

DISTRIGAS

88-37-NG

ERA DOCKET NO.: 88-37-LNG
APPLICANT(S): DISTRIGAS CORP
REPRESENTED BY:

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Washington, D.C.

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ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
1	DISTRIGAS CORPORATION	APPLICATION	Application to Amend Import Authorization	06/22/88	06/22/88
2	DISTRIGAS CORPORATION	AMENDMENT	Clarification of Amendment No. 3 Reference Price	06/30/88	06/30/88
3	DOE/ERA	ENVIRONMENTAL DETERMINATION	DISTRIGAS CORPORATION Project Description and National Environmental Policy Act (NEPA) Review Memo to Carol M. Borgstrom From Constance L. Buckley	07/26/88	07/26/88
4	DOE/ERA	FEDERAL REGISTER ISSUED	F.R. Notice Inviting Interventions and Comments Document was not date stamped by ERA)	04/08/88	04/08/88
5	DOE/ERA	FEDERAL REGISTER PUBLISH	53 FR 29940; Comments due 9/9/88 (Document was not date stamped by ERA.)	08/09/88	08/09/88
6	SOUTHERN ENERGY COMPANY	INTERVENTION	Motion to Intervene	08/12/88	08/12/88
7	CONSOLIDATED EDISON COMPANY OF NEW YORK, INC	INTERVENTION	Motion to Intervene	08/17/88	08/17/88

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APPLICANT(S): DISTRIGAS CORP

(CONTINUED)

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
8	MASSPOWER	INTERVENTION	Motion to Intervene	08/17/88	08/17/88
9	BOSTON EDISON COMPANY	INTERVENTION	Motion to Intervene	08/17/88	08/17/88
10	BOSTON GAS COMPANY	INTERVENTION	Motion to Intervene and Statement in Support of Application	08/25/88	08/25/88
11	COLUMBIA LNG CORPORATION	INTERVENTION	Motion to Intervene and Statement in Support of Application	08/26/88	08/26/88
12	FALL RIVER GAS COMPANY	CORRESPONDENCE	Letter in Support of Application;	09/06/88	09/06/88
13	BAY STATE GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
14	BERKSHIRE GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
15	CONNECTICUT LIGHT & POWER CO	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
16	ESSEX COUNTY GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
17	FALL RIVER GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
18	NEW JERSEY NATURAL GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
19	PROVIDENCE GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88

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APPLICANT(S): DISTRIGAS CORP

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ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
20	SOUTH JERSEY GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
21	SOUTHERN CONNECTICUT GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
22	VALLEY GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
23	ELIZABETHTOWN GAS COMPANY	COMMENT INTERVENTION	Motion to Intervene and Comments	09/08/88	09/08/88
24	STATOIL NORTH AMERICA, INC	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
25	CONNECTICUT NATURAL GAS CORPORATION	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
26	CENTRAL HUDSON GAS & ELECTRIC CORP'S	INTERVENTION	Motion to Intervene in Support	09/08/88	09/08/88
27	BROOKLYN UNION GAS COMPANY	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
28	BOEING COMMERCIAL AIRPLANES	CORRESPONDENCE	Letter Supporting DISTRIGAS	09/08/88	09/08/88
29	LONG ISLAND LIGHTING COMPANY	INTERVENTION	Motion to Intervene	09/07/88	09/07/88
30	NEW YORK ELECTRIC & GAS CORPORATION	INTERVENTION	Motion to Intervene	09/08/88	09/08/88
31	SENATOR BROCK ADAMS	CORRESPONDENCE	Letter Supporting DISTRIGAS	09/08/88	09/08/88

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ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
32	DISTRIGAS CORPORATION	REPLY COMMENT	Request for Prompt Approval and Other Relief	09/08/88	09/08/88
33	DOE/ERA	ORDER	Order 271--Granting Amended Long-Term Auth to Import Liquefied Natural Gas From Algeria Amending a Short-Term Auth, and Granting Interventions	09/16/88	09/16/88
34	DOE/ERA	FEDERAL REGISTER ISSUED	F.R. Notice of Order Noticing Issuance of Order 271	09/16/88	09/16/88
35	DOE/ERA	FEDERAL REGISTER PUBLISH	F.R. Notice of Order Published of Order 271; 53 FR 37028	09/23/88	09/23/88
36	DISTRIGAS CORPORATION	CORRESPONDENCE	Acceptance of Order 271	12/16/88	12/16/88
37	DISTRIGAS CORPORATION	QUARTERLY REPORT	Requesting Confidential Treatment of Report	01/30/89	01/30/89
38	DOE/FE	ORDER	Order 271A--Supplemental Order Modifying the Quarterly Reporting Requirements Stated in Order 271 Para. D	04/24/89	04/24/89
39	DOE/FE	CORRESPONDENCE	Letter to Mr. Drew J. Fossum Concerning Request for Confidentiality, Evidence Does Not Support Request	04/26/89	04/26/89

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June 22, 1988

Mr. Chandler van Orman
Department of Energy
Economic Regulatory Administration
Room GA-033, RG-43
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Distrigas Corporation - Application to Amend Import
Authority

Dear Mr. Van Orman:

On behalf of Distrigas Corporation ("Distrigas"), I am enclosing for filing an original and 15 conformed copies of Distrigas' "Application to Amend Import Authority". Also enclosed is a check for \$50.00 payable to the Treasurer of the United States as prescribed by 10 C.F.R. § 590.207.

I respectfully request that note be given to Distrigas' request for authority by early September, 1988 to allow deliveries of LNG to commence in mid-September. To help facilitate processing, I have served all parties involved in proceedings concerning the three previous filings by Distrigas.

Please time-stamp and return to my messenger two copies of this application.

Very truly yours,


Bruce F. Kiely
Attorney for
Distrigas Corporation

cc: All parties to ERA Docket Nos. 77-011-LNG, 82-013-LNG,
and 88-05-LNG.

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UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation) ERA Docket No. 88-37-LNG

APPLICATION TO AMEND IMPORT AUTHORITY

June 22, 1988

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UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation) ERA Docket No. 88-__-LNG

APPLICATION TO AMEND IMPORT AUTHORITY

Pursuant to Section 2 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the Department of Energy Delegation Order 0204-54 (1979), the Regulations of the Economic Regulatory Administration ("ERA"), 18 C.F.R. § 590.407, and the letter of the Administrator dated December 11, 1987 in ERA Docket No. 77-011-LNG, Distrigas Corporation ("Distrigas") hereby files for an amendment of the order authorizing the importation of LNG into the U.S. on December 31, 1977 in Docket No. 77-011-LNG, issued by the order issued by the ERA on March 4, 1988 in Docket No. 88-05-LNG 1/ and as amended by the order issued by the ERA on June 10, 1988 in Docket No. 88-05-LNG 2/.

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- 1/ DOE/ERA Opinion and Order No. 228, "Order Granting Amended Authorization to Import Liquefied Natural Gas from Algeria, Imposing Conditions and Granting Interventions," Distrigas Corp., Docket No. 88-05-LNG (ERA) (March 4, 1988) ("the March 4 Order").
 - 2/ DOE/ERA Opinion and Order No. 228-A, "Amendment To Order Granting Authorization To Import Liquefied Natural Gas From Algeria," Distrigas Corp., Docket No. 88-05-LNG (ERA) (June 10, 1988) ("the June 10 Order").

Distrigas requests amended import authority to reflect an Amendment to the "Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976" ("1976 Agreement") between Distrigas and Sonatrach, the national oil company of Algeria. A copy of the 1976 Agreement is attached as Exhibit E-I.

The subject Amendment is styled "Amendment No. 3 to the Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976," ("Amendment No. 3"). Amendment No. 3, attached as Exhibit E-III-A, and a related LNG transportation agreement, attached as Exhibit E-III-C, are part of an overall settlement of disputes and claims between Distrigas and Sonatrach arising out of Order No. 380 issued by the Federal Energy Regulatory Commission ("FERC") 3/ and FERC's subsequent decision to deny Distrigas and Distrigas' affiliate, Distrigas of Massachusetts Corporation ("DOMAC"), a waiver of Order No. 380. 4/ Amendment No. 3 is the result

3/ Elimination of Variable Costs from Certain Natural Gas Pipeline Minimum Commodity Bill Provisions, Order No. 380, 27 FERC (CCH) ¶ 61,318 (1984), reh'g denied, Order No. 380-A, FERC Stats. & Regs. [Regs. Preambles, 1982-1985] (CCH) ¶ 30,584 (1984), Order No. 380-C, FERC Stats. & Regs. [Regs. Preambles, 1982-1985] (CCH) ¶ 30,607 (1984), Order No. 380-D, 29 FERC (CCH) ¶ 61,332 (1984), aff'd, Wisconsin Gas Co. v. FERC, 770 F.2d 1144 (D.C. Cir. 1985), cert. denied sub nom. Transwestern Pipeline Co. v. FERC, 476 U.S. 1114 (1986).

4/ The Commission's denial of waiver appears in Great Lakes Gas Transmission Co., 29 FERC (CCH) ¶ 61,135 (1984), reh'g denied, 30 FERC (CCH) ¶ 61,263 (1985), appeal pending Distrigas Corporation, et al. v. FERC, (D.C. Cir. Case No. _____).

of extensive renegotiation of the 1976 Agreement aimed at providing secure volumes of LNG at market responsive prices to the U.S. market under the competitive conditions resulting from Order No. 380 and other major regulatory and legal changes affecting U.S. gas markets.

Amendment No. 3 provides for the importation of up to 17 cargoes of LNG annually. This Amendment eliminates the prior transfer pricing formula approach and adopts instead a market oriented concept in which Distrigas and Sonatrach, acting through its wholly-owned subsidiary, Sonatrading Amsterdam B.V. ("Sonatrading"), establish the price for LNG supplied by Sonatrading based on a 37/63 ratio of the ultimate selling price of the product. This sharing concept, which is fully elaborated in Exhibit E-III-D, uniquely links the interests of the Supplier/Seller to the U.S. gas market, permitting the seller to share with the buyer in the benefits and risks associated with changing prices and demand levels.

In support of this application, Distrigas states as follows:

I. GENERAL INFORMATION.

Distrigas is a wholly-owned subsidiary of Cabot Corporation and is engaged in the purchase, importation and sale of LNG. Distrigas is a corporation organized and existing under the laws of the State of Delaware and has its principal place of business at Two Oliver Street, Boston, Massachusetts 02109.

The names and addresses of persons to whom correspondences should be sent are as follows:

Paul F. Saba, Esq.
c/o Distrigas Corporation
Two Oliver Street
Boston, MA 02109
(617) 439-6676

and

Bruce F. Kiely
Randolph Q. McManus
Drew J. Fossum
Karen K. Hackler
Baker & Botts
555 13th St., N.W.
Suite 500 East
Washington, D.C. 20004-1109
(202) 639-7711

II. BACKGROUND.

The ERA originally authorized Distrigas to import LNG purchased under the 1976 Agreement by an order issued December 31, 1977. 5/ Under certificate authority issued by the FERC, Distrigas sold the LNG to its affiliate, DOMAC, which in turn resold the LNG to gas distribution company customers. 6/

After the issuance of FERC Order No. 380, and the subsequent refusal of DOMAC's major customers to take their contracted-for volumes of LNG, Distrigas could not continue

5/ Distrigas Corp., "Order on Importation of Natural Gas from Algeria," Docket No. 77-011-LNG, (ERA) (Dec. 31, 1977).

6/ Distrigas of Massachusetts Corp. and Distrigas Corp., 5 FERC (CCH) ¶ 61,296 (1978), reh'g granted in part and denied in part, 6 FERC (CCH) ¶ 61,253 (1979).

deliveries to DOMAC. Distrigas consequently suspended deliveries from Sonatrach. With no market for the LNG at the prices established by the 1976 Agreement, Distrigas and DOMAC faced substantial take-or-pay exposure and Distrigas was forced to file a petition in bankruptcy on September 30, 1985. Subsequently, Sonatrach initiated an arbitration proceeding against Distrigas at the International Chamber of Commerce pursuant to the provisions for dispute resolution of the 1976 Agreement.

In 1984, the Secretary of Energy issued a delegation order clarifying the ERA's authority over imports of natural gas and LNG. 7/ Therein, the Secretary granted the Administrator of the ERA "the authority under Section 3 of the NGA to regulate the imports and exports of natural gas," including the authority to regulate imports "based on a consideration of such matters as the Administrator finds in the circumstances of a particular case to be appropriate." 8/ The Delegation Order's only restriction on ERA's authority over imports concerned those questions of construction, siting, and place of import which the Secretary simultaneously delegated to the FERC. 9/ By

7/ DOE Delegation Order No. 0204-111, Federal Energy Guidelines (CCH) ¶ 70,032 (1984).

8/ Id.

9/ DOE Delegation Order No. 0204-112, Federal Energy Guidelines (CCH) ¶ 70,033 (1984).

contrast, the FERC's authority was specifically made subject to the ERA's by the requirement that "[t]he FERC shall not issue any order, authorization, or certificate unless such order, authorization, or certificate adopts such terms and conditions as are attached by the Administrator [of ERA]." 10/

Simultaneous with DOE's issuance of the Delegation Orders, the ERA issued its "NG/LNG Import Policy - New Policy Guidelines Relating to the Regulation of Imported Natural Gas." 11/ The LNG Import Guidelines, which were designed to operate with "minimal regulatory requirements and governmental involvement," outlined a new natural gas import policy to encourage the importation of competitively-priced natural gas under market-responsive contracts. 12/ In addition to establishing the framework for the negotiation of new import contracts, the Guidelines encouraged any companies importing LNG under existing contracts to renegotiate those contracts to "bring them into conformity with these policies and provisions." 13/

In the period following Order No. 380, the ERA and the FERC issued a series of orders specifically urging

10/ Id.

11/ Federal Energy Guidelines (CCH) ¶ 70,011 (1984) ("LNG Import Guidelines").

12/ Id. at 70,020.

13/ Id.

Distrigas to renegotiate the 1976 Agreement with Sonatrach in light of the new regulatory environment and changing market conditions. ^{14/} Distrigas undertook such a renegotiation effort. After years of extremely complex and difficult negotiations, and several interim agreements, Distrigas and Sonatrach reached a final series of agreements, chief among which is Amendment No. 3. Together, the agreements settle the arbitration proceeding between Sonatrach and Distrigas and provide for a restructured long-term LNG trade based on market-responsive terms as outlined by the ERA's guidelines. The Distrigas and Sonatrach Settlement Agreement is contained in Exhibit E-II.

This Application accordingly requests amended import authorization to take account of the changes to the 1976 Agreement resulting from the provisions of Amendment No. 3.

III. THE 1976 AGREEMENT, AS MODIFIED BY AMENDMENT NO. 3, IS CONSISTENT WITH THE PUBLIC INTEREST.

A. Section 3 of the Natural Gas Act and the Department of Energy's LNG Import Guidelines Create a Presumption that Distrigas' Application is in the Public Interest.

The ERA's review of Distrigas' application is governed by Section 3 of the NGA, which provides that the

^{14/} Distrigas Corp., "Order for Applicant to Report on Negotiations," Docket No. 82-13-LNG, (ERA) (March 20, 1985); Distrigas of Massachusetts Corp., 32 FERC (CCH) ¶ 61,008 at 61,020 (1985); Distrigas of Massachusetts Corp., 34 FERC (CCH) ¶ 63,111 (1986).

Commission shall issue an order authorizing importation of natural gas unless there is a finding that such import "will not be consistent with the public interest." 15/ The ERA regulations add substance to that standard by listing factors a party seeking import authority should establish in its Application. Those factors include the "security of the natural gas supply," "the marketability of the gas," "why the import arrangement will remain competitive over the life of the project," "the need for the natural gas by the applicant or the applicant's prospective customers," and "the potential environmental impact of the project." 16/

The ERA's 1984 LNG Import Guidelines were specifically applicable to amendments of preexisting LNG import authorizations. Those LNG Import Guidelines clarified that contract amendments bringing "import arrangements more into conformity with these guidelines" would be presumed to meet the NGA requirement that imports be consistent with the public interest. 17/ The guidelines distill the numerous factors listed in the regulations into three general criteria for use in determining whether this presumption supports an application, thus providing a "test that a proposed import arrangement must fail for an

15/ 15 U.S.C. 717b. (1985).

16/ 10 C.F.R. § 590.204 (1987).

17/ LNG Import Guidelines at 70,020.

authorization to be denied." 18/ Those three criteria are: (a) "the competitiveness of the import," (b) "the need for the natural gas," and (c) "the security of supply." 19/ The terms of Amendment No. 3 satisfy the criteria and Distrigas is therefore entitled to the presumption that this Application is in the public interest.

B. The Three Criteria of the LNG Import Guidelines Are Satisfied By The Amended Agreement.

1. Amendment No. 3 Meets the Standard of Competitiveness by Establishing Market-Responsive Price and Quantity Provisions.
 - a) The Amended Agreement Provides For Marketable Pricing Over The Term Of The Agreement.

The pricing provisions of the 1976 Agreement have been completely revised by Amendment No. 3. A key amendment is the change from the transfer pricing concept of the original agreement to the F.O.B. pricing method set forth in the Amendment. LNG transportation is dealt with by a separate negotiated transportation Agreement. 20/

18/ Id. at 70,017.

19/ Id. at 70,017-18.

20/ Exhibit E-III-C. The Transportation Agreement provides for one ship to be provided by Sonatrach for the purpose of shipping LNG purchased by Distrigas, the cost of which shipping will be \$0.27 per MMBtu, subject to recalculation per a fixed formula at the beginning of each contract year beginning with the fourth year. The cost of shipping will be borne entirely by Distrigas, which will be at risk for the recovery of
[Footnote continued]

As more fully described in Amendment No. 3, there are several pricing standards designed to allocate risk as between the supplier of LNG, Sonatrading, and the purchaser Distrigas, but which will not affect the market-responsiveness of the final sales prices. The price, F.O.B. Algerian port in U.S. dollars per MMBtu to Sonatrading, of LNG loaded in any month shall be determined by calculating the higher of the "Reference Price," 21/ the "Minimum Price" 22/ and a price ("P") which will be based upon the actual price received from the sale of that LNG in that month. 23/ That mechanism affects the nature of Distrigas' obligation to pay for the cargoes of LNG it receives.

The market responsiveness of these pricing terms is reflected by the provision in Section IV of Amendment No. 3 that Distrigas' firm obligation to take nine cargoes of LNG during the Winter months converts to an option to take if the Reference Price falls below the Minimum Price. The price paid to Sonatrading by Distrigas will be controlled by the prices that will be set in the market, in

[Footnote continued]

such amounts from sales of the LNG. The transportation agreement also provides Sonatrach the right of first refusal to meet the terms of any third party to provide a second LNG tanker, which shall be the subject of a separate agreement.

21/ Exhibit E-III-A, Appendix A.

22/ Exhibit E-III-A, Appendix A.

23/ Exhibit E-III-A, Section VI.

accordance with the stated goals of the LNG Import Guidelines, even if the price set by the market falls below the "Minimum Price." 24/ Significantly, neither the Reference Price nor the Minimum Price provisions dictate the price at which Distrigas will sell LNG. Rather, both provisions serve only to allocate certain risks and create certain obligations between Sonatrading and Distrigas. 25/

24/ The "Reference Price" is a negotiated concept that relates to the nine winter cargoes and serves to establish certain rights and obligations between Distrigas and Sonatrach. It does not govern the price at which LNG would have to be sold by Distrigas to any customer. Rather, it provides assurance to Sonatrading that Distrigas will use its best efforts to market the LNG at the best price available from time to time in the market. The Reference Price is calculated on the first day of each month using a formula and indices that reflect a negotiated market basket of fuels in the New England area with which Distrigas LNG may have to compete from time to time. The formula is based on the price of: No. 2 distillate oil; the average commodity charge under the highest three rate schedules chosen from Algonquin Gas Transmission Company's Rate Schedule W-1, Conteval Rate Schedule F-2, National Fuel Gas Company's Rate Schedule F-3 and Boundary Gas Transmission Company; No. 6 fuel oil, 0.3 percent sulfur grade net of transportation differentials; and the higher of the commodity rate under Tennessee Gas Pipeline Company's Rate Schedule CD-6 or the rate under Algonquin Gas Transmission Company's Rate Schedule F-1.

25/ As in the case of the Reference Price, the Minimum Price is a negotiated value designed to establish certain rights and obligations between Distrigas and Sonatrach. It does not determine the price at which LNG actually would be or would have to be sold by Distrigas to any party. The "minimum price" is set at \$1.475 per MMBtu for the contract year September 15, 1988 through September 14, 1989, and is scheduled to increase yearly by an amount of \$0.075 per MMBtu up to a rate of \$1.730 per MMBtu beginning September 15, 1991 and fixed thereafter at that price unless adjusted under the terms of Article 20.

LNG to be imported under Amendment No. 3 will be sold under a variety of contracts and rate schedules, some of which may be similar in concept to the service agreements and rate schedules approved by the FERC for Interruptible Terminalling Service ("ITS") and Interruptible Sale for Resale Service ("IRS") Tariffs in Docket Nos. CP88-160 and CP88-161. ^{26/} The ITS form of rate schedule allows DOMAC to terminal LNG in connection with direct sales to end users made at negotiated prices on an interruptible basis. The IRS form of rate schedule authorizes DOMAC to make sales of LNG for resale in interstate commerce to any interested purchaser at negotiated rates, subject to both floor and ceiling prices.

Other forms of contracts will be tailored to meet the peaking or other seasonal needs of customers. The common thread of all sales contracts will be to let market need set the price without reliance on take-or-pay provisions. Since the New England market area is highly competitive and customers have a variety of choices of gas or other fuels, this market-oriented contracting approach will allow Distrigas and Sonatrading to enter into market

^{26/} See "Order Issuing Certificates Subject to Conditions," Distrigas of Massachusetts Corp., Docket Nos. CP88-160-000, et al., 42 FERC (CCH) ¶ 61,343 (March 21, 1988). A copy is attached as Exhibit Z-II.

responsive contracts and to experience the true benefits and risks of market-based competition. 27/

For Distrigas' and Sonatrading's mutual protection, Article 20 of the Agreement, as amended, provides that the parties may meet every three years to revise the definition of the Reference Price and/or every five years to revise the Minimum Price to adapt that formula or price "to the economic circumstances then prevailing in the natural gas markets for the East Coast of the United States of America." 28/ In addition, as will be shown below, the removal of take-or-pay obligations, as well as the addition of certain volume provisions related to price ensure that Distrigas will not be forced to sell LNG at prices that are unmarketable.

- b) Amendment No. 3 Provides for Flexibility as to Minimum and Maximum Quantities.

Significantly, Amendment No. 3 provides for variable quantities and removes the strict take-or-pay

27/ The sales contracts with DOMAC or other gas purchasers will be designed to reflect the test and discipline of the market place, a regulatory concept recently adopted by the FERC in Transwestern Pipeline Co., Docket Nos. CP88-99-000, et al., 42 FERC (CCH) ¶ 61,240 (May 11, 1988), (mimeo at pp. 8-9). Thus, the authority requested in this application will complement and facilitate policy initiatives of the FERC to move toward allowing the market to regulate prices rather than relying on cost-of-service based regulation of pipeline prices.

28/ Exhibit E-III-A, Section XV.

obligations previously contained in the 1976 Agreement. The revenue sharing arrangement, rather than a take-or-pay provision, serves as the motivation to Sonatrading and Distrigas to maximize sales of LNG under Amendment No. 3. Complementing the competitive pricing arrangements in Amendment No. 3 are other terms regarding volumes that enhance the marketability and flexibility of the purchase and sale of LNG under the new arrangement.

Amendment No. 3 envisions the sale to Distrigas of 51 million MMBtu of LNG, comprised of nine winter cargoes and eight summer cargoes. Although the amended agreement calls for the delivery of up to seventeen (17) cargoes per year, the minimum quantity to be scheduled for delivery in any year are the nine cargoes which are scheduled for delivery in the winter months. Distrigas is required to make payment to Sonatrading for each of the nine cargoes pursuant to the price provisions of the contract, unless immediately before the cargo is scheduled to be loaded, the Reference Price is lower than the Minimum Price; in such a case, Distrigas will not be obligated, but may exercise an option to buy said cargo at the Minimum Price. 29/ Distrigas is therefore not required to buy any cargo at a price that is out-of-line with the prices of competing fuels

29/ Exhibit E-III-A, Section IV.

(including the price of pipeline tariff gas) that are used to calculate the Reference Price.

In addition, in the event any of the nine minimum cargoes is scheduled to be delivered after March 15 of any contract year, the agreement provides that the price shall be a price agreed to between Distrigas and Sonatrading. If the parties cannot agree on a price, both parties are excused from any obligation to sell or buy that cargo of LNG. 30/ This provision recognizes and makes provision for the seasonal nature of the gas market in the Northeastern United States, discussed infra, responding to the call of the LNG Import Guidelines for gas import arrangements to meet the needs of their respective markets.

For the eight potential non-winter cargoes, if Distrigas wishes to purchase under the terms of the pricing provisions described in Section IV.B.1., supra, the offer to buy may be accepted at Sonatrading's option. However, to the extent that the total quantities purchased by Distrigas in one year total less than seventeen cargoes, Distrigas has the right to increase the quantity purchased in succeeding year[s] until the total of such purchases equals the amount by which the original purchases were less than 51 million MMBtu (17 cargoes). If, at the end of the contract term, there are still quantities of LNG remaining to be shipped under

30/ Exhibit E-III-A, Section IV.

the make-up provision, the contract term may be extended for 5 years or until the difference has been delivered, whichever comes first. 31/

This arrangement, operating in conjunction with the provisions regarding the minimum cargoes, allows Distrigas significant flexibility with respect to the scheduling of cargoes, not only from month-to-month, but also from year-to-year. As Distrigas and Sonatrading both have a vested interest in the marketability of the sale of the LNG to be imported, the agreement encourages the parties to utilize the provisions of the agreement to deliver maximum quantities of LNG during periods in which an acceptable market exists.

In sum, the volume and price provisions of Amendment No. 3 are interwoven to form the basic fabric of an inherently market-responsive and flexible import arrangement. Since Amendment No. 3 brings the Distrigas-Sonatrading relationship into close conformity with the market-based approach of the LNG Import Guidelines, Distrigas is entitled to the presumption that this Application is in the public interest. 32/ This Application may consequently be denied only upon rebuttal of that presumption based on a showing that the competitive,

31/ See Exhibit E-III-A at 5.

32/ LNG Import Guidelines at 70,020.

market-responsive provisions of Amendment No. 3 are somehow not consistent with the public interest.

2. The Amended Agreement Will Fulfill a Need for Natural Gas in New England, New Jersey, New York and Elsewhere.

As described above, Amendment No. 3 provides for the importation of up to seventeen cargoes of LNG on competitive terms. As also outlined above, terms of that Amendment ensure that these volumes of LNG will be imported only when they are marketable. Consequently, Distrigas submits that Amendment No. 3 is entitled to the presumption of need for the imported gas which the LNG Import Guidelines confer on any import arrangement that is market responsive and will remain so over the term of the contract. 33/

However, even if such a presumption did not exist, the amended 1976 Agreement would satisfy a need for LNG in its market area. Amendment No. 3 provides the opportunity for a year-round supply of LNG which will enable Distrigas and Sonatrading to offer LNG to meet significant peaking demands for natural gas in the winter months, as well as to satisfy a year-round market for natural gas in the Northeastern United States. To provide this LNG service, no new facilities are required, which avoids the environmental concerns associated with new construction of major gas supply projects. The need for additional natural gas in the

33/ Id. at 70,018.

Northeast, particularly for winter loads, has led to the filing of many applications at both the ERA and the FERC proposing to provide new service at levels approaching 840 Bcf per year. 34/ FERC has declared an "open season" for such filings. 35/ ERA has also initiated its own proceeding for an array of applications to import Canadian gas. 36/ These filings demonstrate that there is a present and future need for gas in the Northeast and that there is, and will continue to be, intense competition to supply that need.

The LNG import arrangement under Amendment No. 3 uniquely addresses the winter gas supply problems in the Northeast. The nature and location of the Distrigas LNG facilities, combined with the delivery systems of the Northeast gas utilities, will allow Distrigas LNG ideally suited to meet the extreme swings in demand for gas in the Northeast, and particularly to serve peak shaving demands. DOMAC's existing terminalling facilities provide a flexible delivery system designed to serve customers' peak-day needs,

34/ Source: April 27, 1988 Speech by James Dolan, Chairman, American Gas Association, AGA Government Relations Conference Press Release.

35/ See "Notice Inviting Applications to Provide New Gas Service to the Northeast U.S.", Northeast U.S. Pipeline Projects, Docket No. CP87-451-000 (July 24, 1987).

36/ ERA Docket No. 88-11-NG, Northeast Gas, Inc., Application to Extend Blanket Authorization to Import Natural Gas From Canada.

to deliver gas vapor through existing pipeline delivery hook-ups, and to deliver liquid into LNG tank trucks for distribution to the LNG storage facilities of gas utilities located throughout the Northeast. For these utilities, LNG is, and has been for many years, the preferred peak-shaving supply.

In short, with no new capital investment or environmental impacts, the importation of LNG under Amendment No. 3 will permit Distrigas and DOMAC to distribute gas on the coldest days to any purchaser in the Northeast without concern for capacity bottlenecks on the interstate pipeline network or the resulting interruption of transportation service. The unique capacity of Distrigas and DOMAC to terminal and deliver LNG in both liquid and vapor form where it is needed and when it is needed, particularly in the winter months, assures a ready market for LNG.

3. The Amended Agreement Provides a Reliable and Secure Source of LNG Supply.

The LNG Import Guidelines provide that "[a]n import will be considered secure if it does not lead to undue dependence on unreliable sources of supply." 37/ In this regard, Algeria and Sonatrach have expressed a significant renewed commitment to the development of an

37/ LNG Import Guidelines at 70,018.

American market for LNG. 38/ Moreover, other than for operational reasons involving claims of force majeure, Sonatrach has never failed to supply contract quantities of LNG requested by Distrigas. In its primary European markets, Sonatrach has been a reliable supplier for a period of over twenty years, and, in spite of various pricing disagreements, has not failed to make contractual deliveries of LNG.

Furthermore, the unique pricing arrangement set out in Amendment No. 3 provides a structural incentive of profit and risk sharing consistent with both Algerian policy and Sonatrach's and Sonatrading's contractual commitments to Distrigas. As such, the terms of Amendment No. 3 materially improve the security of supply provided by the 1976 Agreement and will maximize the availability of LNG at market responsive prices.

C. Amendment No. 3 Is Also Consistent With The Public Interest Under Analyses Other Than Those Specifically Set Out In The LNG Import Guidelines.

1. The Impact Of LNG Imports Under Amendment No. 3 On The U.S. Balance Of Payments Is De Minimis.

Even though the importation of LNG will meet key market needs in New England, it will have no adverse impact on the United States balance of payments. In fact, the

38/ Exhibit Z-1 contains reports and summaries of public pronouncements of the Algerian energy policy as it relates to the United States.

total cost of the volumes of LNG to be imported by Distrigas will be but a small fraction of the total volume of energy imports into the U.S. over the term of the Agreement. The Northeastern United States, and especially New England, is a region which today meets much of its energy requirements through imports of oil, gas and electricity, a situation that will continue for the foreseeable future.

In this region, the effect of Distrigas' project will be completely neutral, as the imported LNG will largely displace imported propane used in gas utility peak-shaving applications, imported residual fuel oil used under electric utility boilers, imported distillate oil used by interruptible customers of the gas utilities, or pipeline gas, a significant portion of which is supplied by imports. Indeed, much of the thrust of the "Open Season" applications is to supply additional gas to the Northeast from imported sources. Over time, the restoration of LNG deliveries by Distrigas will enable continued expansion of gas utility marketing efforts to residential and commercial customers, which in turn will tend to displace imported distillate oil.

2. The Amended Agreement Will Have No Measurable Impact on Domestic Gas Production.

The volumes of LNG to be imported under Amendment No. 3 will have no measurable impact on U.S. gas production. In 1987, the maximum amount of 17 cargoes proposed to be imported under Amendment No. 3 (approximately 51 TBtu), would have constituted only about 0.31 percent of the total

U.S. gas production for that year, 39/ and a minuscule 0.08 percent of the total U.S. production of energy from all sources. 40/ Indeed, the same 51 TBtu would have accounted for merely 0.29 percent of total U.S. gas consumption 41/ and approximately 0.07 percent of the total energy, from all sources, consumed by the U.S. in 1987. 42/

The volumes to be imported under Amendment No. 3 would have no consequential effect on domestic gas production. Moreover, the location of DOMAC's terminalling and distribution facilities in New England, and the growing demand for natural gas that has already overcome the ability of domestic suppliers to deliver gas in the winter months, assures that the imports proposed under Amendment No. 3 will have no measurable impact on domestic gas production.

3. The Amended Agreement Does Not Result In Indirect Subsidization Of Imported Gas.

Amendment No. 3 will satisfy the ERA's direct sale presumption as the LNG sold by Sonatrading to Distrigas will be priced at a level reflecting the price at which the LNG is resold to customers. Hence, the sale is, in effect, a

39/ Energy Information Agency, Annual Energy Outlook 1987, p. 33, Table A1.

40/ Id.

41/ Id.

42/ Id.

direct sale to a distributor as there is no rolled-in pricing or any other form of indirect price subsidization.

IV. ENVIRONMENTAL IMPACT AND SAFETY OF OPERATIONS.

This application seeks only an order to approve an amendment to the price and transportation provision of Distrigas' import license. No new facilities are needed or proposed. The LNG facilities are the same as those approved by the ERA in December 1977. Therefore, consistent with ERA's prior findings in Distrigas' import dockets, this application will have no new impacts of any kind and will not constitute a major federal action having a significant impact on the quality of the human environment.

Finally, the LNG facilities to be utilized have been operated safely since start up and comply with applicable federal safety standards. See 49 C.F.R. Part 193 (Subparts F-J).

V. LIST OF EXHIBITS.

In addition to the foregoing, Distrigas has provided exhibits that comply with Section 153.4 of the FERC's Regulations relating to applications under Section 3 of the Act, as noted on the attached list. Each exhibit is attached hereto behind the tab bearing the same designation, unless otherwise explained below.

<u>Exhibit A</u>	<u>Articles of Incorporation and By-Laws.</u> Omitted. Incorporated by reference as set forth in ERA Docket No. 77-011-LNG.

<u>Exhibit B</u>	<u>Statement of Financial and Corporate Relationship Between Distrigas and Others.</u> Attached.

Exhibit C Opinion of Counsel.
Attached.

Exhibit D Export Contract.
Not applicable as no exports are involved.

Exhibit E Import Contract.
Attached are:

Exhibit E-I - Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976.

Exhibit E-II - Settlement Agreement.

Exhibit E-III-A - Amendment No. 3 to the April 13, 1976 Agreement for the Sale and Purchase of Liquefied Natural Gas.

Exhibit E-III-B - Restated version of the April 13, 1976 Agreement for the Sale and Purchase of Liquefied Natural Gas as amended by Amendment No. 3 (marked to show changes from the original 1976 version).

Exhibit E-III-C - Transportation Agreement.

Exhibit E-III-D - Revenue Sharing Agreement.

Exhibit E-III-E - Mutual Assurances Agreement.

Exhibit E-III-F - Agreement as to Taxes.

Exhibit F Location of Facilities.
Inapplicable because no new facilities are proposed herein.

Exhibit Z-I Information related to the Algerian
Commitment to Regaining U.S. Market Share.

Exhibit Z-II Information related to the Algerian Policy of
Entering Into Market-Based LNG Contracts with
U.S. Buyers.

Exhibit Z-III Information related to the Algerian Policy of
Entering into Market-Based LNG Contracts
Worldwide.

VI. AUTHORIZATION REQUESTED.

A. Requested Nature of Amended Authority.

Amendment No. 3 is the culmination of a comprehensive renegotiation of the 1976 Agreement to reflect changes in the U.S. gas industry, the current U.S. natural gas regulatory scheme, and FERC Order Nos. 380, 436 and 500. 43/ Above all, Amendment No. 3 fully complies with the LNG Import Guidelines. The terms of Amendment No. 3 provide the maximum possible flexibility in terms of both import price and volumes while simultaneously assuring a secure source of supply at responsive prices. These terms, along with the revenue sharing agreement executed between Sonatrach, Sonatrading and Cabot, will assure that LNG imported under the amended 1976 Agreement, will be market-responsive -- meeting a need for gas in the market at competitive prices. In sum, Distrigas' request conforms with the key requirement in the LNG Import Guidelines that "the market . . . determine the price and contract terms of imported gas." 44/

Accordingly, pursuant to ERA's authority under DOE Delegation Order No. 0204-111, Distrigas requests that ERA approve imports of LNG under the 1976 Agreement as amended by Amendment No. 3, including (i) the market-based pricing

43/ When approved, Amendment No. 3 will supersede Amendment No. 2, which was designed to be an interim arrangement for the transition period between the old and new long-term programs. See the June 10 Order at 4.

44/ LNG Import Guidelines at 70,012.

provisions of Amendment No. 3 and (ii) the revenue sharing provision of Amendment No. 3, as being consistent with the ERA's LNG Import Guidelines and thus in the public interest.

B. Requested Effective Date of Amended Authorization.

Amendment No. 3 provides for deliveries of LNG beginning on September 15, 1988. Distrigas therefore requests prompt approval of this application to allow for importation of LNG beginning September 15. This date for initiation of imports under the renegotiated 1976 Agreement would permit normalized LNG winter service in the 1988-89 winter heating season.

WHEREFORE, Distrigas respectfully requests that the ERA issue an order under Section 3 of the Natural Gas Act, finding that Amendment No. 3 to the Supply Agreement of April 13, 1976, between Distrigas and Sonatrach, is not inconsistent with the public interest, and authorizing and approving the continued importation of LNG by Distrigas pursuant to that Amendment.

Respectfully submitted,


R. Gordon Shearer
Vice President
Distrigas Corporation

Dated: June 22, 1988

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT B

STATEMENT OF FINANCIAL AND CORPORATE
RELATIONSHIPS BETWEEN DISTRIGAS AND OTHERS.

Applicant is a wholly-owned subsidiary of Cabot Corporation.

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT C

OPINION OF COUNSEL.

OTHER OFFICES
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June 7, 1988

Economic Regulatory Administration
Natural Gas Branch
Room 6454-RG 631
Twelfth and Pennsylvania Ave., NW
Washington, DC 20461

Dear Sirs:

This opinion is furnished in accordance with the requirements of Section 153.4 of the Regulations under the Natural Gas Act in connection with the Application of Distringas Corporation ("Applicant") for authorization to import liquefied natural gas.

We are counsel to the Applicant. For the purpose of this opinion, we have also examined its certificate of Incorporation, By-laws and Corporate Records to the extent we have deemed necessary.

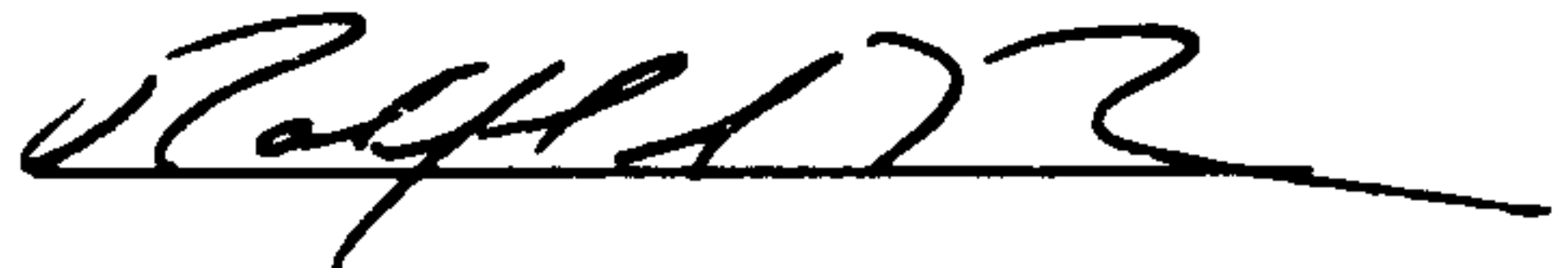
By virtue of the foregoing we are of the opinion that:

1. The proposed importation of natural gas is within the corporate powers of Applicant.
2. Applicant either has complied with or is in the process of complying with State laws and regulations of State regulatory authorities in the state or states in which Applicant operates.

Very truly yours,

BAKER & BOTTS

By



DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-I

AGREEMENT FOR THE SALE AND
PURCHASE OF LIQUEFIED NATURAL GAS
OF APRIL 13, 1976.

AGREEMENT FOR THE SALE AND PURCHASE OF LIQUEFIED NATURAL GAS

Between:

Société Nationale SONATRACH, with registered office in Algiers, 80 Avenue Ahmed Ghermoul, hereinafter referred to as the "Seller", represented by its Vice President in charge of the Marketing Department, Slimane Bouguerra, authorized to execute this Contract,

on the one hand

and

Distrigas Corporation, a corporation organized and existing under the laws of the State of Delaware, with its principal office in Boston, Massachusetts, 125 High Street, hereinafter referred to as the "Buyer", represented by its Vice President, John G. L. Cabot,

on the other hand,

WITNESSETH

WHEREAS, Alocean, Ltd., a Bermudian Corporation (ALOCEAN), and Buyer have concluded contracts for the sale and purchase of LNG dated December 3, 1969 and September 10, 1970 and an amendment to these contracts has been concluded between the two parties on October 4, 1975;

WHEREAS, Alocean and Buyer have concluded a contract for the sale and purchase of LNG dated October 4, 1975 relating to additional quantities to be delivered from July 1, 1976 to December 31, 1977;

WHEREAS, Seller and Buyer now deem it desirable, subject to Alocean's obligations under the above-mentioned contracts being assumed by Seller, that the latter sell LNG directly to Buyer rather than through Alocean,

and

WHEREAS, Seller and Buyer have agreed in accordance with a protocol signed by them June 6, 1975, to increase, beginning January 1, 1978, the quantities of LNG provided in the above-mentioned contracts and to conclude between themselves a new contract which replaces the above-mentioned contracts, beginning January 1, 1978, setting forth the new terms

under which all quantities of LNG sold by Seller to Buyer will be delivered, beginning on such date.

It Is AGREED AS FOLLOWS:

ARTICLE 1

DEFINITIONS

For the purpose of this agreement, the words and terms contained in Appendix A attached hereto and which are an integral part of this agreement, will have the meanings defined in said appendix.

ARTICLE 2

PURCHASE AND SALE

Under the terms and conditions hereinafter set forth, Seller agrees to sell and to deliver to Buyer and Buyer agrees to purchase and to receive from Seller and to pay for liquefied natural gas (LNG) in the quantities, at the times, and at the price hereinafter set forth.

ARTICLE 3

SOURCE OF SUPPLY

The LNG sold by Seller and delivered to Buyer will come from natural gas wells located in Algeria.

Seller represents that the LNG which is to be sold under the provisions of this agreement will be produced by the first four liquefaction units at Seller's liquefaction plant at Skikda, Algeria.

ARTICLE 4

**FACILITIES OF SELLER. SHIP. DELIVERY POINT.
FACILITIES OF BUYER. PORT. TRANSFER OF TITLE**

SECTION 4.1. *Facilities of Seller. Ship.* Seller shall secure or shall have secured the delivery of the LNG mentioned above by an LNG tanker conforming with the specifications set forth in Appendix D to this agreement, the name of which shall be notified by Seller to Buyer before June 1, 1976. Seller has the right to substitute for such LNG tanker another LNG tanker subject to the condition that such LNG tanker be of equivalent size and specifications, or multiple tankers of smaller size subject to the condition that their conception and characteristics be compatible with Buyer's facilities, and in both cases subject to the condition that neither the quantities to be delivered under the terms of this agreement nor the sales price of the LNG to be paid by Buyer be modified because of this substitution. Seller shall be obligated to provide additional LNG tankers, subject to the same conditions, if necessary to deliver all quantities set forth in Section 6.1., subject to the conditions of Section 13.1 below.

SECTION 4.2. *Delivery Point.* Delivery of the LNG sold and purchased under this agreement will be made by Seller to Buyer on board an LNG tanker at the port of destination, and the point of delivery shall be at the flange connecting the permanent equipment of the LNG tanker with the receiving arms of the facilities at the port of destination designated by Buyer.

SECTION 4.3. *Facilities of Buyer.* Buyer shall construct, maintain and operate or cause to be constructed, maintained and operated at its sole cost, expense and risk, at the port of destination, docking, discharging and receiving facilities.

The docking facilities shall be capable of receiving, docking and handling at all times whether in daytime or at night-time, in all safety and always accept, a LNG tanker no more than two hundred and eighty (280) meters in length with a draft of approximately eleven meters and ten centimeters (11.10) of water at full capacity and which is capable of transporting approximately one hundred and twenty five thousand (125,000) cubic meters of LNG. The configuration of Buyer's facilities is shown in Appendix C.

The discharging facilities shall include pipes and other equipment of sufficient capacity to permit the discharging of an LNG tanker at rates as indicated in Section 11.3 below. Such facilities shall also include a vapor return line sufficient in size to return natural gas vapors from Buyer's storage tanks to the LNG tanker.

The receiving facilities shall include storage and other facilities of sufficient capacity to permit receipt of full cargoes of LNG at the rates of delivery specified above.

Buyer shall also provide, free of cost to Seller, facilities adequate to supply the LNG tankers with fresh water, liquid nitrogen and telephone.

SECTION 4.4. Port. The scheduled port of destination is the port of Boston (Massachusetts) where Buyer has now at its disposal the required facilities as defined above. However, Buyer shall have the right to designate any other safe port on the East coast of the United States of America, subject to such designation being notified to Seller in writing at least 15 days prior to the scheduled date of delivery; provided, however, that all required authorizations and permits, and any delay which may result therefrom, shall be the responsibility of Buyer, provided also that the sales price stated in article 9 hereinafter shall be adjusted in such case to take into account the variations in the length of the voyage and any additional costs which would be incurred as a result therefrom.

SECTION 4.5. Passage of Title. Title to and risks regarding the LNG sold and purchased hereunder shall pass from Seller to Buyer at the port of discharging at the time of passage of the product through the connecting flange of the ship's permanent equipment.

ARTICLE 5

LIABILITY

While the LNG tanker is being berthed or leaving the berth, and as long as it is berthed at the Buyer's dock, each party will be responsible to the other party for any proven injuries or damage, excluding all indirect consequences, which may be caused to the other party by the fault or act of the first party, its own employees, representatives, contractors or suppliers of services.

Seller shall cause the LNG to be delivered and Buyer shall receive the LNG at the delivery point with due compliance with appropriate safety precautions.

ARTICLE 6

QUANTITIES AND RATE OF DELIVERIES

SECTION 6.1. *Contractual Annual Quantities and Rate of Deliveries.* The contractual annual quantity which Seller agrees to sell and deliver to Buyer and which Buyer agrees to receive and pay for on a firm "take or pay" basis is one million nine hundred thousand (1,900,000) cubic meters of LNG, plus or less five percent at Seller's option, corresponding to seventeen (17) full cargoes of a ship with a capacity of approximately one hundred twenty five thousand (125,000) cubic meters.

Seller and Buyer shall provide that annual inspections and overhauls of the plants and facilities necessary to carry out the operation contemplated by this agreement and of the LNG tanker shall take place preferably during the summer or at any such other suitable time of the year selected by mutual agreement as will not entail a decrease in the annual quantity of LNG the delivery of which is provided for by this agreement. Seller and Buyer shall notify each other of schedules of such annual inspections and overhauls ninety days prior to their commencement.

SECTION 6.2. *Schedule of Deliveries.* Seller shall submit to Buyer no later than sixty (60) days prior to the beginning of each year the schedule of deliveries which it proposes for such year. For each quarter of the year, and no later than thirty (30) days prior to the beginning of each quarter, Seller shall confirm the schedule for such quarter.

Ten (10) days prior to the beginning of each calendar month, Seller shall confirm by telex to Buyer the schedule of deliveries for such month.

Seller shall promptly notify Buyer by telex of any loading at Shikda of LNG to be delivered to the latter and of the departure from Shikda of such cargo and the estimated time of arrival at Buyer's terminal.

Seller shall make its best efforts so that the deliveries be always spaced by approximately twenty (20) days.

ARTICLE 7

QUALITY

The LNG delivered by Seller by Buyer will have in the gaseous state:

- a PCS of between 9,640 Kcal/Nm³ and 10,650 Kcal/Nm³
- constituent elements the percentage of which will vary within the following limits (in molecular percentage):

Nitrogen N ₂	between 0.2 and 1.4
Methane C	between 85.65 and 96.6
Ethane C ₂	between 3.2 and 8.5
Propane C ₃	between 0.0 and 3.0
Isobutane iC ₄	between 0.0 and 0.52
Normal butane nC ₄	between 0.0 and 0.7
Pentane C ₅ plus	between 0.0 and 0.23

- an amount of H₂S not exceeding zero point five (0.5) part per million in volume
- an amount of mercaptan sulfur not exceeding 2.3 mg/Nm³
- an amount of total sulfur not exceeding 30 mg/Nm³.

The verification of the PCS and of the composition of the LNG in compliance with the above specifications shall be made in accordance with the provisions of article 8 below.

For the verification of the amounts of sulphur and H₂S, the procedures defined by the standards ASTM D 2385 and D 3031 shall be applied.

ARTICLE 8

MEASUREMENT AND TESTING

SECTION 8.1. Gauging. The quantities of LNG delivered under this agreement shall be measured in metric units by gauging of the liquid in the ship's tanks.

The first gauging shall be made immediately after the ship's captain has given his Notice of Readiness to discharge and as soon as the ship is

berthed, the linking of the gaseous stages between the ship and the terminal and the balancing of pressures have been achieved.

A second gauging shall be made immediately after the end of discharging.

These gaugings shall be made by Seller. Buyer shall have the right to be present if it so wishes.

Seller shall provide Buyer with a certified true copy of the gauging scales for each of the tanks of the ship in metric units approved by the Service des Instruments et Mesures de Paris as well as of the correction tables (list, trim, contraction of the tanks, etc...). These scales and tables shall be used for the entire duration of the agreement unless the tanks are physically modified, in which case new scales and tables shall be established.

SECTION 8.2. Determination of Density. The density of the LNG shall be determined by measurement on board the ship, by means of approved instruments.

In the case of defective functioning of the measuring equipment, the density shall be determined by a calculation from the molecular composition determined in accordance with Section 8.4 below, for the average temperature defined in Section 8.3.

The method of calculation shall be that generally used by Seller for its sales of LNG to other buyers and should it be changed from the method now used, shall be mutually agreed upon by Buyer and Seller.

The density shall be expressed in kg/m^3 .

SECTION 8.3. Determination of the Temperature. The temperature of the cargo shall be the arithmetic average of the temperatures indicated by the temperature-registering devices immersed in the LNG in all of the tanks.

The temperature-registering devices, thermocouples or "resistance probes", shall be distributed over the entire height of the tanks and shall be accurate to 0.2°C , more or less, subject to the condition that the instruments are capable of being that accurate. These temperatures shall either be recorded in writing or printed.

SECTION 8.4. Sampling. One or several representative samples of the LNG shall be taken at a point located as close as possible to the discharging

flange of the LNG tanker. The sampling device shall permit the total vaporization of a definite quantity of LNG allowing the taking of representative gaseous samples.

The device shall be chosen by mutual agreement between Seller and Buyer. Samples shall be analyzed with the aid of a chromatograph approved by Seller. The analysis or the average of these analyses shall determine the molecular composition of the LNG.

A calibration of the chromatograph used shall be made before each delivery, with the aid of a gaseous sample, in the presence of a representative of Seller being present if it so wishes.

SECTION 8.5. *Determination of the Gross Heating Value.* The gross heating value (PCS) of the regasified LNG shall be calculated from its molecular composition determined in accordance with Section 8.4, from the molecular masses and from the PCS at 0°C at a pressure of 760 mm/Hg of each of the constituent elements.

The PCS shall be expressed in thermies/kg.

The PCS values of each of the constituent elements are indicated in the table attached hereto as Appendix B. They are deduced from the physical values given by the tables of API Research Project 44; they shall be corrected, without retroactive consequence, in the case of changes published later by the API.

SECTION 8.6. *Determination of the Thermies of BTU's Delivered.* The quantity of thermies delivered by the ship shall be computed from the following formula:

$$Q_0 = V \times M \times PC$$

in which:

Q_0	represents the quantity of thermies delivered
V	represents the volume in cubic meters of LNG discharged in m ³ , determined in accordance with Section 8.1
M	represents the density of LNG determined in accordance with Section 8.2, and expressed in kg/m ³
PC	represents the PCS determined in accordance with Section 8.5 and expressed in thermies/kg

The quantity of millions of BTUs (MMBTU) delivered shall be equal to

$$Q_{\text{MMBTU}} = \frac{Q_p \times 1,068.3}{1,000,000}$$

SECTION 8.7. Methods of Operation. The gauging equipment in the ship's tanks and the equipment for measuring the density of the LNG, shall be provided, operated and maintained by the Seller at its expense. The equipment and material utilized for the determination and tests of the quality of the product shall be provided, operated and maintained by Buyer, at its expense.

Any measurement and any calculation relating to the gauging and the determination of the density of the LNG shall be made by Seller, in the presence of a representative of Buyer if Buyer so wishes. Any measurement and any calculation relating to the determination and tests of the quality of the LNG shall be made by Buyer, in the presence of a representative of Seller if Seller so wishes.

The absence of one of the parties will affect neither the taking of the measurements nor the preparation of the calculations incumbent upon the other party.

At any time, one party shall have the right to inspect the measuring and testing equipment provided by the other party, after prior notice to the latter.

Calibration of an instrument shall be made by the party in charge of the operation of this instrument, the other party having the right to be present at such operations.

However, all data relating to the tests, diagrams, calculations or any other similar information must be made available to the parties and kept for a period of at least three (3) years.

SECTION 8.8. Accuracy of Measurements. The accuracy of the equipment used may be verified on request of Seller or Buyer. Such verifications may only be made if the two parties are present by methods recommended by the makers of the instruments or by any other method agreed upon by Buyer and Seller.

If, when verified, a measuring apparatus shows errors of less than one percent (1%) the previous reports on this equipment shall be considered correct regarding calculation of deliveries and the equipment shall be adjusted immediately as needed.

If, when verified, a measuring apparatus shows errors of more than one percent (1%), the previous reports on this equipment shall be recalculated to a zero deviation by comparison to calibration results for any definitely known or agreed period; but if the period in which this error occurred were not definitely known or agreed upon, this correction would be made for half of the deliveries since the date of the last calibration.

The equipment for measuring the level of the LNG and its mass, and the temperature in the ship's tanks, as well as the chromatographs for analysis of natural gas, shall be the most reliable and accurate instrument known at the time they are chosen.

The equipment shall be professionally installed. The parties shall make every effort to obtain from the Service des Instruments et Mesures de Paris approval of measuring equipment and apparatus used.

SECTION 8.9. Disputes. Any dispute on the choice of the type and accuracy of the measurement apparatus, the result of a measurement, a sampling, an analysis, a calculation or method of calculation, shall be referred to the Ecole Polytechnique Fédérale de Zürich (Technische Hochschule, Zürich).

Any decision of this body shall be binding on Seller and Buyer. Expenses incurred relating to the services of this body shall be evenly divided between Seller and Buyer.

ARTICLE 9

PRICE

The sales price of the LNG, ex-ship, port of destination, is equal to the sum of the FOB price plus the cost of transport, determined in accordance with sections 9.1 and 9.2 hereinafter. It is expressed in U.S. dollars per million BTUs delivered.

Section 9.1. FOB Price. The FOB price, Algerian coast, is either determined in accordance with section 9.1.1 hereinafter, or equal to the

Minimum Price determined in accordance with section 9.1.2 hereinafter if the latter is greater. The former price shall be computed on the first working day of each semester of the Gregorian calendar. The latter price shall be computed on the first working day of each month. The FOB price shall be the greater of the two and shall apply to the deliveries which will or must be made during the course of the month concerned.

SECTION 9.1.1. Invoiced Price, Except for Application of the Minimum Price. The FOB portion of the invoiced price shall result from the application of the following formula:

$$P = P_0 \left(0.5 \frac{F}{F_0} + 0.5 \frac{F'}{F'_0} \right)$$

in which:

- P** = the invoiced price in U. S. dollars;
- P₀** = the base price taken as equal to U. S. \$1.30 per million BTU on July 1, 1975;
- F** = the price, expressed in U. S. dollars per barrel, of "No. 2 fuel oil", resulting from the arithmetic average of the highest prices published by Platt's Oilgram under the heading "Atlantic and Gulf Coast, New York Harbor District" for each day during a period of six consecutive months ending one month prior to the beginning of the semester for which the invoiced price is computed;
- F₀** = U. S. \$12.642 per barrel
- F'** = the price, expressed in U. S. dollars per barrel, of "No. 6 fuel oil, low pour" having a maximum of 0.3% sulfur, resulting from the arithmetic average of the average prices published by Platt's Oilgram under the heading "Atlantic and Gulf Coast, New York Harbor District, No. 6 Fuel Rack" for this fuel oil, for each day during a period of six consecutive months ending one month prior to the beginning of the semester for which the invoiced price is computed;
- F'₀** = U. S. \$13.505 per barrel

If the price of one of the above-mentioned fuels were not published in Platt's Oilgram, the last available published price would be applied. If the price of one or both above-mentioned fuels were no longer published in Platt's Oilgram, Buyer and Seller would mutually agree upon one or more than one new reference indices for equivalent products, or, lacking that, for products having characteristics as similar as possible.

SECTION 9.1.2. Minimum Price. The Minimum Price will result from the application of the following formula:

$$PM = PM_0 (E + 1)$$

in which:

- PM** = the Minimum Price computed in U.S. dollars;
PM₀ = the base Minimum Price taken as equal to U.S. \$1.30 per million BTU on July 1, 1975;
E = the arithmetic average of the results obtained by applying the formula $(\frac{A}{B} - 1)$ to each of the six (6) currencies (the "Currencies") of the following countries: Belgium, France, the Federal Republic of Germany, Italy, Switzerland and the United Kingdom, in which:

- A** = the average commercial rate of exchange in effect for the month of July 1975, on the London Market, for each of the Currencies, expressed in cents of U.S. dollars for one unit of each Currency (to the nearest 6th significant figure). The commercial rate of exchange referred to above for each of the Currencies is set forth in the following table:

<u>Country</u>	<u>Currency</u>	<u>In Cents of U. S. Dollars</u>
Belgium	Franc belge	2.719421
France	Franc francais	23.707874
Federal Republic of Germany	Deutschmark	40.597400
Italy	Lira	0.154130
Switzerland	Franc suisse	38.350735
United Kingdom	Pound	218.483913

- B** = the commercial rate of exchange for each of the Currencies and shall be the arithmetic average, as certified by National Westminster Bank Limited of London (the "Bank"), of the average purchase and sale rates quoted for exchange transactions by cable transfer published by the Bank at 10:30 GMT for each business day during the month preceding the day of computation of the Minimum Price and expressed in cents of U.S. dollars for one (1) unit of such Currency (rounded to the nearest 6th significant figure).

In the absence of quotations concerning a Currency on a given day, the rate of exchange of payment for such day shall be that of the last day on which such rate shall have been used.

Item E shall be considered equal to 0 as long as its absolute value shall not vary by 0.01 or more in relation to zero. When such level shall have been attained or surpassed, the Minimum Price shall be computed by using the value of E as computed above. Such value of E shall thereafter remain the value used for the computation of the Minimum Price as long as a new variation of 0.01 or more in relation to such value shall not have taken place.

If, for any currency, the Bank quote at 10:30 GMT of a business day more than one category of rates for purchase and sale for cable transfer exchange transactions, the purchase and sale rate for such Currency shall be the arithmetic average of each category of purchase and sale rates quoted.

If the Bank refuses or is unable to act, Buyer and Seller shall elect another large London bank by mutual agreement.

In the case of consolidation, subdivision or replacement in whatever manner, or of any other similar modification affecting any of the Currencies, the corresponding successor currency shall be substituted for the Currency or Currencies so consolidated, subdivided, replaced or changed in that ratio of units of the old currency to units of the old currency to units of the successor currency in order to reflect most appropriately the terms of such consolidations, subdivisions, replacements or changes and the initial exchange rate of such Currency or Currencies shall be revised, as the case may be, in order to reflect most appropriately such consolidations, subdivisions, replacements or changes, in a way accepted by both parties. Deliveries commenced during a calendar month, but completed at a time in the following calendar month, shall be at the rate in effect on the date when discharging operations commenced. Whatever the value of E may be, PM shall never be less than PM₀.

Section 9.2. Cost of Transport. The cost of transport is determined on January 1 of each year, for the duration of this contract, for all deliveries to be made during the following twelve months, in accordance with the following formula:

$$C = 2.36 \underset{G_0}{G} + 1.29 \underset{H_0}{H} + 6.13 \underset{P_0}{P} + 2.29 \underset{L_0}{L} + T$$

in which:

$$T = T_0(E + 1)$$

$$T_0 = 60.52 + 9.30 \frac{S}{S_0}$$

C = cost of transport per MMBTU delivered expressed in cents of U.S. dollars; as of July 1, 1975, $C = 81.89$.

G = Average value over the 31 days of the month of December of the year immediately preceding the year for which the cost of transport is being determined of the highest daily prices quoted for No. 6 fuel in the publication Platt's Oilgram Price Service under the heading Atlantic and Gulf Coast—New York Harbor (POPSAGCNYH), and expressed in U.S. dollars per barrel;

G_0 = average value over the 30 days of the month of June, 1975, of the highest daily prices quoted for No. 6 fuel by the publication POPSAGCNYH; $G_0 = \$13.95$ per barrel.

I = total annual charges incurred in the year for which the cost of transport is being determined for the insurance of the LNG tanker "Ben Franklin"; expressed in U.S. dollars.

The insurance of the LNG tanker shall cover risks to the hull and machinery, safe arrival, ordinary risks, and war risks and shall include risk, protection and compensation insurance.

If, in accordance with Section 4.4 of Article 4 of this contract, a ship other than the "Ben Franklin" is used to transport the LNG, I shall be determined in the above manner for such ship.

I_0 = U.S. \$1,000,000.

H = total port charges incurred by the LNG tanker during the year immediately preceding the year for which the cost of transport is being determined, expressed in U.S. dollars. Port charges invoiced and paid in a currency other than U.S. dollars shall be recorded for the computation of H in dollars at the rate in effect on the date of invoicing. If the ship makes less than 17 voyages during the year immediately preceding the year for which the cost of transport is being determined, H shall be determined pro rata

- according to the number of voyages actually made. For the first year of the contract the figure H is contractually fixed at the value H_0 .

