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November 7, 2003

Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum Import and Export Activities
Fossil Energy
U.S. Department of Energy
Docket Room 3E-042, FE-34
Forrestal Building
1000 Independence, Avenue, S.W.
Washington, D.C. 20585

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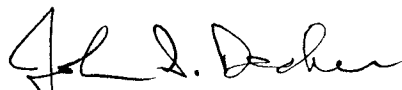
Re: FE Docket No. 03-77-LNG

Dear Mr. Tomaszewski:

Pursuant to Part 590 of the Department of Energy's Regulations, 10 C.F.R. Pt. 590 (2003), please find enclosed an original and 15 copies of the application of BG LNG Services, LLC for long-term authorization to import liquefied natural gas from the Republic of Trinidad and Tobago pursuant to Section 3 of the Natural Gas Act, as amended. Also please find enclosed a check for \$50 made payable to the Treasurer of the United States as required by 10 C.F.R. § 590.207.

Please date and 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

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

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U.S. DEPARTMENT OF ENERGY

BG LNG Services, LLC

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FE Docket No. 03-77-LNG

**APPLICATION OF BG LNG SERVICES, LLC
FOR LONG-TERM AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS
FROM THE REPUBLIC OF TRINIDAD AND TOBAGO**

Mark Evans
Vice President Marketing, Logistics
and Asset Optimization
BG LNG Services, LLC
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(713) 403-3748

John S. Decker
Curtis D. Blanc
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1455 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-1008
(202) 639-6599

November 7, 2003

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 No. 03-171-LNG

OFFICE OF FOSSIL ENERGY
DEPARTMENT OF ENERGY

APPLICATION OF BG LNG SERVICES, LLC
FOR LONG-TERM AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS
FROM THE REPUBLIC OF TRINIDAD AND TOBAGO

Pursuant to Section 3 of the Natural Gas Act (“NGA”), as amended;¹ Department of Energy (“DOE”) Delegation Order Nos. 0204-111 and 0204-127;² and Part 590 of the Regulations of the DOE, Office of Fossil Energy (“OFE”),³ BG LNG Services, LLC (“BGLS”) hereby submits this application for long-term authorization to permit BG LNG to import liquefied natural gas (“LNG”) pursuant to a long-term LNG Sale and Purchase Agreement (“Importation Agreement”) entered into by and between BGLS and its affiliate BG Gas Marketing Ltd. (“BGGM”). 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:

Mark Evans
Vice President Marketing, Logistics
and Asset Optimization
BG LNG Services, LLC
5444 Westheimer, Suite 1775
Houston, Texas 77056
tel: (713) 403-3748
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¹ 15 U.S.C. § 717b (2000).

² 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).

³ 10 C.F.R. Pt. 590 (2003).

II. Background

BGLS is a limited liability company organized under the laws of the State of Delaware, which has 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 produced in the Republic of Trinidad and Tobago on a long-term basis. BGLS currently imports LNG from various international sources pursuant to a previously granted blanket authorization by the OFE.⁴ BGLS has also submitted an application for long-term authorization to import LNG from Nigeria, which is pending before OFE.⁵

III. Authorization Requested

BGLS seeks long-term authorization to import LNG purchased from BGGM pursuant to the Importation Agreement.⁶ BGGM will procure the LNG subject to the Importation Agreement from Point Fortin LNG Exports Ltd. (“PFLE”) and Trinling Limited (“Trinling;” Trinling and PFLE are collectively referred to herein as the “Suppliers”). The Suppliers are located in the Republic of Trinidad and Tobago, which is the country of origin for the natural gas relevant to this application. Upon importation, BGLS will sell the LNG, and natural gas resulting from the vaporization of the LNG, to third parties in the normal course of business.

The point of entry for the LNG into the United States will generally be the LNG terminalling, storage and vaporization facility (“LNG Terminal”) owned and operated by Southern LNG, Inc. (“Southern LNG”). The LNG Terminal is located on Elba Island in the

⁴ *BG LNG Services, Inc.*, Order Granting Blanket Authorization to Import Liquefied Natural Gas, DOE/FE Order No. 1710, FE Docket No. 01-47-LNG (Oct. 2, 2001). On October 31, 2003, BG LNG Services, Inc. submitted a notification in FE Docket No. 01-47-LNG that it has changed its name to BG LNG Services, LLC.

⁵ Application of BG LNG Services, LLC for Long-term Authorization to Import Liquefied Natural Gas, FE Docket No. 03-___-LNG (Nov. 3, 2003).

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

vicinity of Savannah, Georgia. The Importation Agreement provides that BGLS may designate an alternative delivery point for the LNG.

Pursuant to the Importation Agreement, BGLS will purchase all quantities of LNG purchased and received by BGGM pursuant to its agreements with the Suppliers. BGLS anticipates importing approximately 109 million MMBtu of LNG per year under the agreement. BGLS will pay for each cargo of LNG delivered to the LNG Terminal, (a) where the point of resale is at the outlet of the LNG Terminal, the amount BGLS receives for the resale of the gas less \$0.02 per MMBtu, or (b) where the point of resale is downstream of the LNG Terminal, the amount received by BGLS for the resale less (i) \$0.02 per MMBtu and (ii) the reasonably incurred cost of transportation from the LNG Terminal to the point of sale. The contract price for LNG delivered at an alternative delivery point is similarly calculated. Because the contract price for LNG under the Importation Agreement is linked to the market price for natural gas, the LNG supply covered by the Importation Agreement will remain competitive for its duration.

The Importation Agreement also provides that BGGM reimburse BGLS for BGGM's proportionate share of the monthly terminalling costs paid by BGLS to Southern LNG. Moreover, all customs, taxes, excises, fees, duties, levies, charges and other assessments payable on or with respect to the sale or delivery of LNG under the Importation Agreement, its exportation from the Republic of Trinidad and Tobago and the importation of LNG into the United States, will be the responsibility of BGGM. The agreement provides a limited exception for LNG deliveries at an alternative delivery point. The Importation Agreement will terminate upon the latest of the termination of BGGM's purchase agreements with the Suppliers. BGLS seeks a long-term authorization because the agreement is likely to remain in effect for more than two years.

OFE has already granted import authorization for a portion of the LNG subject to this application. On December 8, 1999, OFE granted Sonat Energy Services Company (“SES”) long-term authorization to import from the Republic of Trinidad and Tobago up to 82 Bcf of LNG per year over a term of 22 years (“Order No. 1549”).⁷ Following the merger of SES’s parent company into El Paso Energy Corporation, on January 21, 2000, OFE amended Order No. 1549 to substitute El Paso Merchant Energy-Gas, L.P., (“El Paso Merchant”) as the importer of LNG under that order.⁸ As explained in the attached Importation Agreement, it is contemplated that El Paso Merchant will assign its right, title, benefit, and interest under its LNG supply agreements with the Suppliers to BGGM.⁹

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.”¹⁰ 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.”¹¹ 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

⁷ *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).

⁸ *El Paso Merchant Energy-Gas, L.P.*, Order Transferring Long-Term Authorization to Import Liquefied Natural Gas From Trinidad and Tobago, DOE/FE Order No. 1549-A, FE Docket No. 99-93-LNG (Jan. 21, 2000). El Paso Merchant Energy-Gas, L.P. subsequently changed its name to El Paso Merchant Energy, L.P.

⁹ In fact, such assignment is a condition precedent to the Importation Agreement. Importation Agreement, § 3.2(c).

¹⁰ 15 U.S.C. § 717b(a) (2000).

¹¹ *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).

the quality of the human environment within the meaning of the National Environmental Policy Act.¹² 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 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. As noted above, El Paso Merchant previously received authorization to import 82 Bcf of the LNG. El Paso Merchant has recently embarked on a corporate restructuring program in order to bolster its financial position. As part of this restructuring, El Paso Merchant has decided to assign its right to purchase the LNG from the Suppliers to BGGM. LNG imports from Trinidad & Tobago are ready to flow into the LNG Terminal on a long-term firm basis as soon as the authorization requested herein is granted. In order to expedite the availability of this supply of LNG to the U.S. market, BGLS requests that the importation authorization requested herein become effective upon the issuance of an order by DOE.

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:¹³

- A. Within two weeks after deliveries begin, BGLS must provide written notification of the date that the first import of LNG occurred.

¹² 42 U.S.C. §§ 431, *et seq.* (2000).

¹³ *See, e.g., 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).

- 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 as Exhibit A.

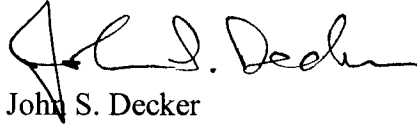
IX. Related Regulatory Proceedings

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 the requested long-term import authorization. BGLS submits that a grant of such authorization would be consistent with the public interest.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John S. Decker". The signature is fluid and cursive, with a prominent initial "J" and "S".

