

**CONFIDENTIAL**

**MASTER F. O. B. LNG SALES AGREEMENT**

**between**

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**AND**

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## INDEX

CLAUSE	SUBJECT	PAGE
1	Definitions and Interpretation	1
2	Sale and Purchase	5
3	Quantity and Loading Schedule	6
4	Quality	7
5	Shipping	8
6	Measurement, Sampling and Testing	11
7	Transfer of Title and Risk	12
8	Price and Payment	12
9	Taxes and Charges	14
10	Permissions and Approvals	14
11	Force Majeure	14
12	Limitation of Liability	16
13	Governing Law and Arbitration	17
14	Facilities	17
15	Safety	18
16	Term	18
17	General	19
Annex A	Confirmation Notice	21
Annex B	Quality Specifications	23
Annex C	Measurement and Testing	24

**MASTER F.O.B. LNG SALES AGREEMENT**

THIS AGREEMENT is made the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BETWEEN:

\_\_\_\_\_, a \_\_\_\_\_ company the registered office of which is situated at \_\_\_\_\_ ("the Seller") of the one part

AND

\_\_\_\_\_, a \_\_\_\_\_ company the registered office of which is situated at \_\_\_\_\_ ("the Buyer") of the other part.

The Seller and the Buyer are herein also referred to individually as a "Party" and collectively as "the Parties".

WHEREAS

- A. The Seller has available for sale liquefied natural gas ("LNG") from [\_\_\_\_\_] <sup>1</sup> ("the Project") during the Period specified in the Confirmation Notice;
- B. The Buyer has a requirement for LNG in the Period and has also an LNG vessel available during that Period;
- C. The Parties wish to enter into sale and purchase of LNG in accordance with the following terms and conditions.
- D. This Agreement shall serve as the "Master F.O.B. LNG Agreement" to cover transactions between the Parties which shall be described more specifically by each Confirmation Notice, in the general form attached as Annex A.

NOW THIS AGREEMENT WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

\_\_\_\_\_  
1 The Project may refer to one or several liquefaction plants.

1(1) In this Agreement, unless the context otherwise requires:

"Affiliate" means in relation to a company or other entity, other than an individual, an entity which 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 voting rights 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 other ownership interests in such entity;

"Agreement" means the legally binding relationship established by (i) the Master F.O.B. LNG Sales Agreement and (ii) the provisions contained in any effective Confirmation Notices. For the avoidance of doubt, the signature of the Master F.O.B. LNG Sales Agreement only doesn't bring about any obligation for the Parties to sale and purchase LNG;

"Btu" means British thermal unit, being 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.. One million Btu's is referred to as 1 MMBtu. When all units are considered at the same combustion reference temperature, 1 MMBtu is equal to 1,055.06 MJ (also equal to 1,055,060,000.0 J);

"Confirmation Notice" means a written notice, executed by the Parties setting out the terms (in addition to the terms of this Master F.O.B. LNG Agreement) agreed by the Parties in relation to each particular sale of LNG and substantially in the form set forth in Annex A to this Agreement, or such other form as the Parties may agree;

"Delivery Point" means the point of loading of LNG at the Project's loading terminal as specified in the Confirmation Notice where the inlet flanges of the loading lines of the LNG Vessel connect with the outlet flanges of the loading lines of the terminal's loading facilities;

"F.O.B." means "Free on Board" as defined in Incoterms 2000 (International Rules for the Interpretation of Trade Terms, as published by the International Chamber of Commerce, edition 2000) as may be amended from time to time. Should any specific provision of this Master F.O.B. LNG Agreement or of a Confirmation Notice conflict with the terms contained in the Incoterms 2000 definition, then the specific provision shall prevail.

"Force Majeure" has the meaning specified in clause 11;

"Full Cargo Lot" shall mean a cargo of LNG loaded onto an LNG Vessel to its safe capacity (within the operational tolerances established by the LNG Vessels' Captain and the operator of the Loading Port) or such lesser quantities as the Parties may agree.

"Gross Heating Value (Volume)"<sup>2</sup> means the quantity of heat in Megajoules produced by the complete combustion of 1 normal cubic meter of Natural Gas at 25 degrees Celsius and an absolute pressure of 1.01325 bar with excess air at the same temperature and pressure as the Natural Gas when the products of combustion are cooled to 25 degrees Celsius and when the water formed by combustion is condensed to the liquid state and the products of combustion contain the same total mass of water vapor as the Natural Gas and air before combustion. For the calculation of the GHV from its composition, the Natural Gas is considered as a real gas.;

"Gross Heating Value (Mass)"<sup>2</sup> means the quantity of heat in Megajoules produced by the complete combustion of 1 kilogram of Natural Gas at 25 degrees Celsius and an absolute pressure of 1.01325 bar with excess air at the same temperature and pressure as the Natural Gas when the products of combustion are cooled to 25 degrees Celsius and when the water formed by combustion is condensed to the liquid state and the products of combustion contain the same total mass of water vapor as the Natural Gas and air before combustion.