- H_0 = U.S. \$591,000;
- P = the FOB price determined in accordance with Section 9.1 in U.S. dollars;
- P_0 = the base FOB price taken as equal to U.S. \$1.30 per million BTU on July 1, 1975;
- E = the same meaning as in Section 9.1.2 above;
- S = the value for the month of June of the year immediately preceding the year for which the cost of transport is being determined, of the index "average Hourly Earnings of Non-Supervisory Workers" in "Transportation and Public Utilities", published in "Employment and Earnings" by the U.S. Department of Labor;
- S_0 = the value of the above defined index S for the month of June, 1975, i.e. \$5.82.

ARTICLE 10

TAXES AND DUTIES

All duties, taxes and imposts affecting the LNG cargo and collected by the Government of the United States of America shall be borne by Buyer.

All duties, taxes and imposts affecting the LNG cargo and collected by other states and all duties, taxes and imposts affecting the LNG tanker shall be borne by Seller.

ARTICLE 11

DISCHARGING

SECTION 11.1. Notice of Arrival. Seller shall notify Buyer or cause Buyer to be notified, at least seventy-two (72) hours and again at least twenty-four (24) hours in advance of the estimated hour when the LNG tanker will arrive at the port designated by Buyer.

SECTION 11.2. *Notice of Readiness to Discharge.* As soon as the LNG tanker arrives at the port of discharge, that is, for Boston, at the pilot's station, the captain of the ship or the representative of Seller shall notify Buyer or its representative, by any means, at any hour of the day or night.

Buyer represents and warrants that the Buyer's facilities will be ready for receiving and discharging the LNG tanker as soon as it has arrived with no expense for such use to be charged to Seller by Buyer.

SECTION 11.3. *Laytime.*

(a) ***Authorized Laytime.*** Buyer shall be allowed as authorized laytime for discharging and receipt of the cargo and any other purposes connected therewith 24 running hours, Sundays and holidays included, if the capacity of the LNG tanker is over 80,000 cubic meters, and 20 running hours, Sundays and holidays included, if the capacity of the LNG tanker is less than 80,000 cubic meters.

(b) ***Beginning of Authorized Laytime.*** Laytime shall commence either at the expiration of the six running hours following delivery to Buyer of the Notice of Readiness provided in Section 11.2 above, or at the time of attachment of the discharging arms of the Buyer's terminal to the permanent vessel connections whichever occurs first.

(c) ***Extension of Authorized Laytime.*** The authorized laytime as defined in paragraph (a) of this Section shall be extended should the time consumed by the ship to get to the discharging berth, after delivery of the Notice of Readiness to Discharge, exceed six hours for one of the following reasons:

1. failure of the ship;
2. application of the regulations in force at the time of execution of this agreement or of decisions of governmental authorities or agencies taken pursuant to such regulations;
3. prohibition from proceeding to the berth by night;
4. weather conditions including bad weather.

The term of extension shall be equal to the delay of the ship in getting to the dock over and above the above-mentioned six hours in the first three cases; to half such delay in the fourth case.

Should the regulations referred to in 2. above be materially amended after the date of execution of this agreement, the parties shall meet to determine the effect of such amendments on the cost of transportation and adjust it, if relevant, by mutual agreement.

While the ship is berthed, should there occur a period of time during which Seller's and Buyer's facilities simultaneously fail, the authorized laytime shall be extended by a term equal to half such period.

While the ship is berthed, should there occur a delay attributable exclusively to the LNG tanker, caused, among other things, by breakdown or inability of the LNG tanker facilities to discharge the cargo within the allowed time, a term equal to this loss of time shall be added to the authorized laytime.

SECTION 11.4. Demurrage. The discharging of the LNG tanker will end either at the time when the discharging arms of the Buyer's terminal are disconnected from the permanent vessel connections, or when the documents relating to the operations effected are delivered on board, whichever comes last. Should the discharging end after expiry of the authorized laytime as defined in Section 11.3 above, Buyer shall pay demurrage to Seller at the rate provided in Appendix E.

Demurrage shall be prorated for a fraction of a day. Such rate shall be adjusted on January 1 of each year, the first adjustment taking effect on January 1, 1978, in the same proportion as the cost of transport, in accordance with the formula set out in Section 9.2.

If, however, demurrage accrues at the port of discharge

(1) by reason of strike or lockout preventing or delaying the LNG tanker from reaching or entering the port, or docking or discharging, or

(2) by reason of fire, explosion, breakdown or deficiencies in the shore facilities of Buyer or its agents,

the rate of demurrage shall be reduced to one-half for the demurrage thereby incurred. In such event, Seller agrees to waive the provision of Section 4.2 requiring 15 days' notice for instructions to proceed to another port. However, in case of delay to the LNG tanker caused by a strike, lockout, fire, explosion or breakdown commencing or occurring after expiry of the authorized laytime, ~~the full rate~~ shall apply, unless such event

commences or occurs while the LNG tanker is already on half-demurrage, in which case the half-demurrage rate shall continue to apply until termination of the event having caused it.

SECTION 11.5. Supply of Discharging Arms. Buyer shall supply the arms necessary to discharge LNG. These arms will be connected to the discharging pipe of the ship by Buyer or, at the request of the captain, by the ship but at the risk and cost of Buyer.

ARTICLE 12

INVOICING, PAYMENT AND ERRORS

SECTION 12.1. Invoicing and Payment.

(a) Immediately upon completion of each discharging, Seller shall prepare and deliver to Buyer the documents showing the measurements and calculations made in compliance with Article 8 concerning the delivered cargo.

Seller shall also prepare and deliver promptly to Buyer, for each cargo of LNG, an invoice showing the quantity of delivered BTUs based on the PCS of the LNG and the sum in U.S. dollars due by Buyer to Seller.

Buyer shall pay Seller the sums invoiced to and due by Buyer to Seller for each delivered cargo of LNG within ten (10) days following receipt of the invoice. In the case of a delay in the payment of the invoices, the amounts owed by Buyer shall bear interest at a rate of ten (10) percent per year.

(b) If no payment is made within a period of thirty (30) days, Seller shall have the right to suspend further deliveries until payment is made and such suspension will neither entitle Buyer to claim any compensation therefor nor release Buyer from its obligations under this agreement.

(c) In the case of a dispute about the preparation of an invoice, Buyer shall pay the amount of such invoice as a deposit. Seller and Buyer shall thereafter determine what corrections are to be made to the invoices in dispute. Any adjustment to be made to the payment, either by Buyer or by Seller, shall bear interest, from the due date of payment until the date of the adjustment, at a rate of ten (10) percent per year.

(d) If Buyer is unable or unwilling to take delivery of one or several cargoes of LNG to be tendered to it as provided by this agreement, Buyer shall nevertheless be obligated to pay Seller for the corresponding quantities of LNG at the price indicated in Article 9. Seller shall immediately issue and deliver to Buyer for each cargo which would not be taken as indicated above an invoice for an amount equal to the sum in U.S. dollars due by Buyer to Seller. Buyer shall pay the sum invoiced by and due to Seller within ten (10) days after Buyer receives the invoice.

(e) The sums owed by Buyer to Seller pursuant to the terms of this Section will be paid in U. S. dollars and the corresponding payments will be made to Buyer to the bank account of Seller mentioned on the invoice.

(f) Should Buyer, pursuant to this agreement, pay for an LNG cargo without taking delivery thereof, Seller shall credit Buyer with the proceeds of any sale of such cargo to a third party, after deducting the expenses reasonably incurred in connection with such sale to a third party.

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

ARTICLE 13

FORCE MAJEURE AND ALLOCATION OF PRODUCTION

SECTION 13.1. *Force Majeure.* The contracting parties shall be temporarily released, in whole or in part, from their obligations in the case of events such as, especially:

- fire, flood, atmospheric disturbance, storm, hurricane,
- earthquake, undermining of the ground, landslide, lightning, epidemic,
- war, riot, insurrection, act of a public enemy, ...
- strike, lockout, ...

provided that the burden of establishing that such an event has occurred and has the characteristics of force majeure shall lie on the party claiming such release; and in the case of the following events:

- severe accident with respect to operation or equipment affecting the facilities for the production of natural gas in the field, the transportation by the main pipe line in Algeria, the processing, the liquefaction, the storage, the loading operations, the transportation by LNG tanker and the receiving facilities, the storage, the regasification as well as the main exit pipeline from the regasification plant to the first branching on such pipeline provided that the length of any such exit pipeline shall not exceed twelve (12) U. S. miles, of such nature that its consequences cannot be overcome by using reasonable means at a reasonable cost,
- act of a third party affecting the same items as above, such that this act or its consequences cannot be overcome by using reasonable means at a reasonable cost,
- any act or failure to act of any public authority of Algeria or any other country entailing the suspension of the operations which are the subject of this agreement.

The concerned party shall as soon as possible after any of the above-mentioned events has occurred give notice to the other party by letter, or by telephone or telex confirmed by letter.

It is agreed that in no event shall Seller or Buyer be released from obligations already existing upon them at the date of the notice, including the Buyer's obligation to pay the sums owing on such date for the payment of the quantities of LNG previously delivered.

In all cases, the contracting parties shall make all appropriate arrangements to resume within the shortest possible period of time the performance of the agreement.

SECTION 13.2. Allocation of Production. When for any reason, including but not limited to force majeure, production from the first four liquefaction units at Seller's liquefaction plant at Skikda is at any time insufficient to permit full performance of this agreement, Seller will immediately allocate production among Buyer and its other customers for LNG from those units in accordance with the following provisions:

1. No LNG will be delivered to any third party from any of the first three liquefaction units other than Buyer and Seller's other customer presently receiving deliveries of LNG from those units under contracts in force as of the date of execution of this agreement.

2. No LNG will be delivered from the fourth liquefaction unit to any third party other than Buyer and Seller's other customer for LNG from such unit under a contract existing as of the date of execution of this agreement.

3. Seller undertakes to provide to Buyer regular current information on production from the first four units at Skikda and quantities delivered to its customers from those units. Subsequent to the resumption of normal production from the first four liquefaction units, permitting full performance of this contract, Seller will furnish to Buyer a summary schedule of production and deliveries made from such units during the period of allocation.

This provision shall in no way limit Seller's ability to deliver nor Buyer's ability to receive quantities of LNG from other liquefaction units which may be built at Skikda in the future.

ARTICLE 14

EFFECTIVE DATE AND TERM OF THE AGREEMENT

This agreement shall enter into effect on the date of its execution subject to the condition mentioned in Section 18.1 and shall become operative from January 1, 1978.

This agreement shall remain in effect for twenty (20) consecutive years from the date of the first regular delivery of LNG.

The first regular delivery of LNG is defined as being the first of at least 13 deliveries of complete cargoes made over a period of 12 months totaling at least 1,400,000 cubic meters.

It is agreed that this agreement may not remain in effect after January 1, 2000, unless otherwise mutually agreed.

ARTICLE 15

NOTICES

Any notice, request, claim, invoice, report or other communication required or provided for by this agreement, or any notice that one party may

wish to give to the other party, shall be in writing and deemed to have been duly delivered when personally handed over to a qualified employee of the party or to its duly appointed representative or when received by registered letter or telegram to the address of such party or of the duly appointed person.

Seller and Buyer now designate their addresses as follows:

Seller: Sonatrach
86 Avenue Ahmed Ghermoul
Algiers, Algeria

Buyer: Distrigas Corporation
125 High Street
Boston, Massachusetts 02110
U.S.A.

Either party may change its address by giving the other party prior written notice thereof.

Any notice mailed or sent by telegram shall be deemed to have been given on the date when received by the addressee, except that routine communications, including invoices, reports and payments, shall be deemed to have been duly delivered on the date when mailed or handed over to the duly appointed person employed by the party or to its representative.

ARTICLE 16

GOVERNING LAW

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

ARTICLE 17

ARBITRATION

Any dispute between the parties hereto relating to the construction or the performance of the terms of this agreement shall be settled by arbitration in Geneva, Switzerland, by arbitration under the rules of conciliation and arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with such rules. The arbitration award shall be final and without any appeal being open.

The parties shall perform the arbitration award without any exception or reservation. Such award may be invoked before any court of competent jurisdiction and application may be made to such court to confirm such arbitration award by authorizing its enforcement.

ARTICLE 18

APPROVAL OF GOVERNMENTAL AUTHORITIES

SECTION 18.1. *Governmental Authorizations.* This agreement is subject to the respective authorizations of the governmental authorities of the parties concerned.

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

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

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

Each party shall, if required by the other, help the other party by doing all in its power to obtain such governmental authorizations and approvals.

The party having obtained said authorizations and approvals shall within the shortest possible period of time notify the other party and shall let the other party know as soon as possible if these governmental approvals and authorizations are of an appropriate form and will allow it to meet the contractual obligations contained in this agreement. When all of these governmental approvals and authorizations deemed indispensable by Seller and Buyer have been obtained, Seller and Buyer shall so notify each other.

If, by June 30, 1977 at the latest, Buyer and Seller do not succeed in obtaining the necessary governmental approvals and authorizations permitting the importation or exportation of the maximum number of complete cargoes mentioned in Section 6.1. and for the term of this agreement, Seller or Buyer shall have the right to terminate this agreement at any time after such date and before the obtaining of such approvals and authorizations by notifying the other party in writing of its intention.

SECTION 18.3. *No Liability in Case of Termination.* Should either Seller or Buyer exercise the right provided in Section 18.2 (fourth subparagraph) to terminate this agreement, the party exercising such right shall not be held liable to the other party for any damage, expense or loss incurred by such other party as a result of the termination of this agreement.

ARTICLE 19

CONTENTS OF THE AGREEMENT

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

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

ARTICLE 20

REVISION OF THE CONTRACTUAL SALES PRICE

The parties agree to meet regularly to proceed with the revision of the Contractual Sales Price defined in Article 9, above. They shall so meet for

the first time during the first quarter of the year 1980 and thereafter every four (4) years.

The revision of the price shall consist in adapting it in a reasonable and fair manner to the economic circumstances then prevailing on the imported Natural Gas market and on the market for the other imported energy supplies competing with this product in the East Coast and Gulf Coast areas of the United States of America within the framework of long term contracts. The parties shall take into account the individual characteristics of each of the above products including the quality, the continuity of deliveries, the production and transportation costs, etc. .

In addition, if after the first deliveries any and/or both of the F and F' indexes would no longer reflect the evolution of the market prices in the East Coast and Gulf Coast areas of the United States of America of fuel oils with similar characteristics, the parties agree to meet at any time to determine new more representative reference indexes.

The request for such a meeting shall be in writing, and shall be delivered 180 days in advance, and shall set forth the agenda for such meeting.

If the parties, in either case, cannot reach an agreement within 90 days from the date of their first meeting to this effect, either party shall be entitled to have recourse to arbitration as provided in Article 17 above.

No amendment agreed to by the parties or resulting from an arbitration award shall become effective before it is approved by the authorities having jurisdiction in the countries of the parties. As long as such authorization is not obtained, the provisions of Article 9 then applicable shall remain unchanged.

ARTICLE 21

ASSIGNMENT

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

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

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

ARTICLE 22

NON PERFORMANCE AND TERMINATION OF THE AGREEMENT

Over and above what is provided for in Section 12.1.(b), should Seller or Buyer default in one of its obligations under this agreement, and should this default continue for sixty (60) days after the non-defaulting party has requested the defaulting party to remedy this default, the non-defaulting party shall have the right, in addition to all its other rights and recourses, to interrupt the deliveries or receipts of LNG until this default is remedied, or to terminate this Agreement.

ARTICLE 23.

MISCELLANEOUS

SECTION 23.1. *Exchange of Information.* The parties shall keep each other informed as to the progress being made in obtaining all the governmental authorizations provided for in Sections 18.1 and 18.2 above.

Additionally, in order to facilitate the construction and operation of the facilities, the Parties hereby agree to exchange information relating thereto as frequently as appropriate and in any event, not less than once in each quarter.

To the extent possible working sessions shall be held at the construction sites of the Parties relating to the operations which are the subject of this Contract.

SECTION 23.2. *Language.* This agreement is signed by the parties in two original copies in the French language and in two original copies in the English language.

In case of discrepancy between the French original and the English translation, and if the parties cannot reach an agreement as to such discrepancy in good faith and together, the text in the French language shall prevail.

Made in Boston, on April 13, 1976

DISTRIGAS CORPORATION

SONATRACH

By JOHN G. L. CABOT
John G. L. Cabot
Vice President

By SLIMANE BOUGUERRA
Slimane Bouguerra
Vice President-Marketing

APPENDIX A**DEFINITIONS**

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

1. Natural Gas (NG)

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

2. Liquefied Natural Gas (LNG)

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

3. Normal Cubic Meter (Nm³)

Quantity of natural gas necessary to fill one (1) cubic meter of space at a temperature of 0°C and at a pressure of 1.01325 Bar.

4. Gross Heating Value (PCS)

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

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

5. Thermie (th)

One calory (cal) being the amount of heat necessary to raise by 1°C the temperature of one (1) gram of an element the heat pertaining to the mass of which is equal to that of water at 15°C at normal atmospheric pressure (1.01325 Bar). one thermie is equal to one thousand kilocalories (Kcal).

one kilocalory (Kcal) being itself equal to one thousand (1,000) calories; 252 thermies being equal to one (1) million BTU (MMBTU).

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

6. BTU

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

7. Standard Cubic Foot (SCF)

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

8. Bar

One bar is equal to one hundred thousand (100,000) Pascal; one Pascal is the pressure exercised by a force of one (1) Newton per square meter; one (1) Newton is the force which, applied to a mass of one (1) kilogram, transmits to it an acceleration of one (1) meter per second/per second (1 m/sec^2).

9. Contractual Annual Quantity

The contractual annual quantity means the quantity of LNG which Buyer is under an obligation to buy and to receive and which Seller is under an obligation to deliver to Buyer each contractual year.

10. Pound

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

11. LNG Tanker

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

12. Barrel

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

13. Day

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

14. Month

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

APPENDIX B

Conditions 0°C 760 mm/Hg

Component	PCS	
	Kcal/mol	Thermale/kg
CH ₄	213.31	13.2961
C ₂ H ₆	374.52	12.4549
C ₃ H ₈	534.08	12.1114
nC ₄ H ₁₀	693.49	11.9313
iC ₄ H ₁₀	691.52	11.8974
nC ₅ H ₁₂	853.99	11.8362
iC ₅ H ₁₂	852.11	11.8101

APPENDIX C

BUYER'S FACILITIES

This description will be applicable starting January 1, 1978.

1. Mooring Facilities

(a) Depth. The berth is dredged to maintain a depth of at least 36.4 feet (11.1 m) at mean low tide.

(b) Dolphins. The attached Figure C-1 shows the location and load capacity of breasting and mooring dolphins.

(c) Platforms. Two platforms alongside are suitable to receive an accommodation ladder. These are shown in Figure C-1.

(d) Length. The extent of the berth in the easterly direction is the property line, which is 470 ft. (143 m) from the central (vapor) unloading arm. The extent of the berth in the westerly direction is approximately 1,000 ft. (305 m).

2. Unloading Facilities

The unloading equipment consists of five marine unloading arms, four for liquid and one for vapor. Each connection is a 12-inch ASA 150-RF flat-faced flange. The plan and elevation of the arms are shown in Figure C-2.

The four liquid arms connect to a 24-inch unloading line that leads to two storage tanks, with nominal capacities of 59,000 m³ and 95,000 m³.

The vapor arm is connected to a 12-inch vapor return line leading from the tanks. The line is equipped to return sufficient vapor to maintain the ship's connecting flange at 1080 millibar absolute pressure.

3. Auxiliary Facilities

On the loading arm platform (elevation 53 ft. 9 in. in Figure C-2) is a connection for loading liquid nitrogen and a bonding cable for electrical grounding.

An "international flange" connection for supplying supplementary firewater is located on the dock approximately 40 m east of the cargo

manifold. A fresh water connection is located near the gate at the dock roadway at the head of the pier. The locations of the water connections are shown on Figure C-1.

4. Communication

The focal point for communication between the ship and the Buyer's facilities shall be the ship's cargo control room. Buyer shall station a representative in the control room who is duly authorized and fully competent to relay all requests, replies, and statements between the ship's cargo officer and Buyer's Supervisor-in-Charge. To facilitate efficient communication, Buyer shall provide its representative with at least two independent means of communication with shore.

- ① WILDS - WILDS (LEAD BY DESIGNER)
 ② WILDS - WILDS (IF NO INTERFERENCE BY LINES)
 ③ WILDS (IF LINES ARE OTHER OUT)

WATER CONNECTIONS

- ① FINE WATER
 ② FRESH WATER

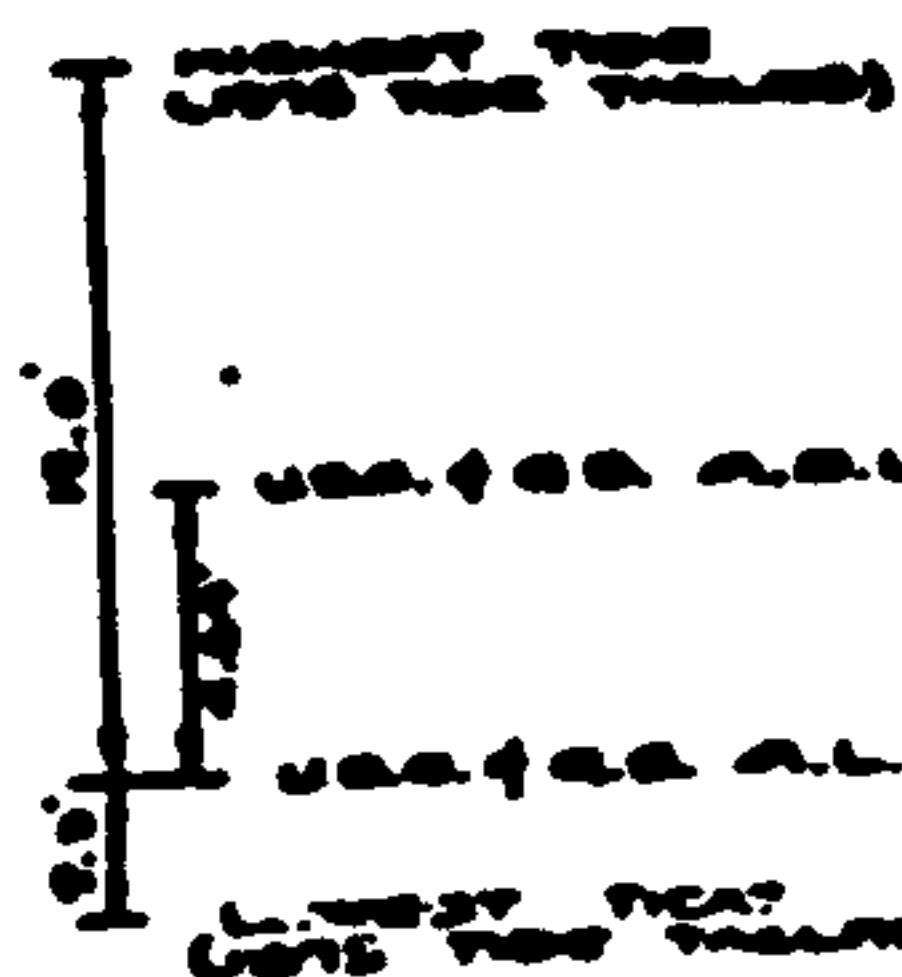
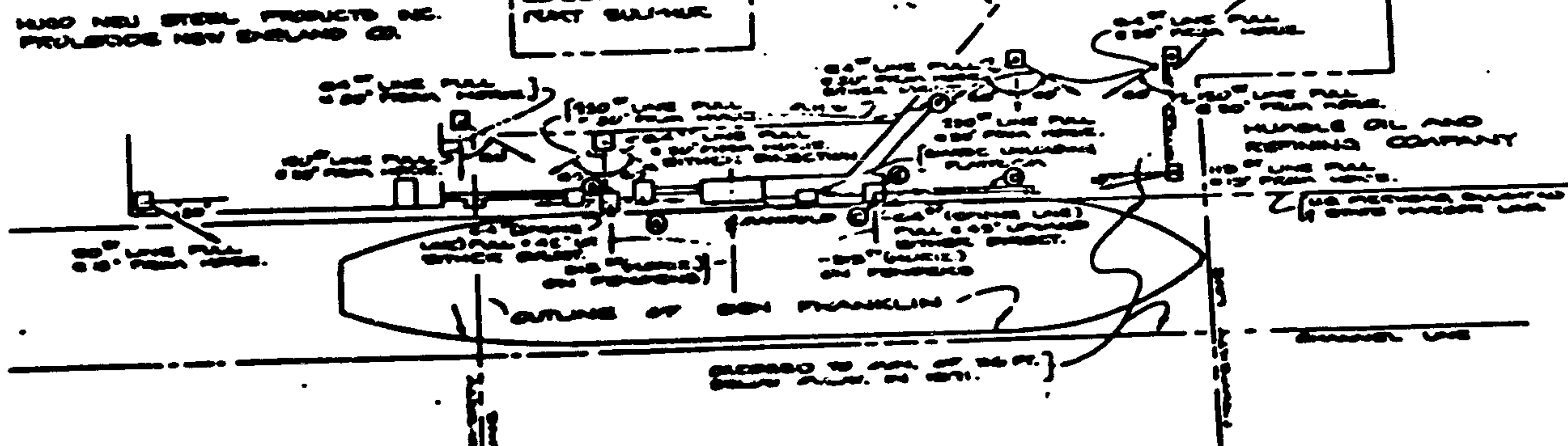
HUGO NEW STEEL PRODUCTS INC.
 PRUDENCE NEW ENGLAND CO.

ENGLISH GAS AND
 FUEL ASSOCIATED
 LEASED TO FINE
 FUEL SUPPLY

HUGO NEW STEEL
 PRODUCTS INC.

DISTUGAS CORPORATION

NORTH



DATUM REFERENCE DIAGRAM

- NOTE:
 - VALUES ON BALANCE INDICATED
 ASSUMED DESIGN CRITERIA AND
 ASSUMED.
 - OF - 1.00 TO 1.00 TONS
 - TYPE - BALANCE EX - BALANCE

DESIGN CRITERIA

DISPLACEMENT : 10,000 TONS
 APPROX VELOCITY : 100 TONS PER
 MINUTE TO ONE
 MINUTE AND AREA : 10,000 OF
 ONE : 10 TONS
 CURRENT : 2 INCHES

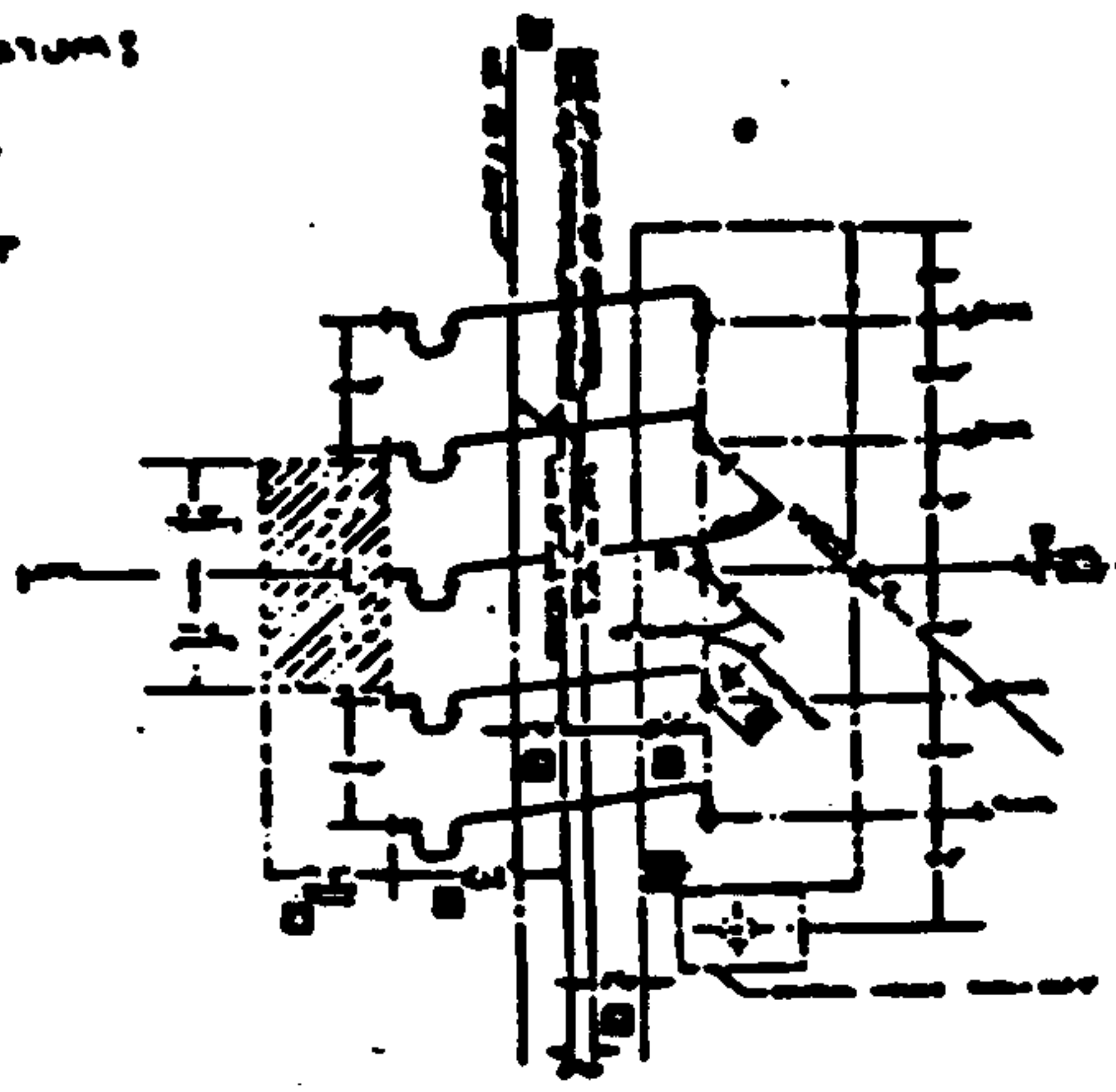
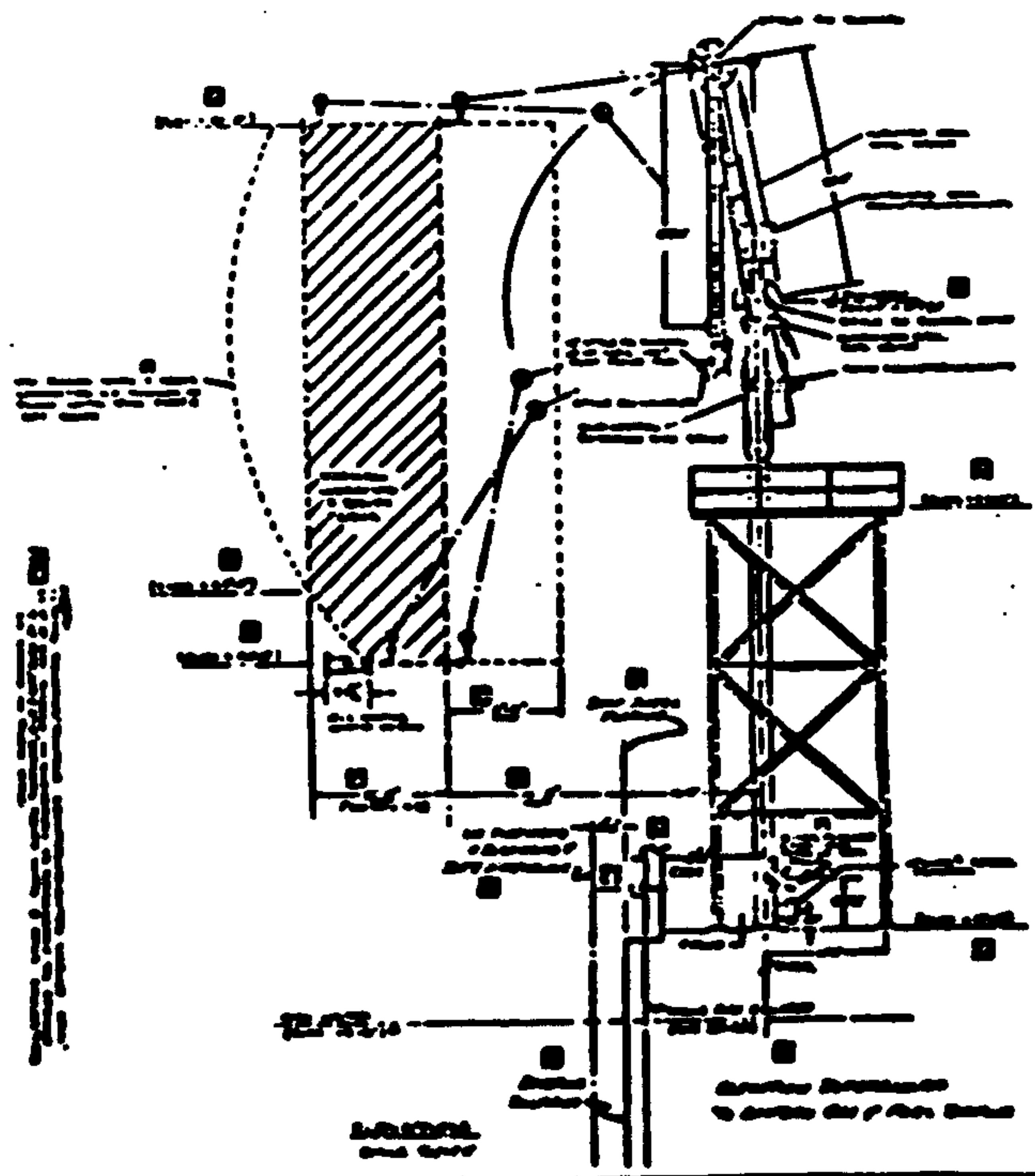
PERINI CORPORATION		
MARINE DIVISION		
DISTRICTS OF MASSACHUSETTS		
ENGLAND MARINE TERMINAL		
DOCKING FACILITIES		
NO. 1	NO. 2	NO. 3
NO. 4	NO. 5	NO. 6
NO. 7	NO. 8	NO. 9
NO. 10	NO. 11	NO. 12
NO. 13	NO. 14	NO. 15
NO. 16	NO. 17	NO. 18
NO. 19	NO. 20	NO. 21
NO. 22	NO. 23	NO. 24
NO. 25	NO. 26	NO. 27
NO. 28	NO. 29	NO. 30
NO. 31	NO. 32	NO. 33
NO. 34	NO. 35	NO. 36
NO. 37	NO. 38	NO. 39
NO. 40	NO. 41	NO. 42
NO. 43	NO. 44	NO. 45
NO. 46	NO. 47	NO. 48
NO. 49	NO. 50	NO. 51
NO. 52	NO. 53	NO. 54
NO. 55	NO. 56	NO. 57
NO. 58	NO. 59	NO. 60
NO. 61	NO. 62	NO. 63
NO. 64	NO. 65	NO. 66
NO. 67	NO. 68	NO. 69
NO. 70	NO. 71	NO. 72
NO. 73	NO. 74	NO. 75
NO. 76	NO. 77	NO. 78
NO. 79	NO. 80	NO. 81
NO. 82	NO. 83	NO. 84
NO. 85	NO. 86	NO. 87
NO. 88	NO. 89	NO. 90
NO. 91	NO. 92	NO. 93
NO. 94	NO. 95	NO. 96
NO. 97	NO. 98	NO. 99
NO. 100	NO. 101	NO. 102
NO. 103	NO. 104	NO. 105
NO. 106	NO. 107	NO. 108
NO. 109	NO. 110	NO. 111
NO. 112	NO. 113	NO. 114
NO. 115	NO. 116	NO. 117
NO. 118	NO. 119	NO. 120
NO. 121	NO. 122	NO. 123
NO. 124	NO. 125	NO. 126
NO. 127	NO. 128	NO. 129
NO. 130	NO. 131	NO. 132
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NO. 136	NO. 137	NO. 138
NO. 139	NO. 140	NO. 141
NO. 142	NO. 143	NO. 144
NO. 145	NO. 146	NO. 147
NO. 148	NO. 149	NO. 150
NO. 151	NO. 152	NO. 153
NO. 154	NO. 155	NO. 156
NO. 157	NO. 158	NO. 159
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NO. 163	NO. 164	NO. 165
NO. 166	NO. 167	NO. 168
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NO. 193	NO. 194	NO. 195
NO. 196	NO. 197	NO. 198
NO. 199	NO. 200	NO. 201
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NO. 232	NO. 233	NO. 234
NO. 235	NO. 236	NO. 237
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NO. 259	NO. 260	NO. 261
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NO. 265	NO. 266	NO. 267
NO. 268	NO. 269	NO. 270
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NO. 304	NO. 305	NO. 306
NO. 307	NO. 308	NO. 309
NO. 310	NO. 311	NO. 312
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NO. 316	NO. 317	NO. 318
NO. 319	NO. 320	NO. 321
NO. 322	NO. 323	NO. 324
NO. 325	NO. 326	NO. 327
NO. 328	NO. 329	NO. 330
NO. 331	NO. 332	NO. 333
NO. 334	NO. 335	NO. 336
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NO. 340	NO. 341	NO. 342
NO. 343	NO. 344	NO. 345
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NO. 415	NO. 416	NO. 417
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NO. 421	NO. 422	NO. 423
NO. 424	NO. 425	NO. 426
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NO. 460	NO. 461	NO. 462
NO. 463	NO. 464	NO. 465
NO. 466	NO. 467	NO. 468
NO. 469	NO. 470	NO. 471
NO. 472	NO. 473	NO. 474
NO. 475	NO. 476	NO. 477
NO. 478	NO. 479	NO. 480
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NO. 787	NO. 788	NO. 789
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NO. 994	NO. 995	NO. 996
NO. 997	NO. 998	NO. 999
NO. 1000	NO. 1001	NO. 1002

Figure
C-2

(DESIGN C-2)

FEED FROM LOW WATER (LOW) DUTY
 MEAN HIGH (LOW) = 9.5 FT
 MEAN HIGH (SPRING) = 12.0 FT
 LOW - LOW = 2.5 FT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100



APPENDIX D**SPECIFICATION OF LNG SHIP**

Presented below are the specifications to which any LNG Tanker must conform in order to comply with Section 4.4. In the absence of Buyer's prior approval, any delay in unloading caused by lack of conformance to these specifications will be construed under Section 11.3(b) as being due to "inability of the LNG Tanker's facilities to discharge cargo within the time allowed."

1. The maximum cargo capacity shall not exceed 125,000 m³ by more than three percent.

2. The ship shall be capable of discharging from the port side, as required by the U.S. Coast Guard.

3. The dimensions of the ship shall be compatible with Buyer's facilities as described in Appendix C. Specifically, the forwardmost projection of the bow shall not exceed the berth limit given in Section 1(d) of Appendix C.

4. The ship shall be equipped with a safe and convenient accommodation ladder (stairway type) mounted to provide access from one of the dock platforms described in Section 1(c) of Appendix C.

5. The ship's port side cargo manifold shall consist of two or four liquid connections and no more than two vapor connections. Upon arrival at the berth, the connections provided shall be 12-inch ASA 150-RF, flat-faced flanges; the flanges will be in a clean, un-blinded condition ready to be connected to the marine arms. The forward to aft arrangement of the flanges shall be one of the following (L-liquid; V-vapor):

(a) L.L.V.V.L.L

(b) L.L.V.L.L

For arrangements (a) or (b), the separation distance between the centers of the outermost two liquid flanges shall be no less than 10.3 m (33.8 ft.) and no greater than 15.2 m (49.9 ft.)

The flange faces shall reside in a common plane which is perpendicular to the water surface and parallel to the ship's longitudinal

axis. The flange centers shall reside in a line which is parallel to the water surface. In a transverse section of the ship through the manifold area, the above line is represented by a point; this point shall be located within the reach envelope shown in Figure D-1 under all conditions of draft. In addition, no railing platform, or other part of the ship's structure shall occupy any volume of space through which the arms must pass to reach the flanges.

6. In addition to its full pumping capability, the ship shall be able to discharge LNG in two smaller ranges of flowrate.

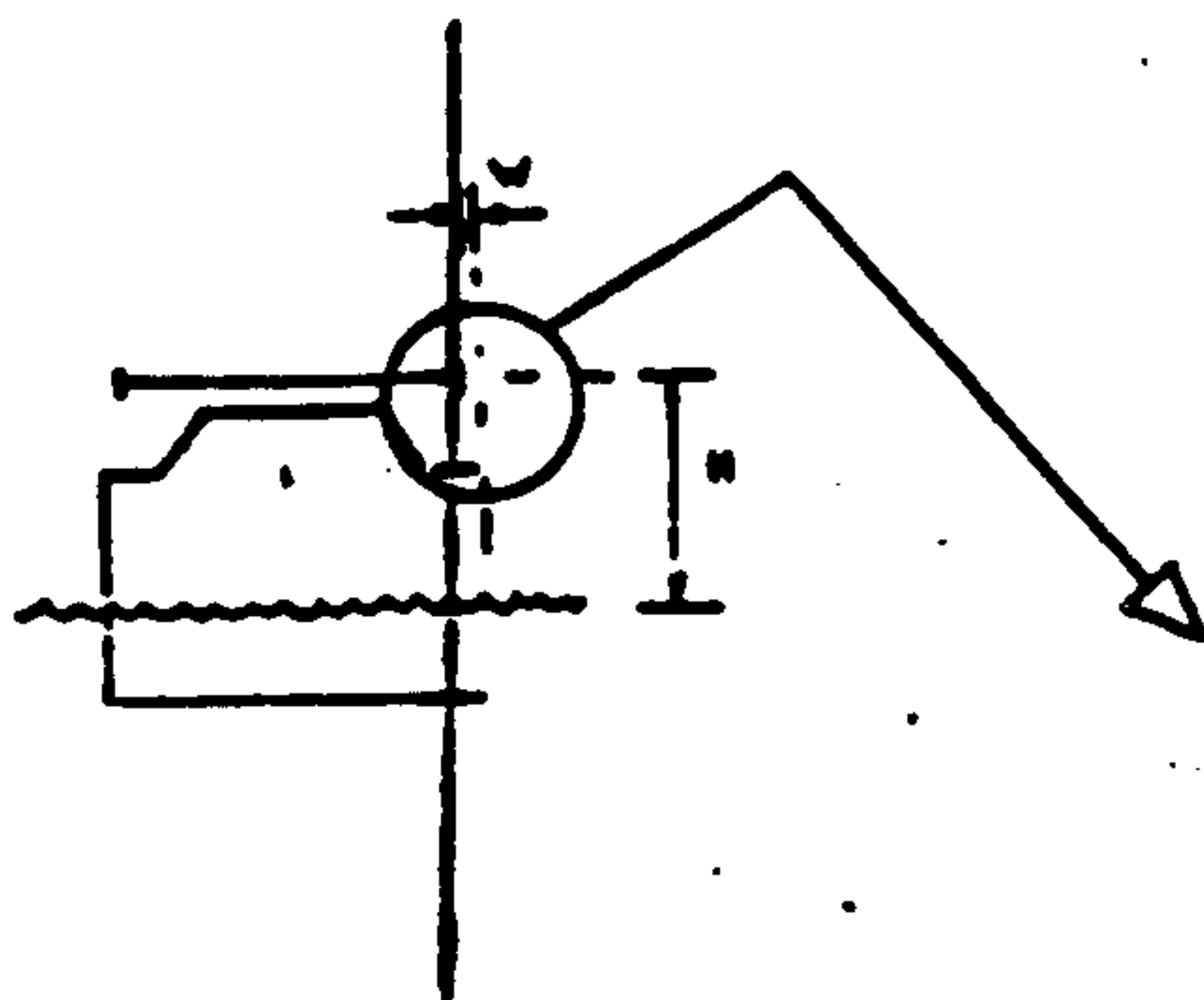
(a) 30 to 50 m³/H (for cooldown of the loading arms).

(b) 170 to 230 m³/H (for cooldown of the unloading line to the tanks).

7. The ship shall provide efficient means to drain and purge the loading arms and manifold piping. For this purpose, dry gaseous nitrogen shall be made available and connected at the time that pumping is finished. This nitrogen shall be available at a nominal rate of 100 Kg/H at a gauge pressure of 3 Bar.

8. The ship shall have means for independent control of its cargo tank pressures at all times. Specifically, with the exception of an emergency, the ship shall have no need to send vapor ashore during any portion of its visit.

9. The focal point for communication between the ship and the Buyer's facilities shall be the ship's cargo control room. From the start of unloading until the completion of all drain and purge operations, the ship shall station an officer who speaks in English to be continuously present in the control room. This officer shall be fully competent and duly authorized to conduct all phases of the unloading operation; he shall not leave the control room for any purpose whatsoever unless relieved by an officer who is equivalent in authority, competence, and fluency in English. For the purposes of this requirement, the start of unloading is the completion of connecting the arms or the completion of gauging the cargo tanks, whichever occurs later; any delay after this point caused by absence of the aforementioned officer from the cargo control room shall not count as authorized laytime.



12-INCH FLANGE LINE (AS DESCRIBED IN APPENDIX D, ITEM 6) MUST BE LOCATED WITHIN THIS AREA, WITH DUE CONSIDERATION FOR DRAFT AT ARRIVAL, AT DEPARTURE, AND AT ALL TIMES DURING UNLOADING

H = 25.0 m

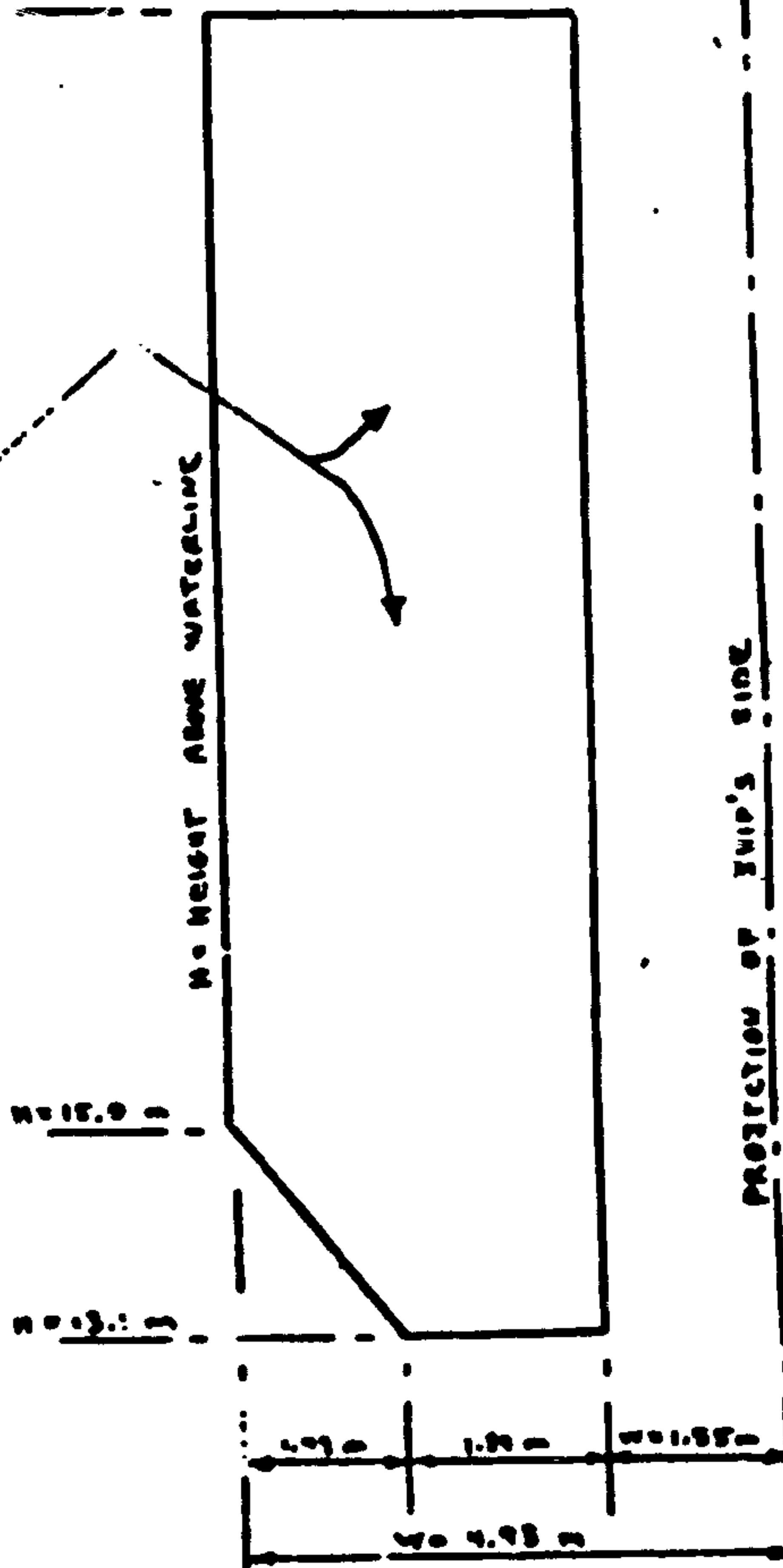


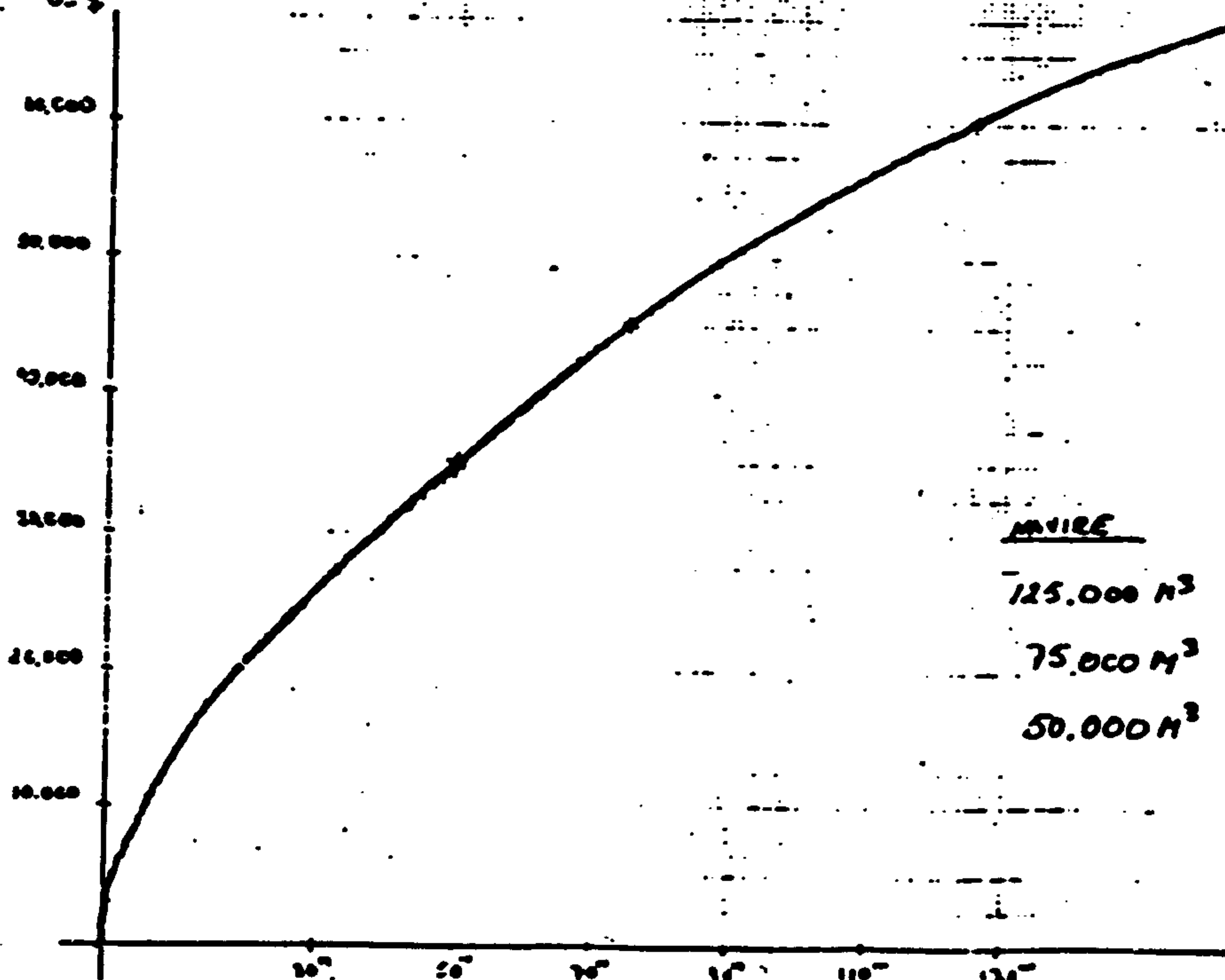
FIGURE 3-1
KEITH PIPELINE
AND ...
...

[Handwritten signature]

Distrigas of
Massachusetts
Corporation

Anne. E

СРЕДНЯЯ
УС



МАТЕР

ВРЕСТИРЕ

125.000 M³ — US \$ 60.000

75.000 M³ — US \$ 45.000

50.000 M³ — US \$ 35.000

КАПИТАЛ
M³

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-II

SETTLEMENT AGREEMENT.

EXECUTION COPY

S E T T L E M E N T A G R E E M E N T

This SETTLEMENT AGREEMENT dated as of February 1988, is made among l'Entreprise Nationale Pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (SONATRACH), having its principal place of business in Algiers, Algeria ("Sonatrach"); Cabot Corporation, having its principal place of business in Waltham, Massachusetts, USA ("Cabot"); and Distrigas Corporation, having its principal place of business in Boston, Massachusetts, USA ("Distrigas").

WHEREAS Distrigas and Sonatrach are parties to an Agreement for the Sale and Purchase of Liquefied Natural Gas ("LNG") dated 13 April, 1976 (the "1976 Agreement", which for the purposes of this Settlement Agreement shall not include Amendment No. 2 or Amendment No. 3 thereto);

mm RJS

WHEREAS the parties hereto have entered into Heads of Agreement in writing dated 11 November, 1987 (the "Heads of Agreement");

WHEREAS in implementation of the Heads of Agreement Sonatrach has since the date thereof caused cargoes of Algerian LNG to be shipped from Algeria to Distrigas at Boston, Massachusetts;

WHEREAS, in further implementation of the Heads of Agreement the following further agreements (the "Agreements") have been or will this day be executed by the parties thereto:

- (1) Amendment No. 2 to the 1976 Agreement;
- (2) Amendment No. 3 to the 1976 Agreement;
- (3) A Transportation Agreement between Sonatrach as transporter and Distrigas as shipper; and
- (4) A Mutual Assurances Agreement between Cabot, Sonatrach, Distrigas, and Sonatrading Amsterdam B.V.

my 2AP

NOW THEREFORE in consideration of the foregoing and of the mutual promises contained in this Settlement Agreement, the parties hereto agree as follows.

1. With all reasonable expedition following the signature of this Settlement Agreement and the delivery to Distrigas of a letter from Sonatrach confirming that all requisite consents and authorizations of Algerian authorities with respect to this Settlement Agreement and the Agreements have been obtained, Distrigas shall cause to be paid in favor of Sonatrach to Account No. 32 62 407, at Bankers Trust Company of New York, for Sonatrach's absolute use and benefit, a principal cash sum of dollars U.S. sixty million (US\$60 Million). Such \$60 Million payment shall be a condition precedent to the coming into force of the undertakings and obligations of Sonatrach under Section 2 of this Settlement Agreement. Further, by not later than December 31, 1988 Distrigas shall cause to be paid to the credit of the said account for Sonatrach's absolute use and benefit a further cash sum of dollars U.S. five and one-half million (US\$5.5 Million).

In addition, on December 31, 1988 or (if later) with reasonable expedition after the shipment of the first seven cargoes under Amendment No. 3 to the 1976 Agreement, Distrigas shall cause to be paid to the credit of the said account for Sonatrach's absolute use and benefit a further cash sum of dollars U.S. five and one-half million (US\$5.5 Million).

2. The parties do hereby mutually quit, release and forgive each other and the affiliates of each other (an

affiliate as used in this Settlement Agreement being defined as any entity which controls, is controlled by or is under common control with, a party) from all claims, demands, causes of action and liabilities whensoever arising, whether at law or in equity or by statute, and whether or not asserted before the date of this Settlement Agreement, arising out of Article 6 and Section 12.1(d) of the 1976 Agreement, including those the subject of arbitration No. 5903/MB pending under the Rules of the International Chamber of Commerce Court of Arbitration (the "Arbitration"). The parties further agree that with all reasonable expedition following the signature of this Settlement Agreement:

- (i) Sonatrach and Distrigas shall take all necessary steps jointly to notify the International Chamber of Commerce and the arbitrators in the Arbitration that they have settled their differences on terms agreed between them, that all claims and defences filed therein are withdrawn, that neither side will hereafter pursue any claims against the other in the Arbitration, and that the Arbitration should accordingly be treated as discontinued and at an end. Such notification will contain a joint request that the sums previously deposited by Sonatrach with the International Chamber of Commerce in the

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Arbitration be reimbursed to Sonatrach after making such deductions therefrom as may be appropriate for fees or costs (if any) payable to the International Chamber of Commerce in respect of the Arbitration.

- (ii) Each party to the Arbitration shall pay its own legal fees and expenses thereof; and
- (iii) Each such party shall pay one-half of any fees and costs ultimately payable in respect of the Arbitration to the International Chamber of Commerce and shall make such payments to one another as are necessary to insure that each shall bear such one-half and no more.

3. Cabot and Distrigas represent and warrant as follows:

- (a) Each of Cabot and Distrigas is a corporation duly organized and existing under the laws of the State of Delaware and has full corporate power and authority to enter into this Settlement Agreement and carry out the provisions hereof.

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- (b) This Settlement Agreement has been duly executed and delivered by Cabot and Distrigas and constitutes the valid, binding and legal obligation of each such corporation enforceable in accordance with its terms.
- (c) The execution and delivery of this Settlement Agreement do not, and the consummation of the transactions contemplated hereby will not, conflict with or result in a breach of any of the terms, conditions or provisions of the respective Certificates of Incorporation or By-Laws of Cabot or Distrigas or of any agreement or instrument to which either of them is a party or by which it is bound, or constitute a default or give rise to a right of acceleration, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of Cabot or Distrigas, under any of the foregoing, or violate any law, rule, regulation, judgment or decree by which any of them is bound (the consequence of which could have a material adverse effect on Cabot or Distrigas).

4. Sonatrach represents and warrants as follows:

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(a) It is an entreprise nationale duly organized and existing under the laws of Algeria and has full power and authority to enter into this Settlement Agreement and carry out the provisions hereof.

(b) This Settlement Agreement has been duly executed and delivered by Sonatrach. After approval by the competent authorities of Algeria, this Settlement Agreement shall constitute the valid, binding and legal obligation of Sonatrach enforceable in accordance with its terms.

5. This Settlement Agreement shall be governed by and construed in accordance with the laws of England.

6. This Settlement Agreement may be executed in any number of counterparts and each of such counterparts shall be deemed an original. All such counterparts shall together constitute a single instrument. The French and English versions of this Settlement Agreement shall be equally authoritative.

7. Each notice, request, demand or other communication hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand to an authorized employee or a duly appointed representative of the addressee party; or when

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received by such party after being sent by mail; or one day after it has been sent to such party by telex or telecopier (with receipt confirmed), provided a copy is also sent by mail addressed as follows (or to such other address as a party may designate by notice to the other):

(a) if to Cabot:

Cabot Corporation
950 Winter Street
Waltham, Massachusetts
USA.
Telecopier: 617-622-3703 or 04
Telex: 6817525

(b) if to Distrigas:

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

(c) if to SONATRACH:

Sonatrach,
46, Boulevard Mohamed V,
Algiers,
ALGERIA.
Telex: 67123
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8. This Settlement Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof, except as specifically otherwise provided herein, and supersedes all prior agreements and understandings related to such subject matter.

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9. This Settlement Agreement may not be modified or amended except by an instrument in writing signed by all parties hereto.
10. Each party shall cooperate and take or cause to be taken such further action, and shall execute and deliver or cause to be executed and delivered such further documents as may be reasonably requested by the other party or parties in order to effectuate or facilitate the purpose and intents of the Agreements and of this Settlement Agreement.
11. Any dispute arising out of or in connection with this Settlement Agreement between Cabot and Distrigas or either of them on the one hand and Sonatrach on the other hand shall, unless such dispute falls within the terms of any arbitration clause under any other contract between the parties to such dispute, be referred to arbitration in Geneva, Switzerland under the Rules of conciliation and arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with such rules. For the purpose of the said Rules the party or parties initiating recourse to arbitration in respect of such dispute(s) shall be treated as the claimant party in the arbitration, and the party or parties

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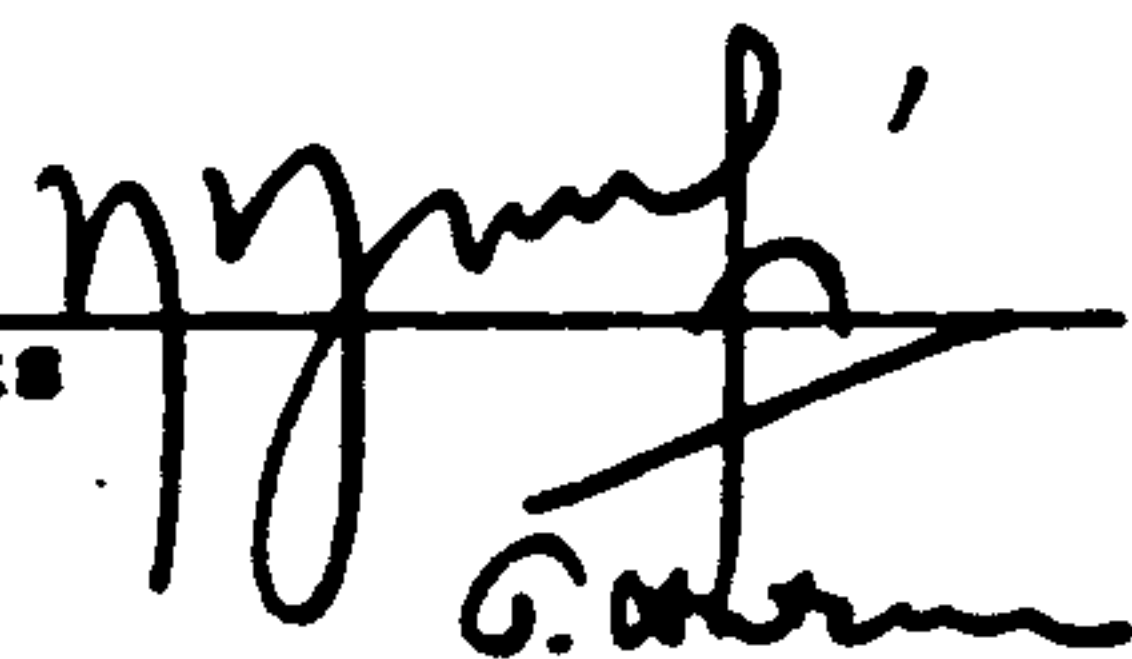
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against whom such recourse is initiated shall be treated as the respondent party in the arbitration. The arbitration shall be conducted in the French and English languages. The award of the arbitrators shall be final and binding upon the parties, and may if necessary be enforced by any court or other competent authority.

