<sup>3</sup> 10 C.F.R. Pt. 590 (2005).

I.

**CORRESPONDENCE AND COMMUNICATIONS**

Correspondence and communications regarding this application should be addressed to the following:

Jason Klein  
BG LNG Services, LLC  
5444 Westheimer, Suite 1200  
Houston, Texas 77056  
tel: (713) 599-3709  
fax: (713) 599-4250  
email: jason.klein@bg-northamerica.com

John S. Decker  
Vinson & Elkins L.L.P.  
1455 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004-1008  
tel: (202) 639-6599  
fax: (202) 639-6604  
email: jdecker@velaw.com

II.  
**BACKGROUND**

BGLS is a limited liability company organized under the laws of the State of Delaware, having its principal place of business at 5444 Westheimer, Suite 1775, Houston, Texas 77056. BGLS is a wholly-owned subsidiary of BG Group plc, which has its principal place of business at 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT, England. Pursuant to the authorization previously granted to BGLS, BGLS engages in the business of importing LNG purchased from Mitsubishi International Corporation ("Mitsubishi") pursuant to a Sale and Purchase Agreement with Mitsubishi dated July 20, 2003 (the "LNG Sales Agreement").<sup>4</sup>

(25.09 BCF) On March 26, 2004, BGLS filed an application with the OFE for authorization to import up to 25.6 trillion British Thermal Units ("TBtu") per year of LNG over a five year term pursuant to the terms of the LNG Sales Agreement. On April 16, 2004, in DOE/FE Order No. 1975, the OFE approved BGLS's application and granted it long-term authorization to import up

<sup>4</sup> BGLS also imports LNG pursuant to the following authorizations: DOE/FE Order No. 1977 (April 19, 2004), DOE/FE Order No. 1947 (February 18, 2004), DOE/FE Order No. 1932 (December 30, 2003), and DOE/FE Order No. 1926 (December 8, 2003).

to the equivalent of 25.6 TBtu of LNG per year primarily to the LNG terminal and related facilities at Lake Charles, Louisiana.

### **III. LONG-TERM AUTHORIZATION REQUESTED**

EGLS is seeking to vacate and replace its current import authorization by terminating the LNG Sales Agreement upon which it currently imports LNG and replacing it with the Master Agreement and Confirmation Memorandum. As part of a general corporate restructuring, BG Group plc desired to replace the many agreements between BGLS and its affiliates with a single Master Agreement between BGLS and BGLT that contained general terms and conditions applicable to all contracts for the importation of LNG into the United States. BGLS filed the Master Agreement with the OFE on December 9, 2005 in DOE/FE Docket No. 05-114-LNG and the Master Agreement is hereby incorporated by reference. The Confirmation Memorandum filed herewith contains the terms specific to the particular transaction, including: identification of the agreement under which the LNG is being obtained; the source of the supply; the name of the supplier; and the term and quantity of the contract.

Pursuant to the terms of the Master Agreement and Confirmation Memorandum, BGLS will purchase LNG from BGLT for importation into the United States. Upon importation, BGLS will sell the LNG and the natural gas resulting from vaporization of the LNG to various third parties in the regular course of business. Subject to the terms of the Confirmation Memorandum, BGLT will acquire the LNG from Mitsubishi. The LNG will come from various international sources. The point of entry for the importation of LNG into the United States will primarily be the LNG terminalling, storage and vaporization facilities located at the Lake Charles Terminal in Lake Charles, Louisiana (the "LNG Terminal").

The Confirmation Memorandum is effective from the date of execution, August 2, 2005, to November 1, 2008. BGLS will purchase LNG from BGLT in an amount up to the annual contract quantity of 25.6 TBtu per year of LNG or LNG equivalent pursuant to the Confirmation Memorandum.

BGLT will acquire the LNG subject to the terms of a Master LNG Sale and Purchase Agreement (EX SHIP) with Mitsubishi. The Master Agreement requires BGLS to take any LNG provided by BGLT under the Confirmation Memorandum or pay damages incurred by BGLT for a failure to accept delivery.