John S. Decker
Attorney for
BG LNG Services, LLC

November 7, 2003

Exhibit A

Corporate Power Of The Company

BG LNG SERVICES, LLC
5444 Westheimer, Suite 1775
Houston, Texas 77056

November 7, 2003

Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum Import and Export Activities
Fossil Energy
U.S. Department of Energy
Docket Room 3E-042, FE-34
Forrestal Building
1000 Independence, Avenue, S.W.
Washington, D.C. 20585

Dear Mr. Tomaszewski:

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 from the Republic of Trinidad and Tobago 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,



Cynthia Masters
Attorney for BG LNG Services, LLC

Exhibit B
Importation Agreement

Execution Draft

LNG SALE AND PURCHASE AGREEMENT

by and between

BG GAS MARKETING LTD

as Seller

and

BG LNG SERVICES, LLC

as Buyer

November 6, 2003

Execution Draft

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Execution Draft

LNG SALE AND PURCHASE AGREEMENT

This LNG Sale and Purchase Agreement (the "Agreement") is made and entered into as of the 6th day of November, 2003, by and between BG LNG SERVICES, LLC, a Delaware limited liability company ("Buyer"), and BG GAS MARKETING LTD, a company organized under the laws of England and Wales ("Seller"). Buyer and Seller may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Southern LNG Inc., a Delaware corporation ("Southern LNG"), and El Paso Merchant Energy, L.P. (formerly El Paso Merchant Energy-Gas, L.P.) ("El Paso Merchant"), have executed a service agreement (the "El Paso Service Agreement"), pursuant to which Southern LNG provides, on a firm basis, terminalling, storage and vaporization services for liquefied natural gas tendered by or for the account of El Paso Merchant at Southern LNG's marine terminalling, storage and regasification facility located on Elba Island in the vicinity of Savannah, Georgia (the "LNG Terminal");

WHEREAS, on June 2, 2000, El Paso Merchant and Point Fortin LNG Exports Ltd. ("PFLE") entered into (i) that certain LNG Sale and Purchase Agreement (Train 2) (the "Train 2 Agreement") under which El Paso Merchant agreed to purchase, and PFLE agreed to sell, certain quantities of LNG from the second liquefaction train of the Atlantic LNG Facility and (ii) that certain LNG Sale and Purchase Agreement (Train 3) (the "Train 3 Agreement") under which El Paso Merchant agreed to purchase, and PFLE agreed to sell, certain quantities of LNG from the third liquefaction train of the Atlantic LNG Facility;

WHEREAS, on June 2, 2000, El Paso Merchant and Trinling Limited (formerly BG LNG Train 3 Ltd., formerly Point Fortin LNG Exports (No. 2) Ltd.) ("Trinling"; Trinling and PFLE are collectively referred to herein as the "Suppliers") entered into that certain LNG Purchase and Sale Agreement (Train 3) (the "Trinling Agreement"; the Trinling Agreement, the Train 2 Agreement and the Train 3 Agreement are collectively referred to herein as the "Supply Agreements") under which El Paso Merchant agreed to purchase, and Trinling agreed to sell, certain quantities of LNG from the third liquefaction train of the Atlantic LNG Facility;

WHEREAS, it is contemplated that El Paso Merchant will assign its right, title, benefit, and interest under the Supply Agreements to Seller;

WHEREAS, it is contemplated that Buyer and Southern LNG will execute a service agreement (the "Service Agreement") pursuant to which Southern LNG will provide, on a firm basis, terminalling, storage and vaporization services for liquefied natural gas tendered by or for the account of Buyer at the LNG Terminal, such services resulting from the contemplated release of capacity under the El Paso Service Agreement; and

WHEREAS, Buyer desires to purchase from Seller and Seller desires to resell to Buyer certain quantities of liquefied natural gas purchased by Seller under the Supply Agreements.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and stipulations set forth herein, the Parties hereby agree as follows:

ARTICLE 1. Definitions

Section 1.1 Interpretation. Unless the context of this Agreement otherwise requires, the following rules of interpretation shall apply with respect to this Agreement:

(a) references to this Agreement or any other agreement, deed, instrument, license, Law, code or other document of any description shall be construed as a reference to this Agreement or such other agreement, deed, instrument, license, Law, code or other document as the same may have been or may be amended, varied, supplemented, modified, superseded, restated or novated from time to time;

(b) references to any person shall include such person's successors and assigns;

(c) words denoting natural persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other entities (whether or not having a separate legal personality);

(d) references to a particular clause, paragraph, sub-paragraph, Article, Section or Exhibit shall be a reference to that clause, paragraph, sub-paragraph, Article, Section or Exhibit in or to this Agreement;

(e) the headings are inserted for convenience only and are to be ignored for the purposes of construction;

(f) terms defined in the Exhibits hereto shall have the meanings ascribed thereto in the Exhibits when used elsewhere in this Agreement;

(g) the words "include" and "including" are to be construed without limitation; and

(h) references in the singular shall include references in the plural and vice versa.

Section 1.2 Definitions. The following terms shall have the meanings specified in this Section 1.2 when used with initial capitalization (unless otherwise specified in this Section 1.2):

"Affiliate" means, with respect to any Party, an individual or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, another individual or entity. The term "controls" (including the terms "controlled by" and "under common control with") refers to the possession, direct or indirect, of the power or authority to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, the ownership directly or indirectly of fifty percent (50%) or more of the shares or voting rights

in a company, partnership or other legal entity shall be deemed to be control of such company, partnership or legal entity.

“Agreement” has the meaning specified in the preamble to this Agreement.

“Alternative Destination” means an alternative destination permitted in accordance with Article 9.

“Annual Program” means, with respect to any Scheduling Year, the schedule established for the delivery of LNG pursuant to the applicable Supply Agreement.

“Arrival Notice” has the meaning specified in Section 8.6(h).

“Arrival Window”

- (i) with respect to deliveries at the LNG Terminal, means the forty-eight (48) hour period beginning at 6:00 a.m. during which such cargo is scheduled to arrive at the Berth and
- (ii) with respect to all other deliveries, the dates and times identified in the Annual Program;

in each case as such window may be adjusted by the Parties.

“Atlantic 1” means Atlantic LNG Company of Trinidad and Tobago.

“Atlantic LNG 2/3” means Atlantic LNG 2/3 Company of Trinidad and Tobago Unlimited.

“Atlantic LNG Facility” means the integrated natural gas liquefaction facilities owned by Atlantic LNG 2/3 or Atlantic 1 in the Republic of Trinidad and Tobago including the liquefaction plant facilities onshore, gas transmission pipelines to the liquefaction plant, gas inlet facilities, gas pre-treatment and processing facilities, storage tanks, utilities, jetty, berthing and loading facilities and all ancillary facilities (as such facilities are modified or expanded from time to time, whether by Atlantic 1, Atlantic LNG 2/3, or another entity).

“Base Interest Rate” means the rate of interest announced from time to time to the press by Citibank, N.A., New York (“Citibank”) as Citibank’s base interest rate, which may not necessarily be the lowest rate charged by Citibank to its borrowers. If there is any doubt as to the base interest rate for any period, a written confirmation signed by an officer of Citibank shall conclusively establish the base interest rate in effect for such period. In the event that Citibank shall for any reason cease quoting a base interest rate as described above, then a comparable rate shall be determined by the Parties using rates then in effect and shall be used in place of the said base interest rate.

“Bcf” means one billion (1,000,000,000) Scf.

“Berth” means the area at the LNG Terminal where the LNG Tanker unloads the LNG for receipt by Buyer, or in the case of an Alternative Destination, the area at the LNG receiving facility at such Alternative Destination where the LNG Tanker unloads the LNG for receipt by Buyer.

“Btu” means British thermal unit, which is equal to the amount of heat required to raise the temperature of one (1) avoirdupois pound of pure water from fifty-nine degrees Fahrenheit (59°F.) to sixty degrees Fahrenheit (60°F.) at a constant pressure of fourteen and six hundred ninety-six thousandths pounds per square inch absolute (14.696 psia).

“Business Interruption Shortfall” has the meaning specified in Section 14.6(b)(i).

“Buyer” has the meaning specified in the preamble of this Agreement.

“Buyer Indemnified Parties” has the meaning specified in Section 15.1(a).

“Buyer’s Related Facilities” means the following facilities:

- (i) the 14” Savannah/Wrens 112 mile pipeline owned and operated by SNG;
- (ii) the 14” Savannah/Wrens 15.2 mile loop owned and operated by SNG;
- (iii) the 20” Savannah/Wrens 104.5 mile second loop owned and operated by SNG;
- (iv) the parallel 30” Elba/Savannah 13.2 mile pipelines owned and operated by SNG;
- (v) the compressor station located at Wrens, Georgia owned and operated by SNG; and
- (vi) all electric power transmission facilities and other utility facilities necessary for the operation of the LNG Terminal.

“Claim” has the meaning specified in Section 15.1(a).

“Confidential Information” has the meaning specified in Section 18.1.

“Contract Price” has the meaning specified in Section 11.1.

“Cubic Foot” means a measure of the volume equal to the volume of a cube whose edge is one (1) foot. For purposes of reference, one foot equals three thousand and forty-eight ten thousandths (0.3048) meter and one Cubic Foot equals 0.0283168 Cubic Meter.

“Cubic Meter” means a measure of volume equal to the volume of a cube whose edge is one (1) meter.

“Day” means a twenty-four (24) hour period beginning at 12:00 a.m. on any calendar day and ending at 12:00 am on the following calendar day.

“Delivery Point” means

- (i) with respect to LNG delivered to the LNG Terminal, the point, whether one or more, at which a flange at the outlet of the unloading piping of the LNG Tanker joins a flange at the entry of the receiving LNG pipeline at the LNG Terminal, and
- (ii) with respect to LNG delivered to an Alternative Destination, the point, whether one or more, at which a flange at the outlet of the unloading piping of the LNG Tanker joins a flange at the entry of the receiving LNG pipeline at the LNG unloading facilities located at such Alternative Destination.

“Dispute” has the meaning specified in Section 16.1(a).

“Dollars” or “\$” means the lawful currency of the United States.

“Effective Date” means the effective date of the assignment of the Supply Agreements from El Paso Merchant to Seller.

“El Paso Merchant” has the meaning specified in the recitals to this Agreement.

“El Paso Service Agreement” has the meaning specified in the recitals to this Agreement.

“Estimated Time of Arrival” or “ETA” has the meaning specified in Section 8.6.

“FERC” means the Federal Energy Regulatory Commission.

“FERC Gas Tariff” means an effective tariff of a regulated jurisdictional company on file with the FERC, including service agreements, rate schedules and general terms and conditions of service.

“Force Majeure” has the meaning specified in Section 14.2.

“Government Entity” means

- (i) any legislative, judicial, regulatory or executive body (including any agency, bureau, department, commission or office) of the government of any sovereign state or any political subdivision thereof, or
- (ii) any entity, excluding the Operator of the LNG Terminal or any Alternative Destination, with the authority to regulate or otherwise control ingress to or egress from the Unloading Port.

“ICC” means the International Chamber of Commerce.

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

“ICC Rules” means the Commercial Arbitration Rules of the ICC.

“Incremental Value” has the meaning specified in Section 11.1.