12. Cabot hereby agrees to cause Distrigas to perform in full all the obligations of Distrigas under this Settlement Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement to be executed and delivered as of the date first above written.

L'ENTREPRISE NATIONALE POUR
LA RECHERCHE, LA PRODUCTION,
LE TRANSPORT, LA TRANSFORMATION
ET LA COMMERCIALISATION DES
HYDROCARBURES
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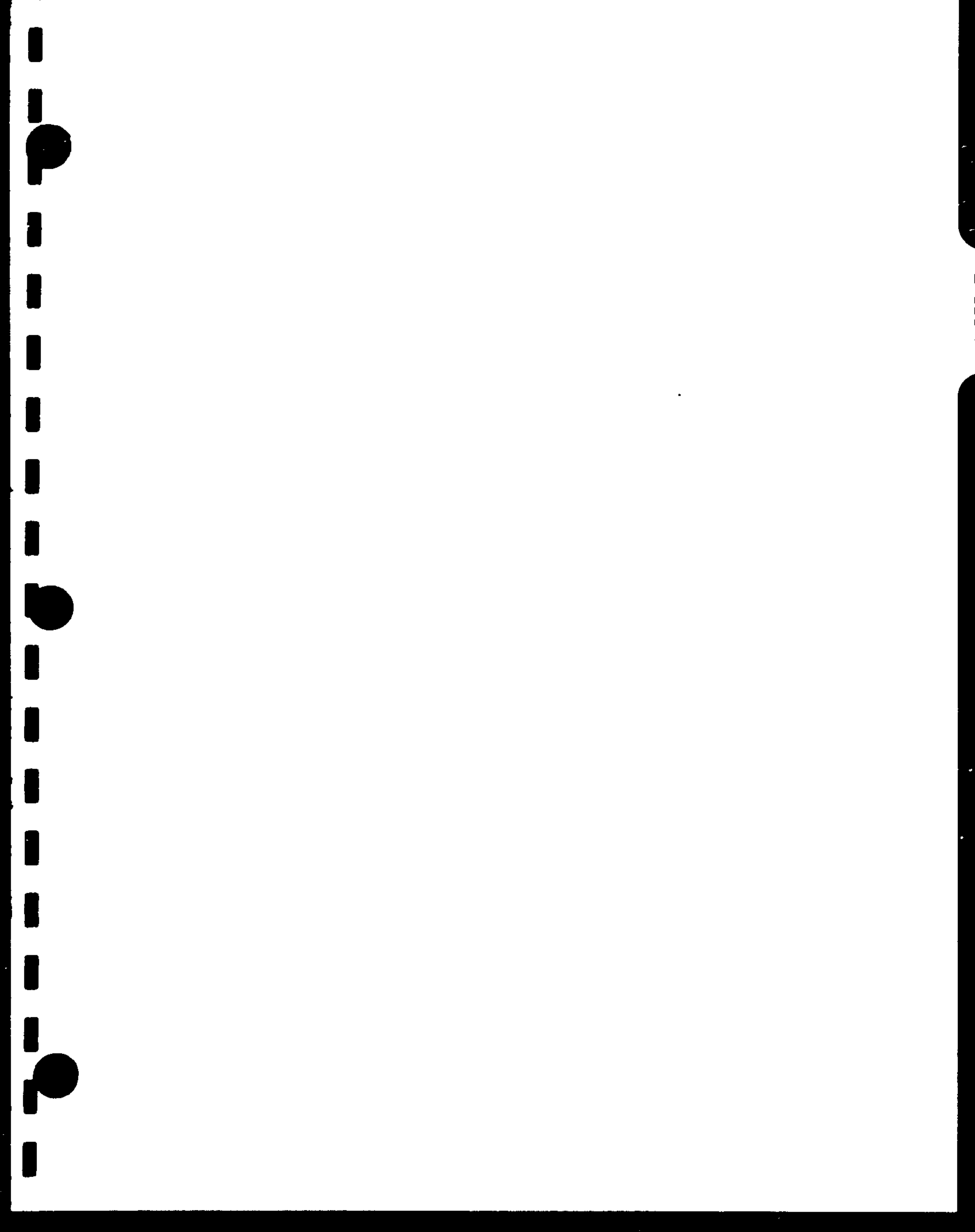
CABOT CORPORATION

By Samuel C. Bohman
its President

DISTRIGAS CORPORATION

By R. J. Heaver
its Vice President

may 24 1977



DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-A

AMENDMENT NO. 3 TO THE
APRIL 13, 1976 AGREEMENT
FOR THE SALE AND PURCHASE OF
LIQUEFIED NATURAL GAS.

EXECUTION COPY

AMENDMENT NO. 3 TO THE
AGREEMENT FOR THE SALE AND PURCHASE OF
LIQUEFIED NATURAL GAS
OF APRIL 13, 1976

Between:

L'Entreprise Nationale SONATRACH, with registered office at 46 Boulevard Mohamed V, Algiers, Algeria, hereinafter referred to as the "Seller", represented by M. Faïd, Directeur, Division Gaz, authorized to execute this Amendment, on the one hand,
and

Distrigas Corporation, a corporation organized and existing in the United States of America, under the laws of the State of Delaware, with its principal office at 2 Oliver Street, Boston, Massachusetts, hereinafter referred to as the "Buyer", represented by its Vice President, R. Gordon Shearer, authorized to execute this Amendment, on the other hand,

WITNESSETH:

Whereas, Seller and Buyer executed an Agreement for the Sale and Purchase of Liquefied Natural Gas on April 13, 1976 (the "Agreement");

Whereas, to reflect significant changes in United States regulatory policy and regulations and United States natural gas markets, to introduce LNG tankers into the trade on an F.o.b. basis, to make LNG available at competitive prices, and to permit Seller to assign its rights, obligations and commitments under the Agreement, as amended, to Sonatrading Amsterdam B.V., a wholly-owned subsidiary of Seller incorporated in The Netherlands with principal office at Kantoorgebouw 'Sloterstyn' 5C, Sloterkade 133, 1058 HM Amsterdam, The Netherlands ("Sonatrading"), Seller and Buyer now propose to make certain modifications to the Agreement and an assignment of the Agreement, as amended, by means of this Amendment No. 3. It is agreed as follows:

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I.

Article 2 of the Agreement is deleted, and the second paragraph of Article 3 of the Agreement is amended and restated as follows:

Seller represents that the LNG which is to be sold under the provisions of this agreement will be produced by liquefaction units at Seller's liquefaction plants in Algeria.

II.

Article 4 of the Agreement is amended and restated as follows:

TANKERS; DELIVERY; PASSAGE OF TITLE

Section 4.1. Tankers. Buyer shall cause the LNG purchased and sold hereunder to be shipped from Algeria in LNG tankers having a Gross Cargo Capacity, as defined in the Transportation Agreement dated the date hereof between Seller as transporter and Buyer as shipper (the "Transportation Agreement"), of between 30,000 and 135,000 cubic meters, for carriage to and delivery at the Terminalling Facility. Such LNG tankers shall have specifications and characteristics compatible with the ports of loading and discharging. Seller shall furnish or cause to be furnished to Buyer, and Buyer shall accept, on and subject to the terms and conditions of the Transportation Agreement, at least one of such LNG tankers in use hereunder at any given time. If a second LNG tanker is, at any given time, required to lift LNG which is to be purchased and sold hereunder, Buyer shall, before entering into any arrangements with any third party for the provision of such additional LNG tanker, offer to Seller first refusal of the right to provide the same on terms and conditions not less favorable to Buyer than would be the terms and conditions of such arrangements. Unless such offer is accepted by Seller and such acceptance communicated to Buyer within 48 hours of such offer being made it shall be deemed to have been rejected by Seller.

Section 4.2. Delivery Point, Passage of Title and Risk of Loss. The delivery point is the point at which the flange coupling of Seller's loading line joins the flange coupling of the LNG loading manifold

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on board any LNG Tanker at Arzew or other safe port in Algeria. Title and risk of loss shall pass to Buyer at the delivery point.

Sections 4.3, 4.4 and 4.5 of the Agreement are deleted.

III.

In Article 5, the words "Buyer's dock" are changed to "loading port," the word "negligent" is inserted between "or" and "act," and after the word "services" shall be added the words "and in no case shall Buyer or its affiliates be deemed to be employees, representatives, contractors or suppliers of Seller, and vice versa."

IV.

Article 6 of the Agreement is amended and restated as follows:

QUANTITIES AND DELIVERIES

Section 6.1. Annual Quantities. Subject to the provisions of this Article 6, from 15 September, 1988 Seller shall cause Sonatrading to sell to Buyer and Buyer shall purchase from Sonatrading F.o.b. Algerian port 51 million MMBtu of LNG, corresponding to 17 full cargoes each of approximately 125,000 cubic meters in each Contractual Year and pro rata for any part of a Contractual Year.

Section 6.2. Undertaking of Buyer and Affiliates. Throughout the term of this agreement, Buyer undertakes that it and any affiliate of Buyer selling LNG purchased by Buyer hereunder or regasified LNG derived therefrom shall diligently seek to obtain from their customers and potential customers commitments (capable of being satisfied by such LNG or regasified LNG) on terms and conditions (including price) which in Buyer's reasonable commercial judgment are the most favorable available to Buyer and its affiliates in the prevailing market and under the prevailing circumstances, for the purchase by such customers and potential customers from Buyer or any such affiliate of Buyer of LNG for delivery in the U.S.A., or of Natural Gas derived from the regasification of LNG and emanating

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- 2 from or delivered at the Tailgate. If and to the extent that Buyer proposes to seek delivery of any quantities of LNG at the Terminalling Facility in excess of the quantities specified in Section 6.3(a) with a view to meeting any such commitments it will, subject to and on the terms hereof and up to the quantities specified in Section 6.1, offer to purchase those quantities of LNG from Sonatrading hereunder at the price computed in accordance with Article 9 hereof. Unless such offer is accepted by Seller and such acceptance communicated to Buyer within 240 hours of such offer being communicated it shall be deemed to have been rejected by Seller.

Section 6.3. Minimum Quantities; Make-up.

(a) Seller shall cause Sonatrading to sell and load hereunder, and Buyer shall buy from Sonatrading, as part of the quantities specified in Section 6.1, minimum quantities of LNG totalling in the aggregate approximately 27 million MMBtu (corresponding to nine full cargoes of an LNG tanker or LNG tankers each of a capacity of approximately 125,000 cubic meters) during each Contractual Year and pro rata for any part of a Contractual Year. Deliveries of such quantities hereunder shall be scheduled by agreement under Section 6.4 hereof. Buyer shall make payment to Sonatrading in respect of each cargo forming part of such quantities at the price computed in accordance with Article 9 hereof; provided that if the Reference Price on the tenth day preceding the date such cargo is scheduled for loading pursuant to Section 6.4 shall be below the prevailing Minimum Price Buyer shall not be obligated under this Section 6.3(a) to buy, and Seller shall not be obligated under this Section 6.3(a) to sell or load such cargo, but Buyer shall instead have the option (exercisable by notice delivered by telex or other prompt means not later than 10 days before such scheduled date) to purchase at the Minimum Price, and to call for delivery of, such cargo as scheduled. To the extent that the shipping schedule involves or would involve loading of any of the nine cargoes constituting minimum quantities after March 15 of such Contractual Year, the price for any cargoes so loaded after that date shall, at either party's request, be a price to be agreed between the parties. Accordingly, Seller and Buyer will attempt in that event to agree to alternative pricing terms. If Seller and Buyer

O. Chahine
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do not agree to pricing terms for any of such cargoes then both Seller and Buyer shall be excused from any obligation to sell and deliver or receive and pay for the same.

(b) Buyer's obligations in respect of all quantities in excess of the above minimum quantities shall be governed by Section 6.2 hereof. To the extent that the aggregate quantities of LNG purchased by Buyer for delivery in any one Contractual Year shall at the end of such Contractual Year be less than 51 million MMBtu, Buyer shall have the right in respect of the next succeeding Contractual Year(s) during this Agreement to increase the quantity of 51 million MMBtu in Section 6.1 hereof until the total of such increases shall equal the amount by which such quantities are less than 51 million MMBtu. If at the end of the term of this agreement specified in Article 14 any part of such difference shall still not have been shipped hereunder, Buyer shall have the right to extend such term for a period of five (5) years or until such difference shall have been delivered at the delivery point in full, whichever shall first occur, but Section 6.3(a) shall not apply during any such extended term, and in no event shall Seller be obligated to deliver more than 51 million MMBtu of LNG in any one Contractual Year during this Agreement as so extended or otherwise.

Section 6.4. Schedule of Loadings. Seller and Buyer agree that Buyer and Sonatrading shall consult together during a Contractual Year as may be reasonably required, and shall in particular meet each February and August to establish a schedule of projected loadings hereunder month by month for the six-month period commencing the following March 15th and September 15th, respectively.

The nine cargoes constituting minimum quantities pursuant to Section 6.3(a), shall be scheduled for loading, to the extent reasonably practicable, at approximately 20 day intervals beginning September 15.

Such schedule shall be updated from time to time to the extent reasonably practicable.

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Ten (10) days prior to the beginning of each calendar month, Seller shall cause Sonatrading to confirm by telex to Buyer the schedule of deliveries for such month.

Seller shall ensure that Buyer shall be promptly notified by telex of any loading of LNG under this agreement and of the departure of such cargo and the estimated time of arrival at the Terminalling Facility.

Section 6.5. Plant Inspections and Overhauls. Seller and Buyer shall provide that annual inspections and overhauls of the plants and facilities necessary to carry out the operation contemplated by this agreement shall take place preferably during the summer, or at any such other suitable time of the year selected by mutual agreement as will not entail a decrease in the annual quantity of LNG the delivery of which is provided for by this agreement. Seller and Buyer shall notify each other of schedules of such annual inspections and overhauls ninety (90) days prior to their commencement.

V.

Sections 8.1 and 8.2 of the Agreement are amended and restated as follows:

Section 8.1. Gauging. The quantities of LNG delivered under this agreement shall be measured in metric units by gauging of the liquid in the ship's tanks immediately prior to and after loading.

The gauging at the delivery point and the calculations relating thereto shall be made by Seller or its designated representative, with Buyer having the right to be present.

Each party shall send or cause to be sent to the other party a certified copy of the gauging standards for each tank of each LNG tanker being furnished by such party, in metric units approved by the Departments of Instruments and Measurements of Algiers - Paris or of the U.S. Bureau of Standards in Washington (D.C.), as well as correction charts (list, trim, tanks' contraction, etc.). Such standards and charts shall be used throughout the

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term of this agreement, except in the case of a physical change in the tanks, in which case new standards and charts shall be used. LNG level measuring devices shall be approved by both Seller and Buyer. Each tank shall be equipped with two level-measuring devices of different types.

Section 8.2 Determination of Density. The density of the LNG shall be determined by a calculation from the molecular composition determined in accordance with Section 8.4 hereof; for the average temperature defined in Section 8.3 hereof.

The method of calculation shall be the method known as the revised Klosek and McKinley Model, as set forth in NBS Technical Note 1030, published by the U.S. Department of Commerce in December 1980.

In the first sentence of the first paragraph of section 8.4 the words "by Seller" are added after the word "taken", and the word "loading" is substituted for the word "discharging".

In the second sentence of the second paragraph of Section 8.4 the word "Buyer" is substituted for the word "Seller".

In the third paragraph of Section 8.4 the word "Buyer" is substituted for the word "Seller".

In the first sentence of Section 8.5 of the Agreement, the phrase "0°C at a pressure of 760 mm/Hg" is deleted and the following is substituted in its place: "0°C at a pressure of 1.01325 BAR."

In Section 8.6 of the Agreement the words "loaded on" are substituted for the words "delivered by", thereafter the word "loaded" is substituted for the word "delivered" in two places, and the words "LNG loaded" are substituted for the words "LNG discharged".

The first two paragraphs of Section 8.7 are amended and restated as follows:

The gauging equipment in the ship's tanks shall be provided, operated and maintained by the Buyer at its expense. The equipment and material utilized for the determination and tests of the quality and density of the product shall be provided, operated and maintained by Seller at its expense.

O. Whitcomb
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Any measurement and any calculation relating to the determination of the quality and density of the LNG shall be made by Seller in the presence of a representative of Buyer if Buyer so wishes.

In the second sentence of the first paragraph of Section 8.8 the words "with both parties having the right to be present" are substituted for the words "if the two parties are present".

VI.

Article 9 of the Agreement is amended and restated as follows:

PRICE

Section 9.1 F.o.b. Terms. For any month during which there shall be completed any loading of any LNG tanker hereunder the price F.o.b. Algerian port in U.S. Dollars per MMBtu of such LNG so loaded shall be the higher of the Reference Price (if any), the Minimum Price, and a price ("P") computed as follows:

(i) If SP for such month is less than \$5.00:

$$P = 0.6324 \times SP$$

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

$$P = (0.6532 \times SP) - 0.0923$$

SP, for any month, shall be the amount obtained by ascertaining

(a) the total number of MMBtus of LNG or regasified LNG derived from LNG purchased hereunder and delivered to customers of Buyer or of any affiliate of Buyer during such month; and

(b) the total proceeds receivable by Buyer or any affiliate of Buyer from such deliveries less any sums paid by Buyer or such affiliate during such month to fiscal authorities in the United States in respect of any import duty, tax or other imposition not levied at the date

A. Johnson
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of execution of Amendment No. 3 to this agreement but applicable to quantities of LNG imported under this agreement;

and by then dividing the aggregate of the amounts calculated under (b) above by the aggregate of the amounts calculated under (a) above. For any period less than a month, or for any month during which no vapor or liquid is delivered, SP shall be fixed by agreement of Buyer and Seller.

Buyer shall throughout this Agreement diligently seek to maximize the proceeds under (b) above by negotiating or causing to be negotiated with such customers' terms and conditions (including price) which in Buyer's reasonable commercial judgment are the most favorable available to Buyer in the prevailing market and in the prevailing circumstances.

VII.

In the first paragraph of Article 10 the words "without prejudice to Section 9.1 hereof" are added after the word "Buyer".

In the second paragraph of Article 10, the words "other states and" shall be deleted and the words "Algeria, and, where the LNG tanker is furnished under the Transportation Agreement," shall be substituted therefor.

VIII.

Article 11 of the Agreement is amended and restated as follows:

PORT FACILITIES; LOADING

Section 11.1. Port and Loading Facilities.

(a) Port Facilities. Seller shall make available, or cause to be made available, safe port facilities for the loading of LNG purchased hereunder capable of receiving LNG tankers of the following maximum dimensions:

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Overall Length..... 290.00 meters
Width..... 43.70 meters
Draft at full capacity... 11.30 meters

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

(b) Berthing and Loading Facilities. Seller shall make available or cause to be made available to Buyer at the port of loading in Algeria berthing and loading facilities including:

- (i) mooring equipment;
- (ii) lighting sufficient to permit docking maneuvers by day or by night in complete safety, to the extent permitted by the port authorities;
- (iii) pipelines to ensure normal stocking of the LNG tanker with bunker fuel;
- (iv) loading arms, pipes and other appropriate facilities permitting the loading of LNG at the average rate of ten thousand m³/hour;
- (v) a vapor return line from the LNG tanker to shore facilities having a diameter sufficient to maintain appropriate operating pressure in the tanks of the LNG tanker and in the storage reservoirs; and
- (vi) a liquid nitrogen loading facility compatible with the LNG tanker.

The facilities described in this Section 11.1(b) shall be provided, operated and maintained at no cost to Buyer.

Section 11.2. Safety. Loading of LNG shall be carried out in strict conformity with all applicable safety and other similar regulations.

Section 11.3. Conditions of Loading. Buyer shall give written notice to Seller of the estimated date and hour of arrival at the port of loading of any LNG tanker providing maritime transportation

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hereunder as well as of the estimated quantity of LNG which is to be loaded. Buyer shall send or cause to be sent to Seller the following written notices:

- (i) a first designation notice shall be given upon departure from last port of discharge or (if later) at least ninety-six (96) hours prior to the estimated time of arrival, and shall contain an estimated time of arrival;
- (ii) a second designation notice shall be given so as to arrive seventy-two (72) hours prior to the estimated time of arrival;
- (iii) a third designation notice shall be given so as to arrive twenty-four (24) hours prior to the estimated time of arrival; and
- (iv) At the time the LNG tanker arrives at the sea buoy or designated anchorage at the loading port, the Master shall give written notice of such arrival to Seller or its authorized representative at any time of the day or night.

As soon as the LNG tanker is berthed alongside the pier and prepared to load its cargo, the Master of the LNG tanker shall give written notice of ready to receive to Seller or to its representative at any time of the day or night. Notwithstanding the foregoing, where the LNG tanker is furnished under the Transportation Agreement, all notices required to be given under this Section 11.3 shall be the responsibility of Seller. Provided that the bottom temperature of the tanks of the LNG tanker is not higher than minus one hundred and forty-five degrees centigrade, Seller shall then take all appropriate measures within its reasonable control to permit the loading of the LNG tanker as quickly as is safely possible.

Authorized laytime for loading any LNG tanker under this Agreement shall commence at the same time and shall run for the same period as authorized laytime at the loading port under the Transportation Agreement and demurrage shall be computed for the same period at the same rate and shall be payable in the same manner as demurrage at the loading port under the Transportation Agreement.

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Section 11.4. Cooldown; Heel and Gas Trials.

(a) Seller shall make available or cause to be made available LNG for gas trials and cooldown for any LNG tanker transporting LNG purchased hereunder which has a bottom temperature in its tanks prior to loading higher than minus one hundred and forty-five degrees centigrade. Payment for the LNG so supplied shall be the responsibility of Buyer, except as provided below. Buyer shall pay to Sonatrading for the LNG so supplied (for which Buyer bears such payment responsibility) the price in U.S. Dollars per MMBtu provided in Article 9 hereof for LNG loaded during the month of such supply.

(b) Upon discharge of any LNG tanker transporting LNG in connection herewith, which is scheduled to load LNG at the loading port within thirty (30) days following completion of such discharge, Buyer shall retain or cause to be retained aboard that LNG tanker (if returning forthwith in ballast to the loading port to load further cargo hereunder) an amount of LNG sufficient to permit such tanker to maintain a temperature no higher than minus one hundred and forty-five degrees centigrade at the bottom of the tanks for a period of at least twenty-four (24) consecutive hours after its arrival at the loading port or, in the case of an LNG tanker provided under Transportation Agreement, after the time (if earlier) when such arrival would have occurred had it proceeded to the loading port with due dispatch. The supply of LNG necessitated by a failure of Buyer so to cause sufficient LNG to be retained aboard shall be the responsibility of and shall be paid for by, Buyer but at the request of Buyer such LNG shall be supplied by Seller. The price to be paid by Buyer to Seller for LNG for which Buyer is obligated to pay Seller under this Section 11.4 shall be the price in U.S. Dollars per MMBtu provided in Article 9 hereof.

(c) If any LNG tanker aboard which LNG has been so retained does not load within such twenty-four (24)-hour period for any cause attributable solely to any matter within the reasonable control of Seller or the owner or operator of any LNG tanker furnishing services under the Transportation Agreement, the cost of additional LNG thereby rendered necessary and utilized for cooldown of such tanker shall be the responsibility of Seller.

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(d) The quantities of LNG purchased pursuant to this Section 11.4 by Buyer shall not be included in the quantities covered by Article 6 of this agreement.

IX.

Section 12.1 of the Agreement is hereby amended and restated as follows:

Section 12.1. Invoicing and Payment.

(a) Seller's Documents; Payments on Account. Not less than 7 days in advance of each month in the course of which Buyer anticipates that there will be LNG deliveries hereunder, Buyer shall notify Sonatrading by telex of Buyer's best good faith estimate of the price P under Article 9 for that month. Promptly following the completion of each loading of LNG purchased hereunder Seller shall cause Sonatrading to send to Buyer in respect thereof a telex substantially in the form of Annex C hereto. Sonatrading shall at the same time cause to be dispatched to Buyer (a) the data and documents indicating the quantity in MMBtu's of LNG so loaded (including the measurements and calculations under Article 8 hereof); (b) where the LNG is loaded under the Transportation Agreement, a cargo receipt substantially in the form of Annex A to that Agreement in respect of such LNG; and (c) a provisional invoice (which may be sent by telex or telecopier) for the amount calculated pursuant to the final paragraph of this Section 12.1(a). Buyer shall make to Sonatrading a payment on account for such LNG of that amount, by wire transfer to Sonatrading's account in a United States bank specified by Sonatrading, on or before the later of (i) the fifteenth day following the completion of each loading or (ii) the seventh day following the date of receipt by Buyer of the documents under (a), (b) and (c) above (the "Due Date"), provided that Buyer shall at all times have outstanding a standby, revolving, irrevocable commitment to Sonatrading of a first-class bank in the United States in form and substance reasonably satisfactory to Sonatrading to pay Sonatrading on the Due Date an amount of U.S. dollars equal to each such payment on account together with any interest accrued thereon against presentation of written advice by Sonatrading that

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there has been a failure by Buyer to pay the same when required by this agreement to such account by such Due Date. In the event that it shall become unduly onerous for Buyer to have such a bank commitment outstanding, Buyer may so inform Sonatrading by notice. In such event, Buyer shall not be obligated to have such a commitment outstanding in respect of any loadings occurring after the date on which such notice was given and shall make such payment on account for each loading by wire transfer to the aforementioned account not later than the seventh day following the date of receipt by Buyer of the documents under (a), (b) and (c) above.

The amount so payable on account shall be equal to:

- (i) the product of (a) the quantity of LNG in MMBtus loaded as specified in the aforementioned cargo receipt or (if not so specified) as determined in accordance with Article 8 hereunder; and (b) the price as estimated by Buyer and notified to Sonatrading in accordance with this Section 12.1(a) for the month in which such loading was completed, plus or minus
- (ii) any amount required to be added to or subtracted from the foregoing product under Section 12.1(c).

(b) Invoices. Within seven days following receipt of the monthly statement furnished by Buyer under Section 12.1(d), Sonatrading shall prepare and send to Buyer an invoice in U.S. Dollars for the aggregate quantity of LNG purchased hereunder the loading of which was completed during the month covered by such monthly statement. The amount invoiced shall be equal to the product of (i) the price per MMBtu under Article 9 for such month as calculated in the monthly statement prepared under Section 12.1(d), and (ii) such aggregate quantity in MMBtus as determined pursuant to Section 12.1(a) for such month less the payments on account received by Sonatrading under Section 12.1(a) with respect to the shipments of LNG covered by such invoice. Any such invoice shall take into account any amount owed by either Sonatrading or Buyer under Section 11.

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(c) Payment. In the event that the invoice sent by Sonatrading under Section 12.1(b) shows a net amount owed to Buyer, such amount shall be subtracted from the product referred to in Section 12.1(a)(i) in computing the amount or amounts payable by Buyer under Section 12.1(a) in respect of the shipment or shipments next following the date of receipt by Buyer of such invoice, in such a manner as to amortize as rapidly as possible the amount of such credit. In the event that the invoice shows a net amount owed to Sonatrading, all or any part of such amount remaining unpaid shall be added to the product referred to in Section 12.1(a)(i) in computing the amount payable by Buyer under Section 12.1(a) with respect to the shipment next following the date of receipt by Buyer of such invoice. If the amount shown in any invoice as a net amount owed to Buyer or to Sonatrading has not been paid in full as provided in this Section 12.1(c) within thirty (30) days following the date of receipt by Buyer of such invoice, then the party owing that net amount remaining unpaid shall forthwith pay the same by wire transfer to such account at a United States bank as the other party shall have specified by notice. If and for so long as Buyer shall be in default in respect of any obligation upon Buyer under this Article 12 to make payment for LNG, Sonatrading shall be under no obligation to make any further shipment(s) of LNG to Buyer hereunder. Upon the amount of any payment under this Article 12 which is in default the defaulting party shall pay interest at a rate which shall equal 1 percent per annum over LIBOR from the last date due until the date of payment.

(d) Monthly Statements. No later than the eighteenth day following the end of each month, Buyer shall prepare and deliver to Sonatrading a statement showing the price under Article 9 for such month and including in reasonable detail the basis for the calculation thereof. Such statement shall include in particular the aggregate quantities of deliveries of LNG or regasified LNG derived from LNG purchased hereunder effected in such month, the customers concerned, and the total proceeds receivable from such deliveries to customers.

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(e) Access to Books and Records. Sonatrading and its representatives shall be entitled from time to time at their expense to inspect Buyer's books and records upon reasonable notice during normal working hours for the purpose of verifying sales and deliveries to customers and computing the amounts payable under this agreement.

X.

Article 13 of the Agreement is amended and restated as follows:

FORCE MAJEURE, ETC.

13.1. Definition. "Force Majeure" means any event or condition, whether affecting Buyer, Seller or any other person, which has prevented or delayed or may reasonably be expected to prevent or delay any party hereto from performing hereunder in whole or in part (including but not limited to performing transportation to, storage at and redelivery from the Terminalling Facility), if such event or condition is beyond the reasonable or prudent control, forecasting or planning, and not the result of willful or negligent action or a lack of reasonable diligence, of whichever party hereto is relying thereon (the "Non-Performing Party") as justification for such nonperformance. The foregoing provisions shall not be construed to require that the Non-Performing Party observe a higher standard of conduct than that required by the usual and customary standards of the industry, as a condition to claiming the existence of Force Majeure. Such events or conditions shall include but shall not be limited to circumstances of the following kind:

- (a) (i) an act of God or government, epidemic, landslide, lightning, earthquake, fire, explosion, accident, storm, flood or similar occurrence, an act of the public enemy, war, blockade, insurrection, riot, civil disturbance or similar occurrence, or (ii) a strike, lockout, or similar industrial or labor action;

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- (b) the failure to obtain, or suspension, termination, adverse modification, interruption or failure of renewal of any permit, license, consent, authorization or approval, including any approval contemplated by Article 18 hereof; and
- (c) circumstances preventing Seller, Sonatrading, Buyer or any affiliate of Buyer from supplying LNG or regasified LNG, as the case may be, including serious accidental damage to operations or equipment affecting the Natural Gas production facilities in the field, transportation, treatment, liquefaction, storage, and loading operations in Algeria; transportation by LNG tankers; and unloading, storage, regasification and transportation in the United States.

13.2. Excuse of Performance. Each party hereto shall be excused for its failure or delay in performance hereunder to the extent that such failure or delay is caused by Force Majeure. Notwithstanding the foregoing, Buyer shall in any event make payment in accordance with the terms hereof for all LNG delivered hereunder as to which the risk has passed to Buyer.

13.3. Notice. As soon as practicable following the occurrence of Force Majeure the party affected thereby shall give notice to the other party by the most rapid means available, describing such Force Majeure and stating such party's best estimate of the duration thereof and the effect thereof on the performance of this agreement and shall keep such other party reasonably advised as to the status of such Force Majeure and the progress of such party's efforts to overcome the same.

13.4. Resumption of Performance. In the event performance hereunder shall be prevented or delayed in whole or in part by Force Majeure, the parties shall take all reasonable and appropriate measures to bring about conditions permitting the resumption

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of the normal performance of this agreement as soon as possible. In the event that performance hereunder shall be substantially prevented by Force Majeure for more than 24 consecutive months either party may, without prejudice to all other rights arising out of such circumstances, terminate this agreement by 30 days' written notice to the other.

13.5. Reduction or Cessation of Deliveries. If in respect of any transaction between Buyer or any affiliate of Buyer, and any customer, for the sale and purchase of regasified LNG, or of LNG, in relation to which Seller is obligated to sell LNG to Buyer hereunder, there shall arise:

(a) a failure or refusal of such customer to take delivery of or to make payment in full for any such regasified LNG or any such LNG;

(b) a bankruptcy or insolvency of any such customer; or

(c) a reasonable likelihood, in Buyer's good faith judgment, that the occurrence of one of the foregoing events is imminent;

Buyer or any such affiliate of Buyer may by reason thereof reduce or stop deliveries to such customer of regasified LNG, or of LNG, and if in consequence, so long as such deliveries shall not be made, Buyer fails to accept or lift all or any of such quantities of LNG hereunder as would have been required to effect such deliveries, Buyer shall have no liability whatsoever to Seller or Sonatrading in respect of such failure exceeding 60% of the amount by which the value of all monies or other consideration recovered from such customer by way of damages or otherwise in respect of any of the matters set forth under (a), (b), or (c) above exceeds the costs (including, without limitation, legal fees and expenses) disbursed by Buyer in effecting such recovery.

XI.

The second sentence of Article 14 of the Agreement is amended and restated as follows:

"Subject to Section 6.4(b), this agreement shall remain in effect for 15 years from 1 October, 1988."

G. [Signature]

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The last sentence of Article 14 of the Agreement is deleted.

XII.

Article 15 is amended and restated as follows:

NOTICES

Each notice, request, demand or other communication hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand to an authorised employee or a duly appointed representative of the addressee party; or when received by such party after being sent by mail; or one day after it has been sent to such party by telex or telecopier (with receipt confirmed), provided a copy is also sent by mail addressed as follows (or to such other address as a party may designate by notice to the other):

(a) If to Distrigas:

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

(b) If to SONATRACH:

Sonatrach,
46, Boulevard Mohamed V,
Algiers,
ALGERIA.
Telex: 67123
67124
67125

(c) If to Sonatrading:

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

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XIII.

In Article 16 of the Agreement, the words "the United Kingdom" are deleted and the word "England" is substituted therefor.

XIV.

The last two paragraphs of Section 18.2 of the Agreement are deleted and the following is substituted therefor:

Seller's and Buyer's obligations hereunder shall be subject to obtaining and maintaining all approvals of authorities required for performance, including any such approvals required to enable Buyer or an affiliate of Buyer to purchase, import, sell or resell LNG the subject of this Agreement or regasified LNG derived therefrom. Seller shall do all in its power to maintain all such approvals of Algerian authorities, and Buyer shall do all in its power to maintain all such approvals of United States authorities. Each party shall notify the other party when it has received any such approval. Each party shall, if requested by the other, help the other party by doing all in its power to obtain and maintain such governmental approvals as may be required from time to time for performance.

Section 18.3 of the Agreement is deleted.

XV.

In the heading of ARTICLE 20, the words "REVISION OF THE CONTRACTUAL SALES PRICE" are changed to "REVISION OF REFERENCE PRICE FORMULA and of THE MINIMUM PRICE."

The first three paragraphs of Article 20 are amended and restated as follows:

The parties may meet to revise the formula contained in the definition of the Reference Price in Appendix A hereto every three (3) years and/or to revise the Minimum Price every five (5) years, during the term of this agreement or any extension thereof.

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Any such revision of the Reference Price Formula or of the Minimum Price shall be effected by adaptation of the said formula or of the said Minimum Price in a reasonable and fair manner (having regard, inter alia, to the terms of Article 9), to the economic circumstances then prevailing in the natural gas markets for the East Coast of the United States of America.

Among the factors to be considered in determining the appropriateness of any adaptation shall be Buyer's success in obtaining commitments from time to time during the term of this Agreement (capable of being satisfied by LNG purchased by Buyer hereunder or by regasified LNG derived from LNG purchased by Buyer hereunder), on terms and conditions (including price and date of contract and nature of purchase commitment) which in Buyer's reasonable commercial judgment are the most favorable to Buyer's and Seller's LNG trade in the then prevailing markets and under the then prevailing circumstances.

XVI.

Article 22 of the Agreement is amended and restated as follows:

ARTICLE 22

COUNTERPARTS

This agreement may be executed in any number of counterparts and each of such counterparts shall be deemed an original. All such counterparts shall together constitute a single instrument. The French and English versions of this agreement shall be equally authoritative.

XVII.

Article 23 of the Agreement is deleted.

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XVIII.

Appendix A to the Agreement is amended by adding thereto the defined terms set forth in Appendix A hereto. Appendix B to the Agreement is deleted and replaced by Appendix B attached hereto.

Appendix E to the Agreement is deleted.

XIX..

This Amendment shall be effective when all requisite approvals of the competent authorities in Algeria, and the United States of America respectively shall have been obtained. Seller shall use its best efforts to obtain all such approvals from Algerian authorities, and Buyer shall use its best efforts to obtain all such approvals from United States authorities. Each party shall notify the other when it has obtained final such approval from its national authorities. Each party shall, if requested by the other, help that other by doing all in its power to obtain any such approvals as may be required for the performance hereof.

XX.

Pursuant to Article 21 of the Agreement, Seller hereby absolutely and unconditionally assigns and delegates its rights, obligations and commitments under the Agreement, as amended, to Sonatrading. Buyer hereby consents to the assignment by Seller to Sonatrading of Seller's rights, obligations and commitments under the Agreement, as amended, but nothing herein shall release Seller from performance of all Seller's obligations and commitments hereunder.

XXI.

All the provisions of the Agreement, except as expressly amended hereby, shall remain in full force and effect.

Distrigas Corporation

/s/ R. Gordon Shearer
R. Gordon Shearer
Vice President

SONATRACH

/s/ M. Faid
M. Faid
Directeur, Division Gaz
O. Chahin
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Dated: February __, 1988

Sonatrading Amsterdam B.V. is signing this Amendment to acknowledge (i) that it hereby accepts and assumes all rights, obligations and commitments of Seller under the Agreement, as amended, and (ii) that it agrees all the clauses and conditions of the Agreement, as amended, will be binding upon and inure to the benefit of Sonatrading, its successors and permitted assigns.

Sonatrading Amsterdam B.V.

By  _____

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APPENDIX A

"Contractual Year": The period of time beginning September 15 and ending the following September 14.

"LIBOR": The average rate of interest per annum (rounded up to the nearest one sixteenth of one per cent) offered from time to time by prime banks in the London interbank market for three-month eurodollar deposits in amounts of \$1,000,000, as certified by Citibank N.A. (London).

"Minimum Price": The minimum price of LNG shall be the price per MMBtu FOB Algerian port set out below for the periods indicated:

	<u>U.S.\$</u>
September 15, 1988 - September 14, 1989	1.475
September 15, 1989 - September 14, 1990	1.560
September 15, 1990 - September 14, 1991	1.645
September 15, 1991 - thereafter	1.730

"Reference Price": The Reference Price for any month during the period beginning on each 15th September during the term of this agreement and ending one year later or when the loading thereafter of nine cargoes comprising minimum quantities pursuant to section 6.3(a) shall have been

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effected, whichever shall be earlier, shall result from the application of the following formula on the first day of such month:

Reference Price = (i)

If RP for such month is less than \$5.00:

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

(ii)

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

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

$\text{RP} = 2.16 \times \text{PK} + 0.15 \times \text{WS} + 0.40 \times \text{B} + 0.15 \times \text{CD}$

where:

PK =

the price in U.S. dollars of one gallon of No. 2 distillate oil measured by adding 75% of the arithmetic average of the high and low prices of "No. 2 Oil, Max 0.2% Sulfur, Contract Barges, NY Harbor" for the preceding month, as published by Platt's Oilgram, to 25% of the arithmetic average of the high and low prices of "No. 2 Oil, Spot Cargoes, NY Harbor", for the preceding month, as published by Platt's Oilgram.

WS =

the arithmetic average of the commodity charge for gas in U.S. dollars per Dth to be delivered to Massachusetts utilities under the highest three rate schedules chosen from Algonquin W-1, Conteal F-2, National Fuel F-3 and Boundary, as reported in the gas cost adjustment filings made by the four gas distribution companies whose projected purchases are the largest at the Massachusetts Department of Public Utilities for the heating season (November through April), and as subsequently adjusted (where relevant) by filings made by the

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interstate pipeline suppliers at the Federal Energy Regulatory Commission ("FERC") for the subject heating season.

B - the price in U.S. dollars of No. 6 fuel oil, 0.3% sulfur grade measured on a Btu basis, by dividing by 6.38 the total of 70% of the arithmetic average of the average prices of "No. 6 Fuel Oil, Max 0.3% Sulfur, Estimated Contract Cargo Prices" and 30% of the arithmetic average of the average prices of "No. 6 Fuel Oil, Max 0.3% Sulfur, Estimated Spot Cargo Prices" as published by Platt's Oilgram for the preceding month; less the arithmetic average cost of transportation per MMBtu as disclosed in filed tariffs or contracts provided to Seller from time to time which would be transported from the tailgate of the Terminalling Facility to such customer or customers in the Northeastern United States as are capable of substituting natural gas produced from vaporised LNG for No. 6 fuel oil, 0.3% sulfur grade.

CD - the higher of the Tennessee Gas Pipeline Rate CD-6 or Algonquin Gas Pipeline Rate F-1 as reported in the gas cost adjustment filings made by the four gas distribution companies whose projected purchases are the largest at the Massachusetts Department of Public Utilities for the period November through April, and as subsequently adjusted (where relevant) by filings made by Algonquin and Tennessee at FERC for the subject period.

Promptly following the end of such period, there shall be calculated (1) the arithmetic average of the respective Reference Prices for each month of such period during which a cargo shall have been loaded and (2) the weighted average of the respective prices P for each such month. If the arithmetic average Reference Price so calculated shall differ from the weighted average price P so calculated, the aggregate price receivable by Sonatrading for cargoes shipped during such period shall be recalculated by repricing all such cargoes at the higher of such two average prices. Should the aggregate price which shall have been

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paid to Sonatrading in respect of such cargoes prior to such recalculation be less than the aggregate price so recalculated, the difference shall forthwith be paid by Buyer to Sonatrading. Should the aggregate price which shall have been paid to Sonatrading in respect of such cargoes prior to such recalculation be more than the aggregate price so recalculated, the difference shall forthwith be paid by Sonatrading to Buyer.

"Tailgate": The tailgate of the Terminalling Facility.

"Terminalling Facility": The Everett Marine Terminal located at Everett, Massachusetts.

"Transportation Agreement": The Transportation Agreement, dated as of the date hereof between Buyer and Seller, as amended from time to time.

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APPENDIX B

CHARACTERISTICS OF THE COMPONENTS OF NATURAL GAS

AT NORMAL CONDITIONS 0°C/1.01325 BAR

	Molecular Mass kg:kgmol	Molar Volume m ³ /kgmol	Molar GVV kcal/kgmol	Density kg/m ³	GVV kcal/m ³ (real gas)	critical kcal/kg	critical temperature °K	critical absolute atmospheric pressure
Methane CH ₄	16.04	22.30	213,200	0.7167	9,530	13,297	190.7	45.80
Ethane C ₂ H ₆	30.07	22.17	373,706	1.3563	16,060	12,431	305.4	48.20
Propane C ₃ H ₈	44.09	21.84	531,004	2.0100	24,350	12,062	370.0	42.01
iso-Butane iC ₄ H ₁₀	58.12	21.70	607,594	2.6605	31,570	11,831	400.1	36.00
n-Butane nC ₄ H ₁₀	58.12	21.50	609,290	2.7033	32,060	11,060	425.2	37.47
iso-Pentane iC ₅ H ₁₂	72.15	21.03	844,354	3.4300	40,150	11,703	461.0	32.90
n-Pentane nC ₅ H ₁₂	72.15	20.86	846,916	3.4500	40,600	11,730	469.8	33.31
Hexane nC ₆ H ₁₄	86.20	20.30	1,004,050	4.2463	49,500	11,667	507.9	29.92
Nitrogen N ₂	28.02	22.40	-	1.2509	-	-	126.4	33.53

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Form of Loading Report Telex

Telex No:
Answerback:
Attention: Chief Executive Officer

2. LNG Cargo Composition

Mole Percent

[illegible]

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_____C'

_____ kg/m³

KCAL/nM²

_____ **MBTU**

 MISTU

By _____

~~Confidential~~ R.P.



DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-B

RESTATED VERSION OF THE APRIL 13, 1976 AGREEMENT
FOR THE SALE AND PURCHASE OF LIQUEFIED NATURAL GAS
AS AMENDED BY AMENDMENT NO. 3 (MARKED TO SHOW
CHANGES FROM THE ORIGINAL 1976 VERSION).

AGREEMENT FOR THE SALE AND PURCHASE OF
LIQUEFIED NATURAL GAS

Between:

Société Nationale SONATRACH, with registered office in Algiers, 80 Avenue Ahmed Ghermoul, hereinafter referred to as the "Seller", represented by its Vice President in charge of the Marketing Department, Slimane Bouguerra, authorized to execute this Contract,

and

on the one hand

Distrigas Corporation, a corporation organized and existing under the laws of the State of Delaware, with its principal office in Boston, Massachusetts, 125 High Street, hereinafter referred to as the "Buyer", represented by its Vice President, John G.L. Cabot,

on the other hand,

WITNESSETH

WHEREAS, Alocean, Ltd., a Bermudian Corporation (ALOCEAN), and Buyer have concluded contracts for the sale and purchase of LNG dated December 3, 1969 and September 10, 1970 and an amendment to these contracts has been concluded between the two parties on October 4, 1975;

WHEREAS, Alocean and Buyer have concluded a contract for the sale and purchase of LNG dated October 4, 1975 relating to additional quantities to be delivered from July 1, 1976 to December 31, 1977;

WHEREAS, Seller and Buyer now deem it desirable, subject to Alocean's obligations under the above-mentioned contracts being assumed by Seller, that the latter sell LNG directly to Buyer rather than through Alocean; and

WHEREAS, Seller and Buyer have agreed in accordance with a protocol signed by them June 6, 1975, to increase, beginning January 1, 1978, the quantities of LNG provided in the above-mentioned contracts and to conclude between themselves a new contract which replaces the above-mentioned contracts, beginning January 1, 1978, setting forth the new terms under which all quantities of LNG sold by Seller to Buyer will be delivered, beginning on such date.

IT IS AGREED AS FOLLOWS:

ARTICLE 1

DEFINITIONS

For the purpose of this agreement, the words and terms contained in Appendix A attached hereto and which are an integral part of this agreement, will have the meanings defined in said appendix.

ARTICLE 2

[DELETED]

ARTICLE 3

SOURCE OF SUPPLY

The LNG sold by Seller and delivered to Buyer will come from natural gas wells located in Algeria.

Seller represents that the LNG which is to be sold under the provisions of this agreement will be produced by liquefaction units at Seller's liquefaction plants in Algeria.

ARTICLE 4

TANKERS; DELIVERY; PASSAGE OF TITLE

Section 4.1. Tankers. Buyer shall cause the LNG purchased and sold hereunder to be shipped from Algeria in LNG tankers having a Gross Cargo Capacity, as defined in the Transportation Agreement dated the date hereof between Seller as transporter and Buyer as shipper (the "Transportation Agreement"), of between 30,000 and 135,000 cubic meters, for carriage to and delivery at the Terminalling Facility. Such LNG tankers shall have specifications and characteristics compatible with the ports of loading and discharging. Seller shall furnish or cause to be furnished to Buyer, and Buyer shall accept, on and subject to the terms and conditions of the Transportation Agreement, at least one of such LNG tankers in use hereunder at any given time. If a second LNG tanker is, at any given time, required to lift LNG which is to be purchased and sold hereunder, Buyer shall, before entering into any arrangements with any third party for the provision of such additional LNG tanker, offer to Seller first refusal of the right to provide the same on terms and conditions not less favorable to Buyer than would be the

terms and conditions of such arrangements. Unless such offer is accepted by Seller and such acceptance communicated to Buyer within 48 hours of such offer being made it shall be deemed to have been rejected by Seller.

Section 4.2. Delivery Point, Passage of Title and Risk of Loss. The delivery point is the point at which the flange coupling of Seller's loading line joins the flange coupling of the LNG loading manifold on board any LNG Tanker at Arzew or other safe port in Algeria. Title and risk of loss shall pass to Buyer at the delivery point.

ARTICLE 5.

LIABILITY

While the LNG tanker is being berthed or leaving the berth, and as long as it is berthed at the loading port, each party will be responsible to the other party for any proven injuries or damage, excluding all indirect consequences, which may be caused to the other party by the fault or negligent act of the first party, its own employees, representatives, contractors or suppliers of services and in no case shall Buyer or its affiliates be deemed to be employees, representatives, contractors or suppliers of Seller, and vice versa.

Seller shall cause the LNG to be delivered and Buyer shall receive the LNG at the delivery point with due compliance with appropriate safety precautions.

ARTICLE 6

QUANTITIES AND DELIVERIES

Section 6.1. Annual Quantities. Subject to the provisions of this Article 6, from 15 September, 1988 Seller shall cause Sonatrading to sell to Buyer and Buyer shall purchase from Sonatrading F.o.b. Algerian port 51 million MMBtu of LNG, corresponding to 17 full cargoes each of approximately 125,000 cubic meters in each Contractual Year and pro rata for any part of a Contractual Year.

Section 6.2. Undertaking of Buyer and Affiliates. Throughout the term of this agreement, Buyer undertakes that it and any affiliate of Buyer selling LNG purchased by Buyer hereunder or regasified LNG derived therefrom shall diligently seek to obtain from their customers and potential customers commitments (capable of being satisfied by such LNG or

regasified LNG) on terms and conditions (including price) which in Buyer's reasonable commercial judgment are the most favorable available to Buyer and its affiliates in the prevailing market and under the prevailing circumstances, for the purchase by such customers and potential customers from Buyer or any such affiliate of Buyer of LNG for delivery in the U.S.A., or of Natural Gas derived from the regasification of LNG and emanating from or delivered at the Tailgate. If and to the extent that Buyer proposes to seek delivery of any quantities of LNG at the Terminalling Facility in excess of the quantities specified in Section 6.3(a) with a view to meeting any such commitments it will, subject to and on the terms hereof and up to the quantities specified in Section 6.1, offer to purchase those quantities of LNG from Sonatrading hereunder at the price computed in accordance with Article 9 hereof. Unless such offer is accepted by Seller and such acceptance communicated to Buyer within 240 hours of such offer being communicated it shall be deemed to have been rejected by Seller.

Section 6.3. Minimum Quantities; Make-up.

(a) Seller shall cause Sonatrading to sell and load hereunder, and Buyer shall buy from Sonatrading, as part of the quantities specified in Section 6.1, minimum quantities of LNG totalling in the aggregate approximately 27 million MMBtu (corresponding to nine full cargoes of an LNG tanker or LNG tankers each of a capacity of approximately 125,000 cubic meters) during each Contractual Year and pro rata for any part of a Contractual Year. Deliveries of such quantities hereunder shall be scheduled by agreement under Section 6.4 hereof. Buyer shall make payment to Sonatrading in respect of each cargo forming part of such quantities at the price computed in accordance with Article 9 hereof; provided that if the Reference Price on the tenth day preceding the date such cargo is scheduled for loading pursuant to Section 6.4 shall be below the prevailing Minimum Price Buyer shall not be obligated under this Section 6.3(a) to buy, and Seller shall not be obligated under this Section 6.3(a) to sell or load such cargo, but Buyer shall instead have the option (exercisable by notice delivered by telex or other prompt means not later than 10 days before such scheduled date) to purchase at the Minimum Price, and to call for delivery of, such cargo as scheduled. To the extent that the shipping schedule involves or would involve loading of any of the nine cargoes constituting minimum quantities after March 15 of such Contractual Year, the price for any cargoes so loaded after that date shall, at either party's request, be a price to be agreed between the parties. Accordingly,

Seller and Buyer will attempt in that event to agree to alternative pricing terms. If Seller and Buyer do not agree to pricing terms for any of such cargoes then both Seller and Buyer shall be excused from any obligation to sell and deliver or receive and pay for the same.

(b) Buyer's obligations in respect of all quantities in excess of the above minimum quantities shall be governed by Section 6.2 hereof. To the extent that the aggregate quantities of LNG purchased by Buyer for delivery in any one Contractual Year shall at the end of such Contractual Year be less than 51 million MMBtu, Buyer shall have the right in respect of the next succeeding Contractual Year(s) during this Agreement to increase the quantity of 51 million MMBtu in Section 6.1 hereof until the total of such increases shall equal the amount by which such quantities are less than 51 million MMBtu. If at the end of the term of this agreement specified in Article 14 any part of such difference shall still not have been shipped hereunder, Buyer shall have the right to extend such term for a period of five (5) years or until such difference shall have been delivered at the delivery point in full, whichever shall first occur, but Section 6.3(a) shall not apply during any such extended term, and in no event shall Seller be obligated to deliver more than 51 million MMBtu of LNG in any one Contractual Year during this Agreement as so extended or otherwise.

Section 6.4 Schedule of Loadings. Seller and Buyer agree that Buyer and Sonatrading shall consult together during a Contractual Year as may be reasonably required, and shall in particular meet each February and August to establish a schedule of projected loadings hereunder month by month for the six-month period commencing the following March 15th and September 15th, respectively.

The nine cargoes constituting minimum quantities pursuant to Section 6.3(a), shall be scheduled for loading, to the extent reasonably practicable, at approximately 20 day intervals beginning September 15.

Such schedule shall be updated from time to time to the extent reasonably practicable.

Ten (10) days prior to the beginning of each calendar month, Seller shall cause Sonatrading to confirm by telex to Buyer the schedule of deliveries for such month.

Seller shall ensure that Buyer shall be promptly notified by telex of any loading of LNG under this agreement

and of the departure of such cargo and the estimated time of arrival at the Terminalling Facility.

Section 6.5. Plant Inspections and Overhauls.

Seller and Buyer shall provide that annual inspections and overhauls of the plants and facilities necessary to carry out the operation contemplated by this agreement shall take place preferably during the summer, or at any such other suitable time of the year selected by mutual agreement as will not entail a decrease in the annual quantity of LNG the delivery of which is provided for by this agreement. Seller and Buyer shall notify each other of schedules of such annual inspections and overhauls ninety (90) days prior to their commencement.

ARTICLE 7

QUALITY

The LNG delivered by Seller to Buyer will have in the gaseous state:

- a PCS of between 9,640 Kcal/Nm³ and 10,650 Kcal/Nm³
- constituent elements the percentage of which will vary within the following limits (in molecular percentage):

Nitrogen N ₂	between 0.2 and 1.4
Methane C ₁	between 85.65 and 96.6
Ethane C ₂	between 3.2 and 8.5
Propane C ₃	between 0.0 and 3.0
Isobutane iC ₄	between 0.0 and 0.52
Normal butane nC ₄	between 0.0 and 0.7
Pentane C ₅ plus	between 0.0 and 0.23
- an amount of H₂S not exceeding zero point five (0.5) part per million in volume
- an amount of mercaptan sulfur not exceeding 2.3 mg/Nm³
- an amount of total sulfur not exceeding 30 mg/Nm³.

The verification of the PCS and of the composition of the LNG in compliance with the above specifications shall be made in accordance with the provisions of article 8 below.

For the verification of the amounts of sulphur and H_2S , the procedures defined by the standards ASTM D 2385 and D²3031 shall be applied.

ARTICLE 8

MEASUREMENT AND TESTING

Section 8.1. Gauging. The quantities of LNG delivered under this agreement shall be measured in metric units by gauging of the liquid in the ship's tanks immediately prior to and after loading.

The gauging at the delivery point and the calculations relating thereto shall be made by Seller or its designated representative, with Buyer having the right to be present.

Each party shall send or cause to be sent to the other party a certified copy of the gauging standards for each tank of each LNG tanker being furnished by such party, in metric units approved by the Departments of Instruments and Measurements of Algiers - Paris or of the U.S. Bureau of Standards in Washington (D.C.), as well as correction charts (list, trim, tanks' contraction, etc.). Such standards and charts shall be used throughout the term of this agreement, except in the case of a physical change in the tanks, in which case new standards and charts shall be used. LNG level measuring devices shall be approved by both Seller and Buyer. Each tank shall be equipped with two level-measuring devices of different types.

Section 8.2. Determination of Density. The density of the LNG shall be determined by a calculation from the molecular composition determined in accordance with Section 8.4 hereof, for the average temperature defined in Section 8.3 hereof.

The method of calculation shall be the method known as the revised Klosek and McKinley Model, as set forth in NBS Technical Note 1030, published by the U.S. Department of Commerce in December 1980.

Section 8.3. Determination of the Temperature. The temperature of the cargo shall be the arithmetic average of the temperatures indicated by the temperature-registering devices immersed in the LNG in all of the tanks.

The temperature-registering devices, thermocouples or "resistance probes", shall be distributed over the entire height of the tanks and shall be accurate to 0.2°C, more or less, subject to the condition that the instruments are capable of being that accurate. These temperatures shall either be recorded in writing or printed.

Section 8.4. Sampling. One or several representative samples of the LNG shall be taken by Seller at a point located as close as possible to the loading flange of the LNG tanker. The sampling device shall permit the total vaporization of a definite quantity of LNG allowing the taking of representative gaseous samples.

The device shall be chosen by mutual agreement between Seller and Buyer. Samples shall be analyzed with the aid of a chromatograph approved by Buyer. The analysis or the average of these analyses shall determine the molecular composition of the LNG.

A calibration of the chromatograph used shall be made before each delivery, with the aid of a gaseous sample, in the presence of a representative of Buyer being present if it so wishes.

Section 8.5. Determination of the Gross Heating Value. The gross heating value (PCS) of the regasified LNG shall be calculated from its molecular composition determined in accordance with Section 8.4, from the molecular masses and from the PCS at 0°C at a pressure of 1.01325 BAR of each of the constituent elements.

The PCS shall be expressed in thermies/kg.

The PCS values of each of the constituent elements are indicated in the table attached hereto as Appendix E. They are deduced from the physical values given by the tables of API Research Project 44; they shall be corrected, without retroactive consequence, in the case of changes published later by the API.

Section 8.6. Determination of the Thermies of BTUs Delivered. The quantity of thermies loaded on the ship shall be computed from the following formula:

$$Q_{th} = V \times M \times PC$$

in which:

- Q_{th} represents the quantity of thermies loaded
- V represents the volume in cubic meters of LNG loaded in m3, determined in accordance with Section 8.1
- M represents the density of LNG determined in accordance with Section 8.2, and expressed in kg/m3
- PC represents the PCS determined in accordance with Section 8.5 and expressed in thermies/kg

The quantity of millions of BTUs (MMBTU) loaded shall be equal to

$$Q_{mmbtu} = \frac{Q_{th} \times 3,968.3}{1,000,000}$$

Section 8.7. Methods of Operation. The gauging equipment in the ship's tanks shall be provided, operated and maintained by the Buyer at its expense. The equipment and material utilized for the determination and tests of the quality and density of the product shall be provided, operated and maintained by Seller at its expense.

Any measurement and any calculation relating to the determination of the quality and density of the LNG shall be made by Seller in the presence of a representative of Buyer if Buyer so wishes.

The absence of one of the parties will affect neither the taking of the measurements nor the preparation of the calculations incumbent upon the other party.

At any time, one party shall have the right to inspect the measuring and testing equipment provided by the other party, after prior notice to the latter.

Calibration of an instrument shall be made by the party in charge of the operation of this instrument, the

other party having the right to be present at such operations.

However, all data relating to the tests, diagrams, calculations or any other similar information must be made available to the parties and kept for a period of at least three (3) years.

Section 8.8. Accuracy of Measurements. The accuracy of the equipment used may be verified on request of Seller or Buyer. Such verifications may only be made with both parties having the right to be present by methods recommended by the makers of the instruments or by any other method agreed upon by Buyer and Seller.

If, when verified, a measuring apparatus shows errors of less than one percent (1%) the previous reports on this equipment shall be considered correct regarding calculation of deliveries and the equipment shall be adjusted immediately as needed.

If, when verified, a measuring apparatus shows errors of more than one percent (1%), the previous reports on this equipment shall be recalculated to a zero deviation by comparison to calibration results for any definitely known or agreed period; but if the period in which this error occurred were not definitely known or agreed upon, this correction would be made for half of the deliveries since the date of the last calibration.

The equipment for measuring the level of the LNG and its mass, and the temperature in the ship's tanks, as well as the chromatographs for analysis of natural gas, shall be the most reliable and accurate instrument known at the time they are chosen.

The equipment shall be professionally installed. The parties shall make every effort to obtain from the service des Instruments et Mesures de Paris approval of measuring equipment and apparatus used.

Section 8.9. Disputes. Any dispute on the choice of the type and accuracy of the measurement apparatus, the result of a measurement, a sampling, an analysis, a calculation or method of calculation, shall be referred to the Ecole Polytechnique Fédérale de Zürich (Technische Hochschule, Zürich).

Any decision of this body shall be binding on Seller and Buyer. Expenses incurred relating to the services of this body shall be evenly divided between Seller and Buyer.

ARTICLE 9

PRICE

Section 9.1. F.o.b. Terms. For any month during which there shall be completed any loading of any LNG tanker hereunder the price F.o.b. Algerian port in U.S. Dollars per MMBtu of such LNG so loaded shall be the higher of the Reference Price (if any), the Minimum Price, and a price ("P") computed as follows:

(i) If SP for such month is less than \$5.00:

$$P = 0.6324 \times SP$$

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

$$P = (0.6532 \times SP) - 0.0923$$

SP, for any month, shall be the amount obtained by ascertaining

(a) the total number of MMBtus of LNG or regasified LNG derived from LNG purchased hereunder and delivered to customers of Buyer or of any affiliate of Buyer during such month; and

(b) the total proceeds receivable by Buyer or any affiliate of Buyer from such deliveries less any sums paid by Buyer or such affiliate during such month to fiscal authorities in the United States in respect of any import duty, tax or other imposition not levied at the date of execution of Amendment No. 3 to this agreement but applicable to quantities of LNG imported under this agreement;

and by then dividing the aggregate of the amounts calculated under (b) above by the aggregate of the amounts calculated under (a) above. For any period less than a month, or for any month during which no vapor or liquid is delivered, SP shall be fixed by agreement of Buyer and Seller.

Buyer shall throughout this Agreement diligently seek to maximize the proceeds under (b) above by negotiating or causing to be negotiated with such customers terms and conditions (including price) which in Buyer's reasonable commercial judgment are the most favorable available to Buyer in the prevailing market and in the prevailing circumstances.