"Joule" shall be identical with the definition of the derived "SI" unit of quantity of heat "J" as defined in ISO 1000 SI units and recommendations for the use of their multiples and of certain other units;

"Normal Cubic Meter" or Nm<sup>3</sup> of Natural Gas shall mean the quantity of Natural Gas which at 0 degree Celsius and at an absolute pressure of 1.01325 bar and when free of water vapor occupies the volume of 1 cubic meter;

"Notice of Readiness" ("NOR") shall mean the notice given by the master of each LNG vessel or its agent to the Seller on arrival of the LNG Vessel at the Pilot

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<sup>2</sup> In this Master Agreement, the definition of Gross Heating Value is based on reference conditions of 0°C and 1.01325 bar for volume (normal conditions) and of 25°C and 1.01325 bar for combustion. Other reference conditions may be agreed between the Parties, ; in such case, they will amend consequently the Master Agreement.

Boarding Station ("PBS") by letter, telex, facsimile, radio, telephone or other similar devices mutually agreed by the Parties.

"LNG" means liquefied natural gas, being a mixture of hydrocarbons, predominantly methane, in a liquid state, which has been obtained from the processing of raw gas in the Project's liquefied natural gas production facilities from which the condensate has predominately been removed;

"LNG Vessel" has the meaning specified in sub-clause 2(2);

"Loading Date" means the date specified in the Confirmation Notice and is the date when loading of the LNG Vessel is scheduled to commence;

"Loading Port" means the safe and secure port specified in the Confirmation Notice;

"Quantity Delivered" means the number of MMBtu contained in a cargo of LNG loaded under this Agreement;

"Schedule Loading Date" means the date referred into the Confirmation Notice on which the LNG Vessel is scheduled to arrive at the Loading Port;

"Specific Gravity" shall mean the mass of a volume of regasified LNG expressed in kilograms divided by the mass of an equal volume of dry air expressed in kilograms, both gases being in the same state 0 degree Celsius and 1.01325 bar;

"Standard reference conditions" if reference condition (temperature and pressure) are different from those defined for "Gross Heating Value" and volume, the conversion shall be in accordance with the ISO Standard 13 443. As reference pressure is 1.01325 bar, this reference shall only be precised, hereafter, if it is different;

"Wobbe Index" means the "Gross Heating Value" divided by the square root of the "Specific Gravity" of regasified LNG;

"Term" has the meaning specified in clause 16;

and

"Unloading Port" means the safe and secure port specified in the Confirmation Notice. The Buyer at its sole discretion may change the unloading port specified

in the Confirmation Notice.

1 (2) In this Agreement unless the context otherwise requires:

- (a) words denoting the singular include the plural and vice-versa; and
- (b) words denoting persons include corporations and vice-versa.

1 (3) The index and headings to clauses are inserted for convenience of reference only and shall not affect the construction of this Agreement.

## 2. SALE AND PURCHASE

2 (1) Subject to the terms and conditions of this Agreement, the Seller agrees to sell and deliver LNG to the Buyer and the Buyer agrees to purchase, receive and pay the Seller for LNG on a F.O.B. basis at the Delivery Point, under the provisions agreed in the Confirmation Notice and otherwise in accordance with the terms of this Agreement. The sole source of LNG to be sold and purchased under this Agreement is LNG available to the Seller from the Project.

2(2) The vessel to be provided by the Buyer (the "LNG Vessel"), shall be as specified in the Confirmation Notice and at its expense, for the loading of each delivery of LNG pursuant to this Agreement. LNG shall be loaded in bulk on board the LNG Vessel, unless otherwise specified in the Confirmation Notice.

2(3) If the Buyer fails to receive all or any part of the quantity of LNG scheduled for delivery under a Confirmation Notice for any reason other than Force Majeure or a failure by the Seller, the Parties shall use reasonable endeavors to reschedule the relevant cargo of LNG, provided that all of duly documented costs and expenses arising from the reschedule if any shall be borne by the Buyer. If the Parties are unable to reschedule the relevant cargo of LNG within [ ] days after the Buyer's failure, then the Seller has the right to terminate the relevant Confirmation Notice with respect to such all or any part of the quantity of LNG that the Buyer fails to receive. After such termination if the Seller is able to sell such quantity of LNG to a third party under the Seller's reasonable endeavor, the Seller shall be entitled to receive from the Buyer the documented amount of loss, as the case may be, arising from the balance between resale price to the price specified in sub-clause 8(1) plus any other Seller's reasonable documented incidental damage and reasonable attorney's fee. If the Seller is not able to sell such quantity of LNG within [ ] days after termination of the relevant Confirmation Notice, the Seller shall be entitled to receive from the

Buyer the amount of [ ]<sup>3</sup> plus any other Seller's documented reasonable incidental damage.

- 2(4) If the Seller fails to deliver any LNG scheduled for delivery under a Confirmation Notice for any reason other than Force Majeure or a failure by the Buyer for any reason with respect to delivery of LNG, the Parties shall use reasonable endeavors to reschedule the relevant cargo of LNG, provided that all of such documented cost and expenses arising from the reschedule shall be borne by the Seller if any. If the Parties are unable to reschedule the relevant cargo of LNG within [ ] days after such failure, the Buyer shall have the right to terminate the relevant Confirmation Notice in respect to such undelivered quantity of LNG. After such termination if the Buyer is able to secure substitutional LNG by the Buyer's reasonable endeavor and by making any reasonable purchase, the Buyer shall be entitled to receive from the Seller the documented amount of loss, as the case may be, arising from the balance between the price of substitutional LNG and the price specified in sub-clause 8(1) plus any other Buyer's documented reasonable incidental damage and reasonable attorney's fee. If the Buyer is not able to secure substitutional LNG within [ ] days after termination of the relevant Confirmation Notice, the Buyer shall be entitled to receive from the Seller the amount of [ ]<sup>3</sup> plus any other Buyer's documented reasonable incidental damage.