“Lake Charles Terminal” means the LNG receiving terminal at Lake Charles, Louisiana, inclusive of all facilities owned and operated at that site by Trunkline LNG Company, LLC, its successors, Affiliates and assigns, together with all expansions or additions thereto.

“Laws” means all applicable laws, treaties, conventions, statutes, rules, regulations, decrees, ordinances, licenses, permits, compliance requirements, decisions, orders, directives, policies that are enforceable through regulatory and/or judicial processes.

“Lenders” has the meaning specified in Section 21.10.

“LNG” means liquefied natural gas meeting the quality specifications set forth in Section 5.1, liquefied natural gas that Buyer is required to accept pursuant to Section 5.1(a), and liquefied natural gas that Buyer is not required to accept, but which Buyer elects to accept.

“LNG Tanker” means an ocean-going vessel, meeting the requirements of Section 8.2, suitable for transporting LNG, which is used for the transportation of LNG delivered from Seller to Buyer under this Agreement.

“LNG Terminal” has the meaning specified in the recitals to this Agreement.

“Mcf” means one thousand (1,000) Scf.

“MMBtu” means one million (1,000,000) Btu.

“Month” means a calendar month according to the Gregorian calendar.

“Nominees” has the meaning specified in Section 16.1(b).

“Notice of Readiness” has the meaning specified in Section 8.7.

“Operator” means

- (i) with respect to LNG delivered to the LNG Terminal, Southern LNG;
and
- (ii) with respect to LNG delivered to the Lake Charles Terminal, Trunkline LNG Company, LLC, or its successors and assigns; and
- (iii) with respect to LNG delivered to any other Alternative Destination, the terminal operator of such Alternative Destination.

“Party” has the meaning specified in the preamble to this Agreement.

“PFLE” has the meaning specified in the recitals to this Agreement.

“Reasonable and Prudent Operator” means a person acting in good faith with the intention of performing its contractual obligations and who, in so doing and in the conduct of its undertaking, exercises that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be exercised by a skilled and experienced person complying with applicable Laws engaged in the same type of undertaking under the same or similar circumstances and conditions.

“Scheduling Year” means a “Scheduling Year” under the applicable Supply Agreement.

“Seller” has the meaning specified in the preamble to this Agreement.

“Seller Indemnified Parties” has the meaning specified in Section 15.1(b)

“Seller’s Allocable Percentage” means:

- (i) with respect to any period before the second anniversary of “the Date of First Commercial Delivery” as defined in the Train 3 Agreement, zero (0), or
- (ii) beginning with the second anniversary of the “Date of First Commercial Delivery” as defined in the Train 3 Agreement, sixty-four and three thousand seven hundred and thirty-five ten thousandths percent (64.3735%).

“Seller’s Total Delivered Volume” means, with respect to a given period, the total volume of LNG (in Cubic Meters) delivered by Seller to the LNG Terminal during such period.

“Service Agreement” has the meaning specified in the recitals to this Agreement.

“SNG” means Southern Natural Gas Company, a Delaware corporation.

“Southern LNG” has the meaning specified in the recitals to this Agreement.

“Standard Cubic Foot” or “Scf” means the quantity of dry natural gas occupying a volume of one (1) Cubic Foot at fourteen and seventy-three one hundredths pounds per square inch absolute (14.73 psia) and sixty (60) degrees Fahrenheit.

“Suppliers” has the meaning specified in the recitals to this Agreement.

“Supply Agreements” has the meaning specified in the recitals to this Agreement.

“Terminalling Costs” has the meaning specified in Section 11.2.

“Title Transfer Point” has the meaning specified in Section 7.1.

“Total Delivered Volume” means, with respect to a given period, the total volume of LNG (in cubic meters) delivered to the LNG Terminal during such period.

“Train 2 Agreement” has the meaning specified in the recitals to this Agreement.

“Train 3 Agreement” has the meaning specified in the recitals to this Agreement.

“Trinling” has the meaning specified in the recitals to this Agreement.

“Trinling Agreement” has the meaning specified in the recitals to this Agreement.

“United States” means the United States of America.

“Unloading Port” means the port where the Delivery Point is located.

Section 1.3 Volumetric Conversion Factor.

(a) In converting any quantities of natural gas expressed in Bcf from or to quantities of LNG expressed in Cubic Meters, the following conversion factor shall apply: one (1) Bcf of natural gas equals forty-six thousand one hundred twenty (46,120) Cubic Meters of LNG.

(b) In converting any quantities of LNG expressed in Mcf equivalent from or to quantities of LNG expressed in MMBtu, the following conversion factor shall apply: one thousand forty (1040) Btu per Cubic Foot.

ARTICLE 2. **Sale And Purchase**

Section 2.1 Agreement. Seller agrees to sell and Buyer agrees to take and pay for LNG upon the terms and conditions stated in this Agreement.

Section 2.2 Supply Agreements. Seller shall act diligently and in good faith to enforce its contractual rights under the Supply Agreements and shall not, without prior written consent of Buyer, such consent not to be unreasonably withheld, amend or waive any of its rights under the Supply Agreements in a manner that might adversely affect Buyer’s rights hereunder.

ARTICLE 3. **Term and Conditions Precedent**

Section 3.1 Term. The term of this Agreement shall commence on the Effective Date and shall continue until the latest of the termination of (i) the Train 2 Agreement, (ii) the Train 3 Agreement, or (iii) the Trinling Agreement, unless earlier terminated in accordance with the provisions of this Agreement.

Section 3.2 Conditions Precedent. The obligations of the Parties to deliver and take LNG hereunder are subject to the satisfaction or mutual waiver of the following conditions precedent:

(a) El Paso Merchant and Southern LNG agreeing to a release of El Paso Merchant’s capacity under the El Paso Service Agreement;

(b) Buyer and Southern LNG executing the Service Agreement on terms satisfactory to Buyer, in its sole discretion; and

(c) Seller obtaining an assignment of the Supply Agreements from El Paso Merchant on terms satisfactory to Seller, in its sole discretion.

ARTICLE 4. Quantities

Seller shall sell and deliver to Buyer and Buyer shall purchase, receive, and pay for at the applicable Contract Price, all quantities of LNG purchased and received by Seller under the Supply Agreements.

ARTICLE 5. Quality

Section 5.1 Acceptance and Rejection.

(a) Buyer will examine or cause the Operator to examine promptly the results of the inspection and tests described in Article 6 to determine whether Buyer accepts or rejects Seller's delivery of LNG. Buyer shall have the right to reject any delivery that does not comply in all respects with the specifications set forth in Exhibit 5.1; provided, however, that Buyer shall use reasonable efforts to accept, and shall cause the Operator to use reasonable efforts to accept, LNG that does not meet the specifications set forth in Exhibit 5.1; provided further, however, that if the Operator, having exercised reasonable efforts, nonetheless rejects any quantity of LNG that does not meet the specifications set forth in Exhibit 5.1, Buyer will be deemed to have rejected such quantity of LNG and shall have no liability to Seller with respect to such quantity.

(b) In the event that Seller becomes aware prior to loading of a cargo that the LNG in question will not conform to the specifications set forth in Exhibit 5.1, Seller shall notify Buyer of such non-conformity and, if requested by Seller, Buyer shall use reasonable efforts to notify Seller, within the time specified by Seller, of whether it will accept or reject such cargo; provided, however, that if Buyer fails to so notify Seller, such failure shall not be considered acceptance of Seller's request to take such cargo. Buyer's election to accept shall be binding (subject to Section 5.2) so long as the quality of the LNG at the Delivery Point is consistent with the quality notified to Buyer prior to the loading of such cargo. At the time Buyer notifies Seller of its willingness to accept such cargo, Buyer shall provide Seller a good faith estimate of the costs described in Section 5.2, which estimate shall not limit or otherwise affect Buyer's right to compensation under Section 5.2.

Section 5.2 Results of Acceptance. In the event Buyer accepts delivery of LNG that does not meet the specifications set forth in Exhibit 5.1, regardless of whether Seller has provided notice of such nonconformity pursuant to Section 5.1(b),

(a) Seller shall pay Buyer any incremental costs reasonably incurred by Buyer in connection with such nonconforming LNG, and

(b) upon such payment by Seller, such LNG shall be deemed, for purposes of this Article 5, to meet the specifications set forth in Exhibit 5.1.

Section 5.3 Results of Rejection. If Buyer rejects a delivery of LNG in accordance with Section 5.1:

- (a) title to such LNG shall be deemed to remain at all times with Seller;
- (b) the risk of loss associated with such LNG shall remain at all times with Seller;
- (c) Buyer shall have no obligation to pay for such LNG or any demurrage or other costs resulting from such rejection; and
- (d) Seller shall be deemed, for all purposes of this Agreement to have failed to deliver the quantity of LNG rejected by Buyer.

ARTICLE 6. Testing and Measurement

The volume and Btu quantities of the LNG sold and delivered to Buyer at the Delivery Point shall be the volume and Btu quantities of the LNG purchased and received by Seller under the Supply Agreements.

ARTICLE 7. Title and Risk of Loss

Section 7.1 Title. Title to the LNG sold and purchased under this Agreement will transfer from Seller to Buyer at a point (the "Title Transfer Point") which is the last point where the LNG Tanker carrying the LNG is outside the territorial waters of the United States or another point to be mutually agreed upon; provided, however, that Seller will fully indemnify Buyer and the Buyer Indemnified Parties, pursuant to Article 15, for all risks of loss, liabilities and Claims associated with such passage of title prior to transfer of custody of the LNG at the Delivery Point; provided, further, however, that in the event delivery of such cargo to the Delivery Point is cancelled, title will revert from Buyer to Seller upon the effectiveness of such cancellation.

Section 7.2 Risk of Loss. The risk of loss of the LNG and any liabilities resulting therefrom will remain with Seller until transferred to Buyer upon delivery of the LNG by Seller at the Delivery Point.

ARTICLE 8. Transportation and Unloading

Section 8.1 Seller's Responsibility for Shipping and Unloading. Seller shall be responsible for arranging, and shall pay all costs (including shipping costs, port charges and insurance costs) associated with the transportation of LNG to the LNG Terminal and, subject to the provisions of Article 9, to Alternative Destinations, except as provided in Article 12 of this Agreement.