The price BGLS will pay BGLT for the LNG it purchases under the Master Agreement<sup>5</sup> is a formula based on sales proceeds received by BGLS and published price indices for natural gas. BGLS will pay a price for LNG delivered pursuant to either (i) the final settlement price for the New York Mercantile Exchange's Henry Hub natural gas futures contract for delivery during such month; or (ii) the average price for "Daily Price Survey ... Louisiana-Onshore-South ... Henry Hub ... Midpoint" as published in *Platts Gas Daily*. Because the contract price for LNG under the Agreement is linked to published natural gas price indices, the price of LNG supplied during the term of the Confirmation Notice will remain competitive.

#### IV.

#### MOTION TO VACATE EXISTING IMPORT AUTHORIZATION

As noted above, in the course of a general corporate restructuring BG Group plc has made a business decision to replace BGGM as the entity making sales to BGLS. Subject to the acceptance of the instant application, BGLS will be receiving LNG through the Master Agreement executed with BGLT and will, therefore, no longer have a need for the long-term

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<sup>5</sup> The pricing formula is included in the general terms of the Master Agreement and not in the Confirmation Memorandum.

import authorization granted by the OFE in DOE/FE Order No. 1975 to import LNG acquired from Mitsubishi.<sup>6</sup> BGLS, therefore, moves for an order vacating the long-term authorization granted to it in DOE/FE Order No. 1975, and further requests such an order be made contingent upon any OFE order approving the long-term import authorization requested in the instant application, and be made effective as of the effective date of such order.

## V. ENVIRONMENTAL IMPACT

BGLS intends to continue to use existing facilities for importing LNG as requested herein. This application therefore neither contemplates nor requires the construction of new facilities. Consequently, granting this application will not involve a federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act.<sup>7</sup> Accordingly, neither an environmental impact statement, nor an environmental assessment, is required.

## VI. THE PUBLIC INTEREST

Section 3 of the NGA provides that an import or export of natural gas must be authorized unless there is a finding that it “will not be consistent with the public interest.”<sup>8</sup> Under Section 3(c), the importation of LNG “is deemed to be consistent with the public interest and must be granted without modification or delay.”<sup>9</sup> The amendment to its import authorization sought by BGLS herein meets the Section 3(c) criterion and, therefore, is consistent with the public interest.

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<sup>6</sup> DOE/FE Order No. 1975 was issued on April 16, 2004.

<sup>7</sup> 42 U.S.C. § 431, *et seq.* (2000).

<sup>8</sup> 15 U.S.C. § 717b(a) (2000).

<sup>9</sup> *Sonat Energy Services Co.*, Order Granting Long-Term Authorization to Import Liquefied Natural Gas From Trinidad and Tobago, DOE/FE Order No. 1549, FE Docket No. 99-93-LNG (Dec. 8, 1999).

**VII.**  
**REQUEST FOR WAIVER OF 10 C.F.R. § 590.201(b)**

BGLS requests waiver of the requirement that applications for import authorization be filed at least 90 days in advance of the proposed import. Pursuant to section 590.201(b) of DOE's regulations, 10 C.F.R. §590.201(b) (2005), good cause exists to permit the proposed importation to commence promptly upon the issuance of the authorization requested herein. As noted above, BGLS has already received long-term authorization to import into the United States up to 25.6 TBtu equivalent of LNG per year in DOE/FE Order No. 1975 from Mitsubishi. This application does not alter the quantity to be imported, it merely substitutes and simplifies the document which controls the terms of the importation between BGLS and BGLT. BGLS requests that the amendment to its long-term import authorization requested herein become effective upon the issuance of an order by DOE, or in any event, no later than February 5, 2006.