3. QUANTITY AND LOADING SCHEDULE

- 3(1) The LNG shall be sold and purchased under this Agreement in Full Cargo Lots unless otherwise specified in the Confirmation Notice.
- 3(2) The LNG Vessel shall arrive within the customary anchorage or waiting point at the Loading Port for the Loading Dates specified in the Confirmation Notice.

The Loading Date for any delivery may be:

- (i) advanced or retarded by up to [ 2 ] days upon the request of the Seller or the Buyer made in writing to the other prior to departure of the LNG Vessel from its last port of call or,

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3 As examples, [X ; (a certain lump sum amount)] or [Y % of the amount resulting of the price multiplied by the quantities stipulated in the Confirmation Notice]

(ii) advanced or retarded by [ 1 ] day upon the request in writing of the Buyer or the Seller made in writing to the other,

if the other party is able, by using reasonable endeavors, to accommodate such a request.

4. QUALITY

4(1) LNG shall, when converted into a gaseous state, have the specifications as specified in the Annex B at the Delivery Point.

4(2) The Seller shall keep the Buyer informed of any expected change in the quality of LNG during the Term. If the quality of LNG is at any time likely to fall outside the specifications set out in the Annex B, the Seller shall promptly inform the Buyer of the extent and duration of the change and the parties shall forthwith consult and use all reasonable endeavors to agree on appropriate amendments to those specifications.

4(3) Notwithstanding and in addition to any other remedies available to the Buyer, if the quality of Quantity Delivered is not within the specifications as set out in the Annex B, the Buyer shall be free to accept or refuse such quality deficient LNG. In this latter case the Seller shall not have the right to any claim whatsoever for damages in relation thereto and all reasonable costs associated duly documented with refusing the cargo including, but not limited to the Buyer's transportation costs, shall be for the Seller's account. However the Buyer shall use all reasonable endeavors to accept the delivery of such quality deficient LNG, unless such delivery would have detrimental effect on the Buyer's facilities at the Receiving Terminal as well as the Buyer's customers directly supplied from the Receiving Terminal.. In any case of acceptance of deficient LNG, Buyer shall have the right to choose among the two following options:

a) To receive the LNG not meeting the quality specifications as per the Annex B. In such a case all reasonably incurred cost associated with bringing the Quantity Delivered into specification at the Unloading Port, including but not limited to injection of nitrogen or other components, shall be for the Seller's account.

b) To receive the LNG cargo with a discount of [ ]% in the price as set out in the Confirmation Notice.

5. SHIPPING

- 5(1) (a) The Buyer 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, the LNG Vessel, such that it is able to fulfill its obligation under this Agreement with the LNG Vessel at all times to be equipped and manned so as to be able to meet all applicable maritime regulations required in the countries in which the LNG Vessel will call. Before signing a Confirmation Notice, the Parties will co-operate to ensure that the LNG Vessel is compatible with the Loading Port and acceptable to the Seller. Parties shall acknowledge at the date of each Confirmation Notice that they have satisfied themselves that the LNG Vessel and the Loading Port are compatible with each other.
- (b) If the LNG Vessel 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 Vessel, that assistance or use shall be at the sole risk and expense of the Buyer: provided, however, that if such assistance or use is requested by or is for the benefit of Seller, then such risk and expense shall be for the account of Seller.
- 5(2) The Buyer shall ensure that the LNG Vessel gives the Seller notice of its estimated time of arrival at the Loading Port [ ] days, then 72, 48 and 24 hours prior to its estimated time of arrival. Upon arrival at the PBS or appropriate anchorage off the loading port, the Master of the LNG Vessel or its agent shall give the NOR.
- 5(3) Upon the arrival of the LNG Vessel at the Loading Port for the purpose of loading LNG hereunder, the Buyer, shall cause the LNG Vessel to be berthed safely and expeditiously at the berth designated by the Seller and the Seller shall co-operate or cause the operator of the loading terminal to co-operate in the LNG Vessel's being so berthed. If requested by the Buyer, the Seller shall provide assistance to the Buyer in clearing the necessary formalities.
- 5(4) The Seller shall arrange for the loading of the LNG Vessel at a safe berth which the Seller shall provide or cause to be provided free of charge to the Buyer or the LNG Vessel which the LNG Vessel can safely reach and leave and at which it can lie and load, always safely afloat. All LNG Vessel charges at the Loading Port (including the expense, if any, of shifting berth) shall be paid by the Buyer; provided, however, that any charges which arise from the request of or are for the benefit of the Seller shall be for the Seller's account. The Seller shall

arrange so that boil-off gas generated in the ship's tank as a result of the loading is sent back to the Seller's facilities.