ARTICLE 10

TAXES AND DUTIES

All duties, taxes and imposts affecting the LNG cargo and collected by the Government of the United States of America shall be borne by Buyer without prejudice to Section 9.1 hereof.

All duties, taxes and imposts affecting the LNG cargo and collected by Algeria, and, where the LNG tanker is furnished under the Transportation Agreement, all duties, taxes and imposts affecting the LNG tanker shall be borne by Seller.

ARTICLE 11

PORT FACILITIES; LOADING

Section 11.1. Port and Loading Facilities.

(a) Port Facilities. Seller shall make available, or cause to be made available, safe port facilities for the loading of LNG purchased hereunder capable of receiving LNG tankers of the following maximum dimensions:

Overall Length..... 290.00 meters
Width..... 43.70 meters
Draft at full capacity... 11.30 meters

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

(b) Berthing and Loading Facilities. Seller shall make available or cause to be made available to Buyer at the port of loading in Algeria berthing and loading facilities including:

(i) mooring equipment;

- (ii) lighting sufficient to permit docking maneuvers by day or by night in complete safety, to the extent permitted by the port authorities;
- (iii) pipelines to ensure normal stocking of the LNG tanker with bunker fuel;
- (iv) loading arms, pipes and other appropriate facilities permitting the loading of LNG at the average rate of ten thousand m³/hour;
- (v) a vapor return line from the LNG tanker to shore facilities having a diameter sufficient to maintain appropriate operating pressure in the tanks of the LNG tanker and in the storage reservoirs; and
- (vi) a liquid nitrogen loading facility compatible with the LNG tanker.

The facilities described in this Section 11.1(b) shall be provided, operated and maintained at no cost to Buyer.

Section 11.2. Safety. Loading of LNG shall be carried out in strict conformity with all applicable safety and other similar regulations.

Section 11.3. Conditions of Loading. Buyer shall give written notice to Seller of the estimated date and hour of arrival at the port of loading of any LNG tanker providing maritime transportation hereunder as well as of the estimated quantity of LNG which is to be loaded. Buyer shall send or cause to be sent to Seller the following written notices:

- (i) a first designation notice shall be given upon departure from last port of discharge or (if later) at least ninety-six (96) hours prior to the estimated time of arrival, and shall contain an estimated time of arrival;
- (ii) a second designation notice shall be given so as to arrive seventy-two (72) hours prior to the estimated time of arrival;
- (iii) a third designation notice shall be given so as to arrive twenty-four (24) hours prior to the estimated time of arrival; and

- (iv) At the time the LNG tanker arrives at the sea buoy or designated anchorage at the loading port, the Master shall give written notice of such arrival to Seller or its authorized representative at any time of the day or night.

As soon as the LNG tanker is berthed alongside the pier and prepared to load its cargo, the Master of the LNG tanker shall give written notice of ready to receive to Seller or to its representative at any time of the day or night. Notwithstanding the foregoing, where the LNG tanker is furnished under the Transportation Agreement, all notices required to be given under this Section 11.3 shall be the responsibility of Seller. Provided that the bottom temperature of the tanks of the LNG tanker is not higher than minus one hundred and forty-five degrees centigrade, Seller shall then take all appropriate measures within its reasonable control to permit the loading of the LNG tanker as quickly as is safely possible.

Authorized laytime for loading any LNG tanker under this Agreement shall commence at the same time and shall run for the same period as authorized laytime at the loading port under the Transportation Agreement and demurrage shall be computed for the same period at the same rate and shall be payable in the same manner as demurrage at the loading port under the Transportation Agreement.

Section 11.4. Cooldown; Heel and Gas Trials.

(a) Seller shall make available or cause to be made available LNG for gas trials and cooldown for any LNG tanker transporting LNG purchased hereunder which has a bottom temperature in its tanks prior to loading higher than minus one hundred and forty-five degrees centigrade. Payment for the LNG so supplied shall be the responsibility of Buyer, except as provided below. Buyer shall pay to Sonatrading for the LNG so supplied (for which Buyer bears such payment responsibility) the price in U.S. Dollars per MMBtu provided in Article 9 hereof for LNG loaded during the month of such supply.

(b) Upon discharge of any LNG tanker transporting LNG in connection herewith, which is scheduled to load LNG at the loading port within thirty (30) days following completion of such discharge, Buyer shall retain or cause to be retained aboard that LNG tanker (if returning forthwith in ballast to the loading port to load further cargo hereunder) an amount of LNG sufficient to permit such tanker to maintain a temper-

ature no higher than minus one hundred and forty-five degrees centigrade at the bottom of the tanks for a period of at least twenty-four (24) consecutive hours after its arrival at the loading port or, in the case of an LNG tanker provided under Transportation Agreement, after the time (if earlier) when such arrival would have occurred had it proceeded to the loading port with due dispatch. The supply of LNG necessitated by a failure of Buyer so to cause sufficient LNG to be retained aboard shall be the responsibility of and shall be paid for by, Buyer but at the request of Buyer such LNG shall be supplied by Seller. The price to be paid by Buyer to Seller for LNG for which Buyer is obligated to pay Seller under this Section 11.4 shall be the price in U.S. Dollars per MMBtu provided in Article 9 hereof.

(c) If any LNG tanker aboard which LNG has been so retained does not load within such twenty-four (24)-hour period for any cause attributable solely to any matter within the reasonable control of Seller or the owner or operator of any LNG tanker furnishing services under the Transportation Agreement, the cost of additional LNG thereby rendered necessary and utilized for cooldown of such tanker shall be the responsibility of Seller.

(d) The quantities of LNG purchased pursuant to this Section 11.4 by Buyer shall not be included in the quantities covered by Article 6 of this agreement.

ARTICLE 12

INVOICING, PAYMENT AND ERRORS

Section 12.1. Invoicing and Payment.

(a) Seller's Documents; Payments on Account. Not less than 7 days in advance of each month in the course of which Buyer anticipates that there will be LNG deliveries hereunder, Buyer shall notify Sonatrading by telex of Buyer's best good faith estimate of the price P under Article 9 for that month. Promptly following the completion of each loading of LNG purchased hereunder Seller shall cause Sonatrading to send to Buyer in respect thereof a telex substantially in the form of Annex C hereto. Sonatrading shall at the same time cause to be dispatched to Buyer (a) the data and documents indicating the quantity in MMBtu's of LNG so loaded (including the measurements and calculations under Article 8 hereof); (b) where the LNG is loaded under the Transportation Agreement, a cargo receipt substantially in the form of Annex A to that Agreement in respect of such LNG; and (c) a

provisional invoice (which may be sent by telex or telecopier) for the amount calculated pursuant to the final paragraph of this Section 12.1(a). Buyer shall make to Sonatrading a payment on account for such LNG of that amount, by wire transfer to Sonatrading's account in a United States bank specified by Sonatrading, on or before the later of (i) the fifteenth day following the completion of each loading or (ii) the seventh day following the date of receipt by Buyer of the documents under (a), (b) and (c) above (the "Due Date"), provided that Buyer shall at all times have outstanding a standby, revolving, irrevocable commitment to Sonatrading of a first-class bank in the United States in form and substance reasonably satisfactory to Sonatrading to pay Sonatrading on the Due Date an amount of U.S. dollars equal to each such payment on account together with any interest accrued thereon against presentation of written advice by Sonatrading that there has been a failure by Buyer to pay the same when required by this agreement to such account by such Due Date. In the event that it shall become unduly onerous for Buyer to have such a bank commitment outstanding, Buyer may so inform Sonatrading by notice. In such event, Buyer shall not be obligated to have such a commitment outstanding in respect of any loadings occurring after the date on which such notice was given and shall make such payment on account for each loading by wire transfer to the aforementioned account not later than the seventh day following the date of receipt by Buyer of the documents under (a), (b) and (c) above.

The amount so payable on account shall be equal to:

- (i) the product of (a) the quantity of LNG in MMBtus loaded as specified in the aforementioned cargo receipt or (if not so specified) as determined in accordance with Article 8 hereunder; and (b) the price as estimated by Buyer and notified to Sonatrading in accordance with this Section 12.1(a) for the month in which such loading was completed, plus or minus
- (ii) any amount required to be added to or subtracted from the foregoing product under Section 12.1(c).

(b) Invoices. Within seven days following receipt of the monthly statement furnished by Buyer under Section 12.1(d), Sonatrading shall prepare and send to Buyer an invoice in U.S. Dollars for the aggregate quantity of LNG

purchased hereunder the loading of which was completed during the month covered by such monthly statement. The amount invoiced shall be equal to the product of (i) the price per MMBtu under Article 9 for such month as calculated in the monthly statement prepared under Section 12.1(d), and (ii) such aggregate quantity in MMBtus as determined pursuant to Section 12.1(a) for such month less the payments on account received by Sonatrading under Section 12.1(a) with respect to the shipments of LNG covered by such invoice. Any such invoice shall take into account any amount owed by either Sonatrading or Buyer under Section 11.

(c) Payment. In the event that the invoice sent by Sonatrading under Section 12.1(b) shows a net amount owed to Buyer, such amount shall be subtracted from the product referred to in Section 12.1(a)(i) in computing the amount or amounts payable by Buyer under Section 12.1(a) in respect of the shipment or shipments next following the date of receipt by Buyer of such invoice, in such a manner as to amortize as rapidly as possible the amount of such credit. In the event that the invoice shows a net amount owed to Sonatrading, all or any part of such amount remaining unpaid shall be added to the product referred to in Section 12.1(a)(i) in computing the amount payable by Buyer under Section 12.1(a) with respect to the shipment next following the date of receipt by Buyer of such invoice. If the amount shown in any invoice as a net amount owed to Buyer or to Sonatrading has not been paid in full as provided in this Section 12.1(c) within thirty (30) days following the date of receipt by Buyer of such invoice, then the party owing that net amount remaining unpaid shall forthwith pay the same by wire transfer to such account at a United States bank as the other party shall have specified by notice. If and for so long as Buyer shall be in default in respect of any obligation upon Buyer under this Article 12 to make payment for LNG, Sonatrading shall be under no obligation to make any further shipment(s) of LNG to Buyer hereunder. Upon the amount of any payment under this Article 12 which is in default the defaulting party shall pay interest at a rate which shall equal 1 percent per annum over LIBOR from the last date due until the date of payment.

(d) Monthly Statements. No later than the eighteenth day following the end of each month, Buyer shall prepare and deliver to Sonatrading a statement showing the price under Article 9 for such month and including in reasonable detail the basis for the calculation thereof. Such statement shall include in particular the aggregate quantities of deliveries of LNG or regasified LNG derived from LNG purchased hereunder effected in such month, the customers con-

cerned, and the total proceeds receivable from such deliveries to customers.

(e) Access to Books and Records. Sonatrading and its representatives shall be entitled from time to time at their expense to inspect Buyer's books and records upon reasonable notice during normal working hours for the purpose of verifying sales and deliveries to customers and computing the amounts payable under this agreement.

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

ARTICLE 13

FORCE MAJEURE, ETC.

Section 13.1. Definition. "Force Majeure" means any event or condition, whether affecting Buyer, Seller or any other person, which has prevented or delayed or may reasonably be expected to prevent or delay any party hereto from performing hereunder in whole or in part (including but not limited to performing transportation to, storage at and redelivery from the Terminalling Facility), if such event or condition is beyond the reasonable or prudent control, forecasting or planning, and not the result of willful or negligent action or a lack of reasonable diligence, of whichever party hereto is relying thereon (the "Non-Performing Party") as justification for such nonperformance. The foregoing provisions shall not be construed to require that the Non-Performing Party observe a higher standard of conduct than that required by the usual and customary standards of the industry, as a condition to claiming the existence of Force Majeure. Such events or conditions shall include but shall not be limited to circumstances of the following kind:

- (a) (i) an act of God or government, epidemic, landslide, lightning, earthquake, fire, explosion, accident, storm, flood or similar occurrence, an act of the public enemy, war, blockade, insurrection, riot, civil disturbance or similar occurrence, or (ii) a strike, lockout, or similar industrial or labor action;

- (b) the failure to obtain, or suspension, termination, adverse modification, interruption or failure of renewal of any permit, license, consent, authorization or approval, including any approval contemplated by Article 18 hereof; and
- (c) circumstances preventing Seller, Sonatrading, Buyer or any affiliate of Buyer from supplying LNG or regasified LNG, as the case may be, including serious accidental damage to operations or equipment affecting the Natural Gas production facilities in the field, transportation, treatment, liquefaction, storage, and loading operations in Algeria; transportation by LNG tankers; and unloading, storage, regasification and transportation in the United States.

Section 13.2. Excuse of Performance. Each party hereto shall be excused for its failure or delay in performance hereunder to the extent that such failure or delay is caused by Force Majeure. Notwithstanding the foregoing, Buyer shall in any event make payment in accordance with the terms hereof for all LNG delivered hereunder as to which the risk has passed to Buyer.

Section 13.3. Notice. As soon as practicable following the occurrence of Force Majeure the party affected thereby shall give notice to the other party by the most rapid means available, describing such Force Majeure and stating such party's best estimate of the duration thereof and the effect thereof on the performance of this agreement and shall keep such other party reasonably advised as to the status of such Force Majeure and the progress of such party's efforts to overcome the same.

Section 13.4. Resumption of Performance. In the event performance hereunder shall be prevented or delayed in whole or in part by Force Majeure, the parties shall take all reasonable and appropriate measures to bring about conditions permitting the resumption of the normal performance of this agreement as soon as possible. In the event that performance hereunder shall be substantially prevented by Force Majeure for more than 24 consecutive months either party may, without prejudice to all other rights arising out of such circumstances, terminate this agreement by 30 days' written notice to the other.

Section 13.5. Reduction or Cessation of Deliveries. If in respect of any transaction between Buyer or any affiliate of Buyer, and any customer, for the sale and purchase of regasified LNG, or of LNG, in relation to which Seller is obligated to sell LNG to Buyer hereunder, there shall arise:

- (a) a failure or refusal of such customer to take delivery of or to make payment in full for any such regasified LNG or any such LNG;
- (b) a bankruptcy or insolvency of any such customer; or
- (c) a reasonable likelihood, in Buyer's good faith judgment, that the occurrence of one of the foregoing events is imminent;

Buyer or any such affiliate of Buyer may by reason thereof reduce or stop deliveries to such customer of regasified LNG, or of LNG, and if in consequence, so long as such deliveries shall not be made, Buyer fails to accept or lift all or any of such quantities of LNG hereunder as would have been required to effect such deliveries, Buyer shall have no liability whatsoever to Seller or Sonatrading in respect of such failure exceeding 60% of the amount by which the value of all monies or other consideration recovered from such customer by way of damages or otherwise in respect of any of the matters set forth under (a), (b), or (c) above exceeds the costs (including, without limitation, legal fees and expenses) disbursed by Buyer in effecting such recovery.

ARTICLE 14

EFFECTIVE DATE AND TERM OF THE AGREEMENT

This agreement shall enter into effect on the date of its execution subject to the condition mentioned in Section 18.1 and shall become operative from January 1, 1978.

Subject to Section 6.4(b), this agreement shall remain in effect for 15 years from 1 October, 1988.

The first regular delivery of LNG is defined as being the first of at least 13 deliveries of complete cargoes made over a period of 12 months totaling at least 1,400,000 cubic meters.

ARTICLE 15

NOTICES

Each notice, request, demand or other communication hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand to an authorised employee or a duly appointed representative of the addressee party; or when received by such party after being sent by mail; or one day after it has been sent to such party by telex or telecopier (with receipt confirmed), provided a copy is also sent by mail addressed as follows (or to such other address as a party may designate by notice to the other):

(a) If to Distrigas:

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

(b) If to SONATRACH:

Sonatrach,
46, Boulevard Mohamed V,
Algiers,
ALGERIA.
Telex: 67123
67124
67125

(c) If to Sonatrading:

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

ARTICLE 16

GOVERNING LAW

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

ARTICLE 17

ARBITRATION

Any dispute between the parties hereto relating to the construction or the performance of the terms of this agreement shall be settled by arbitration in Geneva, Switzerland, by arbitration under the rules of conciliation and arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with such rules. The arbitration award shall be final and without any appeal being open.

The parties shall perform the arbitration award without any exception or reservation. Such award may be invoked before any court of competent jurisdiction and application may be made to such court to confirm such arbitration award by authorizing its enforcement.

ARTICLE 18

APPROVAL OF GOVERNMENTAL AUTHORITIES

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

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

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

Buyer shall do all in its power to obtain within the shortest possible period of time all approvals and authorizations required by the administrative authorities of the United States of America, or deemed necessary by Buyer, to allow it to begin and to continue to receive the LNG under the terms of this agreement and to provide Seller with certified true copies of such governmental approvals and

authorizations attaching certified true copies of the rules, regulations and restrictions imposed by each of the administrative authorities, if any, concerning such approvals and authorizations. Buyer shall also do all in its power to obtain from the administrative authorities of the United States of America any other approval or authorization which may be required from time to time during the term of this agreement.

Seller's and Buyer's obligations hereunder shall be subject to obtaining and maintaining all approvals of authorities required for performance, including any such approvals required to enable Buyer or an affiliate of Buyer to purchase, import, sell or resell LNG the subject of this Agreement or regasified LNG derived therefrom. Seller shall do all in its power to maintain all such approvals of Algerian authorities, and Buyer shall do all in its power to maintain all such approvals of United States authorities. Each party shall notify the other party when it has received any such approval. Each party shall, if requested by the other, help the other party by doing all in its power to obtain and maintain such governmental approvals as may be required from time to time for performance.

ARTICLE 19

CONTENTS OF THE AGREEMENT

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

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

ARTICLE 20

REVISION OF REFERENCE PRICE FORMULA AND OF THE MINIMUM PRICE

The parties may meet to revise the formula contained in the definition of the Reference Price in Appendix A hereto every three (3) years and/or to revise the Minimum Price every five (5) years, during the term of this agreement or any extension thereof.

Any such revision of the Reference Price Formula or of the Minimum Price shall be effected by adaptation of the said formula or of the said Minimum Price in a reasonable and fair manner (having regard, inter alia, to the terms of Article 9), to the economic circumstances then prevailing in the natural gas markets for the East Coast of the United States of America.

Among the factors to be considered in determining the appropriateness of any adaptation shall be Buyer's success in obtaining commitments from time to time during the term of this Agreement (capable of being satisfied by LNG purchased by Buyer hereunder or by regasified LNG derived from LNG purchased by Buyer hereunder), on terms and conditions (including price and date of contract and nature of purchase commitment) which in Buyer's reasonable commercial judgment are the most favorable to Buyer's and Seller's LNG trade in the then prevailing markets and under the then prevailing circumstances.

The request for such a meeting shall be in writing, and shall be delivered 180 days in advance, and shall set forth the agenda for such meeting.

If the parties, in either case, cannot reach an agreement within 90 days from the date of their first meeting to this effect, either party shall be entitled to have recourse to arbitration as provided in Article 17 above.

No amendment agreed to by the parties or resulting from an arbitration award shall become effective before it is approved by the authorities having jurisdiction in the countries of the parties. As long as such authorization is not obtained, the provisions of Article 9 then applicable shall remain unchanged.

ARTICLE 21

ASSIGNMENT

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

The party assigning its rights shall, before proceeding to the assignment, obtain the prior authorization of

the other party, which shall not unreasonably refuse it, and shall deliver to it copies of the instrument establishing the assignment after having proceeded to it.

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

ARTICLE 22

COUNTERPARTS

This agreement may be executed in any number of counterparts and each of such counterparts shall be deemed an original. All such counterparts shall together constitute a single instrument. The French and English versions of this agreement shall be equally authoritative.

Made in Boston, on April 13, 1976.

DISTRIGAS CORPORATION

SONATRACH

By John G.L. Cabot
Vice President

By Slimane Bouguerra
Vice President-
Marketing

APPENDIX A

DEFINITIONS

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

1. Natural Gas (NG)

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

2. Liquefied Natural Gas (LNG)

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

3. Normal Cubic Meter (Nm³)

Quantity of natural gas necessary to fill one (1) cubic meter of space at a temperature of 0°C and at a pressure of 1.01325 Bar.

4. Gross Heating Value (PCS)

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

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

5. Thermie (th)

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

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

6. BTU

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

7. Standard Cubic Foot (SCF)

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

8. Bar

One bar is equal to one hundred thousand (100,000) Pascal; one Pascal is the pressure exercised by a force of one (1) Newton per square meter; one (1) Newton is the force which, applied to a mass of one (1) kilogram, transmits to it an acceleration of one (1) meter per second/per second (1 m/sec^2).

9. Contractual Annual Quantity

The contractual annual quantity means the quantity of LNG which Buyer is under an obligation to buy and to receive and which Seller is under an obligation to deliver to Buyer each contractual year.

10. Pound

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

11. LNG Tanker

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

12. Barrel

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

13. Day

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

14. Month

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

15. Contractual Year

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

16. LIBOR

The average rate of interest per annum (rounded up to the nearest one sixteenth of one per cent) offered from time to time by prime banks in the London interbank market for three-month eurodollar deposits in amounts of \$1,000,000, as certified by Citibank N.A. (London).

17. Minimum Price

The minimum price of LNG shall be the price per MMBtu FOB Algerian port set out below for the periods indicated:

	<u>U.S.\$</u>
September 15, 1988 - September 14, 1989	1.475
September 15, 1989 - September 14, 1990	1.560
September 15, 1990 - September 14, 1991	1.645
September 15, 1991 - thereafter	1.730

18. Reference Price

The Reference Price for any month during the period beginning on each 15th September during the term of this agreement and ending one year later or when the loading thereafter of nine cargoes comprising minimum quantities pursuant to section 6.3(a) shall have been effected, whichever shall be earlier, shall result from the application of the following formula on the first day of such month:

Reference Price = (i) If RP for such month is less than \$5.00:

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

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

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

$$\text{RP} = 2.16 \times \text{PK} + 0.15 \times \text{WS} + 0.40 \times \text{B} + 0.15 \times \text{CD}$$

where:

PK = the price in U.S. dollars of one gallon of No. 2 distillate oil measured by adding 75% of the arithmetic average of the high and low prices of "No. 2 Oil, Max 0.2% Sulfur, Contract Barges, NY Harbor" for the preceding month, as published by Platt's Oilgram, to 25% of the arithmetic average of the high and low prices of "No. 2 Oil, Spot Cargoes, NY Harbor", for the preceding month, as published by Platt's Oilgram.

WS = the arithmetic average of the commodity charge for gas in U.S. dollars per Dth to be delivered to Massachusetts utilities under the highest three rate schedules chosen from Algonquin W-1, Contoal F-2, National Fuel F-3 and Boundary, as reported in the gas cost adjustment filings made by the four gas distribution companies whose projected purchases are the largest at the Massachusetts Department of Public Utilities for the heating season (November through April), and as subsequently adjusted (where relevant) by filings made by the interstate pipeline suppliers at

the Federal Energy Regulatory Commission ("FERC") for the subject heating season.

B = the price in U.S. dollars of No. 6 fuel oil, 0.3% sulfur grade measured on a Btu basis, by dividing by 6.38 the total of 70% of the arithmetic average of the average prices of "No. 6 Fuel Oil, Max 0.3% Sulfur, Estimated Contract Cargo Prices" and 30% of the arithmetic average of the average prices of "No. 6 Fuel Oil, Max 0.3% Sulfur, Estimated Spot Cargo Prices" as published by Platt's Oilgram for the preceding month; less the arithmetic average cost of transportation per MMBtu as disclosed in filed tariffs or contracts provided to Seller from time to time which would be transported from the tailgate of the Terminalling Facility to such customer or customers in the Northeastern United States as are capable of substituting natural gas produced from vaporised LNG for No. 6 fuel oil, 0.3% sulfur grade.

CD = the higher of the Tennessee Gas Pipeline Rate CD-6 or Algonquin Gas Pipeline Rate F-1 as reported in the gas cost adjustment filings made by the four gas distribution companies whose projected purchases are the largest at the Massachusetts Department of Public Utilities for the period November through April, and as subsequently adjusted (where relevant) by filings made by Algonquin and Tennessee at FERC for the subject period.

Promptly following the end of such period, there shall be calculated (1) the arithmetic average of the respective Reference Prices for each month of such period during which a cargo shall have been loaded and (2) the weighted average of the respective prices P for each such month. If the arithmetic average Reference Price so calculated shall differ from the weighted average price P so calculated, the aggregate price receivable by Sonatrading for cargoes shipped during such period shall be recalculated by repricing all such cargoes at the higher of such two average prices. Should the aggregate price which shall have been paid to Sonatrading in respect of such cargoes prior to such recalculation be less than the aggregate price so recalculated, the difference shall forthwith be paid by Buyer to Sonatrading. Should the aggregate price which shall have been paid to

Sonatrading in respect of such cargoes prior to such recalculation be more than the aggregate price so recalculated, the difference shall forthwith be paid by Sonatrading to Buyer.

19. Tailgate

The tailgate of the Terminalling Facility.

20. Terminalling Facility

The Everett Marine Terminal located at Everett, Massachusetts.

21. Transportation Agreement

The Transportation Agreement, dated as of the date hereof between Buyer and Seller, as amended from time to time.

APPENDIX B

CHARACTERISTICS OF THE COMPONENTS OF NATURAL GAS

AT NORMAL CONDITIONS 0°C/1.01325 BAR

	Molecular Mass kg/kmol	Molar Volume m ³ /kmol	Molar GHV kcal/kmol	Density kg/m ³	GHV kcal/m ³ (real gas)	kcal/kg	critical temperature °K	critical absolute atmospheric pressure
Methane CH ₄	16.04	22.38	213,288	0.7167	9,530	13,297	190.7	45.80
Ethane C ₂ H ₆	30.07	22.17	373,786	1.3563	16,060	12,431	305.4	48.20
Propane C ₃ H ₈	44.09	21.84	531,804	2.0188	24,350	12,062	370.0	42.01
iso-Butane iC ₄ H ₁₀	58.12	21.78	687,594	2.6685	31,570	11,831	408.1	36.00
n-Butane nC ₄ H ₁₀	58.12	21.58	689,290	2.7033	32,060	11,860	425.2	37.47
iso-Pentane iC ₅ H ₁₂	72.15	21.83	844,354	3.4308	40,150	11,703	461.0	32.90
n-Pentane nC ₅ H ₁₂	72.15	20.86	846,916	3.4588	40,600	11,738	469.8	33.31
Hexane nC ₆ H ₁₄	86.20	20.30	1,004,858	4.2463	49,500	11,657	507.9	29.92
Nitrogen N ₂	28.02	22.40	-	1.2509	-	-	126.4	33.53

C. J. P.
R. J. P.

APPENDIX C

Buyer's Facilities

This description will be applicable starting January 1, 1978.

1. Mooring Facilities

(a) Depth. The berth is dredged to maintain a depth of at least 36.4 feet (11.1 m) at mean low tide.

(b) Dolphins. The attached Figure C-1 shows the location and load capacity of breasting and mooring dolphins.

(c) Platforms. Two platforms alongside are suitable to receive an accommodation ladder. These are shown in Figure C-1.

(d) Length. The extent of the berth in the easterly direction is the property line, which is 470 ft. (143 m) from the central (vapor) unloading arm. The extent of the berth in the westerly direction is approximately 1,000 ft. (305 m).

2. Unloading Facilities

The unloading equipment consists of five marine unloading arms, four for liquid and one for vapor. Each connection is a 12-inch ASA 150-RF flat-faced flange. The plan and elevation of the arms are shown in Figure C-2.

The four liquid arms connect to a 24-inch unloading line that leads to two storage tanks, with nominal capacities of 59,000 m³ and 95,000 m³.

The vapor arm is connected to a 12-inch vapor return line leading from the tanks. The line is equipped to return sufficient vapor to maintain the ship's connecting flange at 1,080 millibar absolute pressure.

3. Auxiliary Facilities

On the loading arm platform (elevation 53 ft. 9 in. in Figure C-2) is a connection for loading liquid nitrogen and a bonding cable for electrical grounding.

An "international flange" connection for supplying supplementary firewater is located on the dock approximately 40 m east of the cargo manifold. A fresh water connection is

located near the gate at the dock roadway at the head of the pier. The locations of the water connections are shown on Figure C-1.

4. Communication

The focal point for communication between the ship and Buyer's facilities shall be the ship's cargo control room. Buyer shall station a representative in the control room who is duly authorized and fully competent to relay all requests, replies and statements between the ship's cargo officer and Buyer's Supervisor-in-Charge. To facilitate efficient communication, Buyer shall provide its representative with at least two independent means of communication with shore.

APPENDIX D

Specification of LNG Ship

Presented below are the specifications to which any LNG Tanker must conform in order to comply with Section 4.4. In the absence of Buyer's prior approval, any delay in unloading caused by lack of conformance to these specifications will be construed under Section 11.3(b) as being due to "inability of the LNG Tanker's facilities to discharge cargo within the time allowed."

1. The maximum cargo capacity shall not exceed 125,000 m³ by more than three percent.
2. The ship shall be capable of discharging from the port side, as required by the U.S. Coast Guard.
3. The dimensions of the ship shall be compatible with Buyer's facilities as described in Appendix C. Specifically, the forwardmost projection of the bow shall not exceed the berth limit given in Section 1(d) of Appendix C.
4. The ship shall be equipped with a safe and convenient accommodation ladder (stairway type) mounted to provide access from one of the dock platforms described in Section 1(c) of Appendix C.
5. The ship's port side cargo manifold shall consist of two or four liquid connections and no more than two vapor connections. Upon arrival at the berth, the connections provided shall be 12-inch ASA 150-RF, flat-faced flanges; the flanges will be in a clean, unblinded condition ready to be connected to the marine arms. The forward to aft arrangement of the flanges shall be one of the following (L-liquid; V-vapor):

- (a) L, L, V, V, L, L
- (b) L, L, V, L, L

For arrangements (a) or (b), the separation distance between the centers of the outermost two liquid flanges shall be no less than 10.3 m (33.8 ft.) and no greater than 15.2 m (49.9 ft.).

The flange faces shall reside in a common plane which is perpendicular to the water surface and parallel to the ship's longitudinal axis. The flange centers

shall reside in a line which is parallel to the water surface. In a transverse section of the ship through the manifold area, the above line is represented by a point; this point shall be located within the reach envelope shown in Figure D-1 under all conditions of draft. In addition, no railing platform, or other part of the ship's structure, shall occupy any volume of space through which the arms must pass to reach the flanges.

6. In addition to its full pumping capability, the ship shall be able to discharge LNG in two smaller ranges of flowrate.

(a) 30 to 50 m³/H (for cooldown of the loading arms).

(b) 170 to 230 m³/H (for cooldown of the unloading line to the tanks).

7. The ship shall provide efficient means to drain and purge the loading arms and manifold piping. For this purpose, dry gaseous nitrogen shall be made available and connected at the time that pumping is finished. This nitrogen shall be available at a nominal rate of 100 Kg/H at a gauge pressure of 3 Bar.

8. The ship shall have means for independent control of its cargo tank pressures at all times. Specifically, with the exception of an emergency, the ship shall have no need to send vapor ashore during any portion of its visit.

9. The focal point for communication between the ship and Buyer's facilities shall be the ship's cargo control room. From the start of unloading until the completion of all drain and purge operations, the ship shall station an officer who speaks in English to be continuously present in the control room. This officer shall be fully competent and duly authorized to conduct all phases of the unloading operation; he shall not leave the control room for any purpose whatsoever unless relieved by an officer who is equivalent in authority, competence and fluency in English. For the purposes of this requirement, the start of unloading is the completion of connecting the arms or the completion of gauging the cargo tanks, whichever occurs later; any delay after this point caused by absence of the aforementioned

officer from the cargo control room shall not count as authorized laytime.

ANNEX C

Form of
Loading Report Telex____ Corporation,
____,

Telex No:

Answerback:

Attention: Chief Executive Officer

1. Cargo Number: _____

2. LNG Cargo Composition

ComponentMole Percent

Methane (C1)
Ethane (C2)
Propane (C3)
Iso-Butane (IC 4)
N-Butane (NC4)
Iso-Pentane (IC5)
N-Pentane (NC5)
Hexanes Plus (C6+)
Nitrogen (N2)

____ . ____
____ . ____
____ . ____
____ . ____
____ . ____
____ . ____
____ . ____
____ . ____
____ . ____

Total

____ . ____

3. Average Cargo Temperature:

____ C°

4. Calculated Density (Klosek &
McKinley):____ kg/m³

5. Real Gross Heating Value:

____ KCAL/nM³

6. Cooldown Volumes:

____ m³

Cooldown Volumes:

____ MMBTU

7. Volume on Board at Initial Gauging:

____ m³

8. Volume on Board at Final Gauging

____ m³

9. Quantities Loaded:

____ m³

Quantities Loaded:

____ MMBTU

Sonatrading Amsterdam B.V.

By

C. H. H. H.
my *RJP*

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-C

TRANSPORTATION AGREEMENT.

EXECUTION COPY

TRANSPORTATION AGREEMENT

between

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

and

DISTRIGAS CORPORATION

as Shipper

Dated as of February __, 1988

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

ANNEX B - Fuel and Deviation Credits

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

SONATRACH and the Shipper agree as follows:

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

Purpose; Transportation Commitment

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

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

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

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

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

ARTICLE III

Commitment to Pay for Transportation

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

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

$$F = \text{U.S.}\$0.1728 + \text{U.S.}\$0.0972 \left[\frac{1}{2} \left(\frac{60}{100} \times \frac{I_n}{S_0} \times \frac{EX_n}{EX_0} \right) + \frac{1}{2} \left(\frac{60}{100} \times \frac{CNP_n}{CNP_0} \right) + \left(\frac{40}{100} \times \frac{I_n}{I_0} \right) \right]$$

where -

- F** - Freight rate as recalculated, per MMTu loaded.
- S_n** - The value of the INSEE Index (Indice général des taux de salaire horaire des ouvriers, France entière, secteur privé" published in INSEE's "Bulletin Mensuel de Statistique" (Chapter 14, number 11) current at the time of the recalculation.
- S₀** - The value of said INSEE Index on the first day of the third Contract Year.
- EX_n** - The rate of exchange which would be used to convert French francs into U.S. dollars under section 16.4 of this Agreement current at the time of the recalculation.

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

approval not to be unreasonably withheld), expressed in U.S. dollars (costs expended in any other currency being exchanged at the rate of exchange prevailing when so expended). When more than one LNG Tanker has been so furnished said total costs shall be taken as the average of such costs per LNG Tanker so furnished.

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

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

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

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

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

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

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

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

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

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

$$P' = P \times K$$

where:

- P' = the LNG-equivalent price, in U.S. dollars per metric ton;
- P = the price payable under the Purchase Agreement for LNG loaded thereunder during the month in which such Round Trip Voyage was completed; and

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

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

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

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

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

ARTICLE IV

The LNG Tanker(s)

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

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

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

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

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

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

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

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

ARTICLE V

Force Majeure

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

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

5.2. Excuse of Performance. Each party hereto shall be excused for its failure or delay in performance hereunder to the extent that such failure or delay is caused by Force Majeure.

5.3. Notice, etc. As soon as practicable following the occurrence of Force Majeure, the party affected thereby shall give notice to the other party by the most rapid means available, describing such Force Majeure and stating such party's best estimate of the duration of such Force Majeure and its effect on the performance of this Agreement and shall keep such other party reasonably advised as to the status of such Force Majeure and the progress of such party's efforts to overcome the same.

5.4. Resumption of Performance. In the event performance hereof shall be prevented in whole or in part by Force Majeure, the parties shall take all reasonable and appropriate measures to bring about conditions permitting the normal performance of this Agreement as soon as possible. In the event that performance shall be substantially prevented by Force Majeure for more than 24 consecutive months either

party may, without prejudice to all other rights arising out of such circumstances, terminate this Agreement by 30 days written notice to the other.

ARTICLE VI

LNG Boil-Off and Retention for Cryogenic Purposes

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

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

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

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

6.4. Cooldown; Heel and Gas Trials. (a) SONATRACH shall make available or cause to be made available LNG for gas trials and cooldown for any LNG Tanker transporting LNG hereunder which has a bottom temperature in its tanks prior to loading higher than minus one hundred and forty five degrees centigrade. Payment for the LNG so supplied shall be the responsibility of the Shipper, except as provided below. The Shipper shall pay to SONATRACH or Sonatrading for the LNG so supplied (for which the Shipper bears such payment responsibility) the price in U.S. Dollars per MMBtu payable under the Purchase Agreement for LNG loaded thereunder during the month of such supply.

(b) Upon discharge of any LNG Tanker transporting LNG hereunder which is scheduled to load LNG at the Loading Port within 30 days following completion of such discharge, the Shipper shall retain aboard that LNG Tanker (if returning forthwith in ballast to the Loading Port to load further cargo hereunder) an amount of LNG sufficient to permit such tanker to maintain a temperature no higher than minus one hundred and forty five degrees centigrade at the bottom of

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

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

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

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

ARTICLE VII

Quarantined Ports

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

ARTICLE VIII

Terminal Facilities

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

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

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

The Shipper shall make available to SONATRACH safe and efficient berthing and discharging facilities reachable on arrival at the Discharge Port including:

(1) mooring equipment;

- (ii) lighting sufficient to permit docking maneuvers by day or by night in complete safety to the extent permitted by the port authorities;
- (iii) facilities to insure normal stocking of the LNG Tanker with bunker fuels;
- (iv) unloading arms, pipes and other appropriate facilities permitting the unloading of LNG at the average rate of seven thousand m³/hour;
- (v) a vapor return line from the shore facilities to the LNG Tanker of a diameter sufficient to maintain appropriate operating pressure in the storage reservoirs and in the tanks of such tanker;
- (vi) a liquid nitrogen loading facility compatible with the LNG Tanker.

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

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

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

emergency conditions otherwise require.

ARTICLE IX

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

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

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

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

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

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

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

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

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

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

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

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

equipment specified in Article 8 of the Purchase Agreement.

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

ARTICLE X

Payments

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

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

occurring after the date on which such notice was given and shall make payment in respect of the invoice for each such loading not later than the seventh day following the date of receipt by the Shipper of such invoice by wire transfer to such account.

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

ARTICLE XI

Responsibilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE XII

Term of Agreement

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

ARTICLE XIII

Authorizations

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

ARTICLE XIV

Arbitration

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

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

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

ARTICLE XV

Notices

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

(a) If to the Shipper:

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

(b) If to SONATRACH:

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

ARTICLE XVI

Miscellaneous

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

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

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

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

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

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

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

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

16.9. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall be deemed an original. All such counterparts shall together constitute a single instrument. The French and English versions of this Agreement shall be equally authoritative.

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

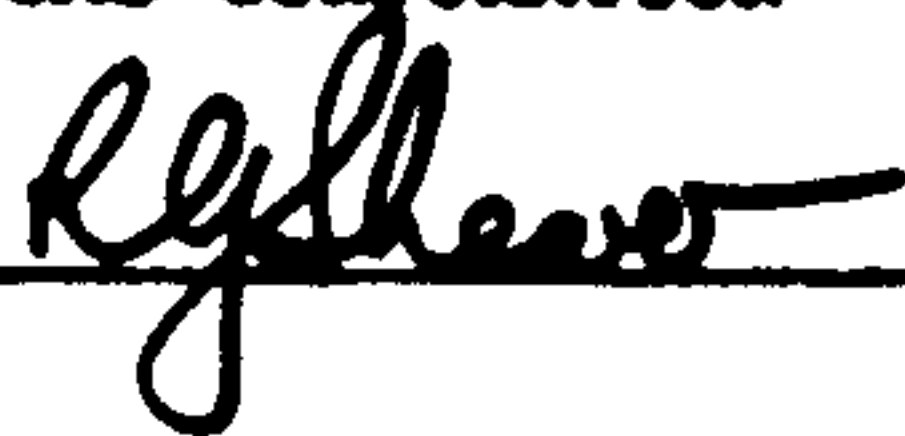
in the event the Shipper violates any of the provisions of this section 16.10 and SONATRACH undertakes to indemnify the Shipper in the event SONATRACH violates any of the provisions of this section 16.10. The parties acknowledge, however, that they have used, and in the future may continue to use in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

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

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

By: 

DISTRIGAS CORPORATION

By: 

ANNEX A

NON-NEGOTIABLE, NON-TRANSFERABLE CARGO RECEIPT

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

This receipt is subject to the following provisions:

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

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

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

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

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

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

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

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

(vi) Limitation of Liability. The carrier shall

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

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

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

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

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

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

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

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

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

Dated at _____ this ____ day of _____, 19__

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

ANNEX B

FUEL AND DEVIATION CREDITS1. Fuel Credit.

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

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

Where:

EFR = the number of metric tons by which the average daily bunker consumption of the LNG Tanker during that Contract Year exceeds BFR.

BFR = the average daily bunker consumption of the LNG Tanker during the last full calendar year prior to the year in which such LNG Vessel first enters into service hereunder.

AFC = the total cost to the Shipper of all fuel consumed by that LNG Tanker for the account of the Shipper during that Contract Year.

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

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

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

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

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

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-D

REVENUE SHARING AGREEMENT.

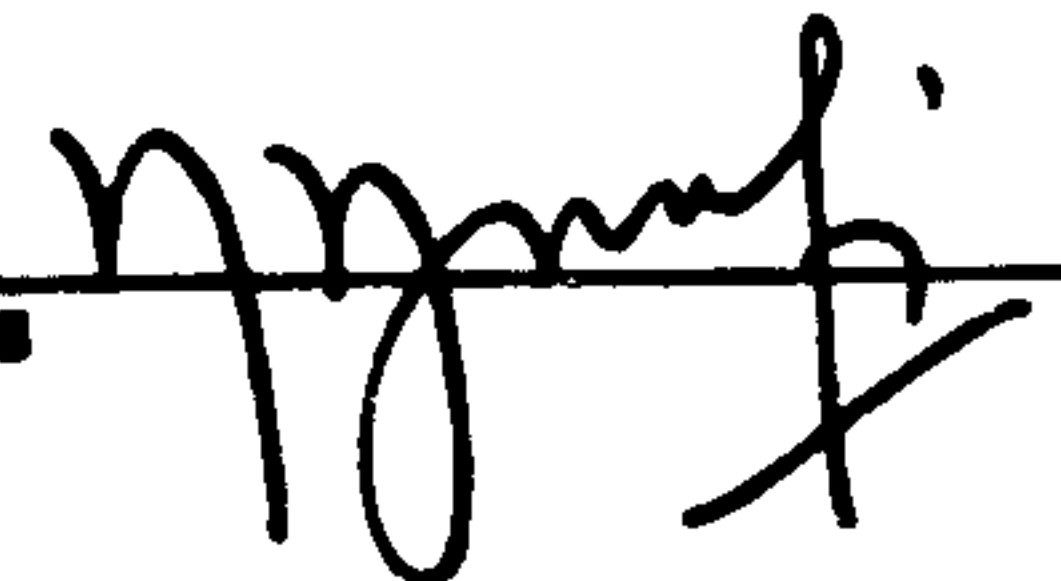
AGREEMENT

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

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

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

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

By 
its

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CABOT CORPORATION

By Samuel O. Bodman
its President

SONATRADING AMSTERDAM B.V.

By [Signature]
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DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-E

MUTUAL ASSURANCES AGREEMENT.

EXECUTION COPY

.....

MUTUAL ASSURANCES AGREEMENT

among

(1) CABOT CORPORATION,

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

(3) DISTRIGAS CORPORATION,

and

(4) SONATRAIDING AMSTERDAM B.V.

Dated February __, 1988

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

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

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

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

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

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

NOW, THEREFORE, the parties hereto agree as follows:

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

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

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

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

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

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

5. Arbitration. All disputes between Cabot and Distrigas or either of them on the one hand and SONATRACH and Sonatrading or either of them on the other hand, arising out of or relating to the interpretation or the performance of this Agreement and not covered by the arbitration clause of any other contract between those disputants, shall be finally settled by arbitration in Geneva, Switzerland under the rules of conciliation and arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with such rules. For the purpose of the said Rules the party or parties initiating recourse to arbitration in respect of such dispute(s) shall be treated as the claimant party in

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the arbitration, and the party or parties against whom such recourse is so initiated shall be treated as the respondent party in the arbitration. The arbitration shall be conducted in the French and English languages. The award of the arbitrators shall be final and binding upon the parties, and may if necessary be enforced by any court or other competent authority.

6. Notices. Each notice, request, demand or other communication hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand to an authorized employee or a duly appointed representative of the addressee party; or when received by such party after being sent by mail; or one day after it has been sent to such party by telex or telecopier (with receipt confirmed), provided a copy is also sent by mail addressed as follows (or to such other address as a party may designate by notice to the other):

(a) If to Cabot:

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

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(b) If to Distrigas:

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

(c) If to SONATRACH:

Sonatrach,
46, Boulevard Mohamed V,
Algiers,
ALGERIA.
Telex: 67123
67124
67125

(d) If to Sonatrading:

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

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

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

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

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the terms or provisions hereof.

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

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

(f) This Agreement may be executed in any number of counterparts and each of such counterparts shall be deemed an original. All such counterparts shall together constitute a single instrument. The French and English versions of this Agreement shall be equally authoritative.

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

(1) CABOT CORPORATION

By Samuel R. Buchanan
President

(2) DISTRIGAS CORPORATION

By R. J. Shearer

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

By [Signature]

(4) SONATRADING AMSTERDAM B.V.

By [Signature]

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DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT E-III-F

AGREEMENT AS TO TAXES.

DISTRIGAS CORPORATION

February 24, 1988

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

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

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

DISTRIGAS CORPORATION

By: R. J. Shearer

my

RJP

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT Z-I

ALGERIAN COMMITMENT TO REGAINING
U.S. MARKET SHARE.

Middle East Economic Survey

*A weekly review of OIL,
FINANCE & BANKING and
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ALGERIA TO BOOST GAS SALES TO USA

In addition to its recent agreement to sell 4.5bn cubic meters annually of liquefied natural gas (LNG) to the US company Panhandle/Trunkline (MEES, 4 and 11 May), Algeria is now negotiating with a number of US gas buyers to boost Algeria's LNG sales to the US market by a further 4-5bn cubic meters/year. This was disclosed by Algeria's Minister of Energy and Chemical and Petrochemical Industries, Mr. Belkacem Nabi, in an interview with MEES Editor Ian Seymour.

LNG exports under the Panhandle deal are expected to begin by the end of this year, and if the negotiations with the other companies succeed the total contracted volume of Algeria's LNG sales to the US will rise to 9-10bn cu.m./year. This compares with current Algerian LNG deliveries to European customers of around 12bn cu.m./year (although the full contractual quantities total 18.5bn cu.m./year).

In addition, Mr. Nabi revealed that Sonatrach is currently negotiating with five or six international companies on new deals for oil and gas exploration in Algeria, and the first agreements are expected to be signed very soon, probably in September.

There follows the question-and-answer text of the MEES interview with Mr. Nabi:

Q: What is your assessment of the reaction of the market to OPEC's decision at the June conference in Vienna to hold its production ceiling at 16.6mn b/d for the whole of the second half of the year?

Inside Pages Includes:

More OPEC Leaders Caution against Overproduction, A3;
Iraq Sets Mediterranean Price for Basrah Light, A4;
Venezuela, Indonesia and Egypt Raise Prices, A4; Gulf
Shipping, A4; EPC Budget, A6; Japanese Boost Kuwait
Crude Liftings, A7; Analysis of Kuwait's 1987-88
Budget, B1; the Mecca Drama and its Aftermath, C1.

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A: Since the production decision taken by the OPEC conference at the end of June, the market has certainly strengthened and reacted in a very positive fashion. However, I have the impression that what is going on at the moment is a kind of replay of what happened last February after the price and production decisions of the December 1986 OPEC conference - that is to say lots of rumors and media reports about supposed over-quota production by OPEC which tend to counteract the improvement in prices and bring the market down. It is still premature to pass judgement on the state of the market so soon after the Vienna conference. On the whole, developments have been extremely positive despite the various fluctuations in the market. However, it must be said that the market, although less speculative than it was a year ago, is still far from arriving at a healthy and stable condition. We shall have to wait at least until the end of August - watching price movements and the supply/demand balance - before we can make a proper judgement on the subject.

Q: At the recent OPEC conference in Vienna it was decided to set up a five-member ministerial committee which is mandated to monitor market developments and to call immediately for an extraordinary conference in the event of any "significant change" in market prices. Do you think there has been any significant change in market prices yet?

A: Not really.

Q: But spot prices have moved up by as much as \$2/B.

A: Yes, but spot prices have been fluctuating widely from day to day. We cannot embark upon an international action within the framework of OPEC just because oil prices have risen by \$2/B for a few days or even a few weeks. If and when there is some definite indication regarding the evolution of the market, the Ministers concerned will get in touch and see what needs to be done. But I think it is still too early to take any action in this regard.

Q: If it turns out that the reports about over-quota production by some OPEC members are well-founded and not just rumors, what should be done about that?

A: The same as was done in the first half of the year. When there were more or less confirmed reports of overproduction, the President of the OPEC Conference sent telexes to the member countries concerned reminding them of their obligations under the OPEC agreement. There is also the three-member ministerial committee which was set up at the June conference to undertake visits to member countries in order to motivate them to comply with the terms of the agreement. And there are various other procedures that could be used as well.

Q: What is your forecast for official prices next year?

A: I have no forecast. We shall have to see how things go between now and then.

Q: What would you like to see happen?

A: I would like to see the international market become a bit more stable, and to prevent any erosion of today's official prices which - whatever one may think about it as such - at least has the merit of being in existence. We want to have stability in the market but, of course, stability doesn't mean a freeze.

Q: Turning to the Algerian scene, in your last interview with NEWS (NEWS, 22 June) you spoke of the efforts being made to interest international companies in investing in oil and gas exploration in Algeria. Has there been any progress on this front since then?

A: Yes. Five or six companies are currently negotiating with Sonatrach for exploration

acreage in Algeria and the first agreements are expected to be signed very soon - probably in September.

Q: You expect to sign six agreements?

A: I hope so. That would be a good start for our new exploration drive.

Q: Has there been any progress with Sonatrach's gas pricing negotiations with its European customers?

A: The problem of gas pricing stems from the confused state of crude oil prices on which the gas pricing formula is based. The year 1986 was a period of great confusion because official prices for crude oil were abandoned and replaced by netbacks, so that the formula could no longer be applied. So we had to arrive at compromise prices for gas for 1986. For the first half of 1987, although official prices had been reintroduced, the situation was still not stabilized; so we were not in a position to abandon what had been provisionally adopted for 1986. Now, in the second half of 1987, the return to official pricing for crude oil looks much more serious than it did last February, and the parties are now in the process of discussing ways and means of getting back to a gas pricing formula based on official crude oil prices. It may take a little time, but I think that progress is being made.

Q: Are there any new gas sales deals in prospect?

A: Yes, particularly in the US. In addition to the recent deal with Panhandle - for which exports will probably start by the end of this year - we are currently negotiating with a number of other US firms for additional volumes of Algerian gas exports to the US.

Q: What sort of volumes would be involved?

A: There is the 4.5bn cubic meters annually already signed for with Panhandle, and the negotiations now under way with other firms envisage a roughly similar volume, say an additional 4 or 5bn cubic meters annually. And as for the future, it is clear that the American market needs gas.

MEES OPEC LEADERS CAUTION AGAINST OVERPRODUCTION

More OPEC leaders have raised cautionary voices against overproduction by member countries, following Saudi Arabia's telegram on this subject sent to the President of OPEC the previous week (MEES, 3 August).

Expressing support for the Saudi stand, the Kuwaiti Oil Minister, Shaikh 'Ali Khalifah al-Sabah, told MEES: "We support the Saudi message wholeheartedly, and fully concur that all OPEC member countries should abide by their quotas."

In Caracas, Venezuelan Oil Minister Arturo Hernandez Orias told reporters on 5 August that a minority of OPEC members were exceeding their quotas and that this could adversely affect the market in future months. He noted that this overproduction had not yet endangered the stability of the market because of the current tension in the Gulf, but warned that excessive overproduction could cause the market to weaken.

Similar sentiments were expressed in Jakarta by the Indonesian Oil Minister Dr. Subroto. Speaking after a meeting with Indonesian President Suharto on 4 August, he told the press that the President was making an urgent appeal to OPEC countries not to cash in on current

(cont'd on page A9)

✓ **Distrigas deal promises to open up US market**

The Distrigas deal announced in December (*NAM* Feb '88) could well have turned the corner for Algerian gas in the US. Observers note a change in Sonatrach's negotiating attitude. "They want to be competitive," one said. Now, Panhandle/Trunkline is confident it will start shipping in Algerian gas next winter.

The amended Distrigas gas deal, which comes into effect this coming fall and runs for 15 years, has market-related prices. Distrigas is taking 17 shiploads a year, of which nine are firm orders for the winter months and the remaining eight can be adjusted by either party. The volumes involved (for the 17 shiploads) are slightly under 2 billion cubic meters a year, against 1.9 billion cu m for the previous deal.

- - -

ALGERIA

- Agreement Concluded for Resumption of LNG Deliveries to Distrigas Corp.

AOG learns that a new agreement has been reached between Sonatrach and the US company Distrigas Corp., a subsidiary of Cabot Corp., for Algeria to start supplying LNG again to Distrigas. Deliveries could begin this December and the volume could be substantial through to the end of the winter, amounting to as much as ten cargoes of LNG up to the end of March 1988. Sonatrach is also to hold separate negotiations with Distrigas for the conclusion of a long-term contract covering a 15-year period.

The two companies have been negotiating since last June to settle the dispute arising from the cancellation in October 1985 of the contract they signed in 1978. That followed the refusal of Distrigas' main customers, Boston Gas and Brooklyn Union Gas, to continue buying Algerian LNG. Sonatrach has now been paid compensation by Distrigas (AOG, 16 June, 1987). The contract was for a volume of 1.2 billion cu m/year over 20 years.

Regaining a share of the American market is one of the main planks of Sonatrach's strategy of finding new outlets for its exports of natural gas. Negotiations are under way with other American companies for the conclusion of long-term contracts. As for the contract signed with Panhandle Eastern Corp. last April, AOG has been informed that deliveries could begin this winter, once Panhandle has received the necessary authorization from the Economic Regulatory Administration (ERA) and the Federal Energy Regulatory Commission (FERC).

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT Z-II

ALGERIAN POLICY OF ENTERING INTO MARKET-BASED
LNG CONTRACTS WITH U.S. BUYERS.

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ALGERIA PLANS TO BOOST GAS EXPORTS TO MAXIMUM CAPACITY

Algeria is planning to boost its gas exports, currently running at less than half capacity for LNG, up to the maximum of its existing installed capacity, according to Mr. Belkacem Nabi, the Algerian Minister of Energy and Petrochemical Industries.

Mr. Nabi said in an interview with MEES Editor Ian Seymour that "in volume terms our target is to expand gas sales so as to utilize the full extent of our current capacity for LNG and pipeline gas exports." However, he indicated that Algeria had no plans to expand its existing gas export facilities unless substantial new gas discoveries were made in the country.

Algeria's currently installed capacity for liquefied natural gas (LNG) is around 31bn cu. m./year, whereas actual deliveries to Sonatrach's three European customers - Gas de France, Distrigas of Belgium and Enagas of Spain - are running at only some 12bn cu.m./y (although the full contractual quantities total 18.6bn cu. m./y). In addition, Sonatrach is exporting some 11-12bn cu. m./y of gas to Italy via the Transmediterranean pipeline which has a capacity of around 15bn cu. m./y (the Sonatrach-Snam contract provides for a floor of 10.6bn cu. m. and a ceiling of 14bn cu. m. for the October 1986-September 1987 period).

Inside Pages Includes:

Gulf Shipping Developments, A3 and C1; Saudi Barter Volume Reaches 670,000 b/d, A4; ERT Extends Algerian Exploration Deal, A7; Shabwa Oil Trucked to Aden Refinery, A7; Resumption of Production at Abu Bakr, A8; Venezuela Increases Heavy Crude Prices, A9; ABC Boosts Euro-activity, B1.

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At the same time, Algeria is endeavoring to widen its gas markets. It recently signed a flexible deal with the US firm Panhandle/Trunkline providing for the delivery of a targeted 4.5bn cu. m. of LNG to the US market. According to Mr. Nabi, it is also considering sales to Asian and Far Eastern markets.

Algeria is also mounting a drive to interest international companies in investing in oil and gas exploration in Algeria, and recently promulgated a new oil law indicating a "flexible and pragmatic approach" in this regard.

As regards the forthcoming OPEC conference in Vienna on 25 June, the Algerian Energy Minister (whose remarks in this regard were also quoted in last week's MEES) called upon OPEC to retain its current ceiling of 15.8mn b/d rather than raise output to 16.6mn b/d as stipulated in the December 1986 agreement.

There follows the question and answer text of the MEES interview with Mr. Nabi:

Q: The LNG gas supply contract which was signed recently between Algeria's Sonatrach and the US firm Panhandle/Trunkline (MEES, 4 and 11 May) seems to provide for greater flexibility regarding prices and volumes than the current contracts between Sonatrach and its European customers. What is the rationale behind this?

A: Certain press media in Europe are unhappy because Algeria has, with its recent contract with Panhandle/Trunkline, taken steps to reenter the US market. They object on the grounds that Panhandle/Trunkline has been allowed more flexible terms than those applicable to European buyers of Algerian gas. However, the comparison is in no way appropriate because these are different markets with different rules. The US gas market has been deregulated and prices are no longer administered, whereas in most other gas markets prices are either officially or de facto administered. Therefore, it is only logical that Sonatrach should have commercial gas dealings with various types of customers on terms which are not identical but differ according to the conditions of the markets concerned.

Q: Last year's violent fluctuations in oil prices have caused problems regarding the operation of Algeria's gas pricing formula which is based on the price movements of a basket of eight crude oils. Is there any prospect of amending this formula now?

A: If it is acknowledged that the price of gas is essentially linked to that of oil, then it is inescapable that any indexation formula for gas prices should be related in some way to oil prices. However, it is true that the operation of the existing formula has been disrupted by the upheavals in oil prices, both in terms of the collapse in the actual level of prices and the changes in the bases of the price structure from official to market and back again to official.

Q: Algeria is now evidently seeking wider markets for its gas beyond its traditional outlets in Europe. What is your policy in this regard?

A: Naturally, Europe and the US are the two most important markets for Algerian gas exports. But, given the enormous role of gas in future energy supplies, Sonatrach cannot disregard other existing or potential gas markets. Asia and the Far East certainly represent a future gas market of great significance, and certain Mediterranean countries also look very promising in terms of future markets for Algerian gas.

Q: What is your volume target for gas exports?

A: As you know, Algeria has a substantial spare capacity for gas exports, particularly for LNG. In volume terms, our target is to expand gas sales so as to utilize the full extent of our current capacity for LNG and pipeline gas exports. However, with our

present gas reserves, we do not plan any significant expansion of this capacity. In the broader economic sphere, our objective is to broaden and diversify our economy, and to reduce dependence on the rent from oil and gas production. In particular, we have major plans to increase exports of goods and services other than hydrocarbons. However, in the event of major new gas discoveries, we might reconsider the question of an expansion of export capacity.

Q: As regards the search for additional reserves, what are your plans as regards oil and gas exploration?

A: Firstly, Algeria is anxious to encourage exploration investment by qualified foreign companies, and has decided to adopt a flexible and pragmatic approach regarding the terms under which this is carried out - whether it be by way of joint ventures, production sharing or other methods. All this is spelled out in the new Algerian hydrocarbons law which was promulgated last year (see summary below). Already a number of big international companies have shown interest in acquiring new exploration acreage in Algeria.

Meanwhile, it should be stressed that the major exploration effort in the country is still being carried out by the national company Sonatrach which has been spending an average of \$400mn a year on exploration. The return on this investment, in terms of new discoveries and additions to reserves, has been excellent. In financial terms, it has probably yielded the best return on any investment Algeria has ever made.

Q: What areas are regarded as the most promising for exploration?

A: Three areas are currently regarded as the most promising for exploration. Firstly, there is the area known as the Erg Orientale in the eastern part of the country near the Tunisian and Libyan frontiers. We have made some very interesting discoveries in this region, but the desert operating conditions are rather difficult. Secondly, there is the central area where some encouraging new discoveries of 34° API Arabian Light type crude - significantly heavier than the usual crude produced in Algeria - have recently been made at shallow depths, with gas in deeper formations. Thirdly, there is the largely unexplored Erg Occidentale region of southwest Algeria near the frontier with Mauritania. In addition, we are carrying out some exploration work in the north of Algeria, where there are some interesting prospects. As regards the offshore, we are prepared to take a look at the prospects with any potential partners, but it is not among our major priorities.

Q: OPEC's December 1986 agreement calls for an increase in the production ceiling from the current 15.8mn b/d to 16.6mn b/d in the third quarter of 1987 and to 18.3mn b/d in the fourth quarter. What is your view of the prevailing market situation, and what do you think the OPEC Ministers should decide as regards production when they meet in Vienna on 25 June?

A: Although prices are reasonably firm at the moment and the market is being, to a certain extent, buoyed up by buyers' fears over the Gulf situation which makes them more inclined to build up and maintain stocks, nevertheless there is no escaping the fundamental fact that both production and stock levels in the second quarter are too high for comfort. In these circumstances it would be advisable for OPEC to retain its current ceiling of 15.8mn b/d for the third quarter, rather than raise it to 16.6mn b/d as provided for in the schedule laid down in the December 1986 agreement. We need to do this if we are really serious about maintaining any structure of fixed official prices and preserving a conception of OPEC's dominant role in the pricing of oil. Otherwise we may simply be obliged to return to market pricing.

Q: The newly formed African Petroleum Producers Association (APPA) - grouping Nigeria, Algeria, Libya, Gabon, Benin, Cameroon, Congo and Angola - is to be headquartered in Algiers and is scheduled to have its first regular ministerial meeting in Algiers on 22 July. Could you say something about the objectives of this Association?

A: It is a regional organization along the lines of existing regional oil organizations; and it should be noted that four of the APPA members are also members of OPEC and two of them are also members of OAPEC. Its aim is to provide a framework for cooperation in a whole range of oil activities including: education and training; development of subsoil resources; promoting study and research regarding oil and gas technology as well as marketing, consumption, supply and demand on the local and international planes; mutual technical assistance; joint ventures between two or more member countries; setting up research centers for typically African problems, etc. It can also develop relations with other regional and international organizations with a view to promoting stabilization of the world oil market.

Q: What about coordination of oil policies?

A: It would be better to start by simply studying the conditions for coordination of oil policies. We shouldn't talk about coordination of policies just like that. It should be borne in mind that conditions in the various member states are very different.