Section 8.2 LNG Tanker Requirements.

(a) The LNG Tankers at all times shall be maintained and safely operated, compatible with the Unloading Port facilities and compliant with Southern LNG's FERC Gas Tariff as it may be amended from time to time; provided, however, that Seller will not be required to comply with changes to Southern LNG's FERC Gas Tariff that are not consistent with accepted international standards unless such changes are required or imposed by any Laws. The provisions of this Agreement applicable to LNG Tankers shall apply whether any LNG Tanker is owned and operated by Seller, or owned and/or operated by a third party (including Affiliates of

Seller). All LNG Tankers used by Seller shall, at a minimum and without limitation, at all times comply with the following:

- (i) be designed, equipped and manned so as safely to permit the unloading of a full cargo of LNG, from the port side of such LNG Tanker, during a period of less than eighteen (18) hours at an average pressure of forty pounds per square inch gauge (40 psig), such eighteen (18) hours not to include time for connection and cooldown of LNG unloading arms, pipes and other transfer equipment;
- (ii) be equipped with communications equipment that is in compliance with all applicable Laws or other requirements and that permits the LNG Tanker to be in communication with land stations and the control rooms of the Operator;
- (iii) be equipped with adequate facilities for mooring, unmooring and handling LNG at the Delivery Point and related port navigation;
- (iv) be in compliance with all applicable Laws and other requirements of the country of vessel registry and the United States that relate to seaworthiness, design, safety, environmental protection, navigation, operation and similar technical and operational matters as with respect to such LNG Tanker that may be in effect from time to time;
- (v) be manned with a qualified and competent crew, including the master and enough crew members fluent in written and spoken English to coordinate with personnel at the Unloading Port and a master, chief engineer, chief mate and cargo engineer (and such other officers having responsibilities associated with the preparation of the LNG Tanker for the discharge and unloading of LNG) who are all experienced in LNG Tanker operations;
- (vi) be maintained in class with either the American Bureau of Shipping, Lloyds Register of Shipping, Nippon KK or Det Norske Veritas or any other classification society that is mutually agreeable to the Parties;
- (vii) be adequately covered by marine insurance policies
 - (A) in amounts and at levels customarily maintained by first class operators, and
 - (B) if requested by the Operator, provide such Operator with a satisfactory certificate of such insurance prior to berthing of such LNG Tanker;
- (viii) be capable of carrying a cargo of at least seventy thousand (70,000) Cubic Meters of LNG but no more than one hundred forty-three thousand (143,000) Cubic Meters of LNG;

- (ix) be able to berth safely at, and compatible in all respects with, the LNG Terminal as it is configured as of the Effective Date; and
- (x) in the event that:
 - (A) LNG Tankers are required by any Government Entity to unload at the LNG Terminal from the starboard side of such LNG Tankers, and
 - (B) the LNG Terminal provides facilities for unloading of LNG Tankers on the starboard side,

then each such LNG Tanker must be designed, equipped and manned so as safely to permit the unloading of a full cargo of LNG from the starboard side of such LNG Tanker, during a period of less than eighteen (18) hours at an average pressure of forty pounds per square inch gauge (40 psig) such eighteen (18) hours not to include time for connection and cooldown of LNG unloading arms, pipes and other transfer equipment.

Section 8.3 LNG Tanker Inspection.

(a) Before the berthing and commencement of unloading of any LNG Tanker at the Unloading Port, Buyer shall have the right to conduct an inspection of the LNG Tanker for the purpose of determining Seller's compliance with Section 8.2, which Seller shall facilitate by providing Buyer, the Operator and their respective agents reasonable access to the LNG Tanker and such information regarding its condition and operation as is reasonably requested by Buyer, the Operator or their respective agents. If:

- (i) such inspection reveals that the LNG Tanker fails to comply with the Section 8.2 standards to the extent that a Reasonable and Prudent Operator would not permit such LNG Tanker to berth, or if berthed to unload, and
- (ii) Buyer has confirmation in writing that the Operator will not permit such LNG Tanker to berth, or if berthed to unload,

then Buyer shall have the right to reject the LNG Tanker.

(b) Rejection of an LNG Tanker pursuant to this Section 8.3 shall be deemed failure by Seller to deliver the cargo scheduled for delivery on such LNG Tanker.

Section 8.4 LNG Terminal Facility Inspection. Before the berthing and commencement of unloading of any LNG Tanker at the LNG Terminal, Seller shall have the right to conduct an inspection of the LNG Terminal for the purpose of determining Buyer's compliance with Exhibit 8.5(e) which Buyer shall facilitate by providing Seller and its agents reasonable access to the LNG Terminal facilities and such information regarding their condition and operation as is reasonably requested by Seller or its agents. If:

(a) such inspection reveals that Buyer has materially failed to comply with Exhibit 8.5(e) to the extent that a Reasonable and Prudent Operator of an LNG Tanker would not permit such LNG Tanker to berth, or if berthed, to unload, and

(b) Seller has confirmation in writing that the master of such LNG Tanker will not permit such LNG Tanker to berth,

then Seller shall have the right to refuse to unload at such facilities.

Section 8.5 Unloading Port Obligations.

(a) Seller shall cause each of the LNG Tankers that utilize the Unloading Port to observe and comply with all applicable Laws.

(b) Any tugs, pilots, escort vessels or other vessels attending the LNG Tanker while at the Unloading Port shall be employed by and at the sole risk and expense of Seller.

(c) Seller shall, at no cost or expense to Buyer, obtain and maintain, or cause to be obtained and maintained, all approvals (including all port approvals, marine permits, and other technical and operational authorizations) required from Government Entities for each LNG Tanker to enter and travel in the territorial waters of the United States, to enter the Unloading Port, to berth and unload its cargo, to depart from the Unloading Port, and to leave the territorial waters of the United States.

(d) Seller shall be responsible for the payment of:

- (i) all amounts due for supplies and services requested by masters of LNG Tankers delivering LNG under this Agreement, and
- (ii) all port charges, including costs of dockage and wharfage, port service charges, line handling fees, harbor dues, inspection and customs fees, telephone and postage fees and charges, tonnage taxes and other similar costs incurred in connection with the delivery of LNG by such LNG Tankers to the Delivery Point.

With respect to any such charges imposed by the Operator, Seller shall only be responsible for payment of such charges to the extent that these charges are uniformly applied to all LNG vessels delivering LNG to such Delivery Point and to the extent that such charges are permitted under the Operator's FERC Gas Tariff.

(e) Buyer shall cause the Operator of the LNG Terminal to:

- (i) provide reasonable assistance to Seller in coordinating delivery of equipment, supplies and services for LNG Tankers berthing at the LNG Terminal; and

- (ii) provide, maintain, and operate or cause to be provided, maintained and operated at the LNG Terminal a berth and receiving facilities substantially as described in Exhibit 8.5(e).

(f) Buyer shall arrange for line handling services to be provided to Seller at the Unloading Port; provided, however, that Seller will reimburse Buyer for any costs reasonably incurred by Buyer in connection with such line handling service.

Section 8.6 Notices of Estimated Time of Arrival. Seller shall provide, or cause each LNG Tanker delivering a cargo of LNG to Buyer to provide, to each of Buyer and the Operator the series of notices regarding the delivery of such cargo of LNG set forth below, or such notices reasonably required by the Operator, with each such notice specifying the name of such LNG Tanker, the total quantity of LNG (in Cubic Meters) to be delivered to Buyer by such LNG Tanker, any operational deficiencies in the LNG Tanker that may affect its performance at the Delivery Point, and the estimated date and time of the arrival (the "Estimated Time of Arrival" or "ETA") of such LNG Tanker at the Delivery Point:

(a) first notice twenty-four (24) hours before such LNG Tanker departs the port of loading, following receipt of which Buyer shall, or shall cause the Operator to, notify Seller whether the Operator is able to schedule the arrival of Seller's LNG Tanker at the date and hour stated in Seller's notice;

(b) a second notice when such LNG Tanker departs the port of loading;

(c) a third notice for receipt ninety-six (96) hours before the ETA; and if such ETA changes by more than twelve (12) hours and the notice set forth in Section 8.6(d) has not yet been given then an updated notice will be sent;

(d) a fourth notice for receipt seventy-two (72) hours before the ETA; and if such ETA changes by more than six (6) hours and the notice set forth in Section 8.6(e) has not yet been given then an updated notice will be sent;

(e) a fifth notice for receipt forty-eight (48) hours before the ETA; and if such ETA changes by more than six (6) hours and the notice set forth in Section 8.6(f) has not yet been given then an updated notice will be sent;

(f) a sixth notice for receipt twenty-four (24) hours before the ETA; and if such ETA changes by more than two (2) hours and the notice set forth in Section 8.6(g) has not yet been given then an updated notice will be sent;

(g) a seventh notice for receipt five (5) hours before the ETA; and if such ETA changes by more than two (2) hours and the notice set forth in Section 8.6(h) has not yet been given then an updated notice will be sent;

(h) an eighth notice (the "Arrival Notice") when such LNG Tanker has:

- (i) arrived at the location where a pilot is first required to be on board the LNG Tanker, as established in accordance with the port regulations of the Unloading Port, and
- (ii) received all approvals required under applicable Laws to:
 - (A) in the case of deliveries to the LNG Terminal, to enter the channel of the Savannah River (exclusive of any approvals that could not be obtained due to the actions or omissions of Buyer, the actions or omissions of Southern LNG or the presence at the Berth or in the channel of the Savannah River of another LNG Tanker), or
 - (B) in the case of deliveries to an Alternative Destination, to proceed to the Berth at the Alternative Destination;

provided, however, that if such Arrival Notice is issued prior to the Arrival Window established for such LNG Tanker in the current schedule established pursuant to Article 10, the Arrival Notice shall be deemed effective as of 6:00 a.m. local time at the Unloading Port during the first twenty-four (24) hour period of the Arrival Window established for such LNG Tanker; and

- (i) a ninth notice when such LNG Tanker enters the channel or other waterway entrance to the Unloading Port.