- 5(5) The Parties shall use all reasonable endeavors to avoid any conflict with other liquefied natural gas vessels in berthing the LNG Vessel at the Loading Port. However, if the LNG Vessel arrives at the Loading Port on her scheduled Loading Dates per Article 3(2), the LNG Vessel shall have priority in berthing over other liquefied natural gas vessels, except in the case that the other vessel, having arrived on its scheduled loading date before the Scheduled Loading Date of the Vessel, is waiting due to bad weather conditions or other Force Majeure reasons.
- 5(6) The Parties shall commence loading or cause it to be commenced as soon as practicable after the completion of berthing and shall complete loading or cause it to be completed safely, effectively and expeditiously within a target period of time to be mutually agreed between the Parties.
- 5(7) The Buyer shall cause the LNG Vessel to depart safely and expeditiously from the berth after the completion of loading and the Seller shall co-operate, or cause the operator of the Project's loading terminal to co-operate, in the safe and expeditious departure of the LNG Vessel from the berth.
- 5(8) If any problem occurs or is foreseen to occur which will or may cause delay to the LNG Vessel in berthing or loading, the Parties shall discuss it in good faith and use all reasonable endeavors to minimize or to avoid the delay, and at the same time shall co-operate with each other to find counter-measure to minimize or avoid the occurrence of any similar delay in the future.
- 5(9) The temperature of the LNG Vessel's tanks at middle height upon arrival at the Loading Port shall not be higher than [ ]. Any quantity of LNG required to cool down the LNG Vessel's tanks to [ ] shall be for the account of the Buyer. If the LNG Vessel arrives at the Loading Port with tank temperatures at [ ] or lower and the temperature rises due to delay attributable to the Seller, the LNG quantities required to cool down the LNG Vessel shall be for the Seller's account.
- 5(10) The Buyer may and subject to prior consent of the Seller, which shall not be unreasonably withheld, substitute the initial LNG Vessel with another LNG Vessel of similar size named in the Confirmation Notice which is compatible with the Loading Port.
- 5(11) If loading of the LNG vessel has not been completed within the allowed

laytime as specified in the Confirmation Notice, and such delay is attributable to the Seller, the Seller shall pay to the Buyer demurrage at the rate per day, and prorata for less than a day specified in the Confirmation Notice.

Laytime shall commence:

- a. If the Vessel gives Notice of Readiness on the Scheduled Loading Date, on the earlier of:
  - 1) the time at which the Vessel is all fast on the berth and ready to load, or
  - 2) [six (6)]<sup>4</sup> hours after the time at which the Vessel had given to the Buyer Notice of Readiness
- b. If the Vessel gives Notice of Readiness before the Scheduled Loading Date, on the earlier of:
  - 1) the time at which the Vessel is all fast on the berth and ready to load, or
  - 2) at 6:00 am on the Scheduled Loading Date.
- c. If the Vessel tenders Notice of Readiness after the Scheduled Loading Date, laytime shall commence when the Vessel is all fast on the berth and ready to load

For the purpose of this Article 5(11), laytime shall cease upon disconnection of loading arms and all necessary documents are on board.

For the purpose of this Article 5(11), laytime shall be extended by any delay attributable to or period of time required as a result of:

- a. The action or omission of the Buyer, the LNG Vessel, or any Third Party over which the Seller has no control,
- b. Time during which normal working is, for any reason, prohibited at the loading port by law, port regulations or decree,
- c. By one half (1/2) of any period of delay resulting from adverse weather conditions, and
- d. Any other reasons of Force Majeure.

If the loading of the LNG Vessel has not been completed within the

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<sup>4</sup> The Allowed laytime shall take into account such period of time.

allowed laytime, and such delay is attributable to the Buyer, and as a result another liquefied natural gas vessel is prevented from berthing upon her scheduled arrival at the Loading Port, the Buyer shall pay the Seller demurrage at the rate of [ ] per day, and prorata for less than a day during which such berthing is delayed. The Seller shall provide written confirmation of such delay.

6. MEASUREMENT, SAMPLING AND TESTING

- 6(1) The Seller shall install, maintain and operate or cause to be installed, maintained and operated the necessary equipment and devices for the purpose of collecting the samples, analyzing the composition and testing for impurities of LNG loaded to the LNG Vessel. The Buyer shall install, maintain and operate or cause to be installed, maintained and operated in the LNG Vessel suitable and necessary equipment and devices for the purpose of measuring the volume of LNG delivered. Such equipment and devices are including but not limited to the LNG Vessel's Custody Transfer Measurement System ("CTMS").
- 6(2) The volume of LNG in each cargo loaded at the Delivery Point shall be measured by or on behalf of the Buyer using the LNG Vessel's CTMS and associated documentation according to the handbook 'LNG Custody Transfer' published by GIIGNL (second edition October 2001). The Buyer shall cause the measurement of each cargo of LNG to be carried out in accordance with the procedure agreed by the Parties as detailed in Annex C.
- 6(3) The Buyer shall promptly give notification to the Seller of the result of the measurement carried out in accordance with Clause 6(2).
- 6(4) Subject to any agreement reached by the Parties under Clause 4, the Seller shall carry out or cause to be carried out the sampling and analysis of each cargo of LNG loaded in accordance with the method and procedure agreed by the Parties as detailed in Annex C.
- 6(5) The Seller shall calculate the quantity delivered in each cargo or cause it to be calculated, using the results derived from the procedures specified in Clauses 6(2) and 6(4) and the method agreed by the parties as specified in Annex C. The Seller shall promptly give notification to the Buyer of the result of the analysis carried out in accordance with Clause 6 (4) and calculation of quantity delivered carried out in accordance with Clause 6 (5). Such notification shall include or be accompanied by all data and documents reasonably necessary to support the calculation of the quantity delivered.

6(6) Sample bottle shall be retained for [ ] days by the Seller except in case of dispute with respect to that analysis. In such case the sample bottle shall be further retained until the dispute is solved

6(7) The Parties shall jointly appoint an independent surveyor to witness and verify the measurement, sampling and testing of LNG. Such independent surveyor shall be qualified by education, experience and training to monitor such LNG activity. Either Party may have a representative present, in addition, to witness the measurement, sampling and testing of LNG. The cost of the independent surveyor shall be shared equally by the Parties.