Q: Is there likely to be any problem regarding Egyptian membership of APPA?

A: So far Egypt has not submitted any application for membership, so the problem does not arise.

The new Algerian hydrocarbons law - No. 86-14 promulgated on 19 August 1986 - provides for three possible forms of involvement by foreign firms in oil and gas exploration in Algeria, as follows:

- (1) Entitlement of the foreign partner to a share in the production from a discovered field corresponding to his percentage equity share in the venture.
- (2) Entitlement of the foreign partner, by way of reimbursement for expenditure and remuneration, to a share in the production of the discovered field, as laid down in the contract.
- (3) Payment to the foreign partner, in the event of a commercial discovery, of a certain sum by way of reimbursement for expenditure and remuneration, in kind or in cash as agreed upon in the contract.

It is to be assumed that method (1) would correspond to the joint venture approach, method (2) to a production sharing arrangement, and method (3) to a service contract.

The law stipulates that when the involvement of the foreign partner is in accordance with methods (2) or (3) the share of production accruing to such foreign partner shall not exceed 49%. In such cases, the national company shall make available to the foreign partner his share of production f.o.b. loading port free of royalties and taxes and of all other charges and obligations.

In the case of method (1) (i.e., joint venture) the law stipulates that the equity share of the national company shall not be less than 51%. In such cases, both the national company and the foreign partner, each according to his equity share, will pay royalty and income

tax as follows:

- 20% royalty. Where the economic conditions of exploration and development require, this may be reduced to 16.25% or 12.50% depending on the area concerned.
- 85% tax. Where the economic conditions of exploration and development require, this may be reduced to 75% or 65% depending on the area concerned.

GULF SHIPPING

President Reagan Determined to Go Ahead with Re-Flagging of Kuwaiti Tankers

US President Ronald Reagan has so far continued to uphold his unequivocal position to go ahead with the re-flagging of 11 Kuwaiti tankers despite mounting congressional opposition to US involvement in the Iraq-Iran war. On 15 June, upon his return from the seven-nation industrial summit in Venice, Mr. Reagan told the American people that the US allies, in their own way, are supportive of the US move. "I was particularly gratified... for the support our allies gave to our Persian Gulf policy. It was extended without hesitation... In fact, Great Britain has committed a higher proportion of its fleet to the Gulf than we have, and since January has provided protection to over 100 UK flag vessels. France, too, has committed naval strength to the Gulf. Germany and Japan, while they can't constitutionally deploy military forces, are also working actively to seek other ways to be helpful."

The President then re-affirmed the US objectives behind the whole exercise. "Our own role in the Gulf is vital... It is to escort US flag vessels, a traditional role for the navy, and one which it has carried out in the Gulf as well as in other areas. Most recently, there has been some controversy about 11 new US flag vessels that have been added to our merchant fleet. Let there be no misunderstanding: we will accept our responsibility for these vessels in the face of threats by Iran or anyone else. If we fail to do so - simply because these ships previously flew the flag of another country, Kuwait - we would abdicate our role as a naval power. And we would open opportunities for the Soviets to move into this chokepoint of the free world's oil flow. In a word: if we don't do the job, the Soviets will..."

The following day, on 16 June, President Reagan sent Congress a 30-page classified report detailing the rules of engagement for the US navy in the Gulf. The report was requested by Congress as a pre-condition for its approval of the re-flagging operation and as a result of its fears about greater US involvement in the Gulf conflict. In a shorter unclassified version released on 17 June, the report stated, "There is no risk-free way to safeguard our longstanding vital interests in the Persian Gulf, which today is an increasingly volatile region. We can only do our best to minimize and manage the risks, chart a steady course aimed at our strategic goal of ending the war, and reassure our friends - and our adversaries - of our resolve as we move ahead." Addressing key concerns of lawmakers, the report said the rules of engagement under which US forces will operate in the Gulf will be strictly defensive, and that protection would cover only US-flagged ships.

Congress has remained skeptical about Reagan's plan, and Senate majority leader Robert Byrd said that he would request the Senate Foreign Relations, Armed Services and Intelligence committee to conduct an "in-depth assessment of the diplomatic, military and intelligence aspects" of Reagan's plan to provide naval escort to the re-flagged Kuwaiti tankers. Of particular concern to Congress is the lack of tangible support from US allies despite Europe's and Japan's great reliance upon oil flowing through the Strait of Hormuz. According to information released by the American Petroleum Institute (API), only around 15% of US oil imports in 1986 originated from the Gulf, compared to 70% for Europe and 61% for Japan as shown in the following table:

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September 23, 1987, Wednesday, BC cycle

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HEADLINE: PANHANDLE <PEL> SEES LNG START-UP NEXT WINTER

DATELINE: HOUSTON, SEPT 23

BODY:

Panhandle Eastern Corp said it expects to receive government permission to resume imports of liquified natural gas from Algeria during the winter of 1988, despite the Justice Department's objection to the plan.

"We are proceeding on the basis that we have a valid and viable application before the Economic Regulatory Administration. We think the market will be at a price next winter that both the buyer and seller can agree is mutually acceptable," said Panhandle spokesman Mack Price.

Earlier Wednesday, the U.S. Justice Department said it planned to object to Panhandle's proposal to begin importing LNG to its 580 mln dlr terminal in Lake Charles, La, for re-sale during the winter of 1988-89.

The Justice Department said Panhandle's proposed 20-year project constituted a breach of an earlier LNG contract and jeopardized 125 mln dlrs in bonds guaranteed by the U.S. Maritime Administration for construction of two Panhandle tankers. Last year, Panhandle settled for 200 mln dlrs plus stock an expensive long-term contract it had entered into to buy Algerian LNG at a time when U.S. gas supplies were short.

Separately, a Panhandle executive said in a speech at a natural gas supply symposium in Houston that LNG imports would be economical when the spot market price for gas reached at least two dlrs per mcf.

"Our actual break-even cost would be about 1.50 dlrs per mcf but we don't think the Algerians would go for that," Del Campbell, vice president of Panhandle's unit, Trunkline LNG Co, said.

Panhandle's new import proposal would give Sonatrach, the Algerian state-owned LNG producer, two-thirds of all sales revenues. Under the plan, Panhandle would receive one-third of revenues and must pay all shipping, terminal and marketing costs totaling an estimated 50 cts per mcf.

"We see two dlrs per mcf on the natural gas spot market as the threshold price for beginning our LNG imports," Campbell said. That price would cover Sonatrach's costs and give the company about one dlr per mcf in wellhead profit, he said.

"If gas ever gets up above three dlrs per mcf or so, we'd begin to see a little bit of money ourselves and maybe even make a profit," Campbell said.

(c) 1987 Reuters, September 23, 1987

Dwindling U.S. gas deliverability and a growing cogeneration market present promising opportunities for future LNG sales, Campbell said.

"We think there's a good fit between LNG and co-generation. They want firm 15-year contracts with escalator clauses," he said. "We're trying to convince the Algerians it's worth it to get back into the U.S. market with a client base and then play the spot market."

The Panhandle proposal could lead to additional U.S. imports from Algeria, which has excess LNG production capacity of about 700 mln cubic feet per day, because Algeria "really has no where else to go with their LNG" other than the United States, Campbell said.

- Sonatrach Cuts the Price of LNG Delivered to Distrigas of the US

Sonatrach, which has just delivered two cargoes of 125,000 cu m of LNG each to Distrigas of the US under the terms of the agreement concluded last December (AOG, 1 and 16 Dec., 1987), has decided to cut its price for the next three shipments to \$2.50/million Btu and for two more planned shipments scheduled for May 15 to \$2/million Btu. The price paid by Distrigas for its first two deliveries in December and January was \$3.03/million Btu.

Under the terms of the agreement between the two companies, Distrigas is to lift 10 cargoes of 125,000 cu m during the course of this winter, and 17 cargoes of the same volume annually over the next 15 years.

According to the President of Distrigas, Mr. J. Alan Mackay, Sonatrach's new prices constitute a "very significant adjustment to face the realities of the US natural gas market". For his part, Sonatrach's Managing Director, Mr. Youcef Yousfi, has stated in connection with the negotiations over the price of Algerian gas exports to France: "We are calling for a strictly commercial price in accordance with what is written in the contract and with what is practiced worldwide in the LNG market" (AOG, 16 Jan., 1988). Mr. Yousfi pointed out that the price being paid by Gaz de France was 30% lower than Sonatrach was asking for (\$1.97 million Btu as against \$2.80/million in the fourth quarter of 1987).

LNG IMPORTER SEEKS LOWER PRICE FOR SHIPMENTS LATER THIS WINTER

Distrigas of Massachusetts Corp. is seeking accord with Sonatrach, the Algerian oil company, on the pricing provisions of a contract that will allow deliveries this winter of liquefied natural gas for less than the \$3.03/MMBtu landed price of an initial U.S.-bound cargo.

The 2.7-Bcf cargo is en route from Algeria to Boston, and several resale customers of DOMAC are protesting that its price is too high and they should not be required to buy it.

Despite that disagreement, there has been modestly renewed interest in Algerian LNG on the part of DOMAC and two other major U.S. firms, Panhandle Eastern Corp. and Sonat Inc. Officials with each believe that the time may be fast approaching when imported gas can find ready markets in several parts of the U.S.

"We are in the final throes of a contract fine-tuning," a DOMAC official said of his firm's negotiations with Sonatrach on the price of eight LNG shipments that DOMAC wants to receive between January and the end of April. The DOMAC official said that the initial LNG shipment left its North African port Dec. 20 and should arrive at Everett, Mass., on Dec. 29. The shipment's landed price will be \$3.03/MMBtu, as will be the price of a second cargo due to arrive in early January.

But DOMAC is pressuring Sonatrach to reduce the

cost of the cargoes to allow DOMAC to resell the gas to utilities in the Northeast. At least three of the utilities registered their displeasure about the revived talks with the Economic Regulatory Administration.

However, one of the three, Boston Gas Co., in regulatory filings has expressed its willingness to take the imported gas if the LNG price is market-responsive. "We are considering it but we don't know what the price is yet," a Boston Gas spokeswoman said. "If it meets our least-cost purchasing strategy, sure."

Although an exact resale price could not be learned, sources said that the cost to Boston Gas of regasified LNG from the first cargo would be \$3.50 to \$3.60/MMBtu, which is substantially above the price of pipeline system supply this winter.

However, those sources also note that insufficient pipeline capacity forces Boston Gas to meet its peak requirements with higher-priced propane. Other New England distributors face the same wintertime crunch, the sources noted.

Last winter, DOMAC received at least one shipment of Indonesian LNG. That deal was outside of DOMAC's long-term contract with Sonatrach, under which deliveries were scheduled to begin September 1985 due to the

Aside from the pricing matters being negotiated for LNG shipments this winter, DOMAC and Sonatrach also are discussing what the DOMAC source described as a "second set of amendments . . . to cover deliveries beginning in the 1988-89 winter." He said that those amendments would extend the existing contract for 19 years and envision delivery of up to 17 LNG cargoes a year.

In 1984, Panhandle Eastern announced that it had settled a take-or-pay dispute between its subsidiary Trunkline LNG Co. and Sonatrach over suspended LNG imports. It also reached a revised agreement with Sonatrach calling for Sonatrach to make available 3.3 of reserves for sale to a new subsidiary, Pan National Co., at competitive rates.

A Panhandle Eastern spokesman said that appropriate regulatory filings have been made and the company is awaiting issuance of the necessary certificates to allow LNG imports to begin. "We're maintaining a market effort to line up potential buyers for the product," the spokesman added. However, it appears that no sales contracts for regasified LNG have been made by Pan National.

A Sonat official confirmed last week that the Birmingham, Ala., firm recently shuffled its supply operations "to more actively pursue" possibilities for receiving gas at Sonat's Elba Island, Ga., terminal and reselling it U.S.

"We are really in the early stages of that effort," the official added. Sonat has had expressions of interest in supplying LNG from Sonatrach and from suppliers in Norway and South America, the official said.

The renewed talk about LNG is based at least in part on Sonatrach's willingness to be more flexible on price. The state-owned firm's U.S. representative, New York attorney Michael Forrestal, said that Sonatrach's motivation to make LNG sales in the near term is "high." He alluded in reference to the DOMAC discussions that "the atmosphere is certainly friendly on both sides."

Aside from the basic economics of a reduced sale price, Sonatrach also must consider the effect of low priced U.S. sales on its other contracts, said another source familiar with the talks. He said Sonatrach fears long-term export customers such as France and Spain demand renegotiation should the Algerians appear favoring U.S. buyers.

ALGERIA HOLDS THE KEY TO ATLANTIC LNG

Algeria's innovative deal with Transline LNG of the US (IGR 000/1) has led to a rethinking of all possibilities in Atlantic LNG. And the irony is that the very projects which must now stand in line behind Algeria to gain US market entry are secretly cheering on the North African producer. Furthermore, having looked again at a few of the more realistic LNG schemes vying to supply the European and US markets, IGR has found that even a worst case assumption of US market opportunities requires work to be underway today. This is especially true of the optimism — and LNG optimism seems to hinge on a European market element.

As promised in the last issue of IGR, this survey examines the prospects for Atlantic LNG in the wake of the Sonatrach/Transline settlement last month. We look at three new projects now under study: Nigeria, Northern Norway and Central Norway. An appraisal of Algeria's chances of gaining a foothold in Japan, the world's leading LNG market, follows on page 5.

Whether Algeria focuses out new supplies into the US until the late 1990s or whether earlier opportunities exist, it is clear that commercial negotiations must be underway within the next year or so. That means upstream, transport and plant planning must be under study now, not ten years from now.

These are the main points to emerge from current soundings from producers: a Nigerian and northern Norway LNG is competitive (but not a money spinner) at a Troll price, assuming cif gas at around \$3.00 - \$3.20/MMBtu in 1993;

a Both projects could be ready to supply gas in October 1995 at the earliest; a Commercial negotiations would have to begin next year and reach a conclusion in 1990 to achieve this;

a Any delay in this schedule would push startup forward — the signature-to-onstream lead time is put at five years for both projects.

a An ideal phase I tranche is 5 Bcm a year, for which investment of \$2.5-Bn is needed.

a The other company's project isn't going to make it.

What is worrying planners aware of Algeria's importance, however, is the fragility of Sonatrach's new marketing strategy. This week, Distrigas of Belgium declined to continue its interim deal with Algeria (IGR 061/6) and its LNG contract is back in arbitration. Algeria's strategy of one rule for new markets and one for the existing ones is precarious.

P.2
Credibility

Algeria's role is not just central to the US market. One LNG veteran of the Pacific told IGR that once LNG credibility is restored in the Atlantic, it could make advances similar to those in the Pacific. And this would benefit more than just the 15 Bcm a year or so capacity of Algerian plant. Even if Algeria succeeds in selling incremental tranches of LNG in Europe on more competitive terms, thus pushing back openings for Norway and Nigeria, it will show that LNG has a future on a market-oriented basis.

Price of failure

However, if Algeria fails to build an LNG market in the US, the damage to LNG credibility will be such that everyone surveyed expects a very long wait before the US market reopens to LNG. Such a scenario could also limit possibilities in Europe such that only one small project would have any chance of success — a slim chance at that. New projects will be unable to take advantage of expiring Algerian LNG contracts until the turn of the century, should buyers wish to replace Algerian supply. This makes the expansion market all the more likely.

Plenty to spare

But assuming that Algeria is able to fully develop the capacity at Lake Charles — eventually putting as much as 7 Bcm a year into the plant — this would still leave 15 Bcm of capacity in the US capable of receiving LNG after minimal upgrading. And if Algeria can sell LNG in the US, regulatory approval may be easier for others to obtain as well. For at least two projects, however, the first opportunities are seen to depend on the European market.

Spare capacity

In Europe, while small openings exist, real prospects hinge on the eagerness of buyers to use the 2 Bcm a year spare terminal capacity at Zeebrugge (due to take the first test cargo of LNG next month) and 3-7 Bcm at Montoir. Given the 10 Bcm plus level of Troll options (IGR 077/1) available to all the rest of France, this is a pretty tall order. Still it deserves consideration.

European target

The projects targeting Europe are the Shell-led Nigeria project and the Total/Statfjord-led Tromsø project in northern Norway. The studies underway by Tenneco for central Norway's Halmstad gas are aimed at the US only and provide both the most pessimistic outlook and the most expensive pricing.

Translation of Articles from the February 22, 1988

Edition of "El Moudjahid", Authoritative

Algerian National Daily Newspaper.

"GAS"

"New Breakthrough by Algeria in the United States"
(Page 1)

Algeria has just sold further quantities of liquefied natural gas to the U.S. market following yesterday's signature of an agreement for the shipment of 1.3 billion cubic meters by SONATRACH to the CABOT group. This is the second agreement in less than a year, since SONATRACH had already signed an agreement with the Panhandle group last April. With these two agreements, 6 billion cubic meters are committed to the U.S. market.

"New Breakthrough by Algeria in the United States (Continued)"
(Page 1)

"SONATRACH Signs an Important Delivery Agreement for 1.3 Billion m³ per Year with the U.S. Group CABOT"

In less than a year, SONATRACH has twice succeeded in regaining its foothold in the U.S. gas market. The agreement signed yesterday in Algiers by Mr. Yousfi and Mr. Bodman, respectively, Director General of SONATRACH, and President-CEO of CABOT, concerning deliveries of liquefied natural gas (LNG) amounting to 1.3 billion m³ per year over a period of 15 years, is the second long term agreement and follows the one signed in April 1987 at Skikda, between SONATRACH and the Panhandle group.

This feverish activity in the Algerian gas business, which has just sold gas to Turkey, Greece, and Libya in rapid succession, is due to a growing interest in this raw material which, in addition to having the same qualities as oil, is also appreciated for its cleanness and its intensive use in certain industrial sectors. Following yesterday's agreement, with deliveries due to start this year, there are now almost 6 billion m³/year committed to the U.S. market. Observers note that the resumption of shipments of Algerian gas to the U.S. comes after a very difficult period of time characterized by arbitrary suspensions on the part of the U.S. gas partners. The conflict between SONATRACH and the different groups has been resolved, after the Algerian public company obtained financial compensation for losses incurred.

Moreover, the first agreement signed yesterday bears on conditions for an amicable settlement of the dispute between SONATRACH and DISTRIGAS, which came about following the latter's unilateral decision to interrupt loadings of Algerian gas in 1985. This compensation is said to be sizeable by authorized

million dollars from the Trunkline group last year to settle their dispute.

According to the same source, the prices involved in this contract are considerably higher than those currently practised in a unilateral fashion by some of the European partners.

Relations between SONATRACH and CABOT had already resumed with an agreement for the delivery of 700 million m³ for the winter of 1987-88, signed last November.

The management of SONATRACH do not intend to pruse at this promising juncture, since negotiations and contacts are continuing with two other gas companies (Columbia Gas and Southern Natural Gas) with a view to substantially increasing the amount of LNG sold in the U.S. Moreover, these two companies both own regasification terminals, one at Cove Point (10 billion m³) and the other at Savannah (4 billion m³). The optimism of the Algerian gas business is confirmed.

Mr. Bodman is confident that a greater penetration of Algerian gas in the U.S. market can be achieved. It is also suggested that the quantities specified in the contract between SONATRACH and CABOT can be increased to satisfy any future needs.

International experts feel that this new American interest in Algerian gas can be explained by a possible reversal in the world energy situation expected by the beginning of the next decade. More and more, international study groups, the A.I.E., and large energy companies are convinced that, in a few years, a serious worldwide imbalance between supply and demand will exist, particularly in the United States. In that country, many sources have warned that the current situation in the energy market could be misleading.

In this context, the return of the U.S. gas companies to Algeria is seen as an "insurance" against a probable break in the current period of quiet.

In any case, this new agreement which SONATRACH has signed will allow the exploitation of the enormous potential of liquefied natural gas and the transportation facilities available in Algeria. In this latter regard, we have also learned that the tanker Ben-Boulaid (125,000 m³) will be responsible for transporting the Algerian LNG to the east coast of the United States at a rate of 17 shiploads per year.

Additionally, this agreement points up the ability of Algeria to take its place in the world gas market, in spite of certain schemes which tend to distance it from potential buyers, by distorting its positions and initiatives.

"Towards a Shortage Situation", says Mr. Bodman."
(Page 1)

"The United States needs gas". It is practically with these words that began the press conference given by Mr. Bodman, President-CEO of the Cabot group, following the signing of the agreement with SONATRACH. Asked to explain the import of such a contract for his group, Mr. Bodman indicated that he is involved in the long-term supply of gas to the United States.

Mr. Bodman has, in this context, analyzed the situation in the U.S. gas market, presently characterized by a greater supply than demand, but new trends should appear within two to three years. The present oversupply would then be absorbed and the U.S. energy balance sheet would show a deficit.

"Decision-makers at all levels are aware that we are heading towards a shortage situation", he said.

He was also optimistic about the promotion of natural gas worldwide thanks to its specific ecological properties.

In answer to a question about future relations between the Algerian company SONATRACH and the CABOT group, Mr. Bodman stated that the deliveries of LNG to DISTRIGAS are now well-known in the United States and this cannot help but have a beneficial effect on the strengthening of exports of Algerian LNG to the United States. "A great variety of opportunities is open to the two partners (chemicals, petrochemicals) to give a greater content to this cooperation", he explained.

"The Terms of the Agreement"
(Page 3)

The agreement in principle which was initialled in November 1987 between the national firm Sonatrach and the American Cabot group has now been finalized with the signature of several documents in Algiers on February 21, 1988.

The first agreement concerns the terms for an amicable settlement of the dispute between Sonatrach and Distrigas Boston relative to the suspension of loadings of LNG by the latter company since Summer 1985. The agreement was signed on behalf of Sonatrach by its Director General, Mr. Youcef Yousfi, and on the American side by the President-CEO of the Cabot group, Mr. Samuel Bodman. The settlement provides for the payment of a sizeable compensation to Sonatrach.

The second agreement (Amendment No. 3 to the 1976 contract between Sonatrach and its subsidiary, Sonatrading, on the one hand, and Distrigas, subsidiary of Cabot, on the other hand) concerns long-term LNG delivery terms.

The signatories of this amendment were Messrs. Mustapha Faïd, Director of the Gas Division at Sonatrach and Larbi Kateb, Manager of Sonatrading for the Algerian side, and Gordon Shearer, Vice President of Distrigas for the American side. The execution of this long-term agreement is guaranteed by the two parent companies, Sonatrach and Cabot Corporation. The shipping of the LNG will be carried out by the Algerian party and a contract covering this was also signed.

We note that the LNG commerce between the two parties had already resumed as of December 1987 following an interim agreement.

The signing of these contracts confirms the experts' predictions concerning the progressive recovery of natural gas in the United States. Moreover, a strong increase in natural gas imports in the United States is expected in the '90's. Having at its disposal important assets, namely, its reserves, its experience and its liquefaction capabilities, Algeria is destined to play a premier role in this market.

During the signing ceremony, the representatives of Sonatrach and Cabot, who congratulated themselves on the positive outcome of their negotiations, which went on actively throughout 1987, stressed the efforts put in by both parties to overcome difficult circumstances and preserve their long-term interests.

DISTRIGAS CORPORATION

Docket No. 88-____-LNG

EXHIBIT Z-III

ALGERIAN POLICY OF ENTERING INTO MARKET-BASED
LNG CONTRACTS WORLDWIDE.

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HEADLINE: Algeria Cuts Price Of Gas Sales To France

BYLINE: Paul Betts, Paris

BODY:

Algeria has agreed to cut its gas prices to France, one of its principal customers, because of the fall of world energy prices.

The Algerian state hydro-carbons concern Sonatrach and Gaz de France (Gdf), the French gas utility, confirmed yesterday that they had reached an interim agreement on the calculation of Algerian liquified natural gas prices.

Until now, Algerian gas prices have been indexed on the official prices set by the Organisation of Petroleum Supporting Countries (Opec) of eight types of crude oil.

However, the Opec prices had become unrealistic in the face of the decline of oil prices on the spot and other markets. Under the interim agreement, Algerian gas will be calculated on the basis of a basket of crude oils and on their market prices.

Gdf said yesterday that the agreement did not pre-empt the outcome of the final renegotiations over the terms of the long term gas supply contract to France. This final round of talks is due to start in the second half of this year.

The result of the latest agreement, following discussions in Algiers last week, will mean that the price of Algerian gas to France will be in line with market prices, Gdf indicated yesterday.

Gas prices have been falling in France recently; that of industrial gas has dropped by 23 per cent this month.

Last year France was paying up to 15 per cent more for Algerian gas than for that it imports from other big suppliers like the Soviet Union and the Netherlands.

Gdf incurred an extra charge of about FFr 1.5 bn (14.3 m Pounds (pds)) last year as a result of the higher cost of Algerian gas.

Algeria was France's largest single foreign supplier of gas last year, accounting for 27.3 per cent of gas consumption compared with 23 per cent each for the Netherlands and the Soviet Union.

LEXIS NEXIS LEXIS NEXIS

✓ Algeria Is Selective In Offering Flexible New Gas Terms

In a series of new liquefied natural gas deals, Algeria seems to be showing a greater willingness to tailor terms to fit both buyers' needs and market conditions, despite a long-standing impasse over prices with its three main customers — France, Belgium and Spain. Agreements have recently been reached with companies in the US, Britain, Greece and Turkey that provide more favorable price terms and offtake flexibility than Algeria is willing to grant the three big long-term contract holders. France is taking a lead role in deadlocked negotiations affecting the main European buyers, covering 13-billion cu meters a year. After 18 months of unsuccessful dickering by Gaz de France, Prime Minister Chirac said he would seek a compromise directly with Algeria's president, but no progress is expected until French presidential elections are over in May. Meanwhile, the three companies are being billed \$2.77 f.o.b. per million Btu and paying a provisional \$1.97 (PIW Jan.25,p8).

Algeria says the difference in terms is justified since the three have "administered" markets, with the governments setting prices. Linked to an \$18 oil price, it wants \$2.50 f.o.b. per million Btu plus stringent lifting obligations. Though full details haven't been disclosed on the more flexible new deals with other customers, information from inside sources coincides enough to give a good idea of basic figures. Country details follow:

- US companies Distrigas and Panhandle Eastern have worked out term deals that link prices to their own end-user markets. Separately, Distrigas is taking seven cargoes this winter for peak-shaving at an average delivered price of \$2.50 per million Btu, equating to a much lower f.o.b. price after deducting \$1 transport costs. Under the new term deal, Distrigas will take up to 17 LNG cargoes a year with no take-or-pay obligation (PIW Feb.29,p7). Panhandle Eastern can take up to 4.5-billion cu meters a year if market conditions warrant, but so far has received no shipments yet (PIW May 4,p3).

- Greece will take a total 12-billion cu meters over 20 years at \$2.25 f.o.b., with offtake flexibility of at least 25%, especially in the buildup phase, when Greece will set volumes according to market needs. The LNG will start moving in three years to a terminal to be built at Revithoussa, off Piraeus, for use in the Athens grid.

- British Gas has a new LNG agreement at a price of about \$2.15 f.o.b. for winter purchases, with volumes flexible according to needs. However, British Gas may try to take a minimum of three cargoes (PIW Feb.15,p7). Since this is peak-shaving gas, experts say at least 30% should be subtracted to get an equivalent long-term contract price.

- Turkey and Algeria have outlined a 20-year deal for 40-billion cu meters at a price rumored to be \$2 delivered. If true, it would make this the lowest long-term LNG contract price yet offered by Algeria.

- Italy, which has had a contract for 12.3-billion cu meters annually of pipeline gas and can take as little as 83%, now pays \$2.11 f.o.b. per million Btu. Before ENI's Snam renegotiated its contract in October 1986, it paid 36¢ less per million Btu than the big European LNG buyers.

THE ECONOMIST INTELLIGENCE UNIT
COUNTRY REPORT: ALGERIA
March 1988
PF. 17-19

SONATRACH: PRICING CONCESSIONS

A gas supply contract shows Algerian pricing concessions —

After delays of several months shipments of liquified natural gas (LNG) to Distrigas, a Boston based subsidiary of the USA's Cabot Corporation, have begun under a short term contract for the supply of 750 mn m³, arranged by Sonatrach's Sontrading subsidiary. This is significant not only for its short term effect as a source of much needed foreign exchange but also as proof that Sonatrach has finally been able to re-enter the US market, which seemed to offer so much in mid-1987. A similar agreement was reached with another former US customer, the Louisiana based Panhandle Eastern Corporation, but in this case shipments remain subject to the approval of the Federal Energy Regulatory Commission. The new Panhandle deal may be worth as much as \$4 bn over a ten year period.

A subsequent contract between Sonatrach and Distrigas, signed in Algiers on February 21, points to unprecedented concessions by the Algerians on pricing. It covers the supply of LNG to Distrigas over a 15 year period. Starting in the third quarter of 1988, Distrigas will take 17 gas cargoes, amounting to an annual volume of 2.13 bn m³. The agreement does not set a fixed price but provides for sales at "market responsive prices". Distrigas will pay for shipping and registration costs. The gas will then be sold in the market, with the earnings split on a 63:37

basis in Sonatrach's favour. In addition, the US company will pay \$50 mn in compensation for losses incurred during an earlier long term contract. Distrigas does not rule out a further agreement with a countertrade element to permit the purchase of aircraft by Air Algérie from Boeing of the USA.

The latest contract with Distrigas demonstrates that the Algerians are prepared to give considerable ground on pricing in order to secure important markets. It contrasts strikingly with the continuing negotiations with Gaz de France over a long term contract, marked by differences on the appropriate price structure (see below). It is likely to attract new customers and multiply the commercial options open to Sonatrach.

— while contracts are signed with Turkey and Greece —

A visit to Algiers in mid-January by Turkey's President Evren was followed by the signing on February 2 of an agreement with the Botas company by which Sonatrach will supply 40 bn m³ of LNG to Turkey over a 20 year period. The contract had been anticipated by Algerian officials as an example of new deals which point to the healthy medium term prospects of Algeria's LNG trade. The quantity involved is, however, larger than expected. Sales are not scheduled to start before the construction of a \$150 mn offloading and processing terminal at Marmara Ereglisi, and a pipeline taking the gas to Istanbul in 1992. The gas deal is expected to feed into other aspects of bilateral trade, which both sides want to raise to over \$1 bn annually. This would represent a major advance on current trading levels, which have been restrained by the view of Algiers that Turkey has not fulfilled previous contracts to purchase some 700,000 tons of crude oil from Algeria.

On February 4 a contract to supply Greece with 12 bn m³ of LNG over 21 years was signed in Algiers by Belkacem Nabi, the minister for energy, chemicals and petrochemicals, and his Greek counterpart, Anastasios Peponis. The contract between Sonatrach and Dismosia Epihirisi Petroleou (DEP) was agreed in October and, according to published reports, differs from the initial agreement only in that liftings will begin in 1991, rather than 1992 as originally envisaged (No 4 — 1987, page 16). No details of pricing were released for either the Greek or the Turkish contracts.

— and other potential customers continue to negotiate

Following the agreements with Greece and Turkey, Sonatrach is looking to conclude supply contracts with other potential customers. It is now understood that West Germany's Ruhrgas is likely to take Algerian LNG, but a decision is not expected before a settlement on new long term contracts between Sonatrach and Gaz de France which, according to Algerian officials, will set the pace for pricing new European gas sales. However, the delay in reaching agreement with Ruhrgas, which would like a long term contract to take about 1 bn m³ per year, may also be explained by a broader West German position that Sonatrach's demands are too rigid.

Also believed to have opened negotiations with Sonatrach is the UK's British Gas. The UK company has, however, publicly described press reports that a gas supply contract will soon be signed as "speculation". If a UK-Algerian gas deal is signed, the quantities involved will probably be small, covering spot sales of an estimated 500 mn m³ to provide gas for peak periods only.

The Gaz de France dispute has still to be settled —

While Sonatrach has been busy tying up new gas contracts, arguably its most important negotiations — over new long term contracts with Gaz de France — have apparently achieved little. An energetic round of shuttle diplomacy by the French minister of industry, Alain Madelin, appeared to have reached an impasse, with the result that in early January the French prime minister, Jacques Chirac, took personal charge in a dispute which is seen to threaten France's trading relations with Algeria. Mr Chirac's direct intervention reflects the gravity of the situation and marks a change in French policy, which previously rejected any government involvement in talks between the two companies. Mr Chirac has now spoken in terms of preserving "global" relations, which could be interpreted as a compromise by which France would pay a higher price for its gas in order to preserve its Algerian trade. Gaz de France vehemently opposes such a move but observers say that the utility would be unable to veto a new arrangement negotiated by the government. Algerian officials claim that they do not want to be paid a "political price" for their gas but only a realistic "commercial" rate. They argue that the unilateral price currently paid by Gaz de France is well below the prevailing market rate and have used data from the International Energy Agency and other sources to try and prove their case. Against the background of these seemingly intractable problems Mr Chirac announced in mid-January that he would soon visit Algiers for new negotiations.

According to press reports and to bankers in France, one victim of the dispute is the agreement reached in April 1987 to put in place lines of credit worth Fr3 bn. This has been delayed by differences between French and Algerian banks over interest rates, but also by the gas issue, which Algiers wants resolved before the credits are signed. The new credits would give Algeria access to more foreign exchange but are equally important to French firms, which have found new contracts in short supply of late. Clearly, the Gaz de France dispute is doing bilateral relations no good and stands beside other bilateral difficulties, such as the repudiation by Algiers of the bilateral air agreement of 1963 and the shipping accord of 1967, and criticism by Algerian ministers of alleged malpractice by French firms working on past industrial and construction contracts (No 4 — 1987, page 20).

— but gas output and sales remain buoyant

Figures presented by the managing director of Sonatrach, Youcef Yousfi, show that the production of natural gas increased by 17.4 per cent in 1987 to 94 bn m³. Mr Yousfi also said that LPG output was raised by 25 per cent to 7 bn m³. Preliminary figures published by Gaz de France and Snam of Italy confirm that, despite the Franco-Algerian gas dispute, Sonatrach's share of the French market has actually increased, and that sales to Italy remain very buoyant. Snam's preliminary figures for 1987 show that Algeria was its leading supplier, providing 10.8 mn m³. Gaz de France, meanwhile, has produced provisional figures to show that Sonatrach provided 31.4 per cent of the French market in 1987, compared with 27.2 per cent in 1986.

There is multilateral support for power projects

The pace of rural electrification has continued, with work mainly carried out by local companies. The state power corporation, Sonelgaz, plans total investment in the order of AD4.5 bn per year and wants an increasing volume of project work channelled to local subcontractors as the low tension network is expanded from the current level of about 2.5 mn subscribers to 6-7 mn by the year 2000. The director general of Sonelgaz, Mostafa Harati, also wants a higher allocation of work to Algerian firms for power station construction. This is currently put at 40-45 per cent of the total, while Mr Harati has a target of 60 per cent. With foreign

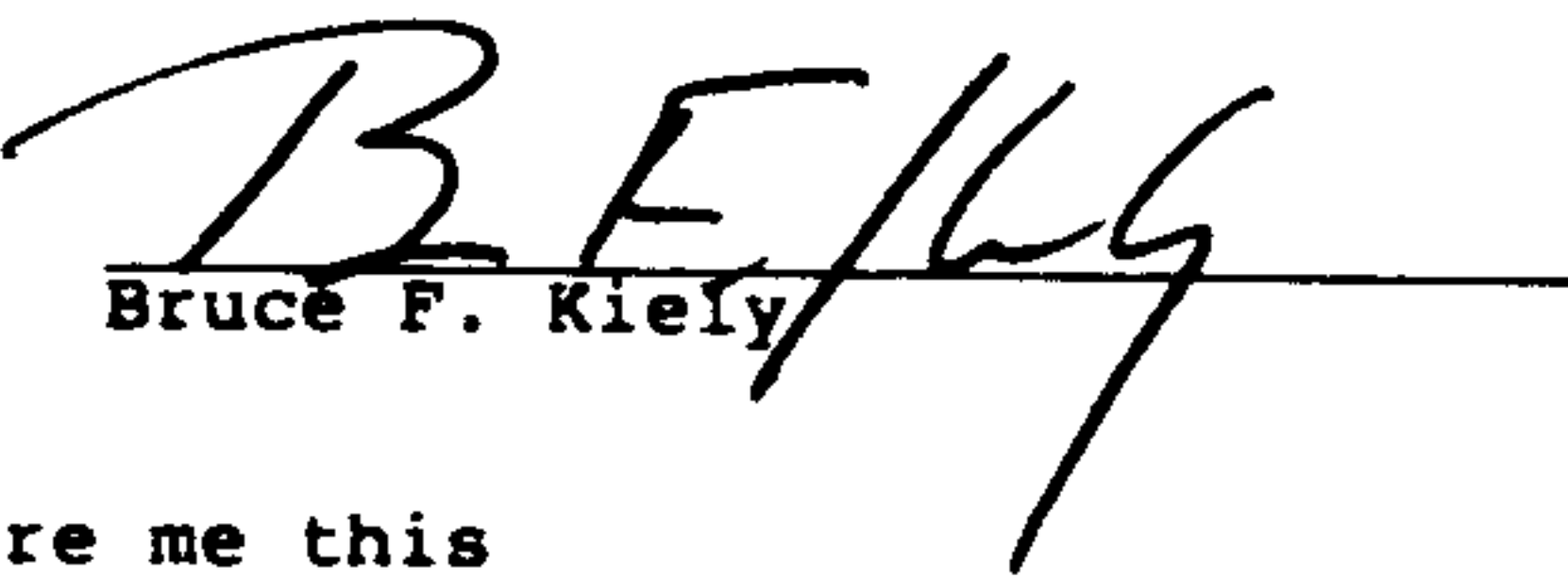
exchange resources tight, decisions on other major power projects, including the planned expansion of the Skikda power station, are still awaited.

While Algeria's foreign exchange resources remain under pressure, international involvement in the power sector is being supported by major development banks. Tenders for the construction of power lines, substations and other work are to be issued under Sonelgaz's third power investment programme. The total cost of the programme is put at \$350 mn, of which the World Bank is to provide \$150 mn, including funds for the work already put out to tender. Meanwhile, the European Investment Bank (EIB) has agreed a Ecu22 mn loan for the expansion of the Bechar power station, one of the few in Algeria to be diesel powered.

VERIFICATION

City of Washington)
 : ss.:
District of Columbia)

Bruce F. Kiely, being duly sworn, deposes and says: that he is an attorney for Distrigas Corporation; that he is authorized to verify and file the foregoing document pursuant to 10 C.F.R. § 590.103; that he has examined the statements contained therein and that all such statements are true and correct to the best of his knowledge, information, and belief.


Bruce F. Kiely

Subscribed and sworn to before me this
22nd day of June, 1988.


Notary Public

My Commission Expires: 

CERTIFICATE OF SERVICE

I hereby certify that I have this day, pursuant to 10 C.F.R. § 590.107, served a copy of the foregoing by regular mail upon each person designated on the attached list in Economic Regulatory Administration Docket Nos. 77-011-LNG, 82-013-LNG, and 88-05-LNG.


Bruce F. Kiely

Dated: June 22, 1988

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One Beacon Street
Boston, MA 02108

Jennifer Miller
Virginia McCarthy
Boston Gas Company
One Beacon Street
Boston, MA 02108

PROVIDENCE GAS COMPANY

Preston J. Hare
Providence Gas Company
100 Weybosset Street
Providence, RI 02901

Bruce Glendening
Schiff Hardin & Waite
Suite 600
1101 Connecticut Avenue, NW
Washington, DC 20036

BERKSHIRE GAS COMPANY

Les H. Hotman
Berkshire Gas Company
P.O. Box 1388
Pittsfield, MA 01201

NEW JERSEY PUBLIC ADVOCATE

Nusha Wyner
New Jersey Public Advocate
Division of Rate Counsel
744 Broad St. - 30th Fl.
Newark, NJ 07102

ESSEX COUNTY GAS COMPANY

Richard P. Swakla
Essex County Gas Company
7 North Hunt Road
P.O. Box 500
Amesbury, MA 01913

FALL RIVER GAS COMPANY

Bradford J. Faxon
Fall River Gas Company
155 N. Main Street
Fall River, MA 02722

CONNECTICUT LIGHT & POWER COMPANY

John J. Smith
Connecticut Light & Power Company
c/o N.E. Utilities Service
P.O. Box 270
Hartford, CT 06141-0270

J. Michel Marcoux
Bruder & Gentile
Suite 600
1350 New York Ave., NW
Washington, DC 20005-4709

BAY STATE GAS COMPANY

Thomas Sacco
Bay State Gas Company
120 Royall Street
Canton, MA 02021

ALGONQUIN GAS TRANSMISSION COMPANY

Dwight W. Curley
James Collins
Algonquin Gas Transmission Company
1284 Soldiers Field Road
Boston, MA 02135

STATE COMMISSIONS**COMMONWEALTH OF MASSACHUSETTS**

Department of Public Utilities
100 Cambridge Street
Boston, MA 02202

STATE OF RHODE ISLAND

Public Utility Administrator
Department of Business Regulation
100 Orange Street
Providence, R 02903

STATE OF NEW YORK

Public Service Commission
Department of Public Service
Empire State Plaza
Albany, NY 12223

STATE OF NEW JERSEY

Department of Public Utilities
Board of Public Utilities
101 Commerce Street
Newark, NJ 07102

STATE OF CONNECTICUT

Public Utilities Control
State Office Building
165 Capital Avenue
Hartford, CT 06115

AM

ORIGINAL

OTHER OFFICES

HOUSTON
DALLAS
AUSTIN

BAKER & BOTTS

888 - 13TH STREET, N.W.
SUITE 500 EAST
WASHINGTON, D.C. 20004-1109

TELEPHONE (202) 639-7700
TELECOPIER (202) 639-7832

JUN 30 A 9:01

June 29, 1988

Mr. Lot Cooke
Department of Energy
Economic Regulatory Administration
Room GA-033, RG-43
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Distrigas Corporation, ERA Docket No. 88-37-LNG

Dear Mr. Cooke:

This letter responds to your inquiry of June 24, 1988, regarding the operation of the "Reference Price" under the Amendment No. 3 to the 1976 Agreement between Distrigas Corporation ("Distrigas") and Sonatrach, which is pending approval in the referenced docket.

The "Reference Price" in Amendment No. 3 derives from a series of calculations. The base formula consists of prices for four fuel components: distillate oil prices (PK), residual oil prices (B), winter season commodity gas prices (WS) and long-term sales commodity gas prices (CD). These components are weighted and added to derive an "RP", as follows:

$$RP = (2.16 \times PK) + (0.25 \times WS) + (0.40 \times B) + (0.15 \times CD)$$

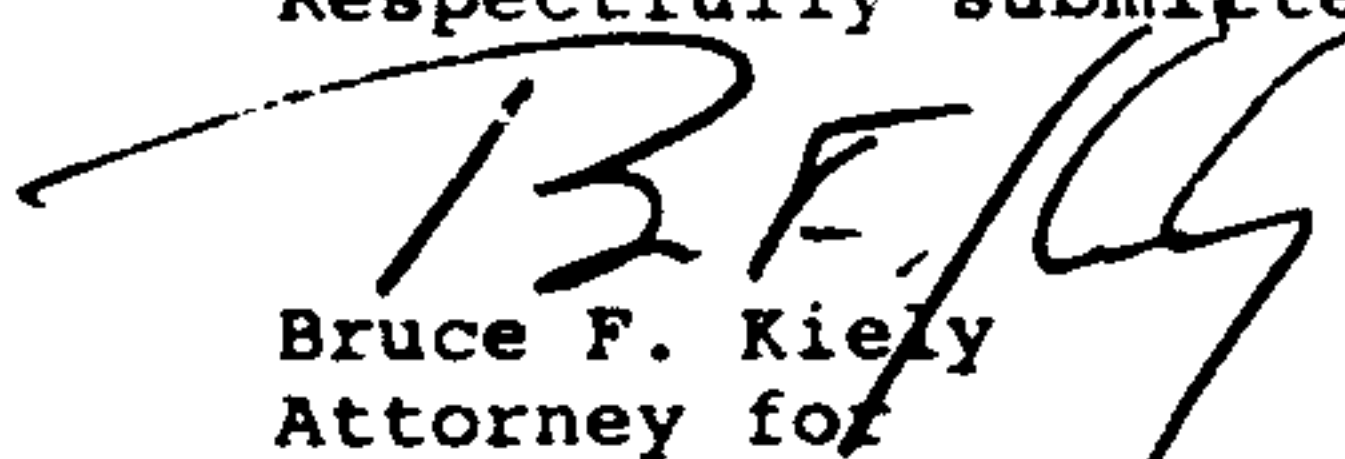
The actual Reference Price is then determined as a percentage (i.e., 0.6324) of the "RP" value. For illustrative purposes, Distrigas has calculated what the Reference Price formula under Amendment No. 3 would have yielded for the months of October 1987 through March 1988. The monthly figures are set forth on Schedule 1 attached hereto.

Schedule 2 shows the derivation of the components that, when weighted and added, yield the "RP" value under the foregoing formula. The month-by-month calculation of "RP" for the 1987-1988 winter heating season is also included on Schedule 2.

Mr. Lot Cooke
June 29, 1988
Page 2

Should you have any further questions regarding the Reference Price or any other aspect of Amendment No. 3 or Distrigas' filing for amended import authorization, please contact us.

Respectfully submitted,


Bruce F. Kiely
Attorney for
DISTRIGAS CORPORATION

Attachments

SCHEDULE 1

Derivation of Reference Price
Under Amendment No. 3

<u>Month</u>	<u>RP</u> <u>(\$/MMBtu)</u>	<u>Reference Price</u> <u>(\$/MMBtu)</u>
October 1987	3.108	1.966
November 1987	3.160	1.998
December 1987	3.073	1.943
January 1988	3.045	1.925
February 1988	2.971	1.879
March 1988	2.792	1.766

The average Reference Price (FOB price) for 1987-1988 would have been \$1.923 per MMBtu.

SCHEDULE 2

Derivation of "RP" Components

1. FACTOR PK -- based on No. 2 distillate oil, NY harbor, barges.

<u>Month</u>	<u>Average Contract</u> <u>(\$/gallon)</u>	<u>Average Spot</u> <u>(\$/gallon)</u>	<u>PK</u> <u>(\$/gallon)</u>
October 1987	0.57861	0.56589	0.57543
November 1987	0.57836	0.56099	0.57401
December 1987	0.56205	0.53733	0.55587
January 1988	0.54519	0.51981	0.53885
February 1988	0.51519	0.47838	0.50599
March 1988	0.49565	0.46967	0.48916

2. FACTOR WS

WS is based on the average of the three highest commodity rates chosen from Algonquin W-1, Conteal F-2, National Fuel F-3 and Boundary last winter. Boundary was the lowest rate, so the other three are chosen for illustrative purposes.

<u>Month</u>	<u>W-1</u> <u>(\$/MMBtu)</u>	<u>F-2</u> <u>(\$/MMBtu)</u>	<u>F-3</u> <u>(\$/MMBtu)</u>	<u>Average</u> <u>(\$/MMBtu)</u>
October 1987	2.2777	2.7033	2.1794	2.3868
November 1987	2.2777	2.7033	2.1794	2.3868
December 1987	2.2777	2.7033	2.1794	2.3868
January 1988	2.2777	2.7033	2.1794	2.3868
February 1988	2.2777	2.7033	2.1794	2.3868
March 1988	2.2886	2.6079	2.2146	2.3704

3. FACTOR B

Factor B is based on a mix of contract and spot New York cargo prices for No. 6 residual fuel oil, 0.3% sulfur grade, adjusted for heat rate differences, and reduced by the cost of transportation of gas between Boston and New York, assumed to be \$0.30 per MMBtu.

<u>Month</u>	<u>Average Contract (\$/BBL)</u>	<u>Average Spot (\$/BBL)</u>	<u>Average Adjusted (\$/MMBtu)</u>	<u>Transport (\$/MMBtu)</u>	<u>B (\$/MMBtu)</u>
October 1987	20.847	19.910	3.223	0.30	2.923
November 1987	21.967	20.216	3.361	0.30	3.061
December 1987	21.557	18.630	3.241	0.30	2.941
January 1988	21.288	18.428	3.202	0.30	2.902
February 1988	21.413	18.000	3.196	0.30	2.896
March 1988	19.288	15.521	2.846	0.30	2.546

4. FACTOR CD

This is based on the higher of the commodity rates of Tennessee Gas Pipeline CD-6 or Algonquin F-1.

<u>Month</u>	<u>CD-6 (\$/MMBtu)</u>	<u>F-1 (\$/MMBtu)</u>	<u>CD (\$/MMBtu)</u>
October 1987	2.2526	2.1448	2.2526
November 1987	2.2526	2.1448	2.2526
December 1987	2.2526	2.1448	2.2526
January 1988	2.4127	2.1448	2.2526
February 1988	2.4127	2.1448	2.4127
March 1988	2.4127	2.1521	2.4127

CALCULATION OF RP

The components are weighted and added as follows:

<u>Month</u>	<u>2.16xPK (\$/MMBtu)</u>	<u>0.15xWS (\$/MMBtu)</u>	<u>0.40xB (\$/MMBtu)</u>	<u>0.15xCD (\$/MMBtu)</u>	<u>RP (\$/MMBtu)</u>
October 1987	1.2429	0.3580	1.1694	0.3379	1.966
November 1987	1.2399	0.3580	1.2243	0.3379	1.998
December 1987	1.2007	0.3580	1.1765	0.3379	1.943
January 1988	1.1639	0.3580	1.1609	0.3619	1.925
February 1988	1.0929	0.3580	1.1583	0.3619	1.879
March 1988	1.0566	0.3556	1.0184	0.3619	1.766

ED



Department of Energy
Washington, DC 20585

JUL 26 1988

MEMORANDUM FOR CAROL M. BORGSTROM
DIRECTOR
OFFICE OF NEPA PROJECT ASSISTANCE

FROM: CONSTANCE L. BUCKLEY
ACTING DIRECTOR
OFFICE OF FUELS PROGRAMS

SUBJECT: DISTRIGAS CORPORATION, PROJECT DESCRIPTION AND
NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) REVIEW
(ER/ DOCKET NO. 88-37-LNG)

The ERA has received an application filed by Distrigas Corporation (Distrigas), to amend its existing import authorization. Distrigas is requesting that it be allowed to import 17 cargos (of approximately 125,000 cubic meters each) of liquefied natural gas (LNG) from Algeria for a term of approximately fifteen years, for sale at competitive prices. The proceeds of the domestic sales of the LNG will be divided between Distrigas and Sonatrach at a 37/63 ratio respectively.

There will be no air, water or land use impacts resulting from construction because the proposed importation will use existing LNG facilities and will not involve any new construction. In addition, because of the clean burning properties of natural gas, there will be no significant effects on air quality from the use of the imported LNG. Therefore, pursuant to DOE Order 5440.1C, National Environmental Policy Act, of April 9, 1985, we have determined that granting the proposed import authority will clearly have no significant effects on the quality of the human environment within the meaning of Section 102(2)(c) of NEPA. Accordingly, neither an environmental assessment nor an environmental impact statement will be required.

Attachment

FI

ORIGINAL

UNITED STATES OF AMERICA

[6450-01]

DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

[ERA DOCKET NO. 88-37-LNG]

DISTRIGAS CORPORATION

APPLICATION TO AMEND IMPORT AUTHORIZATION

AGENCY: Department of Energy
Economic Regulatory Administration

ACTION: Notice of Application to Amend
Import Authorization

SUMMARY: The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice of receipt on June 22, 1988, of an application from Distrigas Corporation (Distrigas) to amend its current import authorization. Distrigas is requesting that its current authorization to import liquefied natural gas (LNG) from Algeria be amended to reflect changes in its 1976 contract with its supplier, Sonatrach, the Algerian national energy corporation. The contractual changes, among other things, would eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

The application is filed with the ERA pursuant to Section 3 of the Natural Gas Act and DOE Delegation Order No. 0204-111. Protests, motions to intervene, notices of intervention, and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures and written comments should be filed no later than 4:30 p.m., e.d.t. on _____ (30 days after publication).

FOR FURTHER INFORMATION CONTACT:

Lot Cooke
Natural Gas Division
Economic Regulatory Administration
U.S. Department of Energy
Forrestal Building, Room GA-076
Washington, D.C. 20585
(202) 586-8116

Michael Skinker
Natural Gas and Mineral Leasing
Office of General Counsel
U.S. Department of Energy
Forrestal Building, Room 6E-02
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) 586-6667

SUPPLEMENTARY INFORMATION:

Distrigas is a wholly owned subsidiary of Cabot Corporation, a Delaware corporation, currently authorized, by an order issued by the ERA on December 31, 1977, in ERA Docket No. 77-011-LNG, to import Algerian LNG pursuant to the Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976 (1976 Agreement), between Distrigas and Sonatrach. Distrigas and Sonatrach, as part of an overall settlement of disputes and claims between them, reached an agreement styled "amendment No. 3 to the Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976 (Amendment No. 3)." According to Distrigas, Amendment

No. 3 is the result of extensive renegotiation of the 1976 Agreement and is aimed at providing secure volumes of LNG at market responsive prices to the U.S. market.

Amendment No. 3 contemplates the importation of 17 cargoes of LNG annually for a term running from September 15, 1988, through October 1, 2003. The amendment eliminates the prior pricing formula and adopts instead a market oriented concept in which Distrigas and Sonatrach, acting through its wholly owned subsidiary, Sonatrading Amsterdam B.V. (Sonatrading), establish the price for the LNG supplied by Sonatrading at the higher of: (1) the reference price, which is 63% of a price derived from a formula utilizing the price of alternative fuels, (2) the minimum price, which is \$1.475 per MMBtu for the contract year September 15, 1988, through September 14, 1989, and increases annually up to \$1.730 per MMBtu after September 14, 1989, or (3) 63% of the actual sales price received by Distrigas' affiliate, Distrigas of Massachusetts, for the LNG. The following is a list of prices that have been derived by applying the reference price formula during the 1987/1988 winter months:

<u>Month</u>	<u>Formula Price</u> <u>(\$/MMBtu)</u>	<u>Reference Price</u> <u>(63% of Formula Price)</u> <u>(\$/MMBtu)</u>
October 1987	3.108	1.966
November 1987	3.160	1.998
December 1987	3.073	1.943
January 1988	3.045	1.925
February 1988	2.971	1.879
March 1988	2.792	1.766

The average reference price (FOB price) for 1987-1988 would have been \$1.923 per MMBtu. After March 15 of each contract year the price for the LNG can be established by mutual agreement.

The transportation costs of the LNG are dealt with in a separate transportation agreement. The transportation cost is derived by an adjustable formula but would be approximately \$0.27 per MMBtu.

Amendment No. 3 eliminates the strict take-or-pay provisions of the 1976 Agreement. Although the amended agreement calls for Distrigas to take a minimum of nine of the 17 annual cargoes of LNG, and contemplates the sale of those nine cargoes during the winter months (September 15 through March 15), Distrigas is not obligated to take any cargo if, ten days prior shipping, the reference price is lower than the minimum price. In addition, in the event any of the nine minimum cargoes are scheduled for delivery after March 15 of any contract year, the price shall be as agreed to by Distrigas and Sonatrading.

Amendment No. 3 also includes a make-up provision that would allow Distrigas, to the extent that it took less than 17 cargoes of LNG during a contract year, to purchase additional quantities of LNG in succeeding year(s) until the total of such additional purchases equals the amount by which the original purchases were less than the 17 cargoes of LNG. Further, if at the end of the contract term there are still quantities of LNG remaining to be shipped under the make-up provision, the contract term may be extended for 5 years or until the difference has been delivered, whichever comes first.

PUBLIC COMMENT PROCEDURES:

In response to this notice, any person may file a protest, motion to intervene or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have the written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 CFR Part 590.

Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments should be filed with the Natural Gas Division, Office of Fuels Programs, Economic Regulatory Administration. Room GA-076, RG-23, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, (202) 586-9478. They must be filed no later than 4:30 p.m. e.d.t.,
_____ (30 days after publication).

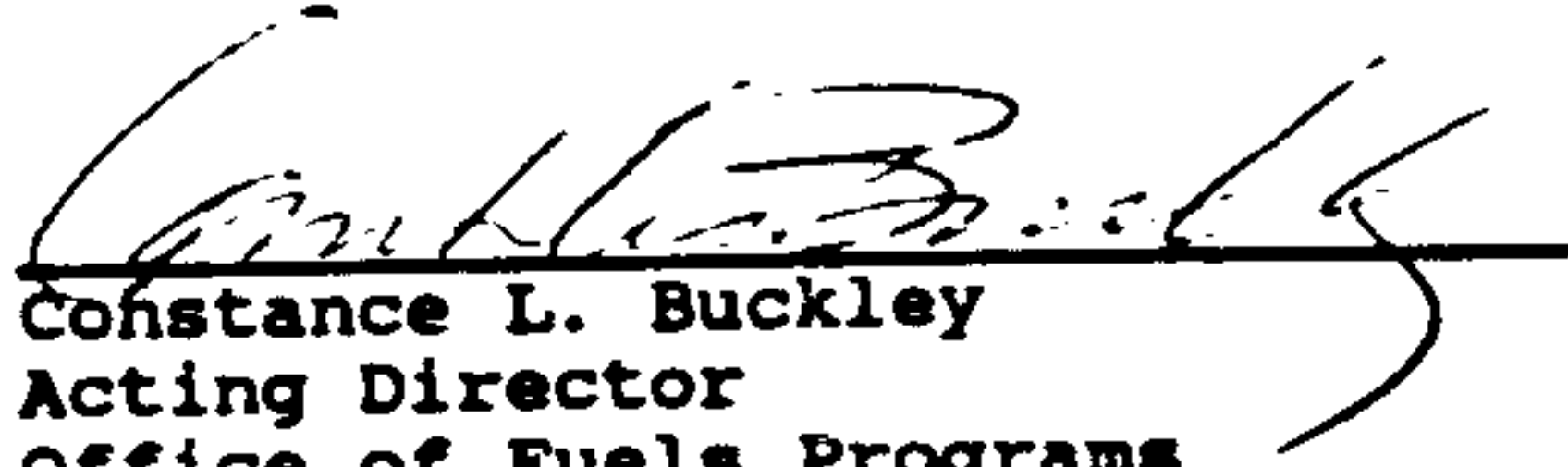
The Administrator intends to develop a decisional record on the application through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention

may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, the ERA will provide notice to all parties. If no party requests additional procedures, a final opinion and order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR Sec. 590.316. A copy of Distrigas Corporations application is available for inspection and copying in the Natural Gas Division Docket Room, GA-076 at the above address. The docket room is open between the

hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C., August 4, 1988.



Constance L. Buckley
Acting Director
Office of Fuels Programs
Economic Regulatory Administration

FP

exhibits of its witness(es) available in its Public Information Center, 1st Floor, 905 NE 11th Street, Portland, Oregon. BPA will make its witness(es) available for an informal question and answer session, and will respond to reasonable written data requests concerning the modification of the SC-86 Formula Contract Rate Schedule. Parties will be afforded the opportunity to file direct testimony and conduct reasonable discovery. All litigants will be afforded the opportunity to file rebuttal testimony. All parties will be afforded the opportunity to file briefs, or upon unanimous election of all parties, to present oral argument to the Administrator or his designees. A final record of decision based on the record will be filed with FERC on or before September 30, 1988.

At the prehearing conference, the hearing officer will rule on intervention petitions and oppositions to intervention petitions, establish special rules of procedure considered appropriate, establish a service list and a procedural schedule, and consolidate parties with similar interests into groups for the purpose of jointly sponsoring testimony and expediting cross-examination.

Apart from the formal hearing process, BPA will receive comments and recommendations from participants. Participants are defined in BPA's procedures as persons who wish to express their views, but who do not intervene as formal parties. This category affords the public the opportunity to participate and have its views considered without assuming the obligations incumbent upon parties. Participants are not entitled to cross-examine witnesses or to be served with documents. However, copies of all testimony, exhibits and other relevant documents will be available to any interested person for review in BPA's Public Information Center. Participants need not attend the hearings in order to have their views included in the record. Written comments will be included in the record provided they are received by September 16, 1988. Procedures for submitting written comments are detailed in the Dates and Addresses sections of this notice.

V. Statement of Issues

Pursuant to Rule 1010.3(f) of BPA Procedures, the Administrator limits the scope of this hearing to issues respecting the modification of the SC-86 Formula Contract Rate Schedule as described in Section II hereof. See Rule 1010.2(j) of BPA Procedures. Issues such as proposed contracts or offers, exchange cash out provisions, optional series of capacity and energy, and

the extent and availability of surplus capacity are not rate matters for the purposes of this hearing.

Issued in Portland, Oregon, on August 2, 1988.

Jack Robertson,

Deputy Administrator.

[FR Doc. 88-17985 Filed 8-8-88; 8:45 am]

BILLING CODE 6480-01-02

Economic Regulatory Administration (ERA Docket No. 88-37-LNG)

Distrigas Corp.; Application To Amend Import Authorization

AGENCY: Department of Energy,
Economic Regulatory Administration.

ACTION: Notice of Application to Amend
Import Authorization.

SUMMARY: The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice of receipt on June 22, 1988, of an application from Distrigas Corporation (Distrigas) to amend its current import authorization. Distrigas is requesting that its current authorization to import liquefied natural gas (LNG) from Algeria be amended to reflect changes in its 1976 contract with its supplier, Sonatrach, the Algerian national energy corporation. The contractual changes, among other things, would eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

The application is filed with the ERA pursuant to section 3 of the Natural Gas Act and DOE Delegation Order No. 0004-111. Protests, motions to intervene, notices of intervention, and written comments are invited.

DATE: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures and written comments should be filed no later than 4:30 p.m., e.d.t. on September 8, 1988.

FOR FURTHER INFORMATION CONTACT:
Lot Cooke, Natural Gas Division,
Economic Regulatory Administration,
U.S. Department of Energy, Forrestal
Building, Room GA-076, Washington,
DC 20585, (202) 586-8116. Michael
Skinner, Natural Gas and Mineral
Leasing, Office of General Counsel, U.S.
Department of Energy, Forrestal
Building, Room 6E-02, 1000
Independence Avenue, SW.,
Washington, DC 20585, (202) 586-6667.

SUPPLEMENTARY INFORMATION: Distrigas
is a wholly owned subsidiary of Cabot

Corporation, a Delaware corporation, currently authorized, by an order issued by the ERA on December 31, 1977, in ERA Docket No. 77-011-LNG, to import Algerian LNG pursuant to the Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976 (1976 Agreement), between Distrigas and Sonatrach. Distrigas and Sonatrach, as part of an overall settlement of disputes and claims between them, reached an agreement styled "Amendment No. 3 to the Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976 (Amendment No. 3)." According to Distrigas, Amendment No. 3 is the result of extensive renegotiation of the 1976 Agreement and is aimed at providing secure volumes of LNG at market responsive prices to the U.S. market.