Section 8.7 Notice of Readiness. Following the arrival of each LNG Tanker at the Berth and its receipt of all necessary clearances to discharge LNG, Seller shall cause the master of such LNG Tanker to provide its notice of readiness to discharge LNG (the "Notice of Readiness"). At any time after the LNG Tanker has delivered its Notice of Readiness, Buyer shall be entitled to send a representative of Buyer and/or the Operator to board such vessel and act as an observer with respect to all activities occurring after the delivery of such Notice of Readiness until the completion of unloading of the LNG Tanker.

Section 8.8 Postponement of Arrival Window. To the extent reasonably required by operational necessity, either Party may postpone the Arrival Window by up to twenty-four (24) hours without incurring liability for such postponement; provided, however, that Buyer shall not have the right to postpone an Arrival Window if such postponement would cause Seller to breach its obligations to the Suppliers under the Supply Agreements. The Party requiring postponement shall provide notice to the other Party as soon as reasonably practicable but in no case later than when the Arrival Notice is given or has been deemed effective for the relevant LNG Tanker.

ARTICLE 9. Alternative Destinations

Section 9.1 Designation of Alternative Destinations.

- (a) Absent a designation by Buyer to the contrary pursuant to this Article 9, all cargoes of LNG sold by Seller and purchased by Buyer under this Agreement shall be delivered

to the LNG Terminal. Buyer shall have the right from time to time to designate any cargoes delivered hereunder to be directed to an Alternative Destination; *provided*, however, that Buyer shall not designate any cargoes to be delivered to an Alternative Destination if such delivery would result in a breach of Seller's covenants pursuant to Article 13 of any of the Supply Agreements. Buyer shall make all necessary arrangements for the marketing of the volume of LNG to be delivered to an Alternative Destination. To the extent that Buyer elects not to take a given cargo and fails to direct Seller to an Alternative Destination, Seller shall have no obligation to seek an Alternative Destination.

(b) To the extent Seller is provided such information by the Suppliers pursuant to Article 13 of any of the Supply Agreements, for any cargo that Buyer has directed Seller to deliver to an Alternative Destination, Seller will provide Buyer with a non-binding estimate of:

- (i) the incremental costs associated with transporting such cargo to such Alternative Destination, and
- (ii) the impact such delivery will have on the timing of Seller's future scheduled deliveries to Buyer.

Section 9.2 Impact of Delivery at Alternative Destinations. In connection with delivering any LNG to an Alternative Destination, Buyer shall (A) reimburse Seller for any incremental costs reasonably incurred by Seller in connection with delivering such LNG to the Alternative Destination, but only to the extent such costs are required to be paid by Seller to the Suppliers pursuant to the Supply Agreements and (B) provide all notices to Seller required to be delivered by Seller to the Suppliers in connection with such delivery pursuant to the Supply Agreements.

Section 9.3 No Effect on Claim of Force Majeure. The ability of Buyer to receive LNG at an Alternative Destination shall have no impact on Buyer's ability to claim Force Majeure as set forth in Article 14.

ARTICLE 10. LNG Delivery Schedule

The Annual Programs and other loading schedules developed pursuant to the Supply Agreements shall be applicable to this Agreement. Buyer and Seller shall closely cooperate in the development of the Annual Program and other loading schedules pursuant to the Supply Agreements. Prior to providing the Suppliers any information or proposed loading schedules required thereunder, Seller shall consult with Buyer, and no such information or proposed loading schedule shall be provided to the Suppliers without the consent of Buyer, such consent not to be unreasonably withheld. Upon receipt of any notices, information, or loading schedules from the Suppliers pursuant to the Supply Agreements, Seller shall promptly provide such notices, information, or loading schedules to Buyer. Seller shall not agree to any loading schedule proposed by the Suppliers without the consent of Buyer, such consent not to be unreasonably withheld.

ARTICLE 11. Price

Section 11.1 Contract Price. Buyer shall pay to Seller for each cargo of LNG delivered hereunder an amount equal to (the "Contract Price"):

- (i) for each cargo of LNG delivered to the LNG Terminal, (A) where the point of resale of such cargo (as revaporized gas) is at the outlet of the LNG Terminal, the amount received by Buyer for the resale of such cargo less \$0.02 per MMBtu, or (B) where the point of resale of such cargo is downstream of the tailgate of the LNG Terminal, the amount received by Buyer for the resale of such cargo less (1) \$0.02 per MMBtu and (2) the reasonably incurred cost of transportation from the tailgate of the LNG Terminal to the point of sale.
- (ii) for each cargo of LNG delivered hereunder to an Alternative Destination, the amount that would have been calculated pursuant to clause (i) above if such cargo had been delivered to the LNG Terminal, determined by Buyer in good faith, plus (A) any amounts required to be paid by Seller to the Suppliers pursuant to Section 15.6(c) of any of the Supply Agreements in connection with such cargo and (B) fifty percent (50%) of the Incremental Value received by Buyer as a result of such diversion.

"Incremental Value" shall mean the excess, if any, of (A) the value received by Buyer at such Alternative Destination for such cargo, over (B) the sum of (i) the value that would have been received by Buyer at the LNG Terminal for such cargo if delivered to the LNG Terminal and (ii) the amount required to be paid by Seller to the Suppliers pursuant to Section 15.6(c) of any of the Supply Agreements in connection with such cargo. Incremental Value shall be determined by Buyer in good faith taking into account any changes in the commodity sold (i.e., LNG or revaporized gas).

Section 11.2 Terminalling Costs. Seller shall pay Buyer each Month during the term of this Agreement, in accordance with Article 3, an amount equal to the Terminalling Costs with respect to such Month. The term "Terminalling Costs" as used in this Agreement shall mean, with respect to a given Month, the sum of the following:

- (a) an amount equal to Seller's Allocable Percentage multiplied by the amount, if any, by which (i) the total amount of charges paid by Buyer in such Month under the Service Agreement that do not vary with usage (including, for example, reservation fees) exceeds (ii) any credits received by Buyer during such Month under the Service Agreement in respect of interruptible revenues; plus
- (b) an amount equal to (i) the total charges under the Service Agreement that vary with usage, exclusive of penalties or imbalance charges, paid by Buyer to Southern LNG under the Service Agreement in such Month multiplied by (ii) a fraction the numerator of which is Seller's Total Delivered Volume for the preceding Month and the denominator of which is the Total Delivered Volume for such preceding Month; plus

(c) one hundred percent (100%) of any penalties or imbalance charges paid by Buyer under the Service Agreement in such Month that result from Seller's failure to deliver, or late delivery of, any cargo of LNG scheduled to be delivered pursuant to this Agreement.

ARTICLE 12. Duties And Taxes

All customs, taxes, excises, fees, duties, levies, charges and other assessments payable on or with respect to the sale or delivery of LNG sold and purchased under this Agreement to Buyer, its exportation from the Republic of Trinidad and Tobago and the importation of LNG by Buyer into the United States, shall be the responsibility of Seller; provided, however, that Buyer will reimburse Seller for the amount, if any, by which the total costs associated with import duties and port charges with respect to any cargo delivered to an Alternative Destination pursuant to Article 9, exceed the import duties and port charges that would have been incurred by Seller had such cargo been delivered to the LNG Terminal.

ARTICLE 13. Billing And Payment

Section 13.1 Monthly Invoices.

(a) On or before the twenty-fifth (25th) Day of each Month, Buyer shall forward to Seller:

- (i) a monthly statement, calculated in accordance with Article 11, indicating:
 - (A) the total amount due to Seller in such Month under this Agreement, with respect to deliveries of LNG made in the previous Month, and
 - (B) the total amount due to Buyer in such Month under this Agreement, including the amount due with respect to the Terminalling Costs and amounts arising under Section 14.6, and
- (ii) unless Section 13.1(c) applies, payment by Buyer of the net amount due to Seller, if any, as set forth in such monthly statement.

(b) Buyer may, without liability to Seller, withhold sums in respect of payments which would otherwise be made by Buyer to Seller to the extent that such withholding is required by Laws; provided, however, that, if Buyer ever becomes an entity formed under the laws of a jurisdiction other than a political subdivision of the United States, Buyer shall not be entitled to withhold any amount that would not be required to be withheld had Buyer remained an entity formed under the laws of any political subdivision of the United States. Buyer shall notify Seller as soon as reasonably practicable after becoming aware of the legal requirement to withhold sums from Seller's payments. In the event that Buyer is obliged to withhold any amounts from Seller's invoices and pay such amounts to a competent taxing authority then Buyer shall furnish Seller with proof of payment of such sums paid together with tax receipts for such sums paid over. Seller shall be responsible for, indemnify, defend and hold harmless Buyer against any claims arising in connection with such withholding or failure to withhold that arise due to the actions of Seller.

(c) If the total amount due to Buyer with respect to Terminalling Costs and amounts payable to Buyer pursuant to Section 14.6, as reflected in the monthly statement, exceeds the total amount due to Seller with respect to deliveries of LNG, Seller shall pay Buyer, within fifteen (15) Days of Seller's receipt of Buyer's statement, the net amount due to Buyer, as set forth in such monthly statement.

(d) Through independent consultants and subject to appropriate confidentiality obligations, either Party, upon sixty (60) Days notice shall have the right to examine and audit the books and records of the other Party once in any twelve (12) month period to the extent necessary to administer this Agreement. Such audits must be commenced within twenty-four (24) months of receiving a statement, invoice, charge, measurement statement, payment or computation made under this Agreement which contains the information being audited and such audit will take place at the principal office of the Party whose information is being audited. Any error will be corrected retroactively.

(e) When calculating the unit prices to be paid per MMBtu of LNG under this Agreement, all Dollar amounts will be rounded to four (4) decimal places.

Section 13.2 Interest on Late Payments. Interest on past due amounts shall accrue from the due date to the date payment is actually made at the Base Interest Rate plus one hundred (100) basis points compounded monthly.