If, as the results obtained with regards to the measurement, sampling, and testing of LNG, either Party notifies a disagreement to the other Party, then the Parties shall jointly appoint an Expert to resolve the dispute. Such person shall be qualified by education, experience and training to determine the matter in dispute.

The cost of the Expert shall be shared equally by the Parties.

7. TRANSFER OF TITLE AND RISK

Title and risk in each cargo loaded under this Agreement shall pass from the Seller to the Buyer as the LNG passes the Delivery Point.

8. PRICE AND PAYMENT

8(1) The price of LNG sold under this Agreement shall be as specified in the Confirmation Notice.

8(2) The amount payable by the Buyer to the Seller for each cargo of LNG sold under this Agreement shall be calculated by multiplying the Quantity Delivered as notified pursuant to Clause 6 by the LNG price pursuant to subclause 8(1) .

8(3) The Seller shall within [ ] hours of completing the loading, send to the Buyer an invoice showing the amount payable calculated pursuant to sub-clause 8(2) to be received with all relevant documents within the working hours of a working day of the Buyer.

- 8(4) The Seller may send an invoice by facsimile or alternative method mutually agreed by the Parties, and the Buyer shall confirm its receipt. The Seller shall confirm it by sending an original signed invoice without delay.
- 8(5) The Buyer shall pay the amount payable under an invoice within [ ] Banking Days from the date of the receipt of an invoice pursuant to subclause 8(4). Payment shall be made in ( ) free of all charges, in immediately available funds and without asserting any set-off or counter-claim or making any deduction into a bank account nominated by the Seller.
- 8(6) For the purpose of sub-clause 8(5) a "Banking Day" is as specified in the Confirmation Notice.
- 8(7) If for any reason the Seller is unable to determine without delay the Quantity Delivered or by the operation of any provision of Clause 6, the Quantity Delivered notified to Buyer is not immediately determined as final, then Seller shall provide Buyer with a preliminary invoice as soon as practicable after the completion of loading. Such preliminary invoice shall be issued showing the Quantity Delivered, as estimated in good faith by or on behalf of Seller. Buyer shall pay such preliminary invoice in accordance with Clause 8(5). After final determination of the Quantity Delivered, which shall not be unreasonably delayed, Seller shall promptly provide Buyer with a final invoice and the appropriate adjustment payment shall be made by Buyer or Seller (as applicable) to the other within ten (10) Banking Days from the date of receipt of the final invoice by Buyer together with interest at [ ] on the amount of such adjustment from the due date of the preliminary invoice to the date of payment of the adjustment.
- 8(8) If the Buyer fails to pay the Seller an amount due under any invoice by the due date for payment, Seller will inform by written notice the Buyer of such circumstance. If the relevant invoice is not paid after ( ) days after such notice
- (a) The Seller may suspend further loading of LNG under this Agreement until payment is made and
  - (b) The Buyer shall pay interest thereon to the Seller for the period commencing on and including the next day following the due date up to and including the day when payment is made. Interest shall be calculated at the rate of [ ] above the rate ( ).

9. TAXES AND CHARGES

9(1) All Taxes (as defined in sub-clause 9(3) below) arising in the Buyer's country or in the country of discharge of LNG shall be paid or borne by the Buyer. The Buyer shall reimburse the Seller for any such taxes which the Seller is obliged to pay.

9(2) All Taxes arising in the Seller's country shall be paid or borne by the Seller. The Seller shall reimburse the Buyer for any such Taxes which the Buyer is obliged to pay.

9(3) In this clause, "Taxes" means all taxes, charges, royalties, duties or other imposts whatsoever levied by a government or duly constituted authority on the LNG sold hereunder or on the natural gas from which it was derived or in respect of the act, right or privilege of producing, processing or selling that LNG or natural gas, but does not include any form of tax payable on income or profits.

10. PERMISSIONS AND APPROVALS

10(1) The Seller shall obtain or cause to be obtained all necessary permissions, authorizations, approvals and other requirements from the government in the country where the Project is located or any other duly constituted authority necessary to enable it to perform its obligations under this Agreement.

10(2) The Buyer shall obtain or cause to be obtained all necessary permissions, authorizations, approvals and other requirements from the government in the country the LNG is being delivered or any duly constituted authority necessary to enable it to perform its obligations under this Agreement.

10(3) If permissions and approvals described in sub-clause 10(1) and 10(2) are not obtained prior to issuance of a Confirmation Notice, the Parties shall consult in good faith.

11. FORCE MAJEURE

11(1) A party is not liable for a failure to fulfill an obligation under this Agreement (other than an obligation to pay money or where a party may perform the Agreement through payment of money) and is not in breach of this

Agreement, if and to the extent to which fulfillment has been delayed, interfered with or prevented by Force Majeure, which shall be defined as any circumstance whatsoever, which is beyond the reasonable control of the party affected.