**VIII.**  
**REPORTING REQUIREMENTS**

BGLS, in its original application, proposed the following reporting requirements, all of which are still followed by BGLS and will not be affected by the proposed amendment to the original application:

- A. Within two weeks after deliveries begin, BGLS must provide written notification to OFE of the date on which the first import of LNG occurred pursuant to the authorization requested herein.
- B. With respect to the LNG imports authorized in this docket, BGLS will file within 30 days following each calendar quarter, reports indicating, by month: (1) the country of origin; (2) total monthly volumes of LNG imported; (3) the monthly volumes taken by each of BGLS's customers; (4) the name of the seller(s), (5) the

point(s) of entry; (6) the name(s) of the LNG tankers used; (7) the estimated or actual duration of agreements; (8) the geographic market(s) served; (9) the average landed cost per MMBtu at the point of import; and (10) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

- C. The first quarterly report required by paragraph B will be due within 30 days following the first complete calendar quarter that follows the commencement of deliveries under this authorization.

#### **IX. CORPORATE POWER OF COMPANY**

The opinion of counsel, required by 10 C.F.R. § 590.202(c) (2005), showing that the proposed importation of LNG is within the corporate powers of BGLS, is attached as Exhibit A.

#### **X. RELATED REGULATORY PROCEEDINGS**

BGLS's request for long-term import authorization is not being considered by any other part of DOE, including the Federal Energy Regulatory Commission, or any other federal agency or department. BGLS currently has two other pending import applications on file with the DOE in DOE/FE Docket Nos. 05-114-LNG and 05-115-LNG.

**XI.  
CONCLUSION**

WHEREFORE, for the foregoing reasons, BGLS respectfully requests that OFE grant the instant application to for a long-term import authorization and concurrently accept the motion to cancel the existing authorization granted to BGLS by the OFE in DOE/FE Order No. 1975. BGLS submits that a grant of such authorization would be consistent with the public interest.

Respectfully submitted,

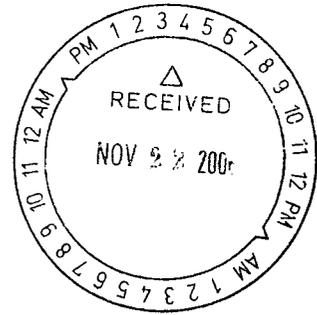


John S. Decker  
William E. Wolf  
VINSON & ELKINS L.L.P.

Attorneys for BG LNG Services, LLC

Dated: January 5, 2006

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY



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BG LNG SERVICES, LLC  
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FE DOCKET NO. 04-40-LNG

ORDER VACATING LONG-TERM AUTHORIZATION  
TO IMPORT LIQUEFIED NATURAL GAS  
FROM VARIOUS INTERNATIONAL SOURCES

DOE/FE ORDER NO. 1975-B

On April 16, 2004, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to BG LNG Services, LLC (BGLS) in DOE/FE Order No. 1975 (Order 1975) to import up to 25,600,000 million British thermal units (MMBtu) per year of liquefied natural gas from various international sources over 5-year term which began November 3, 2003 under the terms of its July 20, 2003 LNG Sales and Purchase Agreement with Mitsubishi International Corporation.<sup>1</sup>

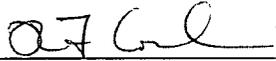
On January 1, 2006, DOE was notified that BGLS applied for a new authorization terminating the LNG Sales Agreement upon which it currently imports LNG and seeks to replace it with the Master Agreement and Confirmation Memorandum. Since the new authorization will

<sup>1</sup>/ See Order No. 1975 issued on April 16, 2004 (2 FE ¶ 70,971), as amended by Order No. 1975-A on August 16, 2004 (2 FE ¶ 71,010).

supersede the current authorization, BGLS has requested that DOE vacate Order 1975.

Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1975, authorizing the import of LNG from various international sources, is hereby vacated.

Issued in Washington, D.C., on November 22, 2006.



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R. F. Corbin  
Manager, Natural Gas Regulatory Activities  
Office of Oil and Gas Global Security and Supply  
Office of Fossil Energy