Amendment No. 3 contemplates the importation of 17 cargoes of LNG annually for a term running from September 15, 1988, through October 1, 2003. The amendment eliminates the prior pricing formula and adopts instead a market oriented concept in which Distrigas and Sonatrach, acting through its wholly owned subsidiary, Sonatrading Amsterdam B.V. (Sonatrading), establish the price for the LNG supplied by Sonatrading at the higher of: (1) The reference price, which is 63% of a price derived from a formula utilizing the price of alternative fuels, (2) the minimum price, which is \$1.475 per MMBtu for the contract year September 15, 1988, through September 14, 1988, and increases annually up to \$1,730 per MMBtu after September 15, 1991, or (3) 63% of the actual sales price received by Distrigas' affiliate, Distrigas of Massachusetts, for the LNG. The following is a list of prices that have been derived by applying the reference price formula during the 1987/1988 winter months:

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March 1988	2.792	1.766

The average reference price (FOB price) for 1987-1988 would have been \$1.923 per MMBtu. After March 15 of each contract year the price for the LNG can be established by mutual agreement.

The transportation costs of the LNG are dealt with in a separate transportation agreement. The transportation cost is derived by an adjustable formula but would be approximately \$0.27 per MMBtu.

Amendment No. 3 eliminates the strict take-or-pay provisions of the 1978 Agreement. Although the amended agreement calls for Distrigas to take a minimum of nine of the 17 annual cargoes of LNG, and contemplates the sale of those nine cargoes during the winter months (September 15 through March 15), Distrigas is not obligated to take any cargo if, ten days prior shipping, the reference price is lower than the minimum price. In addition, in the event any of the nine minimum cargoes are scheduled for delivery after March 15 of any contract year, the price shall be as agreed to by Distrigas and Sonatrading.

Amendment No. 3 also includes a make-up provision that would allow Distrigas, to the extent that it took less than 17 cargoes of LNG during a contract year, to purchase additional quantities of LNG in succeeding year(s) until the total of such additional purchases equals the amount by which the original purchases were less than the 17 cargoes of LNG. Further, if at the end of the contract term there are still quantities of LNG remaining to be shipped under the make-up provision, the contract term may be extended for 5 years or until the difference has been delivered, whichever comes first.

Public Comment Procedures:

In response to this notice, any person may file a protest, motion to intervene or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have the written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 CFR Part 590.

Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments should be filed with the Natural Gas Division, Office of Fuels Programs,

Economic Regulatory Administration, Room GA-076, RG-23, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20585, (202) 586-9478. They must be filed no later than 4:30 p.m. e.d.t., September 8, 1988.

The Administrator intends to develop a decisional record on the application through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, the ERA will provide notice to all parties. If no party requests additional procedures, a final opinion and order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316. A copy of Distrigas Corporation's application is available for inspection and copying in the Natural Gas Division Docket Room, GA-076 at the above address. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, DC, August 4, 1988.

Constance L. Buckley,

Acting Director, Office of Fuels Programs,
Economic Regulatory Administration.
[FR Doc. 88-18074 Filed 8-9-88, 8:45 am]

BILLING CODE 4810-01-01

Energy Information Administration

Agency Collections Under Review by the Office of Management and Budget

AGENCY: Energy Information Administration, DOE.

ACTION: Notice of requests submitted for clearance to the Office of Management and Budget.

SUMMARY: The Energy Information Administration (EIA) has submitted the energy information collection(s) listed at the end of this notice to the Office of Management and Budget (OMB) for approval under provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35).

The listing does not include information collection requirements contained in new or revised regulations which are to be submitted under section 3504(h) of the Paperwork Reduction Act, nor management and procurement assistance requirements collected by the Department of Energy (DOE).

Each entry contains the following information: (1) The sponsor of the collection (the DOE component or Federal Energy Regulatory Commission (FERC)); (2) Collection number(s); (3) Current OMB docket number (if applicable); (4) Collection title; (5) Type of request, e.g., new, revision, or extension; (6) Frequency of collection; (7) Response obligation, i.e., mandatory, voluntary, or required to obtain or retain benefit; (8) Affected public; (9) An estimate of the number of respondents per report period; (10) An estimate of the number of responses annually; (11) An estimate of the average hours per response; (12) The estimated total annual respondent burden, and (13) A brief abstract describing the proposed collection and the respondents.

DATE: Comments must be filed on or before September 8, 1988.

ADDRESS: Address comments to the Department of Energy Desk Officer, Office of Information and Regulatory Affairs, Office of Management and Budget, 726 Jackson Place, NW., Washington, DC 20503. (Comments should also be addressed to the Office of Statistical Standards, at the address below.)

FOR FURTHER INFORMATION CONTACT: Carole Patton, Office of Statistical Standards (EI-70), Energy Information Administration, M.S. 1H-023, Forrestal Building, 1000 Independence Ave., SW., Washington, DC 20585, (202) 586-2222.

SUPPLEMENTARY INFORMATION: If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this Notice, you should advise the OMB DOE Desk Officer of your intention to do so as soon as possible. The Desk Officer may be telephoned at (202) 385-3084.

The energy information collection submitted to OMB for review was:

IN



**Southern
Energy
Company**

August 12, 1988

Natural Gas Division
Economic Regulatory Administration
Forrestal Building
Room GA-033, RG-43
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Distrigas Corporation,
ERA Docket No. 88-37-LNG

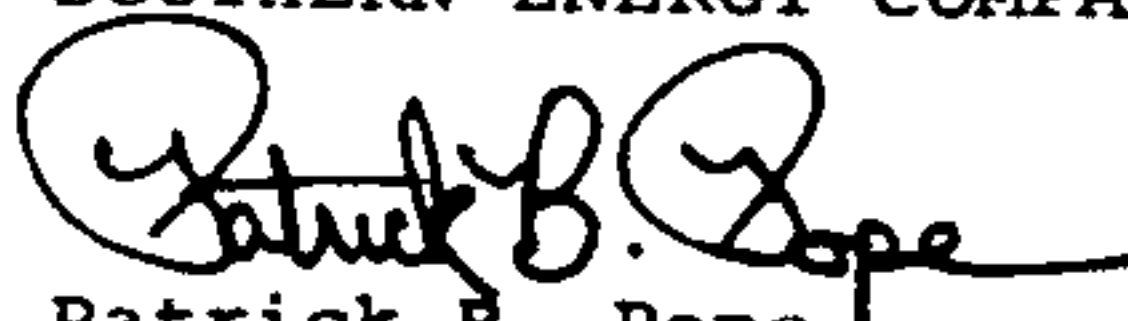
Gentlemen:

Enclosed for filing in the captioned docket are an original and fifteen (15) copies of the Motion to Intervene of Southern Energy Company.

Please acknowledge receipt of this letter by stamping and returning the enclosed copy.

Very truly yours,

SOUTHERN ENERGY COMPANY


Patrick B. Pope
Secretary

PBP:bk1

Enclosures

UNITED STATES OF AMERICA
BEFORE THE
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation

)
)
)

ERA Docket No. 88-37-LNG

MOTION OF SOUTHERN ENERGY COMPANY
TO INTERVENE

Pursuant to Subpart C of Part 590 of the Regulations of the Department of Energy, 10 C.F.R. Sections 590.302, 590.303 (1985), Southern Energy Company ("Southern Energy"), hereby moves to intervene in the captioned proceeding, and in support hereof respectfully shows that:

I.

Correspondence and communications concerning this matter should be addressed as follows:

* Patrick B. Pope
Secretary
Southern Energy Company
1900 Fifth Avenue North
Post Office Box 2563
Birmingham, Alabama 35202

and

* Gregory P. Meyers
Southern Energy Company
1900 Fifth Avenue North
Post Office Box 2563
Birmingham, Alabama 35202

* Persons designated to receive service.

II.

The exact legal name of Southern Energy is Southern Energy Company. Southern Energy is a corporation organized and existing under the laws of the State of Delaware. Southern Energy is a wholly-owned subsidiary of Southern Natural Gas Company, a natural gas company engaged in the operation of an interstate pipeline system for the transportation of natural gas in the States of Texas, Oklahoma, Louisiana, Mississippi, Alabama, Georgia, South Carolina, and Tennessee and for the sale of natural gas in the States of Louisiana, Mississippi, Alabama, Georgia, South Carolina, and Tennessee. The principal offices of Southern Energy are located at 1900 Fifth Avenue North, Birmingham, Alabama.

III.

Southern Energy is a jurisdictional natural gas company which was authorized to construct and operate an LNG marine terminal and regasification facility located at Elba Island, Georgia and to engage in the purchase, importation, regasification and sale of LNG made available by Sonatrach, the state oil and gas company of Algeria, pursuant to a certificate of public convenience and necessity issued by the Federal Power Commission in Opinion Nos. 622 and 622-A at Docket Nos. CP71-68 et al., Southern Energy Company, et al.,

47 FPC 1625 (1972) and 48 FPC 723 (1972). Under said authorizations, Southern Energy imported LNG for the account of Southern Natural during the period 1978 through 1980, at which time shipments were halted by Sonatrach due to a pricing dispute.

IV.

On June 22, 1988, Distrigas Corporation ("Distrigas") filed an application to amend its existing LNG import authorization. Distrigas is requesting that its current authorization to import LNG from Algeria be amended to reflect changes in its 1976 contract with its supplier, Sonatrach. The contractual changes, among other things, would eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and Sonatrach while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

V.

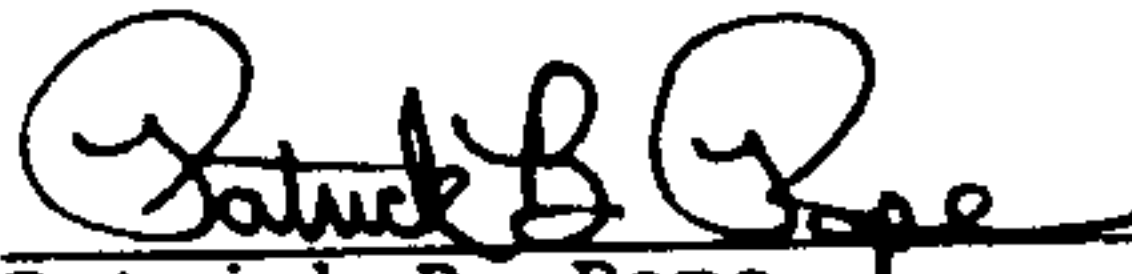
As a similarly-situated owner of an LNG terminal and regasification facility whose previous LNG imports were made available by Sonatrach, Southern Energy has a direct interest in this proceeding that cannot be protected by any other party. Accordingly, Southern Energy should be permitted to intervene to protect its interest.

CONCLUSION

WHEREFORE, Southern Energy respectfully requests that it be permitted to intervene in this proceeding with full rights as a party.

Respectfully submitted,

SOUTHERN ENERGY COMPANY

By 
Patrick B. Pope
Secretary
Southern Energy Company
Post Office Box 2563
Birmingham, Alabama 35202 2563

Birmingham, Alabama
August 12, 1988

UNITED STATES OF AMERICA
BEFORE THE
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation

)
)
)

ERA Docket No. 88-37-LNG

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing
document upon each person designated on the official service
list compiled by the Secretary in this proceeding.

Dated at Birmingham, Alabama this 12th day of August,
1988.


Patrick B. Pope
Secretary
Southern Energy Company
Post Office Box 2563
Birmingham, Alabama 35202-2563

IN

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

ORIGINAL

In the Matter of
Distrigas Corporation

)
)

ERA Docket No. 88-37-LNG

MOTION TO INTERVENE OF
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Pursuant to Section 590.303 of the Administrative
Procedures of the Economic Regulatory Administration (ERA) 10
C.F.R. § 590.303, Consolidated Edison Company of New York, Inc.
(Con Edison) moves to intervene in the above-named docket.

I.

Communications and correspondence with regard to this
motion should be addressed to:

Barbara M. Gunther*/
Assistant General Counsel
Consolidated Edison Company of
New York, Inc.
4 Irving Place - Room 1815-S
New York, New York 10003

William I. Harkaway, Esq.*/
Douglas M. Canter, Esq.
McCarthy, Sweeney & Harkaway, P.C.
1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
(202) 393-5710

Allan M. Stewart*/
Director of Gas Supply
Consolidated Edison Company
of New York, Inc.
4 Irving Place - Room 2315-S
New York, New York 10003

*/ Designated as persons to whom official service should
be addressed.

II.

Con Edison is a combination gas, electric, and steam utility company whose rates and services are fully regulated by the Public Service Commission of the State of New York. Its gas distribution system serves over one million customers in New York City and Westchester County in New York State.

III.

On June 22, 1988, Distrigas Corporation (Distrigas) filed an application to amend its current import authorization. Distrigas is requesting that its current authorization to import liquefied natural gas (LNG) from Algeria be amended to reflect changes in its 1976 contract with its supplier, Sonatrach, the Algerian national energy corporation. The contractual changes would, among other things, eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

To implement the revised contract with Sonatrach, Distrigas and Distrigas of Massachusetts Corporation (DOMAC) have sought authorization from the Federal Energy Regulatory Commission to offer a broad range of flexible, market responsive LNG services. Con Edison supports this concept of market responsive contracts.

IV.

As a prospective resale customer of Distrigas, Con Edison has a direct and substantial interest in the above docket and

may be affected by its ultimate determination. Con Edison will not be represented adequately by any other party and may be adversely affected or bound without opportunity to present its position unless it is permitted to participate fully in the proceedings.

WHEREFORE, Con Edison respectfully requests that it be permitted to intervene in and be a party to the above docketed matter.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY OF
NEW YORK, INC.

By:


William I. Harkaway
Douglas M. Canter
McCarthy, Sweeney & Harkaway, P.C.
1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
(202) 393-5710

Barbara M. Gunther
Assistant General Counsel
Consolidated Edison Company
of New York, Inc.
4 Irving Place - Room 1815-S
New York, New York 10003
(212) 460-4917

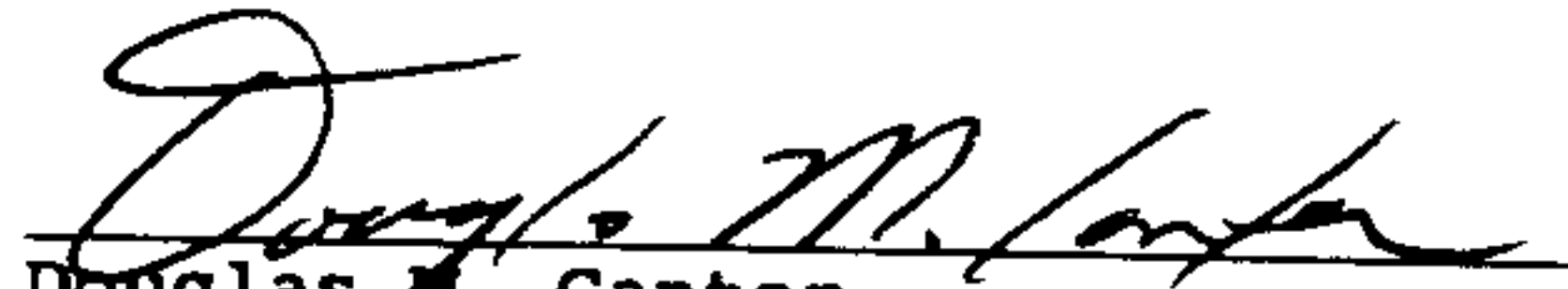
Its Attorneys

Dated: August 17, 1988

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 17th day of August, 1988.


Douglas M. Canter

1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
(202) 393-5710

CERTIFICATE OF AUTHORIZATION

I hereby certify, pursuant to Section 590.103(b) of the ERA's Administrative Procedures, 10 C.F.R. § 590.103(b), that in signing and filing the foregoing document, I am acting as a duly authorized representative of Consolidated Edison Company of New York, Inc.


Douglas M. Canter

IN

DICKSTEIN, SHAPIRO & MORIN

2101 L STREET, N.W.
WASHINGTON, D.C. 20037
202 785-9700
TELEX: 892608 DSM WSH

LEANNE M SHANK

August 17, 1988

08 AUG 17 1988
500 MADISON AVENUE
NEW YORK, N.Y. 10022
212 832-4900

Natural Gas Division
Economic Regulatory Administration
Forrestal Building
Room GA-033
RG-43
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Distrigas Corporation, Distrigas of Massachusetts
Corporation: Docket No. 88-37-LNG

Enclosed please find an original and 16 copies of Motion
of MASSPOWER To Intervene in the above-referenced docket.

Please date-stamp one copy and return it to us in the
enclosed, self-addressed stamped envelope. Thank you for your
assistance in this matter.

Very truly yours,

Leanne Shank
Leanne M. Shank

Enclosures

ORIGINAL

UNITED STATES OF AMERICA
BEFORE THE
ECONOMIC REGULATORY ADMINISTRATION

In The Matter Of

Distrigas Corporation
Distrigas of Massachusetts
Corporation

)
) Docket No. 88-37-LNG
)
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)

MOTION OF MASSPOWER TO INTERVENE

Pursuant to 10 C.F.R. § 590.303(d), MASSPOWER hereby
submits this Motion To Intervene in the above-captioned proceeding
to the Economic Regulatory Administration ("ERA").

I.

All communications with respect to this matter should be
addressed to the following:

Thomas R. Smith
Project Manager
MASSPOWER
110 Tremont Street
Boston, Massachusetts 02108
(617)451-1103

Kenneth M. Simon, Esquire
Leanne M. Shank, Esquire
John H. Foster, Esquire
Dickstein, Shapiro & Morin
2101 L Street, N.W.
Washington, D.C. 20037
(202)828-2227

II.

On June 22, 1988, Distrigas Corporation ("Distrigas") filed an application with the ERA to amend its current import authorization in the above-captioned Docket. Distrigas is requesting that its current authorization to import liquefied natural gas ("LNG") from Algeria be amended to reflect changes in its contract with its Algerian supplier. These contractual changes include, inter alia, a change in the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices.

III.

MASSPOWER is a proposed joint venture which will construct, own and operate a natural gas fired cogeneration facility at a site in Springfield, Massachusetts. Participants in MASSPOWER will be affiliates of J. Makowski Corporation, General Electric Company, Bechtel Development Company, Tenneco Gas Marketing Company and Bay State Gas Company. The output of the facility will be approximately 220 MW. Upon commercial operation, MASSPOWER will supply electricity to New England utilities who have identified the need for increased electrical generating capacity by the 1991/1992 winter season. As a prospective user of LNG in the Northeast region of the United States, MASSPOWER has a direct and substantial interest in this proceeding which will not be adequately represented by any other party. Further, MASSPOWER supports Distrigas' application, including the contractual changes which provide for market responsive pricing.

IV.

WHEREFORE, MASSPOWER respectfully requests that its Motion To Intervene be granted and that it be permitted to participate fully as a party in this proceeding.

DATED: August 17, 1988

Respectfully submitted,

MASSPOWER

By

Kenneth M. Simon LMS

Kenneth M. Simon

Leanne M. Shank

John H. Foster

Dickstein, Shapiro & Morin

2101 L Street, N.W.

Washington, D.C. 20037

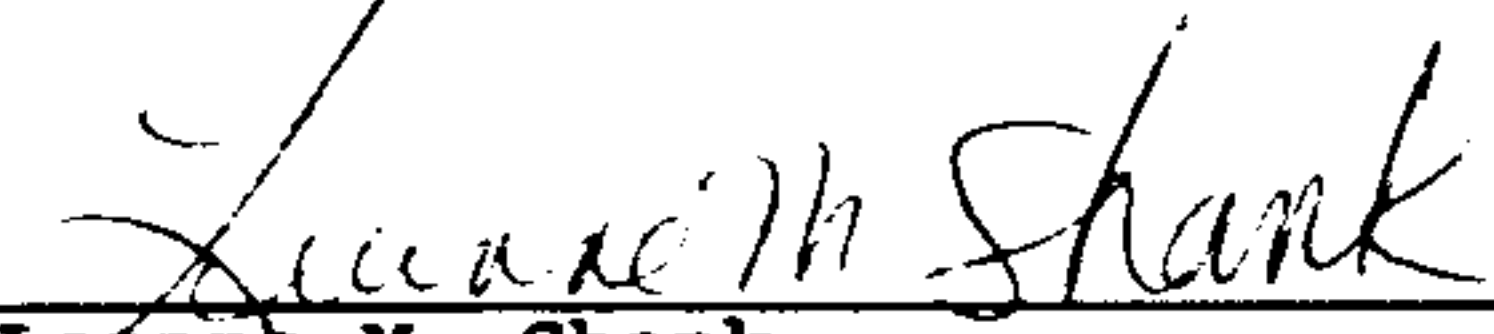
(202)828-2227

Attorneys For MASSPOWER

CERTIFICATE OF SERVICE

I hereby certify that I have served in accordance with the Economic Regulatory Administration's regulations the foregoing Motion of MASSPOWER To Intervene upon the parties in this proceeding between August 17 and 18, 1988.

Dated at Washington, D.C. this 17 day of August 1988.



Leanne M. Shank

IN


BOSTON EDISON
800 Boylston Street
Boston, Massachusetts 02199

August 15, 1988

cc AUG 17 P2:46

Mr. Lot Cooke
Natural Gas Division
Economic Regulatory Administration
U.S. Department of Energy
Forrestal Building, Room GA-076
Washington, DC 20585

Dear Mr. Cooke:

Enclosed is a statement in support of the application by Distrigas and DOMAC before the Economic Regulatory Administration for new LNG import and sales authority.

If I may be of any further assistance, please do not hesitate to call me at 617-424-2585.

Sincerely,

Leonard F. Dow/mg

Leonard F. Dow
Fossil Fuel Strategy and
Planning Administrator

LFD:MPG

Enclosure

cc: P. F. Saba
G. Shearer
File 3.12

INTRODUCTION

Boston Edison Company (BECo) is a Massachusetts electric utility that supplies electricity to the City of Boston and 39 adjoining communities. We have reviewed the applications of Distrigas and DOMAC before the Economic Regulatory Administration (ERA) and the Federal Energy Regulatory Commission (FERC) for new LNG import and sales authority. BECo is neither a party to nor an intervenor in the proceedings that may follow, but would like to provide comments as an end-user in support of the applications by Distrigas and DOMAC because of the potential positive economic impact on the customers of BECo and also the enhancement to its security of fuel supply, especially in the winter season.

GENERATION FACILITIES

BECo operates two fossil fuel electric generating stations. One station, the Mystic Station, is located in Everett, Massachusetts and has 4 generating units that burn No. 6 fuel oil. Unit #7, the newest unit, is also capable of burning natural gas. The second station, the New Boston Station, is located in South Boston, Massachusetts and has 2 generating units that can burn both No. 6 fuel oil and natural gas.

ECONOMIC IMPACT

In general, natural gas availability at both stations has been limited to the period April 1 - October 31 in any given year. During this period, interruptible pipeline gas has been available at a price lower than that of No. 6 fuel oil. Because of pipeline capacity constraints, gas has not been available generally during the winter period (November 1 - March 31).

BECo continues to support the efforts of Distrigas and DOMAC to import LNG at competitive prices because it would make gas available as an alternative fuel for the first time during the winter period. As noted in comments made by BECo in support of Distrigas application in ERA No. 88-05-LNG, dated February 19, 1988 (page 83), potential fuel savings for BECo's customers during the winter period (November 1, 1987 through March 31, 1988) could have been approximately \$5,000,000 based upon average 1987 fuel oil costs.

The availability of a winter LNG supply could also help provide future economic justification to convert the other 3 generating units at Mystic Station to gas burning ability, thus providing potential additional fuel savings for BECo's customers.

The enactment of future acid rain legislation by either the Federal or State governments could require electric utilities to burn more expensive, lower sulfur fuel oil to meet more rigid clean air requirements, with resulting higher fuel costs to their customers. The availability of LNG, especially during the winter period, should help to minimize the impact of these increased fuel oil costs.

Leonard F. Dow
Boston Edison Company
800 Boylston Street, P220
Boston, MA 02199
617-424-2585

IN



Boston Gas Company
One Beacon Street
Boston, Massachusetts 02108
Telephone (617) 742-8400

Virginia A. McCarthy
Counsel

Natural Gas Division
Economic Regulatory Administration
Forrestal Building
Room GA-033, RG-43
1000 Independence Avenue, S.W.
Washington, D.C. 20585

RE: Distrigas Corporation
Docket No. 88-37-LNG

Dear Sirs:

August 24, 1988

Enclosed for filing in the above proceeding is an original and fifteen conformed copies of "MOTION TO INTERVENE OF BOSTON GAS COMPANY AND STATEMENT IN SUPPORT OF APPLICANT DISTRIGAS CORPORATION".

Would you please indicate receipt of the enclosed materials by stamping and returning the enclosed copy of this letter.

Thank you for your cooperation in this matter.

Very truly yours,

Virginia A. McCarthy
Virginia A. McCarthy

VAM/tc

Enclosure

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation

*
*
*

ERA Docket No. 88-37-LNG

10 AUG 1988
P 4: 15

MOTION TO INTERVENE
OF BOSTON GAS COMPANY AND STATEMENT
IN SUPPORT OF APPLICANT DISTRIGAS CORPORATION

Pursuant to the "Notice of Application to Amend Import Authorization" issued August 4, 1988, and 10 C.F.R. section 590.303(b), Boston Gas Company (Boston Gas) hereby moves to intervene in this proceeding in support of the application by Distrigas Corporation (Distrigas) to amend its current authorization to import Algerian LNG.

In support whereof, Boston Gas respectfully states as follows:

1. The exact legal name of Boston Gas is Boston Gas Company. Boston Gas is a gas distribution company, organized under the laws of the Commonwealth of Massachusetts, and serving approximately 500,000 customers in the City of Boston and 73 other cities and towns in eastern Massachusetts. Its principal place of business is located at One Beacon Street, Boston, Massachusetts.

2. Pursuant to 10 C.F.R. section 590.303 (d), the names and addresses of persons on whom service should be made and to whom communications should be addressed regarding this pleading or any other developments in this docket are:

Anthony J. DiGiovanni
Senior Vice President - Operations
Boston Gas Company
One Beacon Street
Boston, MA 02108

Jennifer L. Miller
Assistant General Counsel
Boston Gas Company
One Beacon Street
Boston, MA 02108

3. This proceeding involves an application by Distrigas Corporation (Distrigas) to amend its current authorization to import Algerian LNG. That authorization, first granted on December 31, 1977, in ERA Docket No. 77-011-LNG, allowed Distrigas to import Algerian LNG pursuant to the "Agreement for the Sale and Purchase of Liquefied Natural Gas", dated as of April 13, 1976 (the 1976 Agreement), between Distrigas and Sonatrach, the Algerian national energy corporation. */ Boston Gas was a gas sales and terminalling service customer of Distrigas of Massachusetts Corporation (DOMAC), an affiliate of Distrigas, under the Long Term Program certified by the ERA in Docket No.

*/ The ERA subsequently granted amended authorization to Distrigas on March 4, 1988, in DOE/ERA Opinion and Order No. 228, authorizing Distrigas to import up to five cargoes of LNG pursuant to the terms of an agreement styled as Amendment No. 2 to the 1976 Agreement. Distrigas' amended import authorization was further modified on June 10, 1988, in DOE/ERA Opinion and Order No. 228-A.

ERA 77-011-LNG and the Federal Energy Regulatory Commission (FERC) in Docket No. CP77-216, et al. For the reasons set forth below, Boston Gas supports Distrigas' application herein and encourages the Administrator to act expeditiously in reviewing such application and granting the authorization requested.

4. As Distrigas explains in its application, the amended import authorization is sought to reflect changes in the 1976 Agreement with Sonatrach. These changes - resulting from an overall settlement of disputes and claims between Distrigas and Sonatrach - are reflected in a document styled as an amendment (Amendment No. 3) to the 1976 Agreement. Following the execution of Amendment No. 3, Distrigas and DOMAC also reached settlement of certain past disputes with all of their historical Long Term Program customers. As part of the specific settlement agreement with Boston Gas, Distrigas and DOMAC, the parties have agreed, among other things, to enter into new or amended mutually beneficial transportation, sales and storage agreements. In order to effectuate the parties intentions, however, a series of regulatory approvals are necessary, the first and foremost of which is the amended import authorization sought by Distrigas herein. In addition, Distrigas and DOMAC have filed in FERC Docket No. CP88-587-000 for authorization to amend their certificates of public convenience and necessity to authorize the provision of certain new and amended services to commence on or before October 1, 1988. Authorization has also been sought from the Massachusetts Department of Public Utilities (DPU) with respect to (i) a new firm transportation agreement between Boston Gas, Distrigas and DOMAC designed to facilitate sales under a proposed vapor sales service and (ii) the recovery of gas cost charges attributable to the proposed new services as reflected in Boston Gas' Cost of Gas Adjustment Clause

filed June 24, 1988. (The DPU approved the firm gas transportation agreement on July 21, 1988.) At both the federal and state levels, Distrigas/DOMAC and Boston Gas have coordinated their respective filings so that all regulatory approvals will be in place prior to the onset of the upcoming winter heating season. In that regard, Boston Gas hopes that the Administrator will promote the efforts of Distrigas and DOMAC in restructuring their contractual obligations and authorize the services contemplated in Amendment No. 3. Such ERA action will result in a restructured LNG import program and resumed LNG deliveries this winter.

5. Under the foregoing circumstances, Boston Gas has an interest in this proceeding which will be directly affected and which is not adequately represented by existing parties. Boston Gas is an interested party in this proceeding and its intervention and participation herein will be in the public interest.

WHEREFORE, Boston Gas Company respectfully requests that the Administrator permit it to intervene as a party in this proceeding. Boston Gas also requests that the Administrator review and approve Distrigas' application as expeditiously as possible. Boston Gas prays for further relief as equity and justice and the public interest may require.

Respectfully submitted,

BOSTON GAS COMPANY


Jennifer L. Miller, Assistant General Counsel
Virginia A. McCarthy, Counsel
One Beacon Street
Boston, MA 02108
(617) 742-8400

DATED: August 24, 1988

VERIFICATION

CITY OF BOSTON

Commonwealth of Massachusetts

SS

Virginia A. McCarthy, being duly sworn, deposes and says; that she is an attorney for Boston Gas Company, which is a party in these dockets; that she is authorized to verify and file the foregoing document pursuant to 10 C.F.R. section 590.103; that she has examined the statements contained therein and that all such statements are true and correct to best of her knowledge, information and belief.


Virginia A. McCarthy

Subscribed and sworn to before me this
24th day of August 1988.


Patricia M. Connors
Notary Public
My Commission Expires: 10/10/91

CERTIFICATE OF SERVICE

I hereby certify that I have this day, pursuant to C.F.R. section 590.107, served a copy of the foregoing by regular mail upon each person designed on the official service list in this proceeding.

Virginia A. McCarthy

Dated: August 24 , 1988

COLUMBIA GAS
System



Vice President
General Counsel
Hart T. Mankin

Counsel
Harold J. Edelson
John P. Anderson
Joyce Koria Hayes
L. Michael Bridges
Tejinder S. Bindra

Senior Attorney
William J. Grant

Legal Department

Hand Delivered

August 26, 1988

Natural Gas Division
Office of Fuels Programs
Economic Regulatory Administration
Room GA-076, RG-23
Forrestal Building
1000 Independence Avenue
Washington, D.C. 20585

Gentlemen:

Re: Distrigas Corporation
ERA Docket No. 88-37-LNG

60:11:09

Enclosed please find an original and fifteen (15) copies of Columbia LNG Corporation's motion for leave to intervene in the above-captioned proceeding.

Sincerely,

L. Michael Bridges

Enclosures

cad/355A

IN

ORIGINAL

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation

)

ERA Docket No. 88-37-LNG

MOTION OF
COLUMBIA LNG CORPORATION
FOR LEAVE TO INTERVENE

Pursuant to the regulations of the Economic Regulatory Administration ("ERA") set forth at 10 C.F.R. §590.303, Columbia LNG Corporation ("Columbia"), hereby moves to intervene in the captioned proceeding.

In support thereof, Columbia respectfully shows as follows:

1. The exact legal name of Columbia and the location of its principal place of business are:

Columbia LNG Corporation
20 Montchanin Road
Wilmington, Delaware 19807

2. The names, addresses and telephone numbers of parties to whom communications should be directed with respect to this proceeding are:

L. Michael Bridges, Esquire
Tejinder S. Bindra, Esquire
Columbia Gas System Service Corporation
20 Montchanin Road
Wilmington, Delaware 19807
(302) 429-5303

and

Gilbert A. Martin, Vice President
Columbia Gas System Service
Corporation
1250 Eye Street, N.W., Suite 703
Washington, DC 20005
(202) 842-7404

3. Columbia LNG Corporation is a wholly-owned subsidiary of The Columbia Gas System, Inc., and is authorized to do business in Delaware, Maryland and Virginia. Columbia owns and operates a terminal for the receipt and regasification of liquified natural gas ("LNG") at Cove Point, Maryland, and a gas pipeline system extending from Cove Point to a point of interconnection with the facilities of Columbia Gas Transmission Corporation and CNG Transmission Corporation in Loudoun County, Virginia.

4. On June 22, 1988, Distrigas Corporation ("Distrigas") filed with the ERA an application to amend its current import authorization under §3 of the Natural Gas Act. More specifically, Distrigas requests that its existing authorization to import LNG from Algeria be amended to reflect changes in the 1976 contract with its supplier, Sonatrach, the Algerian national energy company. According to Distrigas, the contractual changes would, among other things, eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and Sonatrach while maintaining market-responsive prices and extend the term of the contract.

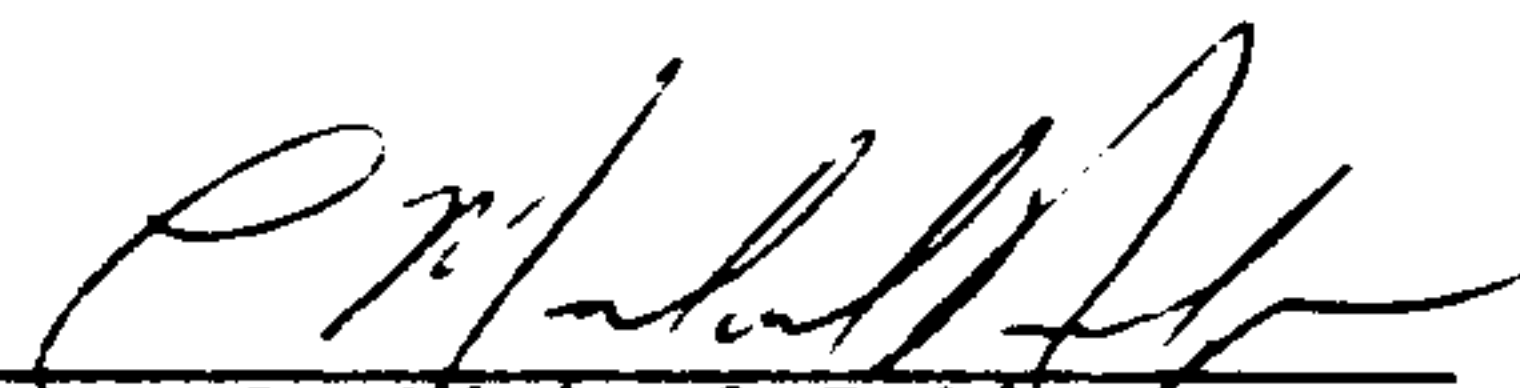
5. The application tendered by Distrigas in this proceeding seeks approval of substantial changes in its existing LNG supply contract which are intended to make the contract more responsive to the gas markets that it serves. As the owner of the largest LNG receiving terminal located in the United States, the ERA's ruling with respect to Distrigas' application may affect future LNG imports proposed by Columbia or its affiliates. Accordingly, Columbia has a direct and vital interest in this proceeding which is not and cannot be adequately represented by other parties.

WHEREFORE, Columbia respectfully requests that it be permitted to intervene in the captioned proceeding and that it be treated as a party with all rights appropriate to that status in order that it may protect its interests as they may appear.

Respectfully submitted,

COLUMBIA LNG CORPORATION

By


L. Michael Bridges
20 Montchanin Road
Wilmington, Delaware 19807
(302) 429-5303
Its Attorney

August 26, 1988

cad/355

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the applicant in this proceeding in accordance with 10 C.F.R. §590.107(b), by mailing a copy by first class mail to:

Paul F. Saba, Esquire
Distrigas Corporation
Two Oliver Street
Boston, MA 02109

and

Bruce F. Kiely
Baker & Botts
555 13th Street, N.W.
Suite 500 East
Washington, DC 20004-1109

Dated at Wilmington, Delaware, this 26th day of August,
1988.


L. Michael Bridges
20 Montchanin Road
Wilmington, Delaware 19807
(302) 429-5303

ORIGINAL

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION
WASHINGTON, D.C.

DISTRIGAS CORP.

) ERA Docket No. 88-37-LNG
)

MOTION OF LONG ISLAND LIGHTING COMPANY
TO INTERVENE

02:20

Pursuant to the Administrative Procedures with Respect to the Import and Export of Natural Gas of the Economic Regulatory Administration ("ERA"), 10 C.F.R. § 590.100, Long Island Lighting Company ("LILCO") hereby seeks permission to intervene in the above-captioned proceeding and to be made a party thereto. In support of this petition, LILCO respectfully states:

1. LILCO was organized December 31, 1910, under the Transportation Corporations Law of the State of New York. Its principal office is at 175 East Old Country Road, Hicksville, New York, and it is authorized to do and does business only in the State of New York.

2. Correspondence or communications with respect to this motion should be addressed to:

Robert A. Bennett
Department of Gas Supply and Planning
Long Island Lighting Company
175 East Old Country Road
Hicksville, NY 11801
(516) 933-4969

and

James F. Bowe, Jr., Esq.
O. Julia Weller, Esq.
Hunton & Williams
P.O. Box 19230
2000 Pennsylvania Ave., N.W.
Washington, D.C. 20036
(202) 955-1501

3. LILCO distributes natural gas, supplemented during peak load periods by liquefied natural gas and manufactured gas, on Long Island, New York, in the Counties of Nassau and Suffolk and in the Fifth Ward, Borough of Queens, New York. The area served by LILCO is approximately 1,230 square miles and has a population of approximately 2.7 million persons. During the twelve-month period ended June 30, 1988, LILCO sold approximately 57,900 MDT of gas to approximately 416,000 residential, commercial and industrial customers.

LILCO currently obtains the natural gas it distributes through four interstate pipeline suppliers: Transcontinental Gas Pipe Line Corporation, Texas Eastern Transmission Corporation, Tennessee Gas Pipeline Company and CNG Transmission Corporation. LILCO also purchases Canadian gas supplies under long-term arrangements, and purchases supplies on the "spot" market.

4. On June 22, 1988, Distrigas Corp. filed with ERA (ERA Docket No. 88-37-LNG) an application to amend its current import authorization. Distrigas is requesting that its current authorization to import liquefied natural gas ("LNG") from Algeria be amended to reflect changes in its 1976 contract with

its supplier, Sonatrach, the Algerian national energy corporation. The contractual changes, among other things, would eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

5. LILCO has a substantial interest which may be directly affected by ERA action in the above-captioned proceeding. LILCO continues to experience significant growth in its firm gas supply requirements, and projects difficulties in meeting its peak-day and peak-hour demands in the near future. To accommodate its growing requirements, LILCO is pursuing a number of arrangements involving firm annual and seasonal deliveries into the New York metropolitan area. If these pending arrangements encounter significant delays or prove insufficient to meet LILCO's firm winter season requirements, LILCO may wish to avail itself of the restructured LNG services which Distrigas Corp.'s affiliate, Distrigas of Massachusetts Corp., has sought authority to offer. Those services are dependent upon the amendments for which approval is sought here.

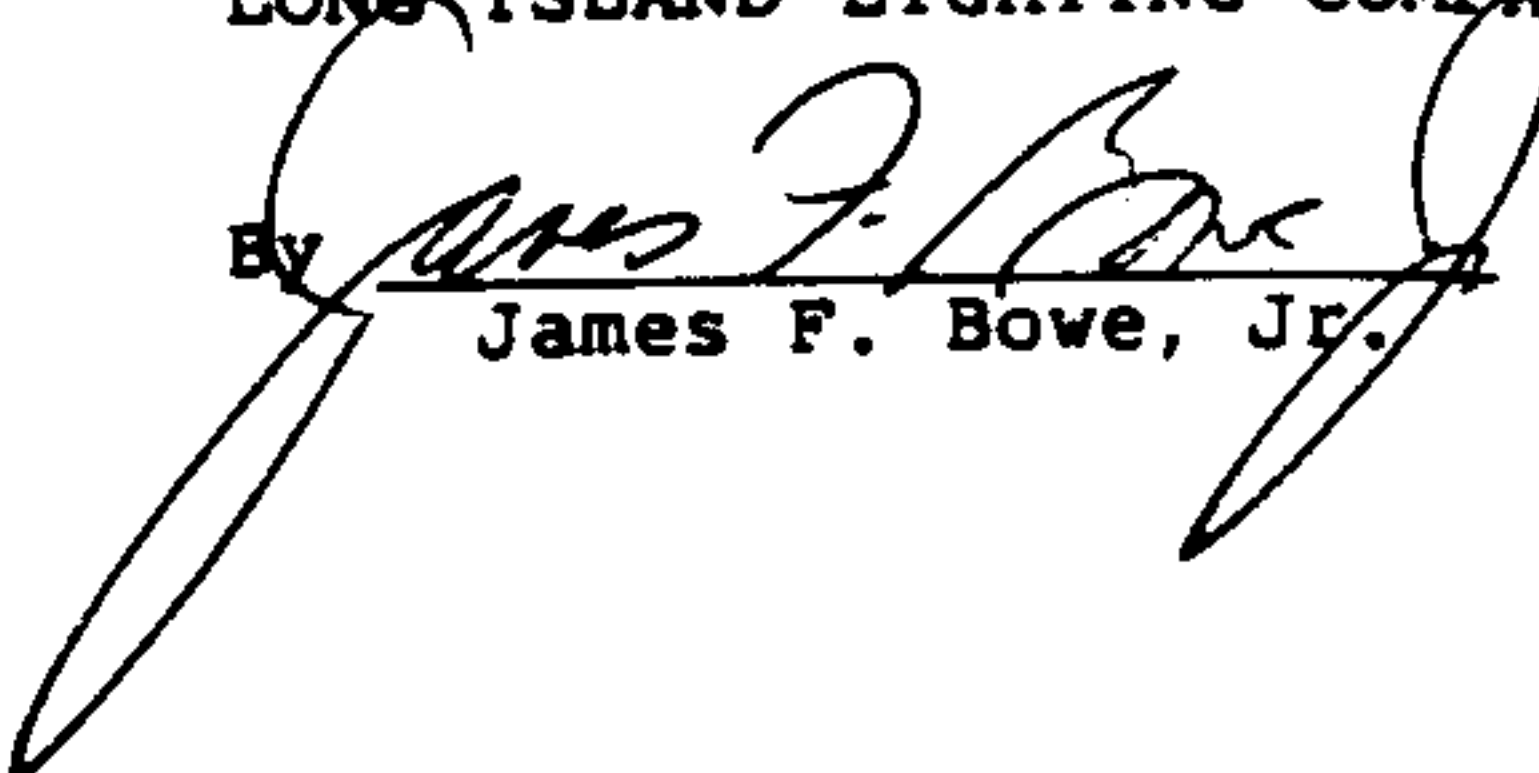
6. LILCO will not be adequately represented by existing parties, and may be adversely affected by resolution of this proceeding, unless it is permitted to participate. Consequently, LILCO seeks to intervene herein.

WHEREFORE, Long Island Lighting Company respectfully requests that it be permitted to intervene as a party in the above-captioned proceeding so that it may be afforded the opportunity to protect its interests and the interests of the gas consumers it serves.

Respectfully submitted,

LONG ISLAND LIGHTING COMPANY

By


James F. Bowe, Jr.

James J. Stoker, III
LONG ISLAND LIGHTING COMPANY
175 East Old Country Road
Hicksville, New York 11801
(516) 933-4765

James F. Bowe, Jr.
O. Julia Weller
HUNTON & WILLIAMS
P.O. Box 19230
2000 Pennsylvania Ave., N.W.
Suite 9000
Washington, D.C. 20036
(202) 955-1500

Of Counsel

DATED: September 7, 1988

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION
WASHINGTON, D.C.

Distrigas Corp.)
)
City of Washington) ss: VERIFICATION
)
District of Columbia)

JAMES F. BOWE, Jr., being duly sworn, deposes and says that he is an attorney for Long Island Lighting Company, the Petitioner herein, and is duly authorized to represent the Petitioner in the captioned proceeding, that he has read the foregoing Petition and knows the contents thereof, that the same is true to the knowledge of deponent, except as to the matters therein stated to be alleged upon information and belief, and that as to those matters he believes the Petition to be true.

Sworn and subscribed to
before me this 7th day
of September, 1988.

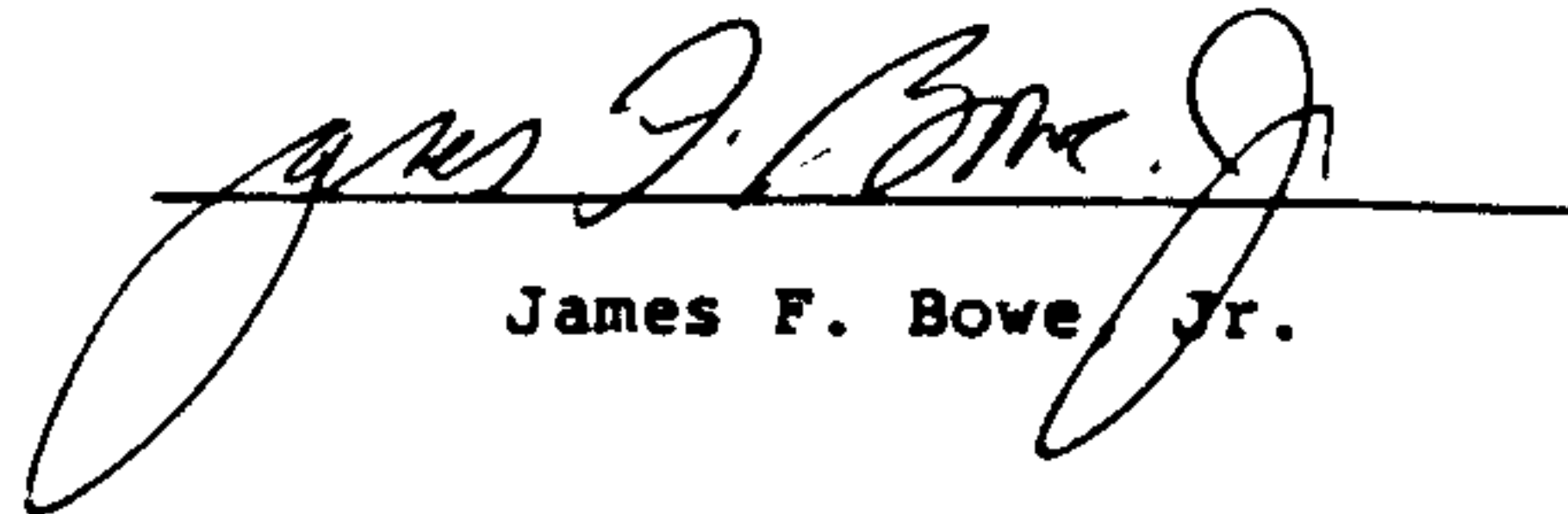
Alvin M. Wilk-
Nancy Duke

My Commission Expires October 14, 1988

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Petition upon the applicant in this proceeding, in accordance with the provisions of 10 C.F.R. § 590.107.

Dated at Washington, D.C. this 7th day of September, 1988.



James F. Bove, Jr.

Attorney for Long Island
Lighting Company

CR



**FALL
RIVER
GAS COMPANY**

155 North Main Street • P.O. Box 911 • Fall River, MA 02722-0911

**Bradford J. Faxon
President**

18-37-LRG

September 2, 1988

Mr. Lot Cooke
Economic Regulatory Administration
Natural Gas Division, Office of Fuels Programs
Room GA-076, RG-23
Forrestal Building
1000 Independence Avenue, SW
Washington, DC 20585

SEP 6 1988
P4:18

Dear Mr. Cooke:

I wish to, emphatically, support the application of Distrigas Corporation to amend their import authorization.

Fall River Gas Company needs Distrigas as a viable natural gas supplier and we believe their new restructuring efforts are in the best interests of the New England area.

Sincerely,


Bradford J. Faxon
President

BJF:cq

IX N

0

UNITED STATES OF AMERICA
Before the
ECONOMIC REGULATORY ADMINISTRATION

In the Matter of
DISTRIGAS CORPORATION

)
)
)

ERA Docket No. 88-37-LNG

MOTION TO INTERVENE IN SUPPORT
OF

Bay State Gas Company
The Berkshire Gas
Company
The Connecticut Light
and Power Company
Essex County Gas Company
Fall River Gas Company

New Jersey Natural Gas
Company
The Providence Gas Company
South Jersey Gas Company..
The Southern Connecticut Gas
Company
Valley Gas Company

Pursuant to the "Notice Of Application To Amend Import Authorization" issued August 9, 1988, 53 Fed. Reg. 29,940 (1988), and to the provisions of Section 590.303, 10 C.F.R. § 590.303 (1986), the above-named movants, Bay State Gas Company, et al. (~~Bay State, et al.~~) respectfully request the Economic Regulatory Administration (Administration) of the Department of Energy to permit each of them to intervene in, and become a party to, this proceeding, designated as ERA Docket No. 88-37-LNG. This proceeding involves an application filed on June 22, 1988, by Distrigas Corporation (Distrigas), a wholly-owned subsidiary of Cabot Corporation, in which Distrigas requests an amendment of its current authorization to import liquefied natural gas (LNG).

In support of this motion to intervene, Bay State, et al. state as follows:

1. The names and office addresses of movants are:

Bay State Gas Company
120 Royall Street
Canton, Massachusetts 02021

The Berkshire Gas Company
115 Cheshire Road
Pittsfield, Massachusetts 01201

The Connecticut Light and Power Company
999 West Main Street
Rocky Hill, Connecticut 06067

Essex County Gas Company
7 North Hunt Road
Amesbury, Massachusetts 01913

Fall River Gas Company
155 North Main Street
Fall River, Massachusetts 02722

New Jersey Natural Gas Company
1415 Wyckoff Road
Wall, New Jersey 07719

The Providence Gas Company
100 Weybosset Street
Providence, Rhode Island 02903

South Jersey Gas Company
One South Jersey Plaza
Route 54
Folsom, New Jersey 08037

The Southern Connecticut Gas Company
880 Broad Street
Bridgeport, Connecticut 06609

Valley Gas Company
1595 Mendon Road
Cumberland, Rhode Island 02864

2. The names and addresses of the persons to whom correspondence or communication in regard to this motion should be addressed are:

John W. Glendening, Jr.
Bruce B. Glendening
Schiff Hardin & Waite
1101 Connecticut Avenue, N.W.
Washington, D.C. 20036-4390

It is also requested that copies of such correspondence or communication be sent to officers and attorneys of the respective movants as follows:

Bay State Gas Company

Mr. Charles T. Ellis
Senior Vice President
Bay State Gas Company
120 Royall Street
Canton, Massachusetts 02021

The Berkshire Gas Company

Mr. Les H. Hotman
Director of Planning
The Berkshire Gas Company
P.O. Box 1388
Pittsfield, Massachusetts 01201

The Connecticut Light and Power Company

Ms. Sharon T. Sekellick
Director Gas Supply, Engineering
The Connecticut Light and Power Company
P.O. Box 270
Hartford, Connecticut 06141

Ted P. Gerarden, Esq.
Donelan, Cleary, Wood & Maser
1275 K Street, N.W., Ste 850
Washington, D.C. 20005

Essex County Gas Company

Mr. Richard P. Swakla
Director of Gas Supply
Essex County Gas Company
P.O. Box 500
Amesbury, Massachusetts 01913

Fall River Gas Company

Mr. Bradford J. Faxon
President
Fall River Gas Company
155 North Main Street
Fall River, Massachusetts 02722

New Jersey Natural Gas Company

Mr. Gary A. Edinger
Assistant Vice President - Gas
New Jersey Natural Gas Company
P.O. Box 1464
Wall, New Jersey 07719

The Providence Gas Company

Mr. William S. LaLonde, III
President & C.E.O.
The Providence Gas Company
100 Weybosset Street
Providence, Rhode Island 02903

Mr. Preston J. Hare
Director Gas Supply
The Providence Gas Company
100 Weybosset Street
Providence, Rhode Island 02903

South Jersey Gas Company

Mr. William C. Bingham, Jr.
Senior Vice President
South Jersey Gas Company
One South Jersey Plaza
Folsom, New Jersey 08037

The Southern Connecticut Gas Company

Mr. John H. Larson
President & C.E.O.
The Southern Connecticut Gas Company
880 Broad Street
Bridgeport, Connecticut 06609

J. Richard Tiano, Esq.
Vice President, General Counsel
& Secretary
The Southern Connecticut Gas Company
880 Broad Street
Bridgeport, Connecticut 06609

Valley Gas Company

Mr. Francis G. Chicoine
Vice President
Valley Gas Company
P.O. Box 1000
Cumberland, Rhode Island 02864

3. Bay State, et al. include nine of the eleven historical customers of Distrigas of Massachusetts Corporation (DOMAC), which is also a wholly-owned subsidiary of Cabot Corporation. For a number of years, these nine customers purchased, in the aggregate, approximately 27% of the volumes of LNG imported by Distrigas and marketed through DOMAC under the so-called Long Term Program, which was authorized by the Federal Energy Regulatory Commission on December 28, 1978 in Docket Nos. CP77-216, et al. 5 FERC (CCH) ¶ 61,296 (1978). The Southern Connecticut Gas Company, although not an historical customer of DOMAC under the Long-Term Program, has purchased in the past certain spot LNG volumes from Distrigas/DOMAC. These ten companies comprising Bay State, et al. are engaged in the distribution and retail sale of gas to over 2,000,000 consumers in their respective service areas in the States of Connecticut, Massachusetts, New Jersey and Rhode Island. As probable recipients of the proposed amended services, Bay State, et al. have a substantial and direct interest in this proceeding.

4. In its application, Distrigas requests the Administration to amend its current authorization to reflect changes that have been made to the "Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976" (1976 Agreement) between Distrigas and Sonatrach, the national energy company of Algeria. The application, inter alia, would extend the term of the 1976 Agreement to October 1, 2003, eliminate the take-or-pay provisions of the 1976 Agreement and change the pricing provision to allocate risk between Distrigas and its supplier, Sonatrach, while maintaining market responsive prices.

5. Bay State, et al. support the market responsive concepts that are embodied in the Distrigas application filed pursuant to Section 3 of the Natural Gas Act. The flexible, market-based approach appears to be consistent with the Department of Energy's natural gas import policy guidelines. 49 Fed. Reg. 6684 (1984). Under these guidelines, the competitiveness of the import arrangement in the markets served is the primary consideration in determining if the project is in the public interest. Since Distrigas proposes in the amendment to fix the price of its LNG by use of market forces rather than strict utility-type regulation, Bay State, et al. submit that the proposed sales will be made under terms and conditions consistent with these guidelines. Accordingly,

the Administration is urged to expedite action on the subject application because the proposed supply of gas, competitively priced, would be highly beneficial to Bay State, et al. Under the foregoing circumstances, movants have an interest which may be directly affected and which is not adequately represented by existing parties and as to which movants may be bound by the Administration's action in this proceeding.

WHEREFORE, Bay State, et al. respectfully request the Administration to permit each of them to intervene in and become a party to the above-entitled proceeding, designated as ERA Docket No. 88-37-LNG. Bay State, et al. urge the Administration to approve the Distrigas application and pray for such further relief in respect of this subject matter as equity and justice and the best public interest may require.

Respectfully submitted,

BAY STATE GAS COMPANY, ET AL.

By Bruce B. Glendening
John W. Glendening, Jr.
Bruce B. Glendening
Their Attorneys

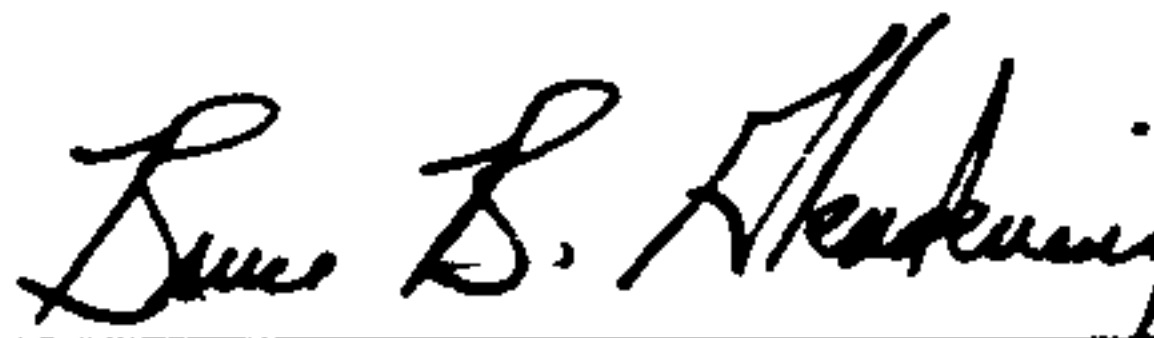
SCHIFF HARDIN & WAITE
1101 Connecticut Avenue, N.W.
Washington, D.C. 20036-4390
(202) 857-0600

September 8, 1988

VERIFICATION

DISTRICT OF COLUMBIA; SS:

Bruce B. Glendening, being first sworn, deposes and says that he has executed the foregoing Motion To Intervene In Support for and on behalf of each of the movants named therein; that he has read the foregoing Motion To Intervene In Support and is familiar with the contents thereof; that the same are true to the best of his knowledge, information and belief; and that he is duly authorized to execute and file such Motion To Intervene In Support.



Bruce B. Glendening

Subscribed and sworn to before me
this 8th day of September, 1988.


NOTARY PUBLIC

My Commission expires: 3/31/91

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Economic Regulatory Administration in this proceeding.

Dated at Washington, D.C., this 8th day of September, 1988.



Bruce B. Glendening
Schiff Hardin & Waite
1101 Connecticut Avenue, N.W.
Washington, D.C. 20036-4390
(202) 857-0600

Attorney for
BAY STATE GAS COMPANY, ET AL.

IN

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

In the Matter of

Distrigas Corporation

)
)
)

Docket No. 88-37-LNG

MOTION TO INTERVENE OF ELIZABETHTOWN GAS COMPANY
AND COMMENTS ON APPLICATION TO AMEND
IMPORT AUTHORIZATION

- * Mary Patricia Keefe, Esquire
Vice President & General Counsel
Elizabethtown Gas Company
One Elizabethtown Plaza
Elizabeth, NJ 07207
- * John T. Miller, Jr., Esquire
1001 Connecticut Avenue, N.W.
Suite 416
Washington, DC 20036
(202) 331-1630

Its Attorney

Washington, D. C.
September 8, 1988

- * Persons to be served under 10 C.F.R. §590.303(d).

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

In the Matter of

Distrigas Corporation

)
)
)

Docket No. 88-37-LNG

MOTION TO INTERVENE OF ELIZABETHTOWN GAS COMPANY
AND COMMENTS ON APPLICATION TO AMEND
IMPORT AUTHORIZATION

PRELIMINARY STATEMENT

Distrigas Corporation (Distrigas) filed herein on June 22, 1988 an application to amend its current import authorization. Distrigas seeks to have its authorization to import liquified natural gas (LNG) from Algeria amended to reflect changes in its 1976 contract with its supplier, Sonatrach, the Algerian national energy corporation.

The contractual changes, inter alia, would eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

By notice issued August 4, 1988, the Economic Regulatory Administration (ERA) provided that motions to intervene, comments and other responses to the Distrigas application are due to be filed by September 8, 1988. (53 Fed. Reg. 29940, August 9, 1988) This pleading is filed pursuant to that notice.

MOTION TO INTERVENE

1. Elizabethtown Gas Company is a public utility corporation organized and existing under the laws of the State of New Jersey and having its principal place of business at One Elizabethtown Plaza, Elizabeth, New Jersey, 07207.

2. The names and mailing addresses of persons to whom communications concerning this Motion should be addressed are listed on the cover of this pleading.

3. Elizabethtown is a public utility regulated by the New Jersey Board of Public Utilities. Operating within the State of New Jersey, Elizabethtown is engaged primarily in the purchase, sale, and distribution of gas, and owns and operates natural gas distribution systems in 74 municipalities serving over 210,000 customers.

4. Elizabethtown is supplied with natural gas by six interstate pipelines: CNG Transmission Corporation, Columbia Gas Transmission Corporation, National Fuel Gas Supply Corporation, Tennessee Gas Pipeline Company, Texas Eastern Transmission Corporation, and Transcontinental Gas Pipe Line Corporation.

5. Distrigas states that its proposal "provides the opportunity for a year-round supply of LNG which will enable Distrigas and Sonatrading to offer LNG to meet significant peaking demands for natural gas in the winter months, as well as to satisfy a year-round market for natural gas in the Northeastern United States." (Application at 17) The

Northeastern area is defined by the applicant to include New Jersey. (Ibid.)

6. Elizabethtown is interested in the Distrigas proposal as a potential customer.

COMMENTS

1. Distrigas asserts that its amended proposal "uniquely addresses the winter gas supply problems in the Northeast." (Application at 18) This appears to be a correct assessment of the proposal. Winter gas supply problems are caused by the temperature sensitive nature of the requirements of residential and commercial space-heating consumers served by local distribution companies (LDCs) like Elizabethtown.

2. Distrigas asserts that the pendency of various gas supply proposals before the Federal Energy Regulatory Commission (FERC) and ERA indicates a need for additional supplies of gas in the Northeastern market. (Application at 17-18) This is correct. The particular virtue of the Distrigas proposal is that it requires no new facilities and, therefore, no additional capital investment or adverse environmental impact to provide the service. No assignment of a particular segment of the market is involved. Distrigas and Sonatrach have apparently renegotiated their agreement so that Distrigas will import LNG when and as it is able to dispose of the LNG in the domestic market in competition with other suppliers. While the Distrigas proposal offers a competitive source of gas supply, its authorization does

not require a comparative hearing with any other pending proposal before either the FERC or the ERA.

CONCLUSION

For the reasons stated above, Elizabethtown urges that its motion to intervene herein be granted.