11(2) In this Agreement, provided the aforementioned requirement is met, "Force Majeure" includes but is not limited to:

- (a) The compliance by the party affected with an act, order or demand of an international, national, port, transportation, local or other authority or agency or of any body or person purporting to be or act for such an authority or agency;
- (b) Fire, flood, atmospheric disturbance, lightning storm, typhoon, tornado, earthquake, landslide, soil erosion, subsidence, washout, epidemic or other acts of God, shipwreck, navigational and maritime perils;
- (c) War (whether declared or undeclared), riot, civil war, blockade, insurrection, acts of public enemies, civil disturbances or act of terrorism, quarantine restriction;
- (d) A strike or any other kind of labor dispute;
- (e) In the case of the Seller, loss of or damage to transportation facilities or LNG production, storage or loading facilities, except when such loss or damage is caused by the Seller's negligence;
- (f) In the case of the Buyer, loss of or damage to the LNG Vessel, except when such loss or damage is caused by the Buyer's negligence;
- (g) In the case of the Buyer, loss of or damage to the Unloading Port, receiving terminal, and related facilities, as well as downstream facilities.

Each of paragraphs (a), (b), (c), (d), (e), (f), (g) and (h) of this subclause 11(2) shall be read and construed independently.

11(3) A party seeking to rely on Force Majeure shall use reasonable endeavors in all the circumstances;

- (a) To eliminate the circumstance of Force Majeure relied on to enable it to resume full performance of its obligations; and

- (b) To minimize the effects of the circumstance of Force Majeure; provided however that a strike or any other kind of labor dispute may be settled by the party concerned at its absolute discretion.

11(4) For the purpose of paragraph 11(1), unless a circumstance is beyond the reasonable control of the Seller itself and all of the following persons who are in any way related to the circumstance, it is deemed to be within the reasonable control of the Seller:

- (i) the operator or delegated operator of raw gas production or transportation facilities or LNG production, storage or loading facilities;
- (ii) a servant or agent of one or more of the foregoing persons.

11(5) For the purpose of paragraph 11(1), unless a circumstance is beyond the reasonable control of the Buyer itself and all of the following persons who are in any way related to the circumstance, it is deemed to be within the reasonable control of the Buyer;

- (i) The owner, operator, manager or charterer of the LNG Vessel;
- (ii) A servant or agent of one or more of the foregoing persons.

11(6) In the event that any circumstance of Force Majeure continues for [ ] days or more, or is likely to continue for [ ] days or more, then either party shall be entitled (upon notice hereunder) to terminate this Agreement or Confirmation Notice without further obligations or liability of either party hereto.

## 12. LIMITATION OF LIABILITY

A party is not liable to another party under this Agreement, or in negligence or otherwise howsoever, as a result of any act or omission in the course of or in connection with the carrying out of this Agreement, for or in respect of any consequential loss or damage, including any loss of income or profits.

13. GOVERNING LAW AND ARBITRATION

13(1) This Agreement is governed by and shall be construed in accordance with the law of [ ].

13(2) Except for a disagreement pursuant to Clause 6 which shall be governed by Clause 6(7), any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, which cannot be resolved by discussion in good faith between the Parties, shall be settled by arbitration in accordance with the [ ] Arbitration Rules in force on the date of execution of this Agreement. The number of arbitrators shall be three. If either party fails to appoint an arbitrator or the two arbitrators appointed by the Parties fail to agree on the choice of the presiding arbitrator, the appointing authority is the [ ]. The place of arbitration is [ ]. An award is final and binding upon the Parties concerned, and judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction over any party concerned.

14. FACILITIES

14(1) The 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, raw gas production and transportation facilities and LNG production, storage and loading facilities necessary in order to fulfill its obligations in a safe and efficient manner under this Agreement. The Seller shall give Buyer a reasonable opportunity to inspect at the sole risk and cost of the Buyer, the LNG production, storage and loading facilities.

14(2) The loading facilities to be provided under sub-clause 14(1) shall include a line for returning vaporized gas from the LNG Vessel so that the loading can be undertaken in a safe manner. The Parties shall agree on the conditions as to quantity, rate, pressure and temperature with regard to the capability of the relevant facilities of the Seller and the LNG Vessel necessary to ensure safe loading. The Buyer shall return that vaporized gas to the loading terminal during loading or cooling operations.

15. SAFETY

15(1) The Parties recognize the importance of securing and maintaining safety in all matters contemplated in this Agreement including the operation of facilities and the transportation of LNG and it is their intention to secure and maintain high standards of safety in accordance with the generally accepted standards prevailing in the liquefied natural gas industry from time to time. The Seller hereby agrees to provide the LNG Vessel with a safe berth at each loading hereunder.

15(2) The Buyer shall at all times ensure that the LNG Vessel meets the safety standards required by all applicable maritime regulations and requirements in the countries the LNG Vessel will call and is provided with appropriately qualified and suitably trained officers and crew.

15(3) The Buyer, with regard to the navigation and management of the LNG Vessel, and The Parties, with regard to the LNG Vessel's berthing, unloading and putting to sea, shall keep in close touch with maritime and other relevant authorities and shall abide by all relevant laws, regulations and lawful orders, as well as international standards and regulations, and shall pay due regard to relevant guidance and other restrictions. The Parties, in performance of this undertaking, shall make appropriate arrangements with the parties concerned with those matters.

15(4) The Parties shall use all reasonable efforts to ensure that their respective employees, agents, contractors and suppliers have due regard to safety and abide by the relevant regulations while they are performing works and services within and around the area of the loading terminal and on board the LNG Vessel.

16. TERM

This Agreement shall be in force from the date of signature and shall remain in force for a period as may be necessary for completion of the loading of the last scheduled cargo as per the Confirmation Notice and for all obligations of the Parties to be performed in accordance with this Agreement.