Section 13.3 Disputed Invoice or Statement. Any Party may dispute the amount to be paid under any invoice or statement by delivering written notice of such dispute to the other Party within ninety (90) Days of such Party's receipt of such invoice or statement. Any such notice shall give reasons for such dispute and be accompanied by available documentation. Buyer and Seller shall attempt to reach agreement with respect to any disputed amount within thirty (30) Days following receipt of such notice. If the Parties fail to agree within such thirty (30) Day period, the matter may be referred by either Party for resolution under Article 16. In the event of a dispute with respect to an invoice or statement delivered hereunder, the Party required to make payment thereunder shall make payment of the amount not in dispute in the manner and on or before the date specified for such payment and shall promptly notify the other Party of the reasons for such dispute. Promptly after the resolution of a dispute with respect to any invoice or statement, the amount of any overpayment or underpayment shall be paid by Buyer or Seller (as the case may be) to the other Party together with interest thereon at the Base Interest Rate plus one hundred (100) basis points compounded monthly.

Section 13.4 Payment. Buyer shall pay, or cause to be paid, in Dollars, in immediately available funds all amounts which become due and payable by Buyer pursuant to Section 13.1(a), Section 13.2, or Section 13.3 to a bank account or accounts designated by and in accordance with instructions issued by Seller. Seller shall pay, or cause to be paid, in Dollars, in immediately available funds all amounts which become due and payable by Seller pursuant to Section 13.1(c), Section 13.2, or Section 13.3 to a bank account or accounts designated by and in accordance with instructions issued by Buyer. The paying Party shall not be responsible for a designated bank's disbursement of amounts remitted to such bank, and a deposit in immediately available funds of the full amount of each invoice with such bank shall constitute full discharge and satisfaction of the obligations to pay such invoice under this Agreement.

ARTICLE 14. Force Majeure

Section 14.1 Performance Excused. A Party shall be excused for failure to carry out its obligations under this Agreement to the extent that and for the period during which it is rendered unable to carry out such obligations by reason of Force Majeure.

Section 14.2 Force Majeure Defined.

(a) “Force Majeure” shall mean, with respect to either Party, any event or circumstance beyond the reasonable control of such Party and its Affiliates, each such Party having acted as a Reasonable and Prudent Operator, and which results in or causes the failure of such Party to perform any one or more of its obligations under this Agreement.

(b) In addition, the following events shall be deemed to be a Force Majeure of Buyer:

(i) a “force majeure” (as such term is defined in Exhibit 14.2 to this Agreement) that affects either Southern LNG or SNG and results in or causes the failure of Buyer to perform any one or more of its obligations under this Agreement; and

(ii) a “force majeure” (as such term is defined in Exhibit 14.2 to this Agreement) that affects the Operator of any Alternative Destination and results in or causes the failure of Buyer to perform any one or more of its obligations under this Agreement, to the extent any cargoes of LNG to be delivered hereunder are designated to be delivered to such Alternative Destination at the time of such event.

(c) Any failure of a customer of Buyer to take natural gas shall be deemed a Force Majeure of Buyer.

Section 14.3 Limitations. Where a claim of Force Majeure hereunder is based on events affecting a third party (including SNG, Southern LNG or the Operator of an Alternative Destination) and such events reduce but do not eliminate the ability of such third parties to perform their contractual obligations, such Force Majeure shall constitute an excuse of Buyer’s or Seller’s obligations hereunder only to the extent that the relevant contractual arrangements require such partial disability to be apportioned to Buyer or Seller, as applicable.

Section 14.4 Procedure. Upon the occurrence of an event of Force Majeure, the affected Party shall:

(a) promptly notify the other Party of the invocation of Force Majeure and state in such notice:

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

(ii) its bona fide good faith estimate of the period during which performance may be suspended or reduced, including to the extent known

or ascertainable, the estimated extent of such reduction in performance;
and

(iii) the particulars of the program to be implemented to ensure full resumption of normal performance hereunder;

(b) thereafter provide interim reports of the Force Majeure event, reasons for continued invocation of Force Majeure and an estimate of the anticipated duration of the Force Majeure event;

(c) use reasonable endeavors to overcome and minimize the effects of any such Force Majeure and resume performance of obligations as soon as practicable after removal of the Force Majeure;

(d) not be excused by reason of Force Majeure from any failure to comply with an obligation to indemnify or to make any payments then due or that may become due; and

(e) upon request in writing by the other Party, give or procure access insofar as is reasonably practicable to do so for a reasonable number of representatives of that other Party at that other Party's sole risk and cost, to examine the scene of the relevant event or circumstances of Force Majeure.

Section 14.5 Sale of LNG. For LNG scheduled to be delivered to Buyer but not taken by Buyer due to a Buyer invoked Force Majeure event, Seller may sell such LNG to any third party elsewhere without penalty.

Section 14.6 Effect on Payment Obligations. Nothing in this Article 14 shall be construed to relieve a Party of its obligation to pay sums of money due or that may become due under this Agreement; provided, however, that Buyer shall not be responsible for any payment for LNG it does not take due to a Force Majeure event. Notwithstanding any provision herein to the contrary, in the event of a Force Majeure declared by either Buyer or Seller, Seller shall (A) reimburse Buyer for all losses, costs and expenses incurred by Buyer (or its Affiliate) in connection with hedging arrangements put in place by Buyer (or its Affiliate) in relation to LNG purchased or to be purchased hereunder, and (B) be obligated to pay the Terminalling Costs during such event of Force Majeure as follows:

(a) Seller will continue to bear the Terminalling Costs during interruptions of LNG deliveries occasioned by Force Majeure events claimed by Seller or, subject to Section 14.6(b) below, Force Majeure events claimed by Buyer;

(b) Seller shall not be required to pay Terminalling Costs during a period of Force Majeure claimed by Southern LNG if the Force Majeure relates to damage to or loss of property at the LNG Terminal or Buyer's Related Facilities after the first thirty (30) Days following such service interruption; *provided, however, that,*

(i) in the event that business interruption insurance proceeds paid to and business interruption insurance premiums refunded to Southern LNG with respect to such period of Force Majeure are less than the charges under the

Service Agreement that do not vary with utilization (including, for example, reservation fees) for such period of Force Majeure (such deficiency a "Business Interruption Shortfall"), Seller shall pay to Buyer an amount equal to the amount by which (x) such Business Interruption Shortfall exceeds (y) the portion of such Business Interruption Shortfall that represents Southern LNG's approved cost of common equity and associated income taxes, for such period; and

- (ii) Seller shall be required to resume payment of Terminalling Costs upon the earlier of:
 - (A) the resumption of service at the LNG Terminal,
 - (B) the second (2nd) anniversary of the initiation of such event of Force Majeure, or
 - (C) the time at which Southern LNG's business interruption insurance coverage limits have been exhausted, including, where such coverage limits have been exhausted due to the payment of proceeds on a property insurance policy under which business interruption insurance is provided as a rider to such policy.

ARTICLE 15. Indemnity

Section 15.1 Indemnity.

(a) To the fullest extent permissible by Law, Seller agrees (regardless of the presence or absence of insurance) to indemnify, defend and hold Buyer, the Operator of the LNG Terminal or any Alternative Destination, their Affiliates, and their respective officers, directors, employees, agents, successors, assigns and contractors/subcontractors (collectively, the "Buyer Indemnified Parties") harmless from and against any and all claims, losses, demands, damages, liabilities, costs and expenses (collectively, "Claims" and each a "Claim") relating to any of:

- (i) the property, facilities or other assets of any of the Seller, its Affiliates, and the Suppliers,
- (ii) the officers, directors, employees, and agents of Seller, its Affiliates and the Suppliers, or
- (iii) any LNG Tanker utilized by Seller or the Suppliers in connection with the performance of this Agreement

regardless of whether such Claims under Sections 15.1(a)(i), (ii), or (iii) arise from or relate to any act or incident involving any of the Buyer Indemnified Parties.

(b) To the fullest extent permissible by Law, Buyer agrees (regardless of the presence or absence of insurance) to indemnify, defend and hold Seller, the Suppliers, their Affiliates, and their respective officers, directors, employees, agents, successors, assigns and contractors/subcontractors (collectively, the "Seller Indemnified Parties") harmless from and against any and all Claims relating to any of:

- (i) the property, facilities or other assets of any of the Buyer Indemnified Parties, or
- (ii) the officers, directors, employees, and agents of the Buyer Indemnified Parties

regardless of whether such Claims under Sections 15.1(b)(i), (ii), or (iii) arise from or relate to any act or incident involving any of the Seller Indemnified Parties.

Section 15.2 Notice of Proceedings. The Party entitled to indemnification shall promptly notify the Party obligated to indemnify that Party of any Claims in respect of which it is entitled to be indemnified under this Article 15. Such notice shall be given not later than thirty (30) Days after the Party entitled to indemnification becomes aware of such Claims.

Section 15.3 Conduct of Proceedings. Any Party entitled to indemnification shall have the right, but not the obligation, to contest, defend and litigate (and to retain legal advisers of its choice in connection therewith) any Claims, action, suit, or proceeding by any third party alleged or asserted against it arising out of any matter in respect of which it is entitled to be indemnified hereunder, and the reasonable costs and expenses thereof shall be subject to the said indemnity; provided, however, that the Party obligated to indemnify the other Party shall be entitled, at its option, to assume and control the defense of such Claim, action, suit, or proceeding at its expense and through legal advisers of its choice if it:

- (a) gives notice of its intention to do so to the other Party;
- (b) acknowledges in writing its obligation to indemnify the other Party to the full extent provided by this Article; and
- (c) reimburses the other Party for the reasonable costs and expenses previously incurred by the other Party prior to the assumption of such defense by the Party obligated to provide indemnification. No Party entitled to indemnification shall settle or compromise any Claim, action, suit or proceeding in respect of which it is entitled to be indemnified by the other Party without the prior written consent of the Party obligated to provide indemnification, which consent shall not be unreasonably or arbitrarily withheld or delayed.

ARTICLE 16. Dispute Resolution

Section 16.1 Arbitration.

(a) Any dispute, claim or controversy (a "Dispute") arising out of or in connection with this Agreement shall be settled exclusively and finally by arbitration conducted by three (3)

arbitrators in accordance with the ICC Rules in effect at the time of such proceeding, except as modified herein.