Respectfully submitted,

ELIZABETHTOWN GAS COMPANY

Mary Patricia Keefe, Esquire
Vice President & General Counsel
Elizabethtown Gas Company
One Elizabethtown Plaza
Elizabeth, NJ 07207

Of Counsel


John T. Miller, Jr., Esquire
1001 Connecticut Avenue, N.W.
Suite 416
Washington, DC 20036
(202) 331-1630

Its Attorney

CERTIFICATE OF SERVICE

I hereby certify that I have this 8th day of September, 1988 served the foregoing to the following:

Distrigas Corporation

Paul F. Saba
Gregory J. Roberts
Distrigas of Massachusetts
Corporation
Distrigas Corporation
Two Oliver Street
Boston, MA 02109

Bruce F. Kiely
Randolph Q. McManus
Baker & Botts
555 13th Street, N.W.
Suite 500 East
Washington, DC 20006

Southern Energy Company

Patrick B. Pope
Southern Energy Company
1900 Fifth Avenue North
Post Office Box 2563
Birmingham, AL 35202

Gregory P. Meyers
Southern Energy Company
1900 Fifth Avenue North
Post Office Box 2563
Birmingham, AL 35202

MASSPOWER

Thomas R. Smith
Project Manager
MASSPOWER
110 Tremont Street
Boston, MA 02108

Kenneth M. Simon
Leanne M. Shank
Dickstein, Shapiro & Morin
2101 "L" Street, N.W.
Washington, DC 20037

Consolidated Edison Company
of New York, Inc.

Barbara M. Gunther
Assistant General Counsel
Consolidated Edison Co. of
New York, Inc.
Room 1815-S
4 Irving Place
New York, NY 10003

E. L. Bud Stewart, Jr.
President
Energy Consumers & Producers
Association
Post Office Box 1726
Seminole, OK 74868

William I. Harkaway
McCarthy, Sweeney & Harkaway
1750 Pennsylvania Avenue, N.W.
Washington, DC 20006

Boston Edison

Leonard F. Dow
Boston Edison
800 Boylston Street
Boston, MA 02199

Boston Gas Company

John T. McKenna
Senior Vice President
Boston Gas Company
One Beacon Street
Boston, MA 02108

Jennifer Miller
Virginia McCarthy
Boston Gas Company
One Beacon Street
Boston, MA 02108

Columbia LNG Corporation

Columbia LNG Corporation
20 Montchanin Road
Wilmington, Delaware 19807

L. Michael Bridges
Tejinder S. Bindra
Columbia Gas System
Service Corporation
20 Montchanin Road
Wilmington, Delaware 19807

Gilbert A. Martin
Vice President
Columbia Gas System
Service Corporation
1250 Eye Street, N.W.
Suite 703
Washington, DC 20005

Long Island Lighting Company

Robert A. Bennett
Manager, Supply and Planning
Long Island Lighting Company
175 East Old Country Road
Hicksville, NY 11801

Arnold H. Quint
James F. Bowe, Jr.
Hunton & Williams
Post Office Box 19230
2000 Pennsylvania Avenue, N.W.
Washington, DC 20036

Fall River Gas Company

Bradford J. Faxon
President
Fall River Gas Company
155 North Main Street
Post Office Box 911
Fall River, MA 02722


John T. Miller, Jr.

IN

ORIGINAL

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation

) ERA Docket No. 88-37-LNG

MOTION OF STATOIL NORTH AMERICA, INC. FOR
LEAVE TO INTERVENE

This Motion For Leave to Intervene is filed by Statoil North America, Inc. (Statoil N.A.) pursuant to the procedures of the Economic Regulatory Administration (ERA), 10 C.F.R. Sec. 590.303, and the Notice dated February 5, 1988, 53 Fed. Reg. 3912 (February 10, 1988). Statoil requests that this motion to intervene be granted for the reasons set forth below:

I.

Correspondence and inquiries concerning this motion to intervene should be directed to the following:

Ned Hengerer, Esq.
John, Hengerer & Esposito
1120 19th Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 429-8811

and

Kjell Stautland
Statoil North America, Inc.
885 Third Avenue
New York, New York 10022-4802
(212) 750-4600

II.

Statoil N.A. is a Delaware corporation, with its place of business located in New York City. Statoil N.A. is a wholly owned subsidiary of Den norske stats oljeselskap a.s (Statoil a.s), which in turn is wholly owned by the Government of Norway. Statoil a.s was established in 1972 to explore, develop, produce, transport, refine, and market petroleum, and today operates as a fully integrated oil and gas company.

Statoil a.s owns substantial reserves of natural gas on the Norwegian continental shelf. It sells large volumes of natural gas to several countries in Europe, and is considering development of these reserves also to supply markets in the U.S. with liquified natural gas (LNG). Statoil N.A. is charged with seeking U.S. market opportunities for this LNG.

III.

In its August 9, 1988 Notice, ERA advises that on June 22, 1988, Distrigas Company (Distrigas) filed an application to amend its current authorization to import liquefied natural gas (LNG) from Algeria. Distrigas requests that its current authorization to import LNG from Algeria be amended to reflect changes in its 1976 contract with its supplier, Sonatrach, the Algerian national energy corporation. The contractual changes, among other things, would eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

In a related filing before the FERC,¹ Distrigas and Distrigas of Massachusetts Corporation request authorization for a major restructuring of their services in order to permit them to offer a broad range of flexible, market responsive LNG services to existing and new customers, including interstate pipelines, local distribution companies and end-users. Statoil intervened in that proceeding.

IV.

Distrigas is proposing to market imported LNG on a competitive, market-sensitive basis, in lieu of the traditional, cost-based regulated rate basis. Statoil supports this concept of relying on competitive forces for imported LNG marketing.

Statoil is in the formulative stages of arranging for importation and marketing of LNG on the East Coast. The same competitive forces at work in the gas market generally will apply to marketing imported LNG.

Accordingly, Statoil N.A. has a clear interest in this filing. That interest may be affected by the outcome of this proceeding. Similarly, these interests cannot be adequately represented by any other party to the proceeding.

V.

WHEREFORE, Statoil N.A. requests that it be permitted to intervene herein and that it be made a party to this proceeding

1 Docket Nos. CP88-587-000.

for all purposes. Statoil N.A. does not request that a hearing be held.

Respectfully submitted,



Ned Hengerer, Esq.
JOHN, HENGERER & ESPOSITO
1120 19th Street, NW
Suite 400
Washington, D.C. 20036
(202) 429-8811

Counsel For
Statoil North America, Inc.

Dated: September 8, 1988

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service lists compiled by the Secretary in these proceedings.

Dated at Washington, D.C.: September 8, 1988.

Ned Hengerer

Ned Hengerer, Esq.
John, Hengerer & Esposito
1120 19th Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 429-8811

IN

ORIGINAL

UNITED STATES OF AMERICA
ECONOMIC REGULATORY ADMINISTRATION
DEPARTMENT OF ENERGY

Distrigas Corporation;
Application to Amend
Import Authorization

)
)
)

Docket No. 88-37-LNG

MOTION OF
CONNECTICUT NATURAL GAS CORPORATION
FOR LEAVE TO INTERVENE

Pursuant to Section 303 of the Economic Regulatory
Administration ("ERA") regulations, 10 C.F.R. § 590.303, and
the ERA Notice of Application to Amend Import Authorization
published in the August 9, 1988 edition of the Federal
Register, 53 Fed. Reg. 29940 (Aug. 9, 1988), Connecticut
Natural Gas Corporation ("Connecticut Natural") hereby moves
for leave to intervene in the captioned proceeding.

In support of its motion, Connecticut Natural states the
following:

1. The name and office address of movant are:

Connecticut Natural Gas Corporation
Post Office Box 1500
Hartford, Connecticut 06144

2. The names and addresses of persons to whom
correspondence and communications in regarding to this motion
should be addressed are:

Harry Kraiza, Jr., Director
Energy Services
Connecticut Natural Gas Corporation
Post Office Box 1500
Hartford, Connecticut 06144

and

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Roberta L. Halladay
Marilyn A. Specht
Morgan, Lewis & Bockius
1800 M Street, N.W.
Suite 700
Washington, D.C. 20036

3. Connecticut Natural is a local distribution company engaged in the sale of natural gas at retail in the central Connecticut area and the Town of Greenwich, Connecticut. Connecticut Natural currently serves approximately 135,000 residential, commercial and industrial customers. Connecticut Natural purchases natural gas supplies from Tennessee Gas Pipeline Company, Algonquin Gas Transmission Company, and from a number of other suppliers.

4. On June 22, 1988, Distrigas Corporation ("Distrigas") filed an application to amend its current ERA import authorization. Specifically, Distrigas requested that its current authorization to purchase and import liquified natural gas ("LNG") from Algeria be amended to reflect changes in its 1978 contract with the LNG supplier, Sonatrach. These contractual changes, inter alia, eliminate the prior pricing formula and adopt a market-oriented concept designed to maintain market-responsive prices. The amendments also eliminate the strict take-or-pay provision of the earlier agreement and include a make-up right for Distrigas.

5. Connecticut Natural has had preliminary discussions with officials of Distrigas concerning possible purchase of

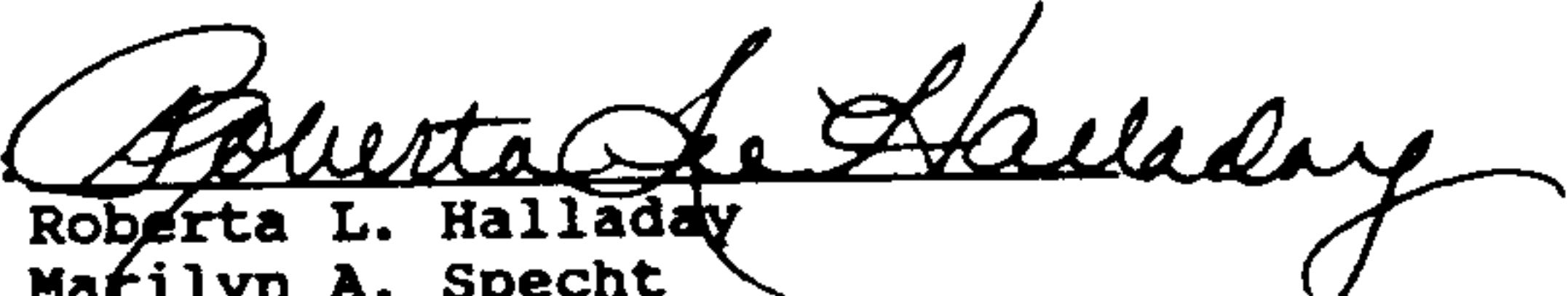
LNG for use by Connecticut Natural. Connecticut Natural envisions possible use of LNG to provide it with greater flexibility to meet its customers' winter heating season requirements. While Connecticut Natural's discussions have been preliminary, these discussions show promise and may ultimately lead to a sales agreement. Accordingly, because there is evidence of potential markets for the additional LNG imports, Connecticut Natural supports Distrigas' application.

WHEREFORE, Connecticut Natural respectfully requests to intervene in support of Distrigas' application and to gain full party rights to these proceedings.

Respectfully submitted,

CONNECTICUT NATURAL GAS
CORPORATION

By:

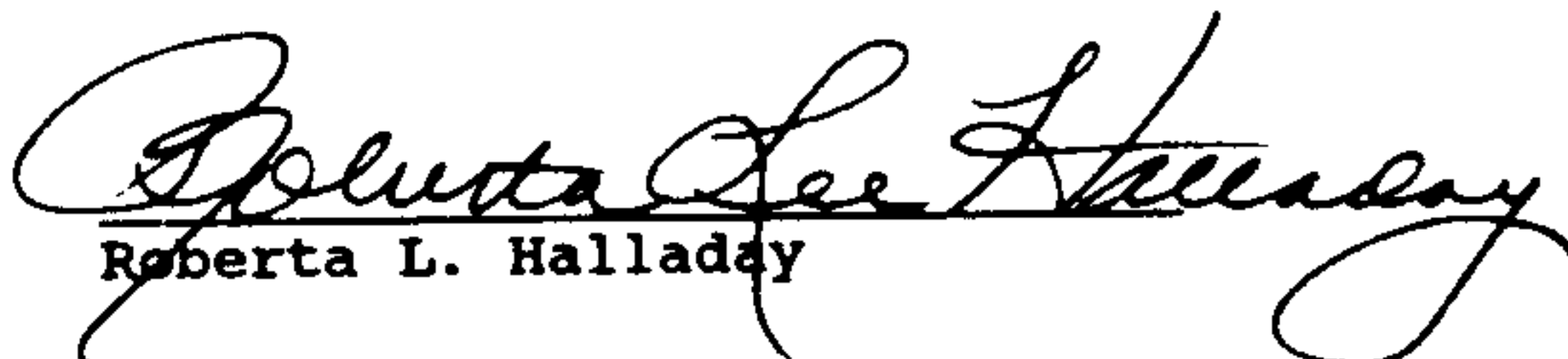

Roberta L. Halladay
Marilyn A. Specht
Morgan, Lewis & Bockius
1800 M Street, N.W.
Washington, D.C. 20036
(202) 467-7000

Its Attorneys

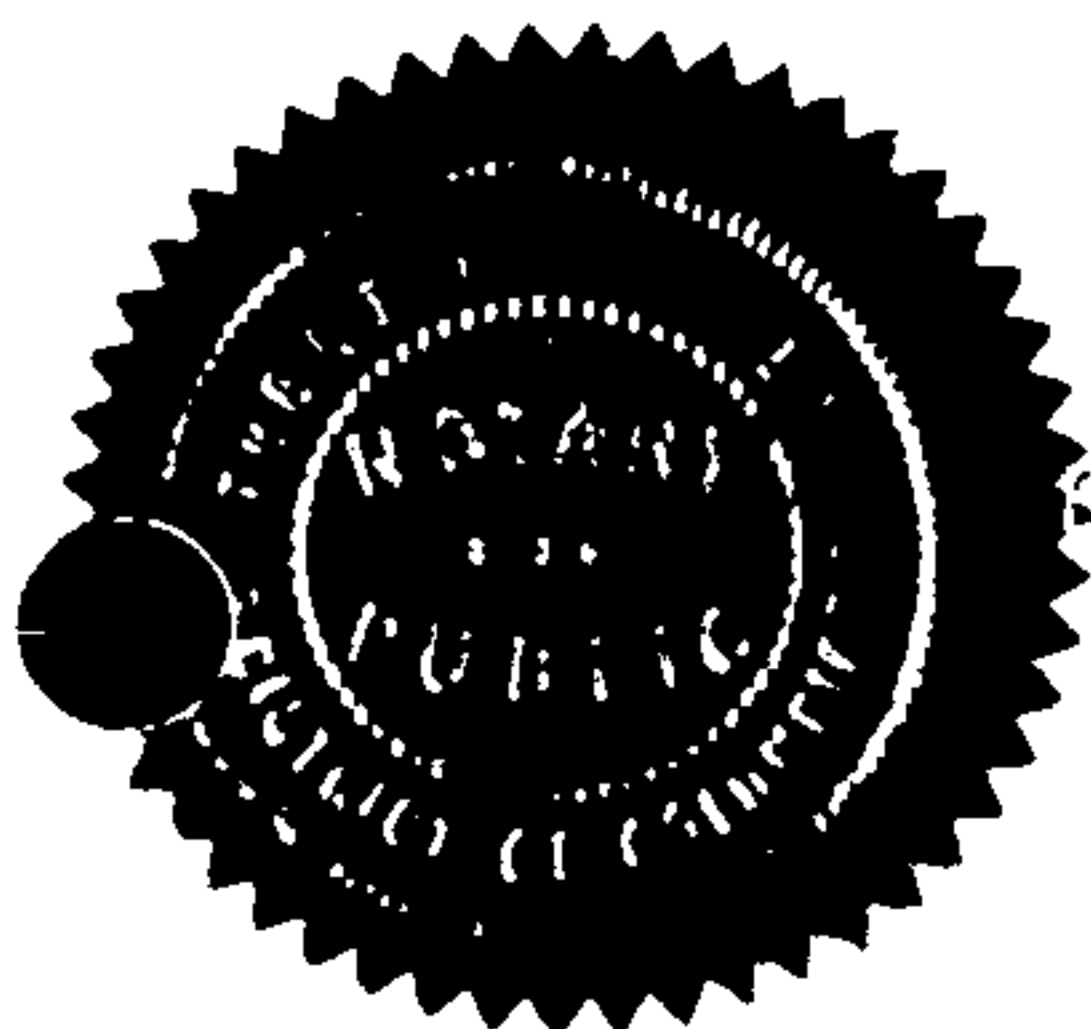
September 8, 1988

VERIFICATION

Pursuant to 10 C.F.R. § 590.103(b) I, Roberta L. Halladay, the undersigned, certify that I am a duly authorized representative of Connecticut Natural Gas Corporation and that I have read the foregoing motion and that the facts therein are true to the best of my belief.


Roberta L. Halladay

Subscribed and sworn to before me, the undersigned, this
8th day of September, 1988.



(Seal)



Notary Public

CATHERINE D. KINNELL

NOTARY PUBLIC DISTRICT OF COLUMBIA

My Commission Expires: November 14, 1989

CERTIFICATE OF SERVICE

Pursuant to 10 C.F.R. § 590.107, I hereby certify that I have this day, September 8, 1988, served, by first class mail, postage prepaid, a copy of this Motion of Connecticut Natural Gas Corporation for Leave to Intervene on all parties listed on the official service list maintained by the Economic Regulatory Administration.


Roberta L. Halladay

IN

ORIGINAL

UNITED STATES OF AMERICA
BEFORE THE
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation

) Docket No. 88-37-LNG

CENTRAL HUDSON GAS & ELECTRIC CORPORATION'S
MOTION TO INTERVENE IN SUPPORT

SEP 8 1988
P 3:40

Pursuant to Section 590.303 of the Administrative Procedures of the Economic Regulatory Administration ("ERA"), 10 C.F.R. §590.303 (1988), Central Hudson Gas & Electric Corporation ("Central Hudson") hereby moves to intervene in support of the application of Distrigas Corporation ("Distrigas"). In support, Central Hudson respectfully shows:

I.

The names, titles and mailing addresses of the persons who should be served with communications concerning this filing are:

Norman K. Bennett
Director of Rates
Central Hudson Gas & Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601-4879

Donald K. Dankner, Esq.
Bishop, Cook, Purcell & Reynolds
1400 L Street, N.W.
Washington, D.C. 20005-3502

II.

Central Hudson is an investor-owned utility, providing natural gas and electric service in the Central Hudson Valley portion of the State of New York. Central Hudson's local gas distribution system serves approximately 50,000 customers. Central Hudson is a customer of four interstate pipelines: Texas Eastern Transmission Corporation, Columbia Gas Transmission Corporation, Tennessee Gas Pipeline Company and Algonquin Gas Transmission Company.

III.

On June 22, 1988, Distrigas Corporation filed an application at ERA to amend its current import authorization. Distrigas is requesting that its current authorization to import liquefied natural gas ("LNG") from Algeria be amended to reflect changes in its 1976 contract with its supplier, Sonatrach, the Algerian national energy corporation. The contractual changes, among other things, would eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

IV.

On June 17, 1988, Central Hudson entered into a letter agreement with Distrigas' affiliate, Distrigas of Massachusetts Corporation ("DOMAC"), under which DOMAC would provide firm winter sales service to Central Hudson through March 31, 1993. During the 1988-89 winter heating season, DOMAC will provide firm sales service up to 10,000 MMBtu per day. In succeeding winters, this amount will be increased to 15,000 MMBtu per day. Central Hudson and DOMAC negotiated a market-based price for this service. Central Hudson and DOMAC are now revising the June 17, 1988 letter agreement to fit more precisely the Form of Service Agreement for Firm Vapor Sales Service, which DOMAC has proposed in a July 15, 1988 filing in Docket No. CP88-587-000 at the Federal Energy Regulatory Commission.

V.

Central Hudson supports Distrigas' filing and urges the ERA to act expeditiously on the filing. Approval of the filing will enable Distrigas to provide secure volumes of LNG at market responsive prices. Central Hudson has a critical need for DOMAC service now in order to meet its expected peak day demand.

WHEREFORE, Central Hudson moves to intervene in this proceeding and urges expeditious action on Applicants' filing.

Respectfully submitted,

Donald K. Dankner

Donald K. Dankner
Bishop, Cook, Purcell
& Reynolds
1400 L Street, N.W.
Washington, D.C. 20005-3502
(202) 371-5778

Attorney for Central Hudson
Gas & Electric Corporation

September 8, 1988

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person listed on the official service list, compiled by the Secretary in this proceeding, in accordance with 10 C.F.R. §590.107 (1988).

Dated at Washington, D.C., this 8th day of September, 1988.

Donald K. Dankner
Donald K. Dankner

BISHOP, COOK, PURCELL & REYNOLDS
1400 L Street, N.W.
Washington, D.C. 20005-3502
(202) 371-5778

nn

Cullen and Dykman
1225 Nineteenth Street N.W.
Washington, D.C. 20036-2411

BROOKLYN OFFICE
177 MONTAGUE STREET
BROOKLYN, NEW YORK 11201 3833
(718) 855-9000

(202) 223-8890

GARDEN CITY OFFICE
1010 FRANKLIN AVENUE
GARDEN CITY, NEW YORK 11530 0755
(516) 461-0900

September 8, 1988

Lot Cooke
Natural Gas Division
Economic Regulatory Administration
Room GA-076, 1000
Forrestal Building
1000 Independence Avenue S.W.
Washington, D.C. 20585

Re: Distrigas Corporation
ERA Docket No. 88-37-LNG

Dear Mr. Cooke:

Enclosed for filing with the Economic Regulatory Administration in the above proceeding are an original and fourteen copies of the Motion Of The Brooklyn Union Gas Company For Permission To Intervene As A Party.

Kindly acknowledge receipt of the enclosures on the enclosed copy of this letter and return it to our messenger.

Sincerely,

Kenneth T. Maloney
Kenneth T. Maloney

KTM/dw
Enclosures

81:40
0000

UNITED STATES OF AMERICA
ECONOMIC REGULATORY ADMINISTRATION
DEPARTMENT OF ENERGY

-----x
In the Matter of
DISTRIGAS CORPORATION
-----x

ERA Docket No.
88-37-LNG

Page 13

MOTION OF
THE BROOKLYN UNION GAS COMPANY
FOR PERMISSION TO INTERVENE AS A PARTY

Movant, The Brooklyn Union Gas Company (Brooklyn Union), respectfully shows:

1. Brooklyn Union designates the following persons to receive service in this proceeding:

Edward J. Sondey,^d
Vice President
The Brooklyn Union Gas Company
195 Montague Street
Brooklyn, New York 11201

and

Michael W. Hall
Cullen and Dykman
1225 - 19th Street, N.W.
Washington, D. C. 20036

2. Brooklyn Union is a corporation duly organized and existing under the laws of the State of New York, with its principal office at 195 Montague Street, Brooklyn, New York.

3. Brooklyn Union is engaged primarily in the purchase and distribution at retail of natural gas in a territory consisting of the Boroughs of Brooklyn and Staten Island and a portion of the Borough of Queens, all located

within the City of New York and containing a population of approximately four million. Brooklyn Union holds contracts which provide for the annual purchase of approximately 139,524,000 MMBtu of natural gas.

4. Brooklyn Union is a former contract customer of Distrigas Corporation (Distrigas) and its affiliate, Distrigas of Massachusetts Corporation (DOMAC), pursuant to findings and orders of the Federal Energy Regulatory Commission (Commission), and until 1985 purchased liquified natural gas (LNG) and LNG terminalling services from DOMAC under its Rate Schedules GS-1 and TS-1.

5. By a notice issued August 9, 1988, the Economic Regulatory Administration (ERA) of the Department of Energy (DOE) announced the filing of an application by Distrigas pursuant to Section 3 of the Natural Gas Act (15 U.S.C. 717b) to amend its current import authorization. Distrigas requests that its current import authorization to import LNG from Algeria be amended to reflect changes in its 1976 contract with its supplier, Sonatrach, the Algerian national energy corporation. The contractual changes, among other things, would eliminate the take-or-pay provisions of the 1976 contract, change the pricing provisions to allocate risk between Distrigas and its supplier while maintaining market responsive prices, and extend the term of the 1976 contract to October 1, 2003.

6. As a former customer of Distrigas and DOMAC, Brooklyn Union has a direct and substantial interest in this proceeding, as it may affect rates and services to Brooklyn

Union. Brooklyn Union will not be adequately represented by any other party to this proceeding, and unless permitted to intervene and participate fully, may be bound or adversely affected by the ERA's order herein without an opportunity to have its views heard and considered. Accordingly, the public interest will be served by granting this Motion for Permission to Intervene.

Wherefore, The Brooklyn Union Gas Company respectfully requests that:

1. This Motion for Permission to Intervene as a Party be filed and that the ERA issue an order permitting Brooklyn Union to intervene in this proceeding with full rights as a party hereto; and

2. Brooklyn Union be granted such other and further relief as may be required to protect its interests.

Respectfully submitted,

The Brooklyn Union Gas Company

By:

Kenneth T. Maloney
Kenneth T. Maloney
Cullen and Dykman
1225 - 15th Street, N.W.
Washington, D. C. 20036
(202) 223-8890

Dated: Washington, D.C.
September 8, 1988

Its Attorneys

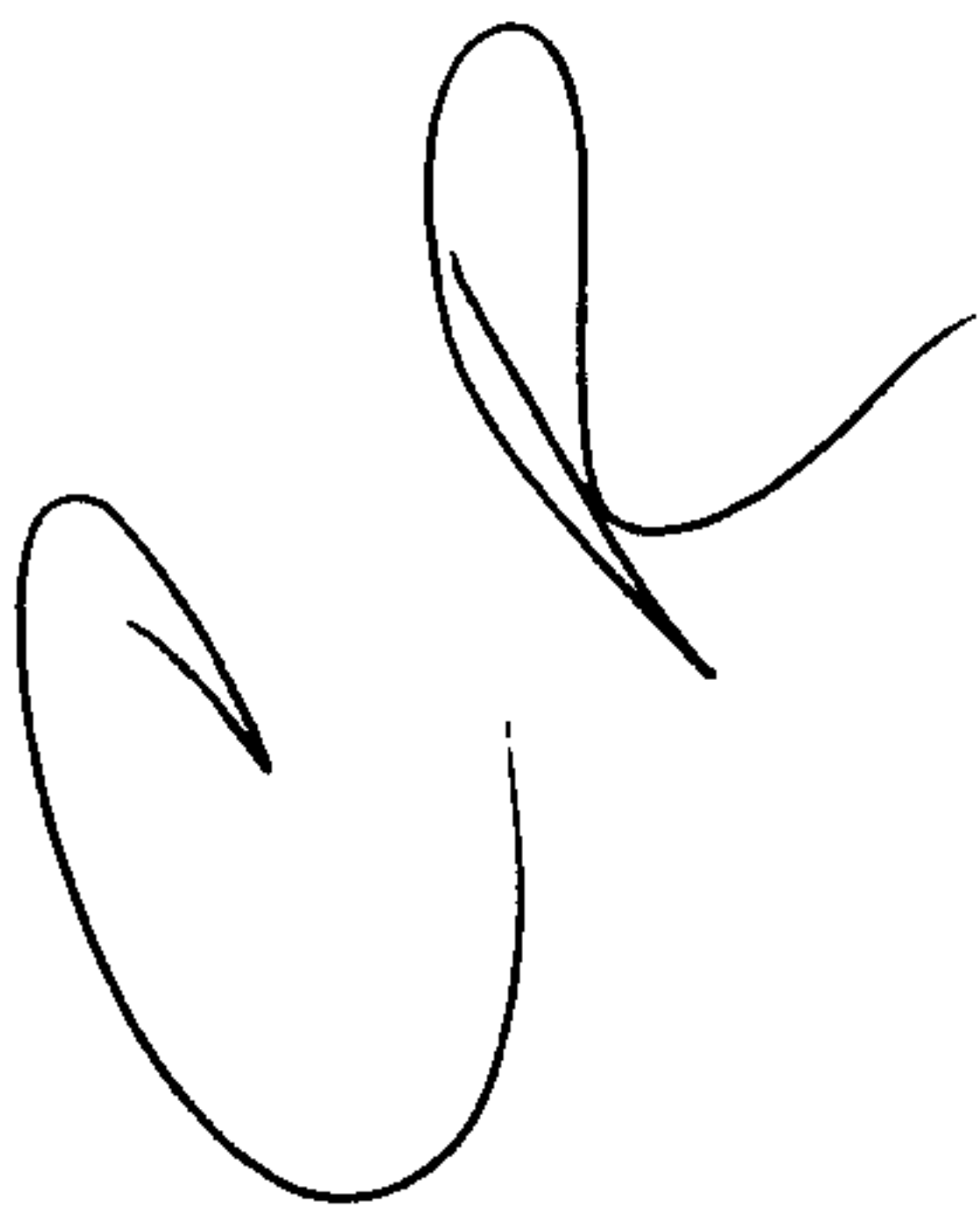
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon Distrigas Corporation in this proceeding in accordance with the requirements of Section 1.17 of the Rules of Practice and Procedure.


Kenneth T. Maloney

Of Counsel for
The Brooklyn Union Gas Company

Dated: Washington, D.C.
September 8, 1988



BOEING
Vice President
Contracts

Boeing Commercial Airplanes
P.O. Box 3707, MS 75-35
Seattle, WA 98124-2207

September 8, 1988

SEP 8 1988 14:30

BOEING

Economic Regulatory Administration
United States Department of Energy
Forrestal Building
1000 Independence Avenue, S. W.
Washington, D. C. 20585

SUBJECT: ERA Docket No. 88-37-LNG -- Distrigas

Sirs:

Boeing Commercial Airplanes, a division of The Boeing Company, urges the Economic Regulatory Administration to approve the Distrigas application under the docket number stated above.

Boeing has proposed the sale of several of its Model 767 aircraft to Air Algerie, the flag carrier of Algeria. The Government of Algeria has requested that any such sale be accompanied by a countertrade commitment to purchase energy products from Sonatrach. Boeing has identified, in consultation with Distrigas, liquified natural gas to be sold in the New England market to satisfy such a commitment. Boeing and Distrigas have executed a memorandum of understanding stating that Distrigas will, subject to firm agreement on terms and conditions, act as Boeing's delegate to discharge any such countertrade obligation in connection with the sale of Boeing aircraft to Air Algerie.

The authorization of Distrigas to implement Amendment No. 3 of its agreement with Sonatrach could well be pivotal in preserving Distrigas's capability to support Boeing with any countertrade which may be obligated as part of a major aircraft sale. Imports of LNG in that context would of course be balanced by the benefits to the United States economy of export of United States manufactured aircraft.

0006F

-2-

Air Algeria must soon make its selection of new and badly needed aircraft. A prompt affirmative decision on the Distrigas application could have a beneficial effect on that decision.

Respectfully submitted,

G. D. Kearns
G. D. Kearns
Vice President
Contracts

cc: Baker & Botts (attn: Messrs Kiely
and McManus)

BOEING

0086F

September 8, 1988

BOEING

Economic Regulatory Administration
United States Department of Energy
Forrestal Building
1000 Independence Avenue, S. W.
Washington, D. C. 20585

SUBJECT: ERA Docket No. 88-37-LNG -- Distrigas

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The authorization of Distrigas to implement Amendment No. 3 of its agreement with Sonatrach could well be pivotal in preserving Distrigas's capability to support Boeing with any countertrade which may be obligated as part of a major aircraft sale. Imports of LNG in that context would of course be balanced by the benefits to the United States economy of export of United States manufactured aircraft.

Air Algerie must soon make its selection of new and badly needed aircraft. A prompt affirmative decision on the Distrigas application could have a beneficial effect on that decision.

Respectfully submitted,

BOEING



G. D. Kearns
Vice President
Contracts

cc: Baker & Botts (attn: Messrs Kiely
and McManus)

IN

LAW OFFICES OF
HUBER LAWRENCE & ABELL
99 PARK AVENUE
NEW YORK, N. Y. 10016

ORMAN ABELL
GREGORY J. BLASI
LEONARD BLUM
WILLIAM J. CRONIN
JOHN D. DRAGHI
KENNETH M. JASINSKI
FRANK J. MILLER
GLENN B. ROBBINS
HOWARD M. SCHMERTZ
RODERICK SCHUTT
JAMES I. SEROTA

BLOSSOM A. PERETZ
COUNSEL

SARAH BARISH-STAUS
TARAS G. BORKOWSKY
STUART A. CAPLAN
CHRISTOPHER R. CARPENTIERI
NICHOLAS A. GIANNASCA
MICHAEL GUARARRA
TIMOTHY R. HENDERSON
STEVEN HOROWITZ
MICHAEL G. PSAREAS
ROBERT G. REIDY
JONATHAN D. SCHNEIDER
SHARON H. STERN
JOHN TROJANOWSKI

AREA CODE 212

682 6200

CABLE ADDRESS "CAUTELA"

TELECOPIER

(212) 963-7123

COUNSEL

FREDERIC H. LAWRENCE
JOHN A. FARRELL
GERSHON A. ARONSON

September 7, 1988

FEDERAL EXPRESS

Natural Gas Division
Office of Fuels Programs
Economic Regulatory Administration
Room GA-076
RG-23
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Distrigas Corp.; Application to Amend
Import Authorization
Dkt. No. 88-37-LNG

Dear Sir/Madam:

I enclose herewith an original and fifteen (15) copies
of Motion of New York State Electric & Gas Corporation for
Leave to Intervene in the above-captioned proceeding.

Very truly yours,

Blossom A. Peretz

Blossom A. Peretz
Huber Lawrence & Abell

BAP:ja
Enclosure

1959Z

IN THE OFFICE OF FUELS PROGRAMS
FOR THE ECONOMIC REGULATORY ADMINISTRATION

-----X
Ditrigas Corp.; :
 : Dkt. No. 88-37-LNG
Application To Amend :
Import Authorization :
 :
-----X

MOTION OF NEW YORK STATE ELECTRIC & GAS CORPORATION
FOR LEAVE TO INTERVENE

Pursuant to 10 CFR Part 590 of the Code of Federal
Regulations, New York State Electric & Gas Corporation (NYSEG),
hereby moves for Leave to Intervene in the above-captioned
proceeding. In support thereof, NYSEG states as follows:

1. The names and addresses of the persons to whom
all notices and communications with respect to this proceeding
are to be sent to:

Mr. Russell Fuller
Manager - Rate Matters
New York State Electric & Gas Corporation
P.O. Box 287
Ithaca, NY 14851

Mr. Thomas Donnelly
Manager - Operations & Supply
New York State Electric & Gas Corporation
4500 Vestal Parkway East
Binghamton, NY 13903

William J. Cronin, Esq.
Blossom A. Peretz, Esq.
Huber Lawrence & Abell
99 Park Avenue
New York, NY 10016

2. NYSEG is a New York corporation, having its principal office in the Town of Dryden, County of Tompkins, State of New York, and is engaged, among other things, in the purchase of natural gas including liquefied natural gas (LNG) at wholesale and the distribution and sale thereof to ultimate consumers within the State of New York.

3. On June 22, 1988, the Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gave notice that on June 22, 1988, it received an application from Distrigas Corporation (Distrigas) to amend its current authorization to import liquefied natural gas (LNG) from Algeria, to reflect changes in its 1976 contract with its supplier, Sonatrack.

4. NYSEG may be interested in purchasing quantities of LNG from Distrigas Corporation and is therefore seeking intervention in the above proceeding. Accordingly, NYSEG has a substantial direct interest in the outcome of this application which would not be adequately represented by any other party.

5. NYSEG, therefore, in its own interests and in the interests of its customers, files for cause shown this petition for leave to intervene.

WHEREFORE, Petitioner requests:

1. That the Economic Regulatory Administration of the Department of Energy issue an order permitting Petitioner to intervene herein, making Petitioner a party to the proceedings in this docket and any docket or dockets that may be consolidated with it and allowing Petitioner to participate

fully herein, with the right to have notice of and appear at all conferences and hearings herein, to produce evidence and witnesses, to cross-examine witnesses, to be heard by counsel or other representatives and to submit briefs.

2. That Petitioner be granted such other, further and different relief as may be just and proper in this proceeding.

Respectfully submitted,

NEW YORK STATE ELECTRIC &
GAS CORPORATION

By: Blossom A. Peretz
William J. Cronin
Blossom A. Peretz
HUBER LAWRENCE & ABELL
99 Park Avenue
New York, New York 10016
(212) 682-6200

Dated: September 7, 1988
New York, New York

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document upon the Natural Gas Division, Office of Fuels Programs of the Economic Regulatory Administration and upon the parties listed on copies of the official service lists maintained for this proceeding.

Blossom A. Peretz

Blossom A. Peretz
Huber Lawrence & Abell
99 Park Avenue
New York, New York 10016
(212) 682-6200

Dated: New York, New York
September 7, 1988

CR

BROCK ADAMS
WASHINGTON

United States Senate

WASHINGTON, DC 20510

September 9, 1988

Economic Regulatory Administration
United States Department of Energy
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

SEP 9 04:42

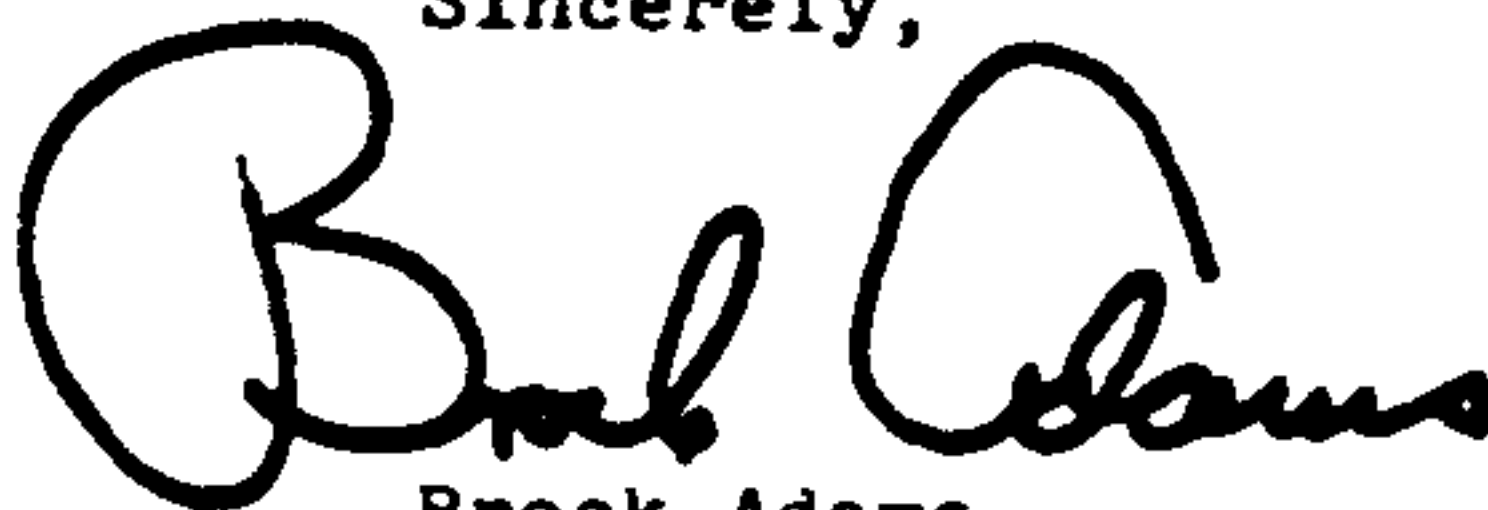
SUBJECT: ERA Docket No. 88-37-LNG -- Distrigas

Dear Sir or Madame:

The Boeing Company, one of America's largest exporters, with headquarters in Seattle, Washington, hopes to make a significant sale of its airplanes to the national flag carrier of Algeria. The Algerian government will probably insist on countertrade in liquefied natural gas before approving the airplane purchase. Boeing will count on Distrigas to discharge the countertrade obligation.

The future export of Boeing airplanes could be fostered by prompt approval of Distrigas' current application to import LNG from Algeria. Consistent with its obligations, I hope that the Economic Regulatory Administration will take that factor into consideration as it reviews the Distrigas application.

Sincerely,



Brock Adams
United States Senate

BA:mad

RC

OTHER OFFICES
HOUSTON
DALLAS
AUSTIN

BAKER & BOTTS
888 - 13TH STREET, N.W.
SUITE 800 EAST
WASHINGTON, D.C. 20004-1108

TELEPHONE (202) 638-7700
TELECOPIER (202) 638-7838

September 9, 1988

Mr. Chandler Van Orman
Department of Energy
Economic Regulatory Administration
GA-033, RG-43
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Distrigas Corporation
ERA Docket No. 88-37-LNG

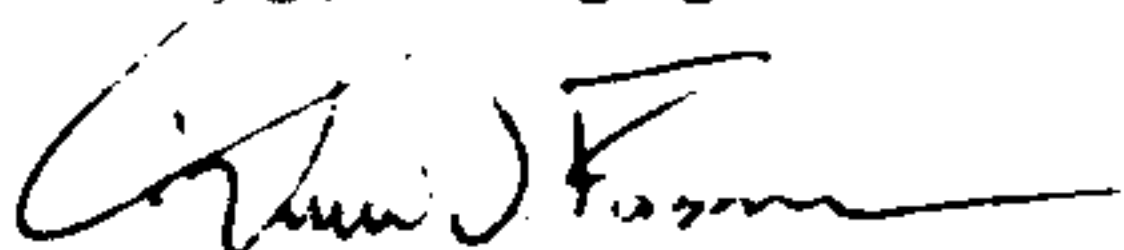
Dear Mr. Van Orman:

Enclosed for filing in the above-referenced docket are the original and fifteen (15) copies of Distrigas Corporation's "Request For Prompt Approval And Other Relief."

Also enclosed are two (2) additional copies of the submission to be time-stamped and returned to my messenger.

Thank you for your assistance in this matter.

Very truly yours,



Drew J. Fossum
Attorney for
Distrigas Corporation

cc: Constance Buckley
Lot Cooke

SEP 9 4 40 PM '88

SEP 10 1988

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

Distrigas Corporation) ERA Docket No. 88-37-LNG

REQUEST FOR PROMPT APPROVAL
AND OTHER RELIEF

On June 15, 1988, Distrigas Corporation ("Distrigas") filed its "Application to Amend Import Authority" with the Economic Regulatory Administration ("ERA"). That Application requests authority to import LNG under Amendment No. 3 to the 1976 Agreement for the Purchase and Sale of LNG between Distrigas and Sonatrach, the Algerian national energy company.

On August 9, 1988, ERA issued a public notice of the Application. 1/ Comments, protests and interventions were due on or before September 8, 1988. As of the close of business on that date, fourteen motions to intervene or letters had been filed, most of which expressed support for Distrigas' Application. There was no opposition to Distrigas' Application.

In addition to Distrigas' Application herein, on July 15, 1988, Distrigas and Distrigas of Massachusetts

1/ 53 Fed. Reg. 29940 (Aug. 9, 1988).

Corporation ("DOMAC") filed an "Abbreviated Application For Issuance of Amended Certificates of Public Convenience and Necessity, Abandonment Authority and Approval of Certain Tariff Revisions" with the Federal Energy Regulatory Commission ("Commission Application") in which they requested broad-ranging authority to sell the imported LNG that is the subject of this Application under market responsive contract structures. Public notice of the Commission Application was issued July 24, 1988. 2/ Twenty-five parties, including many actual and potential customers, intervened in that proceeding; none opposed the Commission Application while sixteen expressly supported it.

Given the strong customer support, and the absence of any opposition, Distrigas submits that prompt issuance of the amended authority to import LNG under Amendment No. 3 is warranted. Such approval would (1) assure customers of adequate LNG supplies this winter and (2) provide the Commission whatever assurances as to LNG supply it needs in order to approve the Commission Application. In that same regard, Distrigas and DOMAC have on this date filed with the Commission a "Motion for Expedited Action" on the Commission application. A copy of that filing is attached hereto as "Exhibit A."

2/ 53 Fed. Reg. 28687 (July 29, 1988).

Distrigas currently has authority to import LNG under Amendment No. 2 to the 1976 Agreement for the purchase and sale of LNG between Distrigas and Sonatrach. 3/ That authority extends until ERA authorizes imports under Amendment No. 3 or until Distrigas imports a total of five (5) cargoes, whichever comes first. 4/ Four cargoes remain to be imported under Distrigas' Amendment No. 2 authority. DOMAC has currently pending before the FERC a request that the Commission extend DOMAC's authority to make Interruptible Resale Sales ("IRS") of LNG imported under Amendment No. 2, to be coextensive with existing ERA authority.

Because of uncertainties as to the precise timing of ERA approvals and Commission approvals and to avoid any lapses in authority, Distrigas requests that ERA approve Amendment No. 3 but also allow Amendment No. 2 import authority to continue until the Commission approves Distrigas' and DOMAC's new, market responsive authority which complements Amendment No. 3. Pending such Commission approval in Docket No. CP88-587-000, DOMAC could (and would) continue to make sales under its IRS authority. Approval of this request will enable Distrigas and DOMAC to assure their customers that LNG will be available for sale under either

3/ 1 ERA (CCH) ¶ 70,131 (June 10, 1988).

4/ Id.

Amendment No. 2 or Amendment No. 3. This request can have no adverse affect on any party as all the other terms and conditions of the ERA's authority as to Amendment No. 2 would remain unchanged.

WHEREFORE, for the foregoing reasons, Distrigas requests prompt approval of its Application and continuation of authority to import LNG under Amendment No. 2.

Respectfully submitted,



Bruce F. Kiely
Randolph Q. McManus
Drew J. Fossum
Baker & Botts
Suite 500 East
555 13th Street, N.W.
Washington, D.C. 20004-1109

Paul Saba
Distrigas of Massachusetts
Corporation
Two Oliver Street
Boston, MA 02109

Attorneys for
DISTRIGAS CORPORATION
DISTRIGAS OF MASSACHUSETTS
CORPORATION

Dated: September 9, 1988

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused copies of the foregoing document to be served upon those persons designated on the official service list in this proceeding.

Dated at Washington, D.C. this 9th day of September, 1988.


Drew J. Fossum
BAKER & BOTTS
555 13th Street, N.W.
Suite 500 East
Washington, D.C. 20004-1109
(202) 639-7700

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Distrigas Corporation	)	
Distrigas of Massachusetts	)	Docket No. CP88-587
Corporation	)	

MOTION FOR EXPEDITED ACTION

Distrigas Corporation ("Distrigas") and Distrigas of Massachusetts Corporation ("DOMAC") on July 15, 1988 filed with this Commission their "Abbreviated Application For Issuance of Amended Certificates of Public Convenience and Necessity, Abandonment Authority and Approval of Certain Tariff Revisions." The Commission promptly issued a public notice of Distrigas' and DOMAC's Application. 1/ Comments, interventions and protests were due on or before August 16, 1988.

Review of the Commission's public file in the above-referenced docket reveals that twenty-five (25) interventions were filed within the prescribed period. 2/ All interventions either supported Distrigas' and DOMAC's

1/ 53 Fed. Reg. 28687 (July 29, 1988).

2/ On August 26, 1988, Columbia LNG, Inc. filed a late motion to intervene.

Application or took no position. No party requested an evidentiary hearing.

Distrigas has filed with the Economic Regulatory Administration ("ERA") an "Application to Amend Import Authority" in ERA Docket No. 88-37-LNG. Public notice of that Application was issued on August 9, 1988. 3/ That Application requests ERA authority to import LNG from Algeria to be sold pursuant to the authority requested from the Commission in this docket.

On this date, Distrigas has filed with the ERA a "Request for Prompt Approval and Other Relief" relating to Distrigas' request to import LNG. A copy of that filing is attached hereto as "Exhibit A." In that filing, Distrigas requests that ERA promptly approve the importation of LNG under Amendment No. 3 to the 1976 Agreement for the Purchase and Sale of LNG between Distrigas and Sonatrach so that Distrigas and DOMAC will have in effect the requisite authority to import and sell LNG under the terms of that Amendment on or before October 1, 1988.

Since the Application does not create a burden on any party and since there is no opposition, Distrigas and DOMAC submit that good cause exists for prompt approval of the Application so that contracts for sales of LNG at

3/ See 53 Fed. Reg. 29940 (August 9, 1988).

competitive market prices can be implemented starting October 1, 1988.

As further grounds for prompt approval, numerous customers desire to purchase LNG in liquid and vapor form commencing October 1, 1988 or earlier under the authority herein sought by DOMAC. Commission approval of the Application will facilitate those sales. The following gas customers in their interventions supported prompt approval by October 1, 1988:

1. Bay State Gas Company
2. The Berkshire Gas Company
3. Central Hudson Gas and Electric Corporation
4. The Connecticut Light and Power Company
5. Essex County Gas Company
6. Fall River Gas Company
7. Long Island Lighting Company
8. The Providence Gas Company
9. South Jersey Gas Company
10. The Southern Connecticut Gas Company
11. Valley Gas Company

In addition, the following customers and prospective customers have authorized Distrigas and DOMAC to state herein that they also favor expedited approval of the Application by October 1, 1988:

1. Boston Gas Company
2. City of Holyoke Gas & Electric Department
3. Colonial Gas Company

4. Town of Middleborough Gas & Electric Department
5. City of Norwich Department of Public Utilities
6. Fitchburg Gas & Electric Light Company

Several of DOMAC's prospective customers have expressed interest in purchasing LNG in order to alleviate a variety of supply planning problems and introduce additional supplies of competitively priced gas in the marketplace. In addition, those companies desiring to purchase or considering the purchase of LNG to support load growth in their systems and meet peak day demand have an especially strong interest in expedited approval of Distrigas and DOMAC's Application.

Central Hudson Gas and Electric Corporation stated in its intervention that it:

urges the Commission to act expeditiously on the filing before the start of the coming winter heating season. Central Hudson has a critical need for DOMAC service now. Without this service, Central Hudson will not have sufficient peak day supplies this winter to meet its expected peak day demand. 4/

Similarly, Long Island Lighting Company explained in its intervention that:

expedited Commission action is absolutely essential if Distrigas and DOMAC are to have their restructured service proposal approved and in place in time for arrangements covering this winter to be consummated. Indeed, Distrigas and DOMAC must be able to make firm commitments to provide service no later than October in order for

4/ Motion of Central Hudson Gas and Electric Corporation to Intervene, Docket No. CP88-587-000, at 3 (filed Aug. 12, 1988).

LILCO to be able to consider DOMAC a viable source of peak day supplies. 5/

Additionally, DOMAC notes that the Commission has established as a high priority the expansion of natural gas service to the Northeast. Indeed, Chairman Hesse recently stated that: "reviewing the numerous filings for expanded capacity in the Northeast . . . will be a major Commission priority in 1988." 6/ While the rate, environmental, economic, and other elements of the various Northeast pipeline proposals are being considered, DOMAC stands ready to provide competitively priced LNG to any interested local distribution company, interstate pipeline or end-user customer this winter. DOMAC's proposal involves no construction, no environmental permits, no investment in new pipelines and no demand charges. All that is needed is Commission approval of DOMAC's market-based service structure. In short, by receiving prompt Commission approval, DOMAC can help ameliorate concerns about gas supplies for this winter.

Finally, DOMAC reiterates that prompt approval of DOMAC's Application will not obligate any customer to purchase any LNG. Rather, potential customers will have the

5/ Motion of Long Island Lighting Company to Intervene, Docket No. CP88-587-000, at 5 (filed Aug. 15, 1988).

6/ Statement of FERC Chairman Martha Hesse Before the House Sub-Committee on Energy and Water Development, Committee on Appropriations (March 24, 1988).

opportunity to negotiate with DOMAC for either liquid or vapor service on market responsive terms and at market responsive prices.

WHEREFORE, for the foregoing reasons, Distrigas and DOMAC request that the Commission give Distrigas and DOMAC's Application priority treatment and approve that Application on or before October 1, 1988.

Respectfully submitted,



Bruce F. Kiely
Randolph Q. McManus
Drew J. Fossum
Baker & Botts
Suite 500 East
555 13th Street, N.W.
Washington, D.C. 20004-1109

Paul Saba
Distrigas of Massachusetts
Corporation
Two Oliver Street
Boston, MA 02109

Attorneys for
DISTRIGAS CORPORATION
DISTRIGAS OF MASSACHUSETTS
CORPORATION

Dated: September 9, 1988

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused copies of the foregoing document to be served upon those persons designated on the official service list in this proceeding.

Dated at Washington, D.C. this 9th day of September, 1988.


Drew J. Fossum
BAKER & BOTTS
555 13th Street, N.W.
Suite 500 East
Washington, D.C. 20004-1109
(202) 639-7700

OR

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

DISTRIGAS CORPORATION

ERA DOCKET NO. 88-37-LNG
" " " 88-05-LNG

ORDER GRANTING AMENDED LONG-TERM AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS FROM
ALGERIA, AMENDING A SHORT-TERM AUTHORIZATION,
AND GRANTING INTERVENTIONS

DOE/ERA OPINION AND ORDER NO. 271

SEPTEMBER 16, 1988

SEP 16 5:47

I. BACKGROUND

On June 22, 1988, Distrigas Corporation (Distrigas) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), to amend its existing liquefied natural gas (LNG) import authorization. Distrigas requested that its current authorization to import LNG from Algeria be amended to reflect changes in its 1976 contract with its supplier, Sonatrach, the Algerian national energy corporation.

The ERA granted import authorization to Distrigas on December 31, 1977, in ERA Docket No. 77-011-LNG,¹ allowing Distrigas to import Algerian LNG pursuant to an April 13, 1976, sales and purchase agreement (1976 Agreement) between Distrigas and Sonatrach. As a result of a comprehensive process of contract renegotiation, and as part of an overall settlement of disputes and claims arising from the 1976 agreement,² Distrigas and Sonatrach reached an agreement styled "amendment No. 3 to the Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976 (Amendment No.3)."

1. Unnumbered and unpublished order.

2. The renegotiation and settlement process also included settlement of take-or-pay disputes arising from, and a short-term amendment to, the 1976 Agreement. Distrigas was authorized by the ERA to import up to five cargoes of LNG pursuant to the short-term amendment in ERA Opinion and Order No. 228, Distrigas Corporation, 1 ERA ¶70,129 (March 4, 1988), as amended in ERA Opinion and Order No. 228-A, Distrigas Corporation, 1 ERA ¶70,131 (June 10, 1988).

Amendment No. 3 contemplates the importation of 17 cargoes of LNG annually for a term running from September 15, 1988, through October 1, 2003. The amendment eliminates the prior pricing formula of the 1976 Agreement and adopts instead a market-oriented concept in which Distrigas and Sonatrach, acting through its wholly owned subsidiary, Sonatrading Amsterdam B.V. (Sonatrading), establish the price for the LNG supplied by Sonatrading at the higher of: (1) the reference price, which is 63 percent of a price derived from a formula utilizing the price of alternative fuels, (2) the minimum price, which is \$1.475 per MMBtu for the contract year September 15, 1988, through September 14, 1989, and increases annually up to \$1.730 per MMBtu after September 15, 1991, or (3) 63 percent of the actual sales price received by Distrigas' affiliate, Distrigas of Massachusetts (DOMAC), for the LNG. The following is a list of prices that have been derived by applying the reference price formula during the 1987/1988 winter months:

Month	Formula Price (\$/MMBtu)	Reference Price (63% of Formula Price) (\$/MMBtu)
October 1987	3.108	1.966
November 1987	3.160	1.998
December 1987	3.073	1.943
January 1988	3.045	1.925
February 1988	2.971	1.879
March 1988	2.792	1.766

The average reference price (FOB price) for 1987-1988 would have been \$1.923 per MMBtu. After March 15 of each contract year the price for the LNG can be established by mutual agreement.

The transportation costs of the LNG are dealt with in a separate transportation agreement. The transportation cost is derived by an adjustable formula but would be approximately \$0.27 per MMBtu.

Amendment No. 3 eliminates the strict take-or-pay provisions of the 1976 Agreement. Although the amended agreement calls for Distrigas to take and pay for a minimum of nine of the 17 annual cargoes of LNG, and contemplates the sale of those nine cargoes during the winter months (September 15 through March 15), Distrigas is not obligated to take any cargo if, ten days prior to shipping, the reference price is lower than the minimum price. In addition, in the event any of the nine minimum cargoes are scheduled for delivery after March 15 of any contract year, the price shall be as agreed to by Distrigas and Sonatrading.

Amendment No. 3 also includes a make-up provision that would allow Distrigas, to the extent that it took less than 17 cargoes of LNG during a contract year, to purchase additional quantities of LNG in succeeding year(s) until the total of such additional purchases equals the amount by which the original purchases were less than the 17 cargoes of LNG. Further, if at the end of the contract term there are still quantities of LNG remaining to be shipped under the make-up provision, the contract term may be extended for five years or until the difference has been delivered, whichever comes first.

II. INTERVENTIONS

The ERA issued a notice of the application on August 4, 1988, inviting protests, motions to intervene, notices of intervention,

and comments to be filed by September 8, 1988.³ Motions to intervene in support of or without comment on the application were filed by Southern Energy Company, Consolidated Edison Company of New York, Inc., MASSPOWER, Boston Gas Company, Columbia LNG Corporation, Long Island Lighting Company, Bay State Gas Company, the Berkshire Gas Company, the Connecticut Light and Power Company, Essex County Gas Company, Fall River Gas Company, which also filed a separate letter in support of the application, New Jersey Natural Gas Company, the Providence Gas Company, South Jersey Gas Company, the Southern Connecticut Gas Company, Valley Gas Company, Elizabethtown Gas Company, Central Hudson Gas and Electric Corporation, Connecticut Natural Gas Corporation, Statoil North America, Inc., the Brooklyn Union Gas Company, and the New York State Electric and Gas Corporation. Non-intervening letters in support of the application were filed by Boston Edison Company, Boeing Commercial Airplanes, and Senator Brock Adams. There were no filings in opposition to the application.

III. DECISION

Distrigas' application has been reviewed to determine if it conforms with Section 3 of the NGA. Under Section 3, an import must be authorized unless there has been a finding that the import "will

3. 53 FR 29940, August 9, 1988.

not be consistent with the public interest."⁴ In making a Section 3 finding, the Administrator is guided by the DOE's natural gas policy guidelines.⁵ Under these guidelines, the competitiveness of the import arrangement in the markets served is the primary consideration for meeting the public interest test; however, under any long-term import proposal, such as this one, need for the supply and security of the supply are also important considerations.

The ERA has determined that Distrigas' proposed import arrangement, as set forth in its application to amend its current authorization, is consistent with the DOE policy guidelines. The market-responsive price and quantity provisions of Amendment No. 3 meet the competitiveness requirement of the guidelines. The new arrangement eliminates the pricing formula in the 1976 Agreement and instead uses a market-oriented approach in which Distrigas and Sonatrach share the risk of market fluctuations. The strict take-or-pay provisions of the 1976 Agreement have been replaced with a formula which commits Distrigas to take and pay for nine cargoes of LNG during the winter months, but which converts to an option to take if the reference price falls below the minimum price. Although there is a definite commitment to take and pay for a minimum amount of LNG, this formula should protect Distrigas from having to take LNG at above-market prices while, at the same time, ensuring a firm

4. 15 U.S.C. §717(b).

5. 49 FR 6684, February 22, 1984.

supply of LNG to DOMAC's Northeast market area during the winter-peaking season. Also, DOMAC's customers which have opposed previous requests by Distrigas to amend its authorization⁶ have not done so in this docket; they have either filed in support of or without comment on the application.

Distrigas has demonstrated a need for the LNG. Under the ERA's policy guidelines, need is viewed as a function of competitiveness, and imported gas shown to be competitive in the proposed market, which is the case here, gives rise to a rebuttable presumption of need. This presumption has not been questioned in this docket, but, rather, has been bolstered by the filings of various potential purchasers of the LNG who have intervened in support of the application.

This particular import arrangement provides a reliable and secure source of supply. Distrigas averred in its application that Algeria and Sonatrach have expressed renewed commitment to the development of an American market for Algerian LNG. No party has disputed Distrigas' statement. Also, due to the new risk-sharing pricing provisions of Amendment No. 3, Algeria will have to supply the LNG in order to receive a portion of the proceeds.

Finally, the fact that no party intervened in opposition to Distrigas' application for amended authorization, and in fact several interventions and letters in support of the application were

6. See Interventions in ERA Docket Nos. 77-011-LNG, 83-013-LNG and 88-05-LNG.

received, is strong testimony to the general support for the requested authorization. Therefore, after taking into consideration all the information in the record of this proceeding, I find that granting Distrigas authority to import LNG pursuant to its amended import arrangement with Sonatrach, as set forth in Amendment No. 3 and its application in this docket, is not inconsistent with the public interest.⁷

On September 9, 1988, Distrigas filed a request for prompt approval of its requested authorization and for other relief. The other relief sought is as follows.

Distrigas currently has short-term authority to import up to five cargoes of LNG from Algeria.⁸ That authority will expire after the five cargoes have been imported or when the ERA approves Distrigas' long-term authorization requested in this docket, whichever comes first. Only one cargo of LNG has been imported to date. DOMAC's Federal Energy Regulatory Commission (FERC)

7. Because the proposed importation of LNG will use existing facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (NEPA) (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required. Be advised that in cases not involving new construction the DOE has issued a proposed categorical exemption to NEPA (See 53 FR 29934, August 9, 1988).

8. See supra note 2.

authorization to resell the imported LNG is tied to Distrigas' short-term authorization and will expire when that authorization expires.

Distrigas and DOMAC currently have pending before the FERC an application for a certificate to enable them to sell the LNG imported pursuant to Amendment No. 3,⁹ but it is uncertain when the FERC will act on that application. Therefore, Distrigas requested that the ERA approve Amendment No. 3 but allow the short-term authorization to continue until the FERC approves Distrigas' and DOMAC's pending application which complements Amendment No. 3.