17. GENERAL

- 17(1) Unless otherwise agreed all notices to be given under this Agreement by one party to the other are sufficiently given in English, in writing and either delivered in person or sent by prepaid airmail, facsimile, email, or other similar devices mutually agreed by the Parties to the other party at its address specified in this Agreement. Except for notification pursuant to subclause 5(2), a notice given by facsimile, email, or other similar devices mutually agreed by the Parties shall be subsequently confirmed by letter, unless otherwise agreed, but without prejudice to the validity of the original notice.
- 17(2) The Parties agree to treat the contents of this Agreement and any information disclosed in an arbitration conducted under this Agreement as strictly confidential and agree not to disclose any provision of this Agreement or any confidential information in connection with the performance of this Agreement to any third party without the prior written consent of the other party hereto, except for such information which is already part of the public domain, and except for disclosure by either party to this Agreement to its affiliate or any court or governmental authority requiring such or any other appropriate third party to the extent necessary to comply with any legal or governmental requirement. Except in the case of such information already forming part of the public domain, such disclosing party shall make all reasonable endeavors to ensure that the Party or the Parties receiving such confidential information maintain its confidentiality. This sub-clause remains in force for three (3) years after the expiry of this Agreement.
- 17(3) Neither party may assign any of its rights and obligations under this Agreement without first obtaining the consent in writing of the other party, such consent not to be unreasonably withheld.  
Notwithstanding the first paragraph of this Clause 17(3), a Party may assign its rights and obligations in respect of a transaction (as originated in a Confirmation Notice) to an Affiliate on prior written notice to, but without the consent of, the other Party; provided, however, that in such circumstances the assignor shall not be relieved of any obligations that such Affiliate fails to perform, except if prior written consent is obtained from the other Party.
- 17(4) The failure of either party of any time to require performance of any provision of this Agreement shall not affect its right to require subsequent performance pursuant to that provision, nor shall the waiver by either party of any breach of any provision or this Agreement be deemed to be a waiver of any

subsequent breach of such provision.

17(5) This Agreement constitutes the entire agreement between the Parties on the subject matter of this Agreement and supersedes and replaces any provisions on that subject contained in any other agreement between the Parties, whether written, or oral, entered into by the Parties prior to the date of execution hereof.

IN WITNESS WHEREOF the Parties have executed this Agreement.

AGREED AND ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20 \_\_\_\_.

Signed for and on behalf of

Signed for and on behalf of

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

**ANNEX A**

**Confirmation Notice**

1) Parties

The Buyer

The Seller

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Attn: \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Telefax: \_\_\_\_\_  
 Email: \_\_\_\_\_

Attn: \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Telefax: \_\_\_\_\_  
 Email: \_\_\_\_\_

The following confirmation confirms the agreement made between representatives of the Parties identified herein. This sale is subject to the terms and conditions of the existing Master F.O.B. LNG Purchase Agreement dated [     ].

2) Vessel to be Used by the Buyer: \_\_\_\_\_

3) Quantity and Loading Schedule:

Seller will deliver and Buyer will purchase a quantity of about [     ] MMBtu of LNG to be delivered in [     ] according to the following schedule:

	Loading Port	Loading Date	Unloading Port	Scheduled Unloading	Date Quantity (MMBtu)
Cargo 1	_____	_____	_____	_____	_____
Cargo 2	_____	_____	_____	_____	_____
Cargo 3	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____

4) Laytime

5) Demurrage

6) Term: Commences on execution and continues through \_\_\_\_\_

7) Price: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Banking day: a day on which banks are open for business in \_\_\_\_\_

Working day: days on which offices in \_\_\_\_\_ and \_\_\_\_\_ are open for business

8) Quality

The quality specifications, as listed in Annex B of the Master Agreement, as amended as follows:

\_\_\_\_\_

9) Notices

The Buyer

The Seller

Correspondences:

Invoices:

Payments (by wire)

Scheduling

The information specified above maybe modified by written notice to the other party.

AGREED and ACCEPTED this day \_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_

The Buyer

The Seller

BY: \_\_\_\_\_

BY: \_\_\_\_\_

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

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

For: \_\_\_\_\_

For: \_\_\_\_\_

## ANNEX B

### QUALITY SPECIFICATIONS

Gross Heating Value Between \_\_\_\_\_MJ/Nm<sup>3</sup> and \_\_\_\_\_MJ/Nm<sup>3</sup>

Wobbe Index Between \_\_\_\_\_ MJ/Nm<sup>3</sup> and \_\_\_\_\_MJ/Nm<sup>3</sup>

The density of the LNG loaded into the LNG Vessel shall not be more than \_\_\_\_\_ kg/m<sup>3</sup>

Composition (molecular percentage):

Nitrogen (N <sub>2</sub> )	between _____ and _____
Methane (C <sub>1</sub> )	between _____ and _____
Ethane (C <sub>2</sub> )	between _____ and _____
Propane (C <sub>3</sub> )	between _____ and _____
Isobutane (iC <sub>4</sub> )	between _____ and _____
Normal Butanes (nC <sub>4</sub> )	between _____ and _____
Pentanes plus (C <sub>5</sub> +) )	between _____ and _____

Impurities within the following range:

Hydrogen Sulphide - not more than \_\_\_ mg per normal cubic meter

Total Sulphur - not more than \_\_\_ mg per normal cubic meter

Sulphur from COS and H<sub>2</sub>S – not more than \_\_\_\_\_ mg per normal cubic meter

Mercaptans – not more than \_\_\_\_\_ mg per normal cubic meter

Mercury – not more than \_\_\_\_\_ ng per normal cubic meter

Other requirements as maybe required:

Objectionable solids and solid or other impurities - none in such quantities as will interfere with the loading of LNG into the LNG Vessel or its unloading or use by the Buyer's customer or customer's customer.