(b) Buyer and Seller shall each nominate one (1) arbitrator in accordance with the ICC Rules (such arbitrators, the "Nominees"). The Nominees shall then agree within thirty (30) Days from the date on which the second (2nd) Nominee was nominated on a third (3rd) arbitrator to serve as chairperson of the tribunal. If the Nominees are unable to select a third (3rd) arbitrator within such period, the ICC Court shall appoint such third (3rd) arbitrator within thirty (30) Days of the written request by either Party.

(c) Any arbitration proceeding pursuant to this Article 16 shall be conducted and any award shall be rendered in New York, New York in the English language.

Section 16.2 Decisions and Awards; Costs.

(a) Any decision of or award by an arbitral tribunal pursuant to this Article 16 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.

(b) The Parties hereby waive any rights of application or appeal to any national or state court or tribunal to the fullest extent permitted by Law in connection with any question of Law arising in the course of the arbitration or with respect to the merits of any award made, except for actions relating to enforcement of the arbitration agreement or an arbitral award and except for actions seeking interim or other provisional relief in aid of arbitration proceedings in any court of competent jurisdiction.

(c) 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 an interest rate specified in such agreement, or if no such interest rate is provided in such agreement for such breach of violation, at an interest rate specified by the arbitral tribunal. Unless otherwise agreed by the Parties, all payments made pursuant to the arbitration decision or award shall be made in United States Dollars free of any deduction or withholding for taxes. Each Party hereby irrevocably waives any challenge to the enforcement of an arbitration decision or award issued in accordance with the provisions of this Article 16; provided, however, that any Party may challenge the enforcement of the decision or award on any of the grounds stated in Article 5 of the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards or the Federal Arbitration Act. The Parties hereby further irrevocably waive any claim against each other for incidental, consequential, multiple, special or punitive damages.

Section 16.3 Remedies. 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; 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 Article 16 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 a 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. Seller and Buyer also agree that with regard to any arbitration involving a matter under the schedules established pursuant to Article 10:

- (i) specific performance of any annual program or proposed annual program schedule is not an available remedy under this Agreement,
- (ii) the arbitral tribunal shall not in any way set, or recommend, or require Buyer to adopt an annual program, and
- (iii) the arbitral tribunal shall limit its award to the award of monetary damages.

ARTICLE 17. Seller's Covenant

Seller covenants that Seller shall have good and marketable title to all LNG delivered to Buyer under this Agreement, as of the date delivered, and that all LNG delivered hereunder shall be free and clear of all liens, security interests, charges, assessments, adverse claims and other encumbrances of every form and nature.

ARTICLE 18. Confidentiality

Section 18.1 Confidentiality.

(a) Each Party shall maintain in strict confidence and protect the confidentiality of all the provisions and contents of this Agreement and of all information, reports, data, software or other material, whether written or oral, in electronic or magnetic format, and the contents thereof and any reports, digests or summaries created or derived from any of the foregoing that is provided by one Party to the other Party ("Confidential Information"), and shall not disclose any such Confidential Information to any third party without the prior written consent of the other Party; provided, however, that each Party shall be entitled to use the Confidential Information for any and all lawful purposes relating to its business, operations and activities, including the financing and auditing thereof and shall be entitled (without prior written consent of the other Party) to disclose Confidential Information to its respective Affiliates and to officers, directors and employees of such Affiliates, provided that such Party shall procure that such Affiliate and its officers, directors and employees do not disclose further such Confidential Information.

(b) Notwithstanding the previous subsection, each Party may disclose Confidential Information to the extent that such Confidential Information:

- (i) was public prior to its delivery to such Party;

- (ii) was obtained from a third party with no known duty to maintain its confidentiality;
- (iii) is required to be disclosed by Laws (including the Employment Rights Act 1999 (Eng.) (as amended by the Public Interest Disclosure Act 1998 (Eng.)) or judicial or administrative or arbitral process or by any governmental authority or by the rules of any recognized stock exchange on which the shares of a Party (or its Affiliates) are traded;
- (iv) is provided to professional advisors, agents, auditors or representatives of the Party as is reasonable under the circumstances; provided, however, that the Party receiving such Confidential Information shall require such persons, other than legal counsel, to undertake in writing to keep such Confidential Information confidential and shall use reasonable efforts to ensure compliance with such undertaking;
- (v) is provided to Lenders or potential Lenders to either Party, Atlantic LNG 2/3 or Atlantic 1; provided, however, that the Party, Lenders or potential Lenders receiving such Confidential Information shall require such persons to undertake in writing to keep such Confidential Information confidential and shall use reasonable efforts to ensure compliance with such undertaking; or
- (vi) is provided by Seller to Buyer pursuant to the development of a schedule under Article 10.

Section 18.2 Remedies. The Parties agree that:

- (a) damages would not be an adequate remedy for any breach of the provisions of this Article 18;
- (b) either Party shall be entitled to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of the provisions of this Article by the other Party or a third party; and
- (c) no proof of special damages shall be necessary for the enforcement of this Article.

Section 18.3 Survival. The provisions of this Article 18 shall survive the termination or expiration of this Agreement for a period of two (2) years.

ARTICLE 19. Notices

Section 19.1 Notices.

- (a) Unless otherwise provided in this Agreement, any notice to be given hereunder shall be in writing, except that notices given from LNG Tankers at sea may be given by radio. Written notices may be delivered

- (i) by hand (including by express courier) against written receipt,
- (ii) by first class mail postage prepaid,
- (iii) by facsimile copy with telephone confirmation thereof, promptly followed by a written notice sent by first class mail postage prepaid to the persons and addresses specified below, or
- (iv) electronically as an electronic mail, provided that such electronic mail notice is identified as such in the electronic mail and within five (5) Days following the Day of its electronic service, is confirmed by letter or facsimile.

(b) The Parties shall maintain radio channels, frequencies and procedures for all notices and communications between LNG Tankers, the LNG Terminal or any Alternative Destination and the authorities for the Unloading Port.

(c) A notice shall be deemed to have been served:

- (i) when delivered by hand at the appropriate address for the receiving party,
- (ii) when received by facsimile copy or electronic mail,
- (iii) if sent by first class mail postage prepaid five (5) Days after it was posted, or
- (iv) if given by radio (in the case of communication contemplated by this Agreement to be given or received by LNG Tankers), when receipt of such radio transmission has been acknowledged by the receiving Party.

In proving service by first class mail, it shall be sufficient to prove that the letter containing the notice was properly addressed and stamped and posted. The names and addresses for the service of notices referred to in this Section are:

For notices to Buyer, to:

BG LNG Services, LLC
5444 Westheimer, Suite 1775
Houston, Texas 77056
ATTN: Vice President, Operations
Telephone: +1 713-403-3741
Facsimile: +1 713-403-3781

For notices to Seller, to:

BG Gas Marketing Ltd
100 Thames Valley Park Drive
Reading
Berkshire RG6 1PT
Attention: Bill Smail
Tel.: +44 (118) 929-3352
Fax: +44 (118) 929-2065

Either Party may change its notice address, telephone number or facsimile number by notice to the other Party in the manner specified above. Both Parties agree to promptly notify the other Party of a change in address, telephone number or facsimile number. Buyer shall provide Seller with the address, telephone number and facsimile number for the Operators of the LNG Terminal and any Alternative Destination.

ARTICLE 20. Assignment

Neither Party shall assign any or all of its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. No assignment of this Agreement by Buyer or Seller, whether with or without the consent of the other Party, shall relieve the assigning Party of any of its obligations hereunder.

ARTICLE 21. Miscellaneous

Section 21.1 Governing Law. The interpretation and performance of this Agreement shall be governed by and construed in accordance with the Laws of the State of New York, without regard to the law thereof regarding the conflict of laws (other than Section 5-1401 of the General Obligations Law). The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

Section 21.2 Compliance with Laws. Each Party shall, in the performance of this Agreement, comply with all applicable Laws in effect on the date this Agreement was entered into, and as they may be amended from time to time. Notwithstanding anything to the contrary, this Agreement shall not be interpreted or applied so as to require either Party to do, or to refrain from doing, anything that would constitute a violation of any applicable Laws, including, the Foreign Corrupt Practices Act of 1977.

Section 21.3 Language. The language of this Agreement and all other documentation and notices relating to this Agreement shall be the English language.

Section 21.4 Amendment. This Agreement may only be amended, modified or supplemented by a written instrument signed by both Parties.

Section 21.5 Waiver. Neither Party shall be deemed to have waived any right under this Agreement, unless such Party shall have delivered to the other Party a written waiver signed

by an authorized officer of such waiving Party. No delay or omission in the exercise of any power or remedy shall be construed to be a waiver of any default or an acquiescence therein.

Section 21.6 Entire Agreement; Exhibits. This Agreement constitutes the entire agreement between Buyer and Seller concerning the subject matter hereof. All previous documents, undertakings and agreements whether oral, written or otherwise, between the Parties concerning the subject matter hereof, are hereby cancelled and shall not affect or modify any of the terms or obligations set forth in this Agreement, except as the same may be made part of this Agreement in accordance with its terms, including the terms of any of the Exhibits. The Exhibits are hereby made an integral part of this Agreement and shall be fully binding upon the Parties.

Section 21.7 Third Party Beneficiaries. Other than as specifically required under Article 15, this Agreement shall not be construed as creating any rights or benefits in any person or entity, other than the Parties hereto and their respective successors and permitted assigns.

Section 21.8 No Partnership. Nothing contained in this Agreement shall be construed to create an association, trust, partnership or joint venture, to impose a trust or partnership duty, obligation or liability on or with regard to either Party, to create any principal/agent relationship between the Parties, or to create any duty, standard of care or liability to any person or entity not a Party hereto.

Section 21.9 Severability. The provisions of this Agreement are severable, and if any portion of this Agreement is deemed legally invalid or unenforceable, the remainder of this Agreement shall survive and remain in full force and effect.