## ANNEX C

### MEASUREMENT AND TESTING

#### 1) Measurement of volume

Measurement of the Quantity Delivered will be performed according to ISO 13398/97 and the handbook LNG Custody Transfer published by GIIGNL (second edition October 2001).

#### 2) Sampling and Determination of Molecular Composition

- a) Before analysing the gas samples collected as explained below, a test, and a calibration if required, of the gas chromatography being utilised shall be performed by the Seller before the analysis of the samples taken from each loading. Such test, or calibration if required, shall be effected with the aid of a certified gaseous mixture in accordance with ISO 6142-1981 having a known composition similar to the LNG then being loaded (Standard Gas).

Two consecutive runs of the Standard Gas of known composition similar to LNG product will be introduced to the gas chromatography equipment being utilized. The difference in peak area's of the two runs of each component should not exceed 1% or the difference in each peak's height should be within 1 mm. The difference between the two runs of each component (% mol.) after normalization should not exceed the tolerance allowed by GPA 2261.

- b) Samples of the LNG shall be taken during unloading at suitable points between the loading Points and shore storage tanks. The continuous on-line sampling devices shall be such as to permit the total and continuous vaporisation of a quantity of LNG sufficient for the taking of a gaseous sample representative of the LNG then being loaded.

Such samples shall be taken and analysed by Seller by means of a suitable state of the art on-line gas chromatograph in accordance with ISO 6974. The flow weighted average of such analyses shall determine the molecular composition of the LNG. For the purpose of determining the molecular composition, all hydrocarbon components heavier than pentane shall be included in the normal pentane fraction.

For the analysis of the impurities Hydrogen Sulphide and Total Sulphur, the Seller will follow standards SMS-1720 and ASTM D 4468 respectively, or ISO 6326.

For the analysis of the impurities COS + H<sub>2</sub>S and mercaptans, the Seller will follow standard ISO 6326/1989 (parts 1, 2 and 4).

**3) Determination of density**

The density of the LNG loaded shall be calculated in Kg/m<sup>3</sup> from its molecular composition determined according to Point 2 of this Appendix B, using the revised Klosek-McKinley method described in ISO 6578/91.

**4) Determination of the Gross Heating Value (GHV)**

The Gross Heating Value (Mass) (in MJ/Kg) and the Gross Heating Value (Volume) (in MJ/Nm<sup>3</sup>) of the LNG loaded shall be calculated from its molecular composition determined according to Point 2 of this Appendix B, in accordance with ISO 6976/95 (with Values of GHV of components at 25°C and 1,01325 bar).

**5) Accuracy of Measurements.**

The accuracy of the instruments used, other than on-line gas chromatograph, may be requested by either Party without disrupting the schedule of deliveries of the Seller and Loading Port operations. Such verifications shall be made only when both Parties are represented, or have received adequate advance notice thereof, in accordance with methods recommended by the manufacturers of the measuring instruments. Any test shall be witnessed and verified by an independent surveyor under Clause 8 of this Agreement. If the inaccuracy of a device exceed the permissible tolerances, such device shall be adjusted immediately as necessary.

Permissible tolerances shall be as defined hereafter:

- Temperature: +/- [ ] degrees Celsius at -160 °C
- Pressure: +/- [ ] of the calibrated span of measuring device
- Level gauge: +/- [ ] mm

**6) Quantity of Energy Delivered**

The quantity of energy sold and delivered shall be computed by the Seller pursuant to the following formula:

$$Q = (V_{L2} - V_{L1}) * D_{L2} * GHV_{L2} - Q_R$$

Where:

$Q$ : the quantity of MJ sold and delivered.

$V_{L1}$ : the volume of LNG in cubic meters on board the LNG Vessel prior to loading.

$V_{L2}$ : the volume of LNG in cubic meters after completion of loading.

$D_{L2}$ : the density of the loaded LNG in kilograms per cubic meter.

$GHV_{L2}$ : the Gross Heating Value of the LNG loaded in MJ per kg.

$Q_R$ : represents the quantity of Natural Gas in MJ returned to the shore tanks from the Vessel during the loading as calculated in accordance with the formula:

$$Q_R = V \cdot \frac{273.15}{(273.15 + T_v)} \cdot \frac{P \cdot GHV_G}{1013.25}$$

Where: “ $GHV_G$ ” represents the Gross Heating Value (Volume) in MJ/Nm<sup>3</sup> of the return vapour (as measured by the plant operator or, if not measured by the plant operator, assumed to be Methane) at 25 °C (twenty five degrees Celsius) and 1013.25 millibars. The figure 1013.25 represents standard atmospheric pressure expressed in millibars. The figures 273.15 represent 0°C (zero degrees Celsius) respectively as expressed in °K (degrees Kelvin).

$P$  = average absolute pressure of vapour in the LNG Vessel immediately before loading, expressed in millibars.

$T_v$  = average temperature of the vapour in the LNG Vessel before loading, in degrees Celsius.

$V$  = the total volume of the liquid cargo unloaded, in cubic metres.

$$V = (V_{L2} - V_{L1})$$