Section 21.10 Financing. Buyer acknowledges that, in order to finance capital and other expenditure incurred in constructing and expanding the Atlantic LNG Facility, limited recourse project finance supplied by banks and other financial institutions (together, the "Lenders") may be required. Buyer agrees that, upon the request of Seller, it will enter into a direct agreement with the Lenders, provided that the terms thereof are reasonable and not contrary to market standard for such direct agreements. Buyer acknowledges that such market standard may include provisions

- (a) consenting to the creation and enforcement of security over this Agreement, and
- (b) allowing the Lenders (or any nominee of the Lenders) to step into the place of Seller and, if required, subsequently to step out, on certain terms, provided that no exercise of rights by the Lenders shall relieve any Guarantor of its obligations or liabilities under Seller's Guaranty.

Section 21.11 Consequential Loss or Damage. Notwithstanding anything contained in this Agreement but without prejudice to the express remedies set forth herein and the indemnity obligations of the Parties under Section 15.1, neither Party shall be liable to the other Party for or in respect of any consequential loss or damage, including any Claim, demand or action made or brought against the other Party by a third party, or for special or punitive damages or loss of profits or business interruption, suffered or incurred by the other Party resulting from breach of or failure to perform this Agreement or the breach of any representation or warranty hereunder, whether express or implied.

Section 21.12 Tortious Liability. With respect to breaches of this Agreement (and acts or omissions which constitute breaches), the relationship between Buyer and Seller is contractual and neither Party shall have any claim against the other in tort with respect to such acts or omissions.

Section 21.13 Survival. Notwithstanding anything to the contrary herein, the provisions set forth under Articles 15 and 16, Article 18 (to the extent set forth in Section 18.3), Article 19, Article 20 and Sections 21.1, 21.2, 21.3, 21.5, 21.6, 21.7, 21.8, 21.9, 21.11, 21.12 and 21.13 shall continue and survive the termination of this Agreement.

Section 21.14 Counterpart Execution. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which collectively shall be deemed one and the same instrument.

IN WITNESS HEREOF, each of the Parties has caused this Agreement to be executed in more than one copy, each of which shall be deemed to be an original as of the day and year first above written.

BG LNG SERVICES, LLC

By: Elizabeth Spomer JTK

Name: Elizabeth Spomer

Title: CEO

BG GAS MARKETING LTD

By: [Signature]

Name: STEFAN RICKETS

Title: DIRECTOR

EXHIBIT 5.1**LNG QUALITY SPECIFICATIONS**

The LNG, when returned to a gaseous state, shall meet the following specifications:

Btu/Scf - Min 1000, Max - 1075
CH₄ - Min 88.0 mol%
N₂ - Max 1.0 mol%
C₂ - Max 7.0 mol%
C₃ - Max 2.75 mol%
iC₄ - Max 0.47 mol%
C₄ - Max 0.64 mol%
C₅ - Max 0.10 mol%
H₂S - Max 0.0004 mol%
Mercaptan Sulphur - Max 2.0 mg/Nm³
Total sulphur - Max 30.0 mg/Nm³
CO₂ - Max 0.01 mol%
O₂ - Max 0.20 mol%

EXHIBIT 8.5(e)**LNG TERMINAL SHIP AND TERMINAL INTERFACE**

1. The terminal consists of an unloading platform, six (6) breasting dolphins, six (6) mooring dolphins and connecting walkways.

Berthing line is twelve (12) feet from the face of the unloading platform and fourteen (14) feet from the face of the service platform.

Unloading platform has four (4) levels:

First level at twenty-one and one-half (21.5) feet Mean Low Water ("MLW")

Second level at thirty-five (35) feet MLW

Third level at fifty (50) feet MLW

Fourth level at sixty-six and two-thirds (66.67) feet MLW

Service platform has only one (1) level, twenty (20) feet MLW.

Six (6) breasting dolphins each having a Seebeck Quick Release Hook ("QRH") and a vertical Clyde Capstan. The tops of all dolphins, and thus the base of all QRH assemblies, are at elevation twenty (20) feet MLW. Each dolphin is described below:

- (1) Located 161 feet forward of centerline of ship's manifold. Two (2) sixty (60) ton QRH.
- (2) Located 77 feet forward of centerline of ship's manifold. One (1) sixty (60) ton QRH mounted parallel to berthing line.
- (3) Located 53 feet aft of centerline of ship's manifold. One (1) sixty (60) ton QRH mounted parallel to berthing line.
- (4) Located 176 feet aft of centerline of ship's manifold. Two (2) sixty (60) ton QRH.
- (5) Located 302 feet aft of centerline of ship's manifold. Two (2) sixty (60) ton QRH.
- (6) Located 450 feet aft of centerline of ship's manifold. Two (2) sixty (60) ton QRH.

Fenders are each twenty-five (25) feet wide and twenty and one-half (20.5) feet high. They will extend from elevation minus one-half (-.5) feet MLW up to twenty (20) feet MLW.

Six (6) mooring dolphins each having "QRH" and a vertical Clyde Capstan. The tops of all dolphins, and thus the base of all QRH assemblies, are at elevation twenty (20) feet MLW. Each dolphin is described below:

- (1) Located 550 feet forward of centerline of ship's manifold and 50 feet from berthing line. Two (2) one hundred (100) ton QRH.
 - (2) Located 290 feet forward of centerline of ship's manifold and 150 feet from berthing line. Two (2) seventy-five (75) ton QRH.
 - (3) Located 140 feet forward of centerline of ship's manifold and 150 feet from berthing line. Two (2) seventy-five (75) ton QRH.
 - (4) Located 250 feet aft of centerline of ship's manifold and 150 feet from berthing line. Two (2) seventy-five (75) ton QRH.
 - (5) Located 505 feet aft of centerline of ship's manifold and 150 feet from berthing line. Two (2) seventy-five (75) ton QRH.
 - (6) Located 705 feet aft of centerline of ship's manifold and 50 feet from berthing line. Two (2) one hundred (100) ton QRH.
2. Terminal has five (5) Chiksan arms which are located on the unloading platform.

Four (4) sixteen inch (16") diameter liquid arms

One (1) sixteen inch (16") diameter vapor arm

One (1) eight inch (8") diameter bunker arm

Arms are on nine (9) foot centers with vapor arm being middle arm

Allowable movements (assuming ship's manifold is located 10.66 feet inboard from ship's side and receiving lines are on 8.20 foot centers):

Drift away from dock - Ten (10) feet

Drift along dock - +/- Fifteen (15) feet

Minimum Elevation - Sixty (60) feet MLW

Maximum Elevation - One hundred (100) feet MLW

3. LNG Unloading Rate: Designed for discharge rate of 45,000 to 60,000 GPM by using ship's pumps with forty (40) PSIG pressure at the ship's flange
4. Ship Vapor Return: 26 MMScf/day at a pressure of 1070 millibars (15.5 PSIA) and at a temperature between minus one hundred eighty-four degrees Fahrenheit (-1840 F.) and minus two hundred and two degrees Fahrenheit (-2020 F.)
5. Liquid Nitrogen Line:
 - Three (3) inch line mounted on the vapor arm
 - 150 PSI ASA rated flange
 - Capacity of 11,000 gallons
 - 150 PSIG pressure

6. One (1) gangway is available at the terminal. One (1) is located at the sixty-six (66) foot level of the unloading platform.

Unloading Platform Gangway:

Through handrail access to ship

Feathering tread

Thirty-five (35) feet long

Normally will be placed sixty (60) feet fore of the centerline of the ship's manifold

Allowable movements:

Drift away from dock - Ten (10) feet

Drift along dock - +/- Fifteen (15) feet

Minimum elevation - Forty-four (44) feet MLW

Maximum elevation - Seventy-nine (79) feet. ML

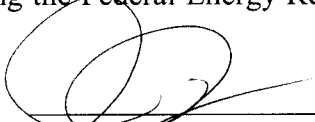
EXHIBIT 14.2**FORCE MAJEURE**

For purposes of Section 14.2, events or circumstances of “force majeure” affecting the Operator of the LNG Terminal or any Alternative Destination shall include any event or circumstance not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome, which results in or causes the failure of such party to perform any one of its obligations, including acts of God, acts of government agents, strikes, lockouts or other industrial disturbances, sabotage, acts of the public enemy, wars, terrorism, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, hurricanes, floods, washouts, arrests and restraints of governments and people, civil disturbances and explosions, unplanned outages, breakage or accident to machinery or lines of pipe, and the necessity for maintenance of or making repairs or alterations to machinery, facilities or lines of pipe, freezing of wells, or lines of pipe, authorized abandonment of any lines of pipe, partial or entire failure of wells, sudden changes in reservoir characteristics of storage fields, loss of gas from the blow out or other failure of wells in storage fields, or other similar events adversely affecting the storage fields’ performance capabilities, the inability of the Operator of the LNG Terminal or any Alternative Destination to acquire, or delays on the part of such party in acquiring at reasonable cost and by the exercise of reasonable diligence, servitudes, rights-of-way grants, permits, permissions, licenses, materials or supplies which are required to enable such party to fulfill its obligations under its respective service agreement with Buyer, and an event of “force majeure” which relates to the downstream facilities or equipment of any entity that enable gas delivered by the Operator of the Terminal or any Alternative Destination to enter any mainline interstate natural gas pipeline facilities or other downstream pipeline.

VERIFICATION

The State of Texas)
)
County of Harris)

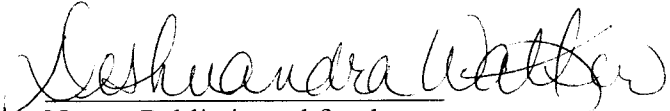
Cynthia Masters, declares before me on this date, and says that she is counsel of BG LNG Services, LLC, the applicant in this document; that she is authorized to verify the foregoing document pursuant to 10 C.F.R. § 590.103; that she has examined the statements contained therein and that all such statements are true and correct to the best of her knowledge, information and belief; and that she is the duly authorized representative of BG LNG Services, LLC; and that to the best of her 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.



Cynthia Masters

SUBSCRIBED and SWORN TO before me, a Notary Public, this day: October 31, 2003.





Notary Public in and for the
State of Texas

My Commission Expires: 02-25-06