The ERA made Distrigas' short-term authorization expire upon approval by the ERA of the renegotiated long-term arrangement between Distrigas and Sonatrach because the short-term authorization was intended as an interim arrangement pending completion and approval of the restructured long-term agreement between the two parties. However, the ERA does not wish to create a situation where Distrigas is unable to import and sell LNG, particularly at a time of year when peak demand is high and DOMAC's customers need to make arrangements to meet that demand. Therefore, the ERA will extend Distrigas' short-term authorization until the effective date of the authorization granted in this order, which will be on the date of

9. See Abbreviated Application for Issuance of Amended Certificates of Public Convenience and Necessity, Abandonment Authority and Approval of Certain Tariff Revisions, FERC Docket No. CP88-587.

the final approval and acceptance of Distrigas' and DOMAC's FERC application related to Amendment No. 3.¹⁰

ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. The authorization granted Distrigas Corporation (Distrigas) by the Economic Regulatory Administration (ERA) in ERA Docket No. 77-011-LNG, issued December 31, 1977 (1977 authorization), is hereby amended in accordance with the terms of Amendment No. 3 to the Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976 (Amendment No. 3), as set forth in Distrigas' application filed in this docket. Amendment No. 3 contemplates the importation of 17 cargoes of LNG annually and extends the term of the 1976 Distrigas/Sonatrach agreement (1976 Agreement) until October 1, 2003. However, Amendment No. 3 includes make-up provisions which allow Distrigas, to the extent that it takes less than 17 cargoes of LNG during a contract year, to purchase additional quantities of LNG in succeeding year(s) until the total of such additional purchases equals the amount by which the original purchases were less than the 17 cargoes of LNG. Further, if at the end of the contract term there are still quantities of LNG remaining to be shipped under the make-up provisions, the contract term may be extended for five years (October 1, 2008) or until the difference has been delivered, whichever comes first. These make-up provisions

10. Id.

are specifically authorized by this Order. Also, Amendment No. 3 amends, among other things, the pricing provisions, the transportation arrangement, and the strict take-or-pay provisions of the 1976 agreement.

B. The effective date of the authorization granted in Ordering Paragraph A above will be the date of final approval and acceptance of Distrigas' and Distrigas of Massachusetts' (DOMAC) pending application in Federal Energy Regulatory Commission Docket No. CP88-587.

C. The second sentence in Ordering Paragraph B of the amended import authorization granted Distrigas by the ERA in DOE/ERA Opinion and Order No. 228, ERA Docket No. 88-05-LNG, issued on March 4, 1988, and further amended by DOE/ERA Opinion and Order No. 228-A, issued on June 10, 1988, is hereby amended to read as follows: "However, this authorization will automatically terminate upon the effective date of the ERA authorization of the renegotiated long-term import arrangement between Distrigas and Sonatrach, the Algerian national energy corporation, as contemplated in the original application in this docket."

D. With respect to the LNG imports authorized by this order, Distrigas shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating the total volume of the imports in MMcf and the purchase and sales price per MMBtu as well as the transportation price per MMBtu. The report shall also provide the details of each resale transaction, including identification of customers purchasing LNG imported pursuant to the

Order Paragraph A above from DOMAC, DOMAC's sales price, and the volumes sold to each customer. The report shall also include further details of each transaction, including the estimated or actual duration of each sales arrangement(s) between DOMAC and its customers, the transporters, the markets served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay, ship-or-pay, or make-up provisions.

E. Within 30 days after October 1, 2003, Distrigas will file a report with the ERA indicating whether it has any contractual right to take LNG pursuant to the make-up provisions contained in Section 6.3(b) of Amendment No. 3, giving the total make-up volumes, if any, in MMcf, and estimating the additional term that will be necessary to purchase and import the make-up volumes.

F. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, provided that participation of the intervenors shall be limited to matters specifically set forth in their motions to intervene and not herein specifically denied, and that admission of such intervenors shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on September 16, 1988.


Chandler L. van Orman
Deputy Administrator
Economic Regulatory Administration

FP

agenda will include discussions on detection and reporting, fielded and developmental systems, and technology base programs. These briefings and discussions will contain classified information that is specifically authorized under criteria established by Executive order. The classified and non-classified matters to be discussed are so inextricably intertwined as to preclude opening any portion of the meeting. Accordingly, the Secretary of the Navy has determined in writing that the public interest requires that all sessions of the meeting be closed to the public because they will be concerned with matters listed in section 552b(c)(1) of title 5, United States Code.

This Notice is being published late because operational necessity constitutes an exceptional circumstance, not allowing for 15 days' notice for this meeting.

For further information concerning this meeting contact: Commander L.W. Snyder, U.S. Navy, Office of Naval Research, 800 North Quincy Street, Arlington, VA 22217-5000, Telephone Number: (202) 698-4878.

Date: September 21, 1988.

Jane M. Virga,

Lieutenant, JAGC, U.S. Naval Reserve,
Federal Register Liaison Officer.

FR Doc. 88-21893 Filed 9-22-88; 8:45am]
BILLING CODE 2810-AE-02

DEPARTMENT OF ENERGY

Assistant Secretary for International Affairs and Energy Emergencies

Proposed Subsequent Arrangement; Japan

Pursuant to section 131 of the Atomic Energy of 1954, as amended (42 U.S.C. 2160) notice is hereby given of a proposed "subsequent arrangement" under the Agreement for Cooperation between the Government of the United States of America and the Government of Japan concerning Peaceful Uses of Nuclear Energy.

The subsequent arrangement to be carried out under the above-mentioned agreement involves the addition of the Magnox reprocessing plant located at the Sellafield site in the United Kingdom to Annex 1 of the Implementing Agreement between the Government of the United States of America and the Government of Japan Pursuant to Article 11 of Their Agreement for Cooperation Concerning Peaceful Uses of Nuclear Energy. The Magnox reprocessing line processes magnesium-uranium spent fuel from gas-

cooled reactors, and has a capacity of 1,500 metric tons per year.

In accordance with section 131 of the Atomic Energy Act of 1954, as amended, it has been determined that this subsequent arrangement will not be inimical to the common defense and security.

This subsequent arrangement will take effect no sooner than fifteen days after the date of publication of this notice and after fifteen days of continuous session of the Congress, beginning the day after the date on which the reports required by section 131 of the Atomic Energy Act of 1954, as amended (U.S.C. 2160) are submitted to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate. The two time periods referred to above may run concurrently.

For the Department of Energy.

Date: September 19, 1988.

Richard H. Williamson,

Acting Assistant Secretary for International Affairs and Energy Emergencies.

[FR Doc. 88-21851 Filed 9-22-88; 8:45 am]

BILLING CODE 6450-01-0

Economic Regulatory Administration

(ERA Docket Nos. 88-37-LNG; 88-05-LNG)

Distrigas Corp.; Authorization to Import Liquefied Natural Gas From Algeria

AGENCY: Economic Regulatory Administration, DOE.

ACTION: Notice of order granting amended long-term authorization to import liquefied natural gas from Algeria, amending a short-term authorization, and granting interventions.

SUMMARY: The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice that it has issued an order amending Distrigas Corporation's (Distrigas) authorization, issued in ERA Docket No. 77-011-LNG on December 31, 1977, under which Distrigas is authorized to import liquefied natural gas (LNG) from Algeria. The order authorizes, in ERA Docket No. 88-37-LNG, a long-term amendment (Amendment No. 3) to the April 13, 1978, sales and purchase agreement (1978 Agreement) between Distrigas and its supplier, Sonatrach, the Algerian national energy corporation. Amendment No. 3, among other things, extends the term of the 1978 Agreement until October 1, 2003, and includes make-up provisions which could extend the authorization until as late as

October 1, 2003. Also, Amendment No. 3 changes the pricing provisions, provides for new transportation arrangements, and removes the strict take-or-pay provisions of the 1978 Agreement. The effective date of the authorization will be on the date of final approval and acceptance of Distrigas' and Distrigas of Massachusetts' pending application in Federal Energy Regulatory Commission Docket No. CP88-587. The order granted intervention to all movants.

In ERA Docket No. 88-05-LNG, the order amended a short-term import authorization granted Distrigas by the ERA in DOE/ERA Opinion and Order No. 228, issued on March 4, 1988, and further amended by DOE/ERA Opinion and Order No. 229-A, issued on June 10, 1988, by extending the term of that authorization until the effective date of the authorization granted pursuant to Amendment No. 3.

A copy of this order is available in the Natural Gas Division Docket Room, GA-076, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20505, (202) 586-9478. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except holidays.

Issued in Washington, DC, on September 16, 1988.

Constance L. Buckley,

Acting Director, Office of Fuels Programs,
Economic Regulatory Administration.

[FR Doc. 88-21852 Filed 9-22-88; 8:45 am]

BILLING CODE 6450-01-0

(ERA Docket No. 88-35-NG)

Northern Natural Gas Co.; Order Granting Amendment to Authorization to Import Natural Gas and Granting Interventions

AGENCY: Economic Regulatory Administration, DOE.

ACTION: Notice of order amending an authorization to import natural gas.

SUMMARY: The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice that it has issued an order amending DOE/ERA Opinion and Order No. 76 (Order 76) that granted authorization to Northern Natural Gas Company (Northern) to import Canadian natural gas. This order, DOE/ERA Opinion and Order No. 279, issued in ERA Docket No. 88-25-NG, increases the volume of gas Northern may import from 135,000 Mcf per day up to 200,000 Mcf per day from September 18, 1988, through October 31, 1988. All other terms and conditions of Order 76 remain in effect.

CR

OTHER OFFICES

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555 - 13TH STREET, N.W.
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TELEPHONE (202) 639-7700
TELECOPIER (202) 639-7832

December 16, 1988

Chandler van Orman
Acting Administrator
Economic Regulatory Administration
Department of Energy
Forrestal Building
1000 Independence Avenue
Washington, DC 20585

Re: Distrigas Corporation, ERA Docket Nos. 88-37-LNG,
88-05-LNG, Order No. 271 (September 16, 1988)

Dear Administrator van Orman:

On September 16, 1988, the Economic Regulatory Administration ("ERA") of the Department of Energy ("DOE") issued its "Order Granting Amended Long-term Authorization to Import Liquefied Natural Gas from Algeria, Amended Short-term Authorization, and Granting Intervention" ("Order No. 271") in the above-referenced docket. In Order No. 271, the ERA amended the authorization previously granted to Distrigas in ERA Docket No. 77-011-LNG, issued December 31, 1977, in accordance with the terms of "Amendment No. 3 to Agreement for the Sale and Purchase of Liquefied Natural Gas of April 13, 1976" ("Amendment No. 3"). In ordering paragraph "B" of Order No. 271, the ERA determined that the effective date of the amended authorization would be the date of the acceptance by Distrigas and Distrigas of Massachusetts Corporation ("DOMAC") of certificates in FERC Docket No. CP88-587-000, authorizing the sale by DOMAC of LNG Imported under Amendment No. 3.

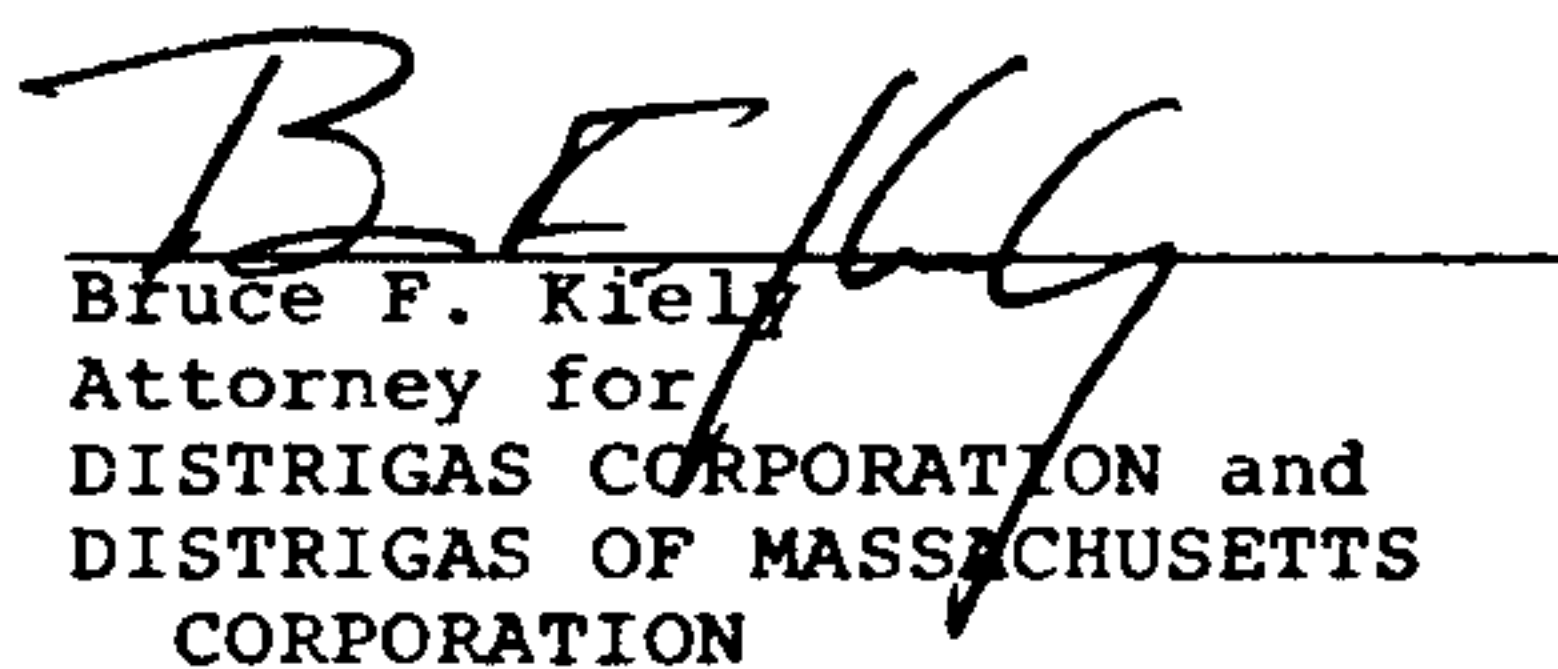
On December 16, 1988, the FERC issued an order in FERC Docket No. CP88-587-000 amending Distrigas and DOMAC's certificates of public convenience and necessity to authorize, inter alia, the sale of gas imported under Amendment No. 3 in interstate commerce. The Commission order sets rate caps which may not permit DOMAC to sell at full market rates as contemplated by Order No. 271. DOMAC may seek to have the Commission adjust those caps to reflect market prices consistent with Order No. 271. In the meantime, DOMAC expects to be able to operate with those

12:55 PM

Mr. van Orman
December 16, 1988
Page 2

caps and has filed with the Commission a letter accepting the authorization. A copy of that letter of acceptance is attached hereto. This acceptance fulfills the requirement of Ordering Paragraph B of the Order No. 271, and renders the authorization granted in that Order effective as of this date.

Very truly yours,


Bruce F. Kiely
Attorney for
DISTRIGAS CORPORATION and
DISTRIGAS OF MASSACHUSETTS
CORPORATION

Attachment

cc: Constance Buckley
All Parties to ERA Docket Nos. 88-37-LNG and 88-05-LNG



DISTRIGAS OF MASSACHUSETTS CORPORATION

December 16, 1988

Lois D. Cashell
Secretary
Federal Energy Regulatory
Commission
825 North Capitol Street, N.E.
Room 9310
Washington, DC 20426

Re: Distrigas Corporation and Distrigas of
Massachusetts Corporation, Docket No. CP88-587-000

Dear Ms. Cashell:

Distrigas Corporation ("Distrigas") and Distrigas of Massachusetts Corporation ("DOMAC") hereby notify the Federal Energy Regulatory Commission ("Commission") that they accept the amended certificates of public convenience and necessity and all other approvals and authorizations issued to them by Commission Order issued December 16, 1988, in Docket No. CP88-587 (the "Order"). Distrigas and DOMAC's acceptance is without prejudice to Distrigas and DOMAC's

DISTRIGAS

rights to seek reconsideration or seek rehearing and
judicial review under Section 19 of the Natural Gas Act of
certain conditions imposed in the Order.

Respectfully submitted,

DISTRIGAS CORPORATION
DISTRIGAS OF MASSACHUSETTS
CORPORATION



R. Gordon Shearer

cc: All Parties

Q+

OTHER OFFICES
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TELEPHONE (202) 639-7700
TELECOPIER (202) 639-7832

May 3, 1989

Office of Fuels Programs
Docket Room

MAY 6 1989

Ms. Constance Buckley
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, SW
Washington, DC 20585

Re: Distrigas Corporation,
ERA Docket No. 88-37-LNG

Dear Ms. Buckley:

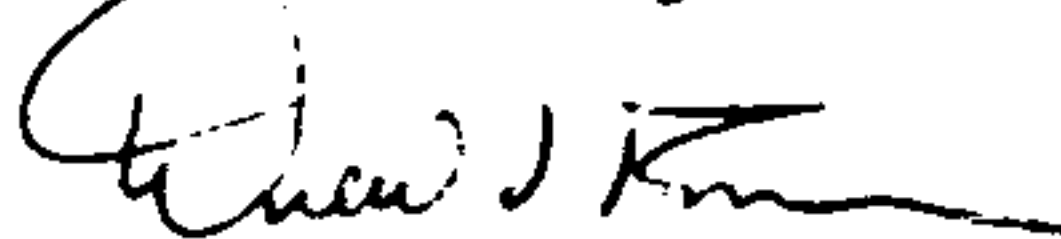
Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies of the quarterly report required by ordering paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, to describe both its imports and resales of LNG undertaken pursuant to Order No. 271.

Also enclosed are two (2) additional copies of this letter and the enclosed report to be time-stamped and returned to my messenger.

Should any questions arise regarding this report, please contact Mr. Charles Hagedorn at Distrigas, (617) 437-6669, Mr. Randolph Q. McManus at Baker & Botts, (202) 639-7725, or the undersigned at (202) 639-7757.

Thank you for your attention to this matter.

Respectfully submitted,



Drew J. Fossum

Attorney for
DISTRIGAS CORPORATION

Enclosures

cc: Mr. Lot Cooke

Clerk of Fuel
 Docket Room
 MAY 8 1989

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 (As of March 31, 1988)

Page 1 of 7

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Average MMBtus Per Loaded Mcf	Average MMBtus Per Landed Mcf
Mostefa Ben Boulaid	1/9/89	2,878,851	2,802,383	\$1.7805 (B)	\$2.1859 (C)	1.115	1.123
Mostefa Ben Boulaid	1/29/89	2,812,893	2,722,804	\$1.9240 (B)	\$2.3400 (C)	1.069	1.075
Mostefa Ben Boulaid	2/20/89	2,826,500	2,730,809	\$2.0311 (B)	\$2.4538 (C)	1.072	1.074
Bachir Chihani	3/14/89	2,952,514	2,883,604	\$1.4750 (B)	\$1.8567 (C)	1.068	1.080

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu At 100% Load Factor	Total Price Per MMBtu At 100% Load Factor
January, 1989	\$2.6189	\$0.8628	\$3.4817
February, 1989	\$2.7610	\$0.8684	\$3.6294
March, 1989	\$2.3066	\$0.8771	\$3.1837

** NOTES **

(A) - Shipping is arranged under the contract dated February 21, 1988 between Distrigas Corporation and SONATRACH.

(B) - Subject to revision pursuant to the provisions of Amendment No. 3 of the 1976 LNG purchase contract.

(C) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1989)

Page 2 of 7

III. DOMAC Sales By Customer

Customer	Volume (MMBtu)	Contract Duration	Markets Served
Bay State Gas Company	400,669	1/1/89 - 3/8/89	Massachusetts
	256,914	12/17/88 - 3/31/89	
	136,000	(A)	
Berkshire Gas Company	22,000	12/17/88 - 3/31/89	Massachusetts
	5,375	(A)	
	15,925	(A)	
Boston Edison Company	1,002,701	3/1/89 - 4/1/89	Massachusetts
Boston Gas Company			Massachusetts
Boiloff	103,155	Ten Years	
Other Sales	685,000	12/17/88 - 3/31/89	
	2,013,661	10/1/88 - 9/30/91	
Central Hudson Gas Co.	711,600	12/17/88 - 3/31/89	New York
	253,400	(A)	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1989)

Page 3 of 7

III. DOMAC Sales By Customer

Customer	Volume (MMBtu)	Contract Duration	Markets Served
Colonial Gas Company	1,015 52,045	12/17/88 - 3/31/89 " "	Massachusetts
	150,000	12/17/88 - 3/31/89	
	139,996	(A)	
Consolidated Edison Co. of New York	122,251	(A)	New York
Connecticut Light & Power Company	900,000	12/17/88 - 3/31/89	Connecticut
Energynorth, Inc.	30,488 261,500	12/17/88 - 3/31/89 " "	New Hampshire
	5,431	3/8/89 - 4/30/89	
Essex County Gas Co.	81,000	12/17/88 - 3/31/89	Massachusetts
	6,000	(A)	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1989)

Page 4 of 7

III. DOMAC Sales By Customer

Customer	Volume (MMBtu)	Contract Duration	Markets Served
Fall River Gas Company	222,000	12/17/88 - 3/15/89	Massachusetts
	101,846	12/17/88 - 3/31/89	
	4,000	" "	
	27,000	(A)	
Fitchburg Gas & Electric Company	31,300	(A)	Massachusetts
Granite State Transmission Company	121,000	(A)	New Hampshire
	185,850	(A)	
	9,500	(A)	
Holyoke Gas Company	5,581	12/17/88 - 3/31/89	
	21,840	" "	Massachusetts
	9,168	(A)	
	40,000	(A)	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1989)

Page 5 of 7

III. DOMAC Sales By Customer

Customer	Volume (MMBtu)	Contract Duration	Markets Served
Lowell Cogeneration Company, LP	336,700	12/17/88 - 4/1/89	Massachusetts
Middleborough Gas & Electric Department	37,650	12/17/88 - 3/31/89	Massachusetts
	600	(A)	
North Attleboro Gas Co.	46,400	12/17/88 - 3/31/89	Massachusetts
Piedmont Natural Gas Company	180,000	12/17/88 - 2/15/89	
Providence Gas Company	483,146	12/17/88 - 3/31/89	Rhode Island
	8,000	" "	
	85,000	(A)	
	50,000	(A)	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1989)

Page 6 of 7

III. DOMAC Sales By Customer

Customer	Volume (MMBtu)	Contract Duration	Markets Served
Public Service Gas & Electric Company	908,593	12/17/88 - 3/31/89	New Jersey
So. Connecticut Gas Co.	414,853	12/17/88 - 3/31/89	Connecticut
	648,147	12/17/88 - 3/31/89	
	251,297	(A)	
	66,648	(A)	
South Jersey Gas Company	156,698	12/17/88 - 3/31/89	New Jersey
Valley Gas Company	105,853	12/17/88 - 3/8/89	Rhode Island
	5,000	(A)	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1989)

Page 7 of 7

III. DOMAC Sales By Customer

Customer	Volume (MMBtu)	Contract Duration	Markets Served
-----	-----	-----	-----

** NOTES **

(A) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

BAKER & BOTTS

555 - 13TH STREET, N.W.

SUITE 500 EAST

WASHINGTON, D.C. 20004-1109

OTHER OFFICES
HOUSTON
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AUSTIN

TELEPHONE (202) 639-7700
TELECOPIER (202) 639-7832

July 21, 1989

Ms. Constance Buckley
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

REC'D DOE/FE
OFFICE OF FUELS PROGRAM
JUL 21 1989

Re: Distrigas Corporation, ERA Docket No. 88-37-LNG

Dear Ms. Buckley:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies of the quarterly report required by Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, to describe both its imports and resales of LNG undertaken pursuant to Order No. 271.

Also enclosed are two (2) additional copies of this letter and the enclosed report to be time-stamped and returned to my messenger.

Should any questions arise regarding this report, please contact Mr. Charles Hagedorn at Distrigas, (617) 345-4103, Mr. Randolph Q. McManus at Baker & Botts, (202) 639-7725 or the undersigned at (202) 639-7757.

Thank you for your attention to this matter.

Respectfully submitted,

Drew J. Fossum
Drew J. Fossum
Attorney for
DISTRIGAS CORPORATION

Enclosures

cc: Mr. Lot Cooke

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of June 30, 1988)

Page 1 of 4

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Mostefa Ben Boulaid	4/13/89	2,846,016	2,728,892	\$1.4750 (B)	\$1.8932 (D)	2,524,414	1,081,000
Mostefa Ben Boulaid	5/6/89	2,827,159	2,728,121	\$1.5261 (B)	\$1.9347 (D)	2,537,787	1,075,000
Mostefa Ben Boulaid	6/1/89	2,817,284	2,728,785	\$1.4750 (C)	\$1.8749 (D)	2,533,691	1,077,000
Mostefa Ben Boulaid	6/22/89	2,811,439	2,724,800	\$1.4750 (C)	\$1.8739 (D)	2,527,644	1,078,000

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu At 100% Load Factor	Total Price Per MMBtu At 100% Load Factor
April, 1989	\$2.3046	\$0.0000	\$2.3046
May, 1989	\$2.4045	\$0.0000	\$2.4045
June, 1989	\$2.4172	\$0.0000	\$2.4172

** NOTES **

(A) - Shipping is arranged under the contract dated February 21, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of Amendment No. 3 of the 1976 LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of June 30, 1989)

Page 2 of 4

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	967,643	4/14/89 - 11/1/89	Massachusetts
Berkshire Gas Company	89,783	(B)	Massachusetts
Boston Gas Company			Massachusetts
Boiloff	114,262	Ten Years	
Other Sales	1,162,128	6/15/88 - 6/14/98	
	93,243	6/16/89 - 6/21/89	
	2,552,253	(B)	
	416,358	6/1/89 - 10/31/89	
Central Hudson Gas Co.	725,196	(B)	New York
Colonial Gas Company	15,979	6/22/89 - 11/30/89	Massachusetts
	107,791	(B)	
	236,448	(B)	
	95,177	(B)	
Connecticut Natural Gas Company	119,334	5/22/89 - 11/3/89	Connecticut
Connecticut Light & Power Company	126,662	(B)	Connecticut
	138,786	(B)	
Energynorth, Inc.	3,180	3/8/89 - 4/30/89	New Hampshire
	2,481	6/5/89 - 7/30/89	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of June 30, 1989)

Page 3 of 4

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Essex County Gas Co.	8,690 33,245	12/17/88 - 5/1/89 (B)	Massachusetts
Fall River Gas Company	51,773	(B)	Massachusetts
Fitchburg Gas & Electric Company	26,369	(B)	Massachusetts
Holyoke Gas Company	1,728	(B)	Massachusetts
Middleborough Gas & Electric Department	43,002	(B)	Massachusetts
North Attleboro Gas Co.	27,736	(B)	Massachusetts
City of Norwich, Dept. of Public Utilities	61,956	(B)	Massachusetts
Public Service Gas & Electric Company	797	4/11/89 - 4/30/89	New Jersey
So. Connecticut Gas Co.	296,507 248,142	4/10/89 - 11/1/89 (B)	Connecticut
South Jersey Gas Company	3,995	12/17/88 - 4/30/89	New Jersey
Valley Gas Company	3,701	(B)	Rhode Island

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of June 30, 1989)

Page 4 of 4

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served

** NOTES **

(A) - Calculated using a three month average Btu factor of 1,081,000 Btus/MCF.

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

BAKER & BOTTS

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TELEPHONE (202) 639-7700
TELECOPIER (202) 639-7632

OTHER OFFICES
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DALLAS
AUSTIN

September 27, 1989

Ms. Constance Buckley
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

REC'D DOE/FE
OFFICE OF FUELS PROGRAMS
29 SEP 1989

Re: Distrigas Corporation, ERA Docket No. 88-37-LNG

Dear Ms. Buckley:

Enclosed for filing are an original and 15 copies of an amendment of the quarterly report for the second quarter, 1989. This filing revises page 1 of the report originally filed herein on July 21, 1989, to reflect the actual purchase and landed prices for the June 1 and June 22, 1989 cargos. In accordance with the purchase contract, these prices remain subject to audit.

Should you have any questions regarding this amendment, please call Mr. Charles K. Hagedorn at (617) 345-4103 or the undersigned at (202) 639-7725.

Very truly yours,



Randolph Q. McManus
Attorney for
DISTRIGAS CORPORATION

Enclosures

cc: Mr. Lot Cooke

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of June 30, 1989)

Page 1 of 1

- R E V I S E D -

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Mostefa Ben Boulaid	4/13/89	2,846,016	2,728,892	\$1.4750 (B)	\$1.8932 (D)	2,524,414	1,081,000
Mostefa Ben Boulaid	5/6/89	2,827,159	2,728,121	\$1.5251 (B)	\$1.9347 (D)	2,537,787	1,075,000
Mostefa Ben Boulaid	6/1/89	2,817,284	2,728,785	\$1.5314 (B)	\$1.9331 (D)	2,533,691	1,077,000
Mostefa Ben Boulaid	6/22/89	2,811,439	2,724,800	\$1.5049 (B)	\$1.9048 (D)	2,527,644	1,078,000

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu At 100% Load Factor	Total Price Per MMBtu At 100% Load Factor
April, 1989	\$2.3046	\$0.0000	\$2.3046
May, 1989	\$2.4045	\$0.0000	\$2.4045
June, 1989	\$2.4172	\$0.0000	\$2.4172

** NOTES **

(A) - Shipping is arranged under the contract dated February 21, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of Amendment No. 3 of the 1976 LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

OTHER OFFICES
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REC'D DOE/FE OFF

BAKER & BOTTS
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OCT 25 1989

October 25, 1989

Ms. Constance Buckley
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

REC'D DOE/FE
OFFICE OF FUELS PROGRAMS
OCT 25 1989

Re: Distrigas Corporation, ERA Docket No. 88-37-LNG

Dear Ms. Buckley:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies of the quarterly report required by Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, to describe both imports and resales of LNG undertaken pursuant to Order No. 271. Two additional copies of this filing are enclosed to be time-stamped and returned to my messenger.

Should any questions arise regarding this report, please contact Mr. Charles Hagedorn at Distrigas, (617) 345-4103 or the undersigned at (202) 639-7725.

Thank you for your attention to this matter.

Very truly yours,



Randolph Q. McManus
Attorney for
DISTRIGAS CORPORATION

Enclosures

cc: Mr. Lot Cooke

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of September 30, 1989)

Page 1 of 4

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Mourad Didouche	7/20/89	2,655,590	2,528,993	\$1.4750 (B)	\$1.9061 (D)	2,268,359	1,114,900
Mourad Didouche	8/22/89	2,555,858	2,462,221	\$1.4750 (B)	\$1.8866 (D)	2,283,852	1,078,100
Mourad Didouche	9/12/89	2,634,942	2,536,087	\$1.4750 (C)	\$1.8664 (D)	2,253,699	1,125,300
Mostefa Ben Boulaid	9/25/89	2,927,627	2,803,285	\$1.7000 (C)	\$2.1048 (D)	2,486,725	1,127,300

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu At 100% Load Factor	Total Price Per MMBtu At 100% Load Factor
July, 1989	\$2.3254	\$0.0000	\$2.3254
August, 1989	\$2.3962	\$0.0000	\$2.3962
September, 1989	\$2.1986	\$0.0000	\$2.1986

** NOTES **

(A) - Shipping is arranged under the contract dated February 21, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of Amendment No. 3 of the 1976 LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of September 30, 1989)

Page 2 of 4

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	794,074	4/14/89 - 11/1/89	Massachusetts
Boston Edison Company	1,995,985	9/1/89 - 9/30/89	
Boston Gas Company			Massachusetts
Boiloff	131,715	Ten Years	
Other Sales	63,710	7/17/89 - 7/21/89	
	195,590	6/5/89 - 10/31/89	
	1,248,618	6/1/89 - 10/31/89	
	2,409,929	(B)	
	47,168	6/1/89 - 10/31/89	
Central Hudson Gas Co.	393,013	(B)	New York
Colonial Gas Company	346,787	6/22/89 - 11/30/89	Massachusetts
	36,530	(B)	
	34,703	(B)	
	109,407	(B)	
Connecticut Natural Gas Company	155,724	5/22/89 - 11/3/89	Connecticut
	6,393	(B)	
Connecticut Light & Power Company	171,688	(B)	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of September 30, 1989)

Page 3 of 4

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Energynorth, Inc.	5,745 3,243	6/5/89 - 8/31/89 9/1/89 - 10/31/89	New Hampshire
Essex County Gas Co.	50,748 67,568	(B) (B)	Massachusetts
Fall River Gas Company	113,242 30,515	(B) 9/1/89 - 10/31/89	Massachusetts
Middleborough Gas & Electric Department	16,895	(B)	Massachusetts
North Attleboro Gas Co.	5,662	(B)	Massachusetts
City of Norwich, Dept. of Public Utilities	17,352	(B)	Massachusetts
Providence Gas Company	182,718	(B)	Rhode Island
So. Connecticut Gas Co.	227,111	(B)	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of September 30, 1989)

Page 4 of 4

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
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** NOTES **

-
- (A) - Calculated using a three month average Btu factor of 1,106,000 Btus/MCF.
- (B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

OTHER OFFICES
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January 30, 1990

Ms. Constance Buckley
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

REC'D DOE/FE
OFFICE OF
JAN 31 1990

Re: Distrigas Corporation, ERA Docket No. 88-37-LNG
Distrigas Corporation, FE Docket No. 89-16-LNG

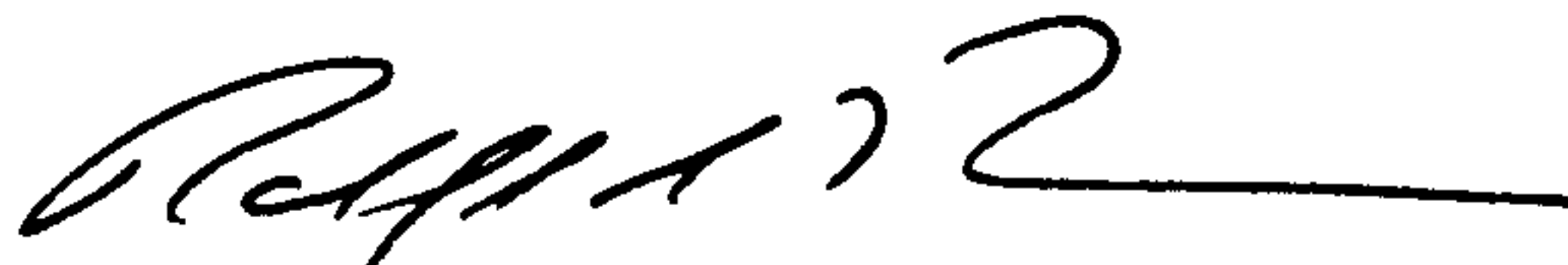
Dear Ms. Buckley:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies each of the quarterly reports required by (1) Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, and (2) Ordering Paragraph D of the DOE/FE's Opinion and Order No. 322. These reports describe both imports and resales of LNG undertaken pursuant to the indicated Orders. Two additional copies of each report are enclosed to be time-stamped and returned to my messenger.

Should any questions arise regarding these reports, please contact Mr. Charles Hagedorn at (617) 345-4103 or the undersigned at (202) 639-7725.

Thank you for your attention to this matter.

Very truly yours,



Randolph Q. McManus
Attorney for Distrigas Corporation

Enclosures

Mr. Lot Cooke

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of December 31, 1989)

Page 1 of 5

REC'D DOE/FE
OFFICE OF ENERGY DELIVERY
10 JAN 1990

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Mostefa Ben Boulaid	10/17/89	2,813,160	2,730,393	\$1.9821 (C)	\$2.3753 (D)	2,529,078	1,079,600
Mostefa Ben Boulaid	11/9/89	2,806,480	2,721,174	\$1.9821 (C)	\$2.3756 (D)	2,523,578	1,078,300

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu (E)	Total Tailgate Sales Price Per MMBtu
October 1989	\$2.2531	\$0.1128	\$2.3659
November 1989	\$2.6414	\$0.4667	\$3.1081
December 1989	\$2.6485	\$0.4304	\$3.0789

** NOTES **

- (A) - Shipping is arranged under the contract dated February 21, 1988 between Distrigas Corporation and SONATRACH.
- (B) - Price is final, subject to audit.
- (C) - Subject to revision pursuant to the provisions of Amendment No. 3 of the 1976 LNG purchase contract.
- (D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.
- (E) - Represents total call payments divided by all volumes delivered in the quarter, regardless of whether firm or interruptible.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of December 31, 1989)

Page 2 of 5

III. DOMAC Sales By Customer

Customer	Volume (MLF) (A)	Contract Duration	Markets Served
Bay State Gas Company	37,253	4/14/89 - 11/10/89	Massachusetts
	52,923	10/26/89 - 11/18/89	
	1,729	12/16/89 - 10/31/90	
Berkshire Gas Company	26,169	10/1/89 - 9/30/94	Massachusetts
	1,109	(B)	
Boston Gas Company			Massachusetts
Boiloff	135,749	Ten Years	
Other Sales	2,112,772	(B)	
	598,166	(B)	
	138,321	11/1/89 - 10/31/90	
	802,465	11/11/89 - 3/31/90	
	56,827	4/14/89 - 6/14/98	
Central Hudson Gas Co.	372,482	(B)	New York
	304,925	12/17/88 - 3/31/90	
Colonial Gas Company	2,574	6/22/89 - 11/30/89	Massachusetts
	120,409	(B)	
	223,293	(B)	
	63,584	10/1/89 - 9/30/94	
Consolidated Edison of New York	181,533	11/8/89 - 3/31/90	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of December 31, 1989)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Energynorth, Inc.	1,551 29,781 92,735	9/1/89 - 10/31/89 11/1/89 - 10/31/90 11/8/89 - 3/31/90	New Hampshire
Essex County Gas Co.	67,216 19,554 42,514	(B) (B) 11/1/89 - 10/31/90	Massachusetts
Fall River Gas Company	7,673 18,628 202,690	9/1/89 - 10/31/89 11/1/89 - 10/31/90 10/1/89 - 9/30/92	Massachusetts
Fitchburg Gas & Electric Light Company	3,322	11/1/89 - 11/17/89	Massachusetts
Granite State Transmission Company	86,099	(B)	Massachusetts
City of Holyoke, Gas & Electric Dept.	6,717	12/1/89 - 10/31/90	Massachusetts
Middleborough Gas & Electric Department	897 13,309	(B) 11/1/89 - 10/31/90	Massachusetts
North Attleboro Gas Co.	14,669	10/1/89 - 9/30/90	Massachusetts

Distrigas Corporation
Distrigas of Massachusetts Corporation
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(As of December 31, 1989)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Northern Utilities, Inc.	2,346	11/1/89 - 11/10/89	Massachusetts
Orange & Rockland Utilities Inc.	24,278	11/1/89 - 10/31/90	New York
Providence Gas Company	39,863 73,565	(B) 11/1/89 - 10/31/90	Rhode Island
Southern Connecticut Gas Company	39,377 150,277 142,489	(B) 11/1/89 - 10/31/90 4/10/89 - 11/10/89	Connecticut
Valley Gas Company	90,771 26,528	10/13/89 - 11/17/89 11/1/89 - 10/31/90	Rhode Island
Yankee Gas Services, Inc.	373,338 55,952 30,418	11/1/89 - 10/31/90 (B) 11/1/89 - 11/10/89	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
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(As of December 31, 1989)

Page 5 of 5

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
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** NOTES **

(A) - Calculated using a three month average Btu factor of 1,106,000 Btus/MCF.

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

OTHER OFFICES
HOUSTON
DALLAS
AUSTIN

BAKER & BOTTS
555 - 13TH STREET, N.W.
SUITE 500 EAST
WASHINGTON, D.C. 20004-1108

TELEPHONE (202) 639-7700
TELECOPIER (202) 639-7832

April 30, 1990

Ms. Constance Buckley
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Distrigas Corporation, ERA Docket No. 88-37-LNG
Distrigas Corporation, FE Docket No. 89-16-LNG

REC'D DOE/FE
OFFICE OF FUEL PROGRAM
1990 APR 30 P 4:32

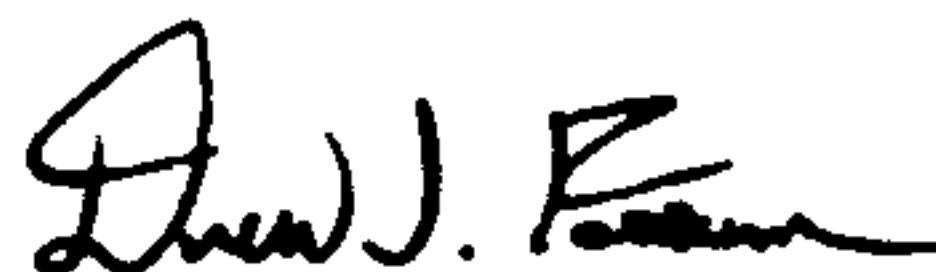
Dear Ms. Buckley:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies each of the quarterly reports required by (1) Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, and (2) Ordering Paragraph D of the DOE/FE's Opinion and Order No. 322. These reports describe both imports and resales of LNG undertaken pursuant to the indicated Orders. Two additional copies of each report are enclosed to be time-stamped and returned to my messenger.

Should any questions arise regarding these reports, please contact Mr. Charles Hagedorn at (617) 345-4103 or the undersigned at (202) 639-7757.

Thank you for your attention to this matter.

Very truly yours,



Drew J. Fossum
Attorney for Distrigas Corporation

Enclosures

Mr. Lot Cooke

REC'D DOE/FE
OFFICE OF FUEL PROGRAM

1990 APR 20 P 4: 34

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1990)

Page 1 of 5

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Larbi Ben M'Hidi	1/1/90	2,935,329	2,800,952	\$2.1567 (C)	\$2.6056 (D)	2,597,081	1,078,500
Mostefa Ben Boulaid	2/2/90	2,806,076	2,718,347	\$2.7286 (C)	\$3.1598 (D)	2,533,172	1,073,100
Mostefa Ben Boulaid	3/5/90	2,831,828	2,722,729	\$2.9600 (C)	\$3.4237 (D)	2,528,537	1,076,800

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu (E)	Total Tailgate Sales Price Per MMBtu
January 1990	\$3.1846	\$0.9323	\$4.1169
February 1990	\$3.1300	\$0.6952	\$3.8252
March 1990	\$2.9546	\$0.6943	\$3.6489

** NOTES **

(A) - Shipping is arranged under the contract dated February 21, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of Amendment No. 3 of the 1976 LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

(E) - Represents total call payments divided by all volumes delivered in the quarter, regardless of whether firm or interruptible.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	40,212	12/15/89 - 10/31/90	Massachusetts
	37,670	1/9/90 - 10/31/90	
	30,698	(B)	
Berkshire Gas Company	73,459	10/1/88 - 9/30/94	Massachusetts
	106,747	1/1/90 - 10/31/90	
Boston Gas Company			Massachusetts
Boiloff	113,675	Ten Years	
Other Sales	363,824	11/1/88 - 10/31/90	
	284,659	(B)	
	291	11/11/89 - 3/31/90	
	238,349	1/1/90 - 10/31/90	
	140,725	1/19/90 - 10/31/90	
	1,043,357	6/14/88 - 6/14/98	
Central Hudson Gas Co.	596,757	12/17/88 - 3/31/90	New York
Colonial Gas Company	112,203	10/1/88 - 9/30/94	Massachusetts
	125,928	1/1/90 - 10/31/90	
Energynorth, Inc.	17,925	11/1/88 - 10/31/90	New Hampshire
	93,643	1/1/90 - 10/31/90	
	48,646	(B)	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Essex County Gas Co.	54,692	11/1/89 - 10/31/90	Massachusetts
Fall River Gas Company	193,094	10/1/89 - 9/30/92	Massachusetts
	79,249	11/1/89 - 10/31/90	
	49,243	2/15/90 - 10/31/90	
City of Holyoke, Gas and Electric Dept.	3,544	12/1/89 - 10/31/90	Massachusetts
	11,990	1/16/90 - 10/31/90	
Lowell Cogeneration, LP	208,319	11/1/89 - 4/30/90	Massachusetts
Middleborough Gas & Electric Department	11,668	11/1/89 - 10/31/90	Massachusetts
New Jersey Natural Gas Co.	19,251	1/29/90 - 10/31/90	New Jersey
North Attleboro Gas Co.	18,832	10/1/89 - 9/30/90	Massachusetts
Orange & Rockland Utilities Inc.	107,371	11/1/89 - 10/31/90	New York
	1,035,165	(B)	
Providence Gas Company	423,209	11/1/89 - 10/31/90	Rhode Island
	80,568	2/15/90 - 10/31/90	
Southern Connecticut Gas Company	87,162	(B)	Connecticut
	246,011	11/1/89 - 10/31/90	
	135,762	1/1/90 - 10/31/90	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Valley Gas Company	39,488 14,751	11/1/89 - 10/31/90 1/17/90 - 10/31/90	Rhode Island
Yankee Gas Services, Inc.	379,873 69,585	11/1/88 - 10/31/90 1/1/90 - 10/31/90	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
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** NOTES **

(A) - Calculated using a three month average Btu factor of 1,079,700 Btus/MCF.

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

OTHER OFFICES
HOUSTON
DALLAS
AUSTIN

BAKER & BOTTS
555 - 13TH STREET, N.W.
SUITE 500 EAST
WASHINGTON, D.C. 20004-1109

TELEPHONE (202) 639-7700
TELECOPIER (202) 639-7832

July 31, 1990

HAND DELIVERED

REC'D DOE/FE
OFFICE OF FUEL PROGRAM
JUL 31 P 4:20

Mr. Clifford Tomaszewski
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Distrigas Corporation, ERA Docket No. 88-37-LNG
Distrigas Corporation, FE Docket No. 89-16-LNG

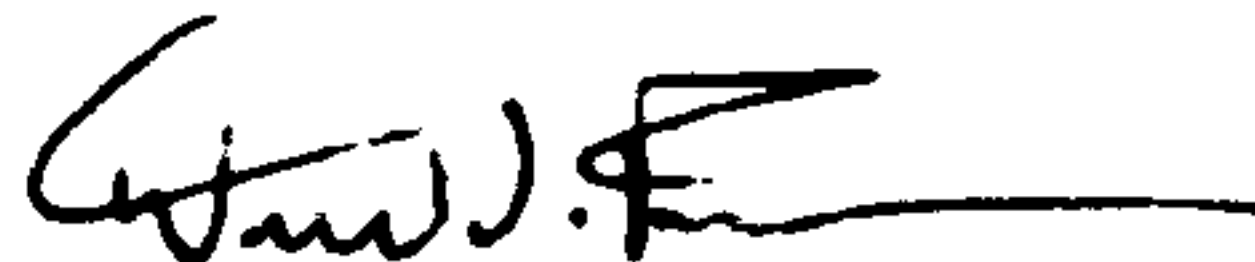
Dear Mr. Tomaszewski:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies each of the quarterly reports required by (1) Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, and (2) Ordering Paragraph D of the DOE/FE's Opinion and Order No. 322. These reports describe both imports and resales of LNG undertaken pursuant to the indicated Orders. Two additional copies of each report are enclosed to be time-stamped and returned to my messenger.

Should any questions arise regarding these reports, please contact Mr. Charles Hagedorn at (617) 345-4103 or the undersigned at (202) 639-7757.

Thank you for your attention to this matter.

Very truly yours,



Drew J. Fossum
Attorney for Distrigas Corporation

Enclosures

cc: Mr. Lot Cooke

REC'D DOE/FE
OFFICE OF FUEL PROGRAM

1990 JUL 31 P 4: 21

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Louisiana	5/09/90	2,890,525	2,806,993	\$1.4000 (C)	\$1.7767 (D)	2,599,790	1,079,700
Mostefa Ben Boulaid	5/24/90	2,815,071	2,709,865	\$1.4000 (C)	\$1.7941 (D)	2,509,831	1,079,700
Larbi Ben M'Hidi	6/13/90	2,943,545	2,776,328	\$1.4000 (C)	\$1.8283 (D)	2,567,583	1,081,300

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
April 1990	\$2.3782	\$0.0000	\$2.3782
May 1990	\$2.2569	\$0.0000	\$2.2569
June 1990	\$2.2038	\$0.0000	\$2.2038

** NOTES **

(A) - Shipping is arranged under the contract dated December 11, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1990)

ORIGINAL

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	830 579,850	1/9/90 - 10/31/90 3/30/90 - 11/15/90	Massachusetts
Berkshire Gas Company	74,930 4,669 234	10/1/89 - 9/30/94 1/1/90 - 10/31/90 2/15/90 - 10/31/90	Massachusetts
Boston Edison	4,219,980	(B)	Massachusetts
Boston Gas Company			Massachusetts
Boiloff	148,149	Ten Years	
Other Sales	135,354 515,929 924,845 46,731 62,911 109,062	11/1/89 - 10/31/90 (B) (B) 5/1/90 - 10/31/90 5/1/90 - 10/31/90 3/29/90 - 10/31/90	
Central Hudson Gas Co.	36,988	(B)	New York
Colonial Gas Company	246,276 31,201 192,539	10/1/89 - 9/30/94 6/8/90 - 10/31/90 (B)	Massachusetts
Con Edison Of NY	13,712	5/5/90 - 10/31/90	New York
Connecticut Natural	187,349	5/15/90 - 9/30/90	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Energynorth, Inc.	3,335 38,447	11/1/89 - 10/31/90 1/1/90 - 10/31/90	New Hampshire
Essex County Gas Co.	25,926	11/1/89 - 10/31/90	Massachusetts
Fall River Gas Company	206,991 3,255	10/1/89 - 9/30/92 2/15/90 - 10/31/90	Massachusetts
Lowell Cogeneration, LP	12,020	11/1/89 - 4/30/90	Massachusetts
Middleborough Gas & Electric Department	7,471	11/1/89 - 10/31/90	Massachusetts
North Attleboro Gas Co.	15,525	10/1/89 - 9/30/90	Massachusetts
Orange & Rockland Utilities Inc.	4,656	(8)	New York
Providence Gas Company	10,076	2/15/90 - 10/31/90	Rhode Island
Southern Connecticut Gas Company	33,058 49,290 239,671 17,391	(8) 11/1/89 - 10/31/93 5/8/90 - 11/16/90 1/1/90 - 10/31/90	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1990)

Page 4 of 4

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
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** NOTES **

(A) - Calculated using a three month average Btu factor of 1,062,800 Btus/MCF.

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 (As of December 31, 1990)

Page 1 of 8

REC'D DOE/FE
 OFFICE OF ENERGY PROGRAMS

RECEIVED JAN 11 1991

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Mostefa Ben Boulaid	10/14/90	2,843,036	2,707,564	\$3.0303 (C)	\$3.5497 (D)	2,507,236	1,079,900
Mostefa Ben Boulaid	11/10/90	2,816,806	2,695,106	\$3.0303 (C)	\$3.5334 (D)	2,493,465	1,000,900
Louisiana	11/30/90	2,897,343	2,793,912	\$3.2081 (C)	\$3.6883 (D)	2,582,236	1,077,800
Bachir Chihani	12/29/90	2,959,158	2,813,633	\$3.1306 (C)	\$3.6753 (D)	2,500,382	1,006,600

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu (E)	Total Tailgate Sales Price Per MMBtu
October 1990	\$2.7693	\$0.4577	\$3.2270
November 1990	\$3.3459	\$1.0372	\$4.3831
December 1990	\$3.4128	\$1.3782	\$4.7910

** NOTES **

(A) - Shipping is arranged under the contract dated February 21, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of Amendment No. 3 of the 1976 LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

(E) - Represents total call payments divided by all volumes delivered in the quarter, regardless of whether firm or interruptible.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required for Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of December 31, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	507,619 183,862	11/01/90 - 10/31/91 3/30/90 - 11/15/90	Massachusetts
Berkshire Gas Company	53,633 36,750 1,192	10/01/88 - 09/30/94 1/01/90 - 10/31/90 2/15/90 - 10/31/90	Massachusetts
Boston Edison Company	2,865,679	(B)	Massachusetts
Boston Gas Company			Massachusetts
Balloff	192,787	Ten Years	
Other Sales	179,702	(B)	
	127,530	(B)	
	69,540	Ten Years	
	160,980	11/01/88 - 10/31/90	
	17,067	11/01/90 - 10/31/91	
	49,605	(B)	
	101,213	(B)	
	14,234	5/01/90 - 10/31/90	
	19,260	5/01/90 - 10/31/90	
Central Hudson Gas Co.	529,805 22,989	10/01/90 - 9/30/92 (B)	New York

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 (As of December 31, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Colonial Gas Company	81,054	10/01/89 - 9/30/94	Massachusetts
	3,586	11/01/90 - 10/31/95	
	76,730	10/01/90 - 10/31/90	
	13,433	12/29/90 - 1/28/91	
	2,564	10/01/89 - 9/30/94	
	16,543	(B)	
	40,861	(B)	
Commonwealth Gas	6,902	11/01/90 - 3/31/91	Massachusetts
Connecticut Natural	811	5/15/90 - 9/30/90	Connecticut
Delmarva Power	30,220	10/23/90 - 10/31/90	Delaware
Dontar	36,797	11/01/90 - 3/31/91	California
Elizabethtown Gas Co.	20,321	10/07/90 - 10/31/90	New Jersey
Energynorth, Inc.	2,448	11/01/89 - 10/31/90	New Hampshire
	2,432	11/16/90 - 11/30/90	
Essex	17,435	11/01/89 - 10/31/90	Massachusetts

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 (As of December 31, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Fall River Gas Company	299,322 34,010 17,452	10/01/88 - 9/30/92 02/15/90 - 10/31/90 11/01/90 - 10/31/91	Massachusetts
GTE Products Corp.	92	12/01/90 - 3/31/91	New Jersey
Lowell Cogeneration, LP	159,480	11/01/90 - 3/31/91	Massachusetts
Middleborough Gas & Electric Department	1,378 7,861 2,805	11/01/88 - 10/31/90 11/28/90 - 12/31/90 (B)	Massachusetts
N.J. Natural	92,313 43,620	11/01/88 - 10/31/91 (B)	New Jersey
North Attleboro Gas Co.	34,017	10/01/88 - 9/30/91	Massachusetts
Northern Utilities	3,187	10/29/90 - 10/31/90	Massachusetts
Ocean State	4,608	12/01/88 - 12/12/90	Massachusetts
Orange & Rockland Utilities Inc.	437,510	(B)	New York

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of December 31, 1990)

Page 5 of 8

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Providence Gas Company	128,960 175,587	11/01/90 - 10/31/91 (B)	Rhode Island
Public Service Electric	38,088	10/10/90 - 11/15/90	New Jersey
Southern Connecticut Gas Company	194,025 25,857 19,748 77,230 27,586 106,563	11/01/89 - 10/31/94 11/01/89 - 10/31/94 01/01/90 - 10/31/90 11/01/90 - 10/31/92 (B) 5/08/90 - 11/18/90	Connecticut
South Jersey	13,517 38,168	9/15/90 - 11/02/90 11/01/90 - 10/31/2000	New Jersey
Valley Gas	15,034	9/11/90 - 10/31/90	Rhode Island
Westfield	4,845	11/01/90 - 10/31/91	Massachusetts
WGP	49,312	11/01/90 - 10/31/91	Oregon

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of December 31, 1990)

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III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Yankee Gas Services, Inc.	297,493	11/01/90 - 10/31/92	Connecticut
	53,070	11/01/90 - 10/31/91	
	28,472	11/28/90 - 12/15/90	
	40,480	(B)	
	16,604	12/13/90 - 3/31/91	
	51,584	10/01/90 - 10/31/90	

** NOTES **

(A) - Calculated using a three month average Btu factor of 1,087,100 Btus/MCF.

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1991)

Page 1 of 8

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Bachir Chihani	01/24/91	2,949,406	2,814,282	\$2.9621 (B)	\$3.4857 (D)	2,574,352	1,093,200
Bachir Chihani	03/06/91	3,045,172	2,849,597	\$2.9621 (B)	\$3.5515 (D)	2,513,759	1,133,600

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu (E)	Total Tailgate Sales Price Per MMBtu
January 1991	\$3.1496	\$0.6782	\$3.8278
February 1991	\$3.2130	\$1.0930	\$4.3060
March 1991	\$2.5040	\$1.9710	\$4.4750

** NOTES **

(A) - Shipping is arranged under the contract dated February 21, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of Amendment No. 3 of the 1976 LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

(E) - Represents total call payments divided by all volumes delivered in the quarter, regardless of whether firm or interruptible.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1991)

Page 2 of 6

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	543,887	11/01/90 - 10/31/91	Massachusetts
Berkshire Gas Company	79,587	10/01/89 - 09/30/94	Massachusetts
Boston Edison Company	1,643,198	(B)	Massachusetts
Boston Gas Company			Massachusetts
Boiloff	105,044	Ten Years	
Other Sales	136,739	(B)	
	93,606	11/01/90 - 10/31/91	
	1,116,579	(B)	
Central Hudson Gas Co.	173,861	10/01/90 - 09/30/92	New York
Colonial Gas Company	38,908	10/01/89 - 09/30/94	Massachusetts
	14,987	11/01/90 - 10/31/95	
	69,240	12/29/90 - 01/28/91	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1991)

Page 3 of 6

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Dexter Gypsum, Inc.	45,152	11/01/90 - 03/31/91	California
Elizabethtown Gas Co.	2,759	11/01/90 - 10/31/91	New Jersey
Energynorth, Inc.	37,117	11/01/90 - 10/31/91	New Hampshire
Essex	13,118	(B)	Massachusetts
Fall River Gas Company	139,383 109,459	10/01/89 - 09/30/92 11/01/90 - 10/31/91	Massachusetts
Lowell Cogeneration, LP	75,531 10,646	11/01/90 - 03/31/91 11/01/90 - 03/31/91	Massachusetts
N.J. Natural	3,221 6,983	(B) 11/01/90 - 10/31/91	New Jersey

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1991)

Page 4 of 6

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
North Attleboro Gas Co.	22,599	10/01/90 - 09/30/91	Massachusetts
Orange & Rockland Utilities Inc.	27,539	(B)	New York
Pepperell	28,865	11/01/90 - 10/31/91	New York
Providence Gas Company	278,317	11/01/90 - 10/31/91	Rhode Island
Southern Connecticut Gas Company	128,201 107,584 22,179	11/01/90 - 10/31/94 11/01/90 - 10/31/9 (B)	Connecticut
South Jersey	8,804	11/01/90 - 10/31/2000	New Jersey

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1991)

Page 5 of 6

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Valley Gas	15,211	(B)	Rhode Island
WGP	37,307	11/01/90 - 10/31/91	Oregon
Yankee Gas Services, Inc.	336,142	11/01/90 - 10/31/92	Connecticut
	57,978	(B)	
	105,938	12/13/90 - 03/31/91	

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
(As of March 31, 1991)

Page 6 of 8

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
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** NOTES **

(A) - Calculated using a three month average Btu factor of 1,103,930 Btus/MCF.

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.



Distrigas of Massachusetts Corporation
200 State Street
Boston, Massachusetts 02109
Tel: (617) 330-8500
Fax: (617) 330-8577
Telex: 413191

July 31, 1991

Mr. Clifford Tomaszewski
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

RE: Distrigas Corporation, ERA Docket No. 88-37-LNG
Distrigas Corporation, FE Docket No. 89-16-LNG

Dear Mr. Tomaszewski:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies each of the quarterly reports required by (1) Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, and (2) Ordering Paragraph D of the DOE/FE's Opinion and Order No. 322. These reports describe both imports and resales of LNG undertaken pursuant to the indicated Orders. An additional copy of each report is enclosed to be time-stamped and returned to me in the enclosed self-addressed envelope.

Should any questions arise regarding these reports, please contact me at (617) 345-4105.

Thank you for your attention to this matter.

Regards,

Hung T. Pham-Do
Regulatory Analyst

Enclosures

REC'D DOE/FE

REC'D DOE/FE
MAY 1 1991
P 12:1

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1991)

Page 1 of 5

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Bachir Chihani	04/12/91	2,975,774	2,838,404	\$1.4500 (B)	\$1.8686 (D)	2,612,910	1,086,300

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
April 1991	\$2.3527	\$0.0000	\$2.3527
May 1991	\$2.4993	\$0.0000	\$2.4993
June 1991	\$2.1587	\$0.0000	\$2.1587

** NOTES **

(A) - Shipping is arranged under the contract dated December 11, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1991)

Page 2 of 5

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	242,514 17,593	11/01/90 - 10/31/91 05/01/91 - 09/30/91	Massachusetts
Boston Edison Company	259,724	(B)	Massachusetts
Boston Gas Company			Massachusetts
Boiloff	214,283	Ten Years	
Other Sales	160,003	04/01/91 - 10/31/91	
	274,765	(B)	
	19,827	(B)	
	135,810	(B)	
Colonial Gas Company	2,515	10/01/89 - 09/30/94	Massachusetts
Connecticut Nat'l Gas Corp.	198,198	05/09/91 - 09/30/91	Connecticut
CNG Energy Co.	724	05/20/91 - 05/31/92	Pennsylvania

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1991)

Page 3 of 5

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
EnergyNorth	3,298	11/01/90 - 10/31/91	New Hampshire
Fall River Gas Company	294,405	10/01/89 - 09/30/92	Massachusetts
Gillette Company	85,206	(B)	Massachusetts
Northeast Energy Associates	8,485	(B)	Massachusetts
North Attleboro Gas Co.	3,497	10/01/90 - 09/30/91	Massachusetts
Onst Company	945	11/15/90 - 01/31/93	New York
Providence Gas	40,836	11/01/90 - 10/31/91	New York

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1991)

Page 4 of 5

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Southern Connecticut Gas Company	7,875 18,534 14,054	(B) 11/01/89 - 10/31/94 11/01/90 - 10/31/93	Connecticut
Westfield	3,539	11/01/90 - 10/31/91	Massachusetts

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under DOE/FE Opinion and Order 322
Docket No. 89-16-LNG
(As of June 30, 1991)

Page 5 of 5

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served

** NOTES **

(A) - Calculated using a three month average Btu factor of 1,108,000 Btus/MCF.

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended September 30, 1991

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf

There were no shipments received in the reporting period.

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
July 1991	\$0.0000	\$0.0000	\$0.0000
August 1991	\$0.0000	\$0.0000	\$0.0000
September 1991	\$2.4618	\$0.0000	\$2.4618

** NOTES **

(A) - Shipping is arranged under the contract dated December 11, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

RECEIVED
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Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended September 30, 1991

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	20,258	11/01/90 - 10/31/91	Massachusetts
	92,588	06/01/91 - 09/30/91	
Boston Gas Company			Massachusetts
Boiloff	22,312	Ten Years	
Other Sales	24,788	04/01/91 - 10/31/91	
	133,512	(B)	
	98,155	11/01/90 - 10/31/91	
Coastal Gas Marketing co.	24,941	(B)	Massachusetts
Colonial Gas Company	5,435	10/01/89 - 09/30/95	Massachusetts
Essex County Gas Company	5,085	7/1/91 - 10/31/91	Massachusetts
Fall River Gas Company	45,511	10/01/89 - 09/30/92	Massachusetts
Middleborough Gas & Electric Co.	408	(B)	Massachusetts
Northeast Energy Associates	2,519	(B)	Massachusetts
Northern Utilities, Inc.	3,831	9/20/91 - 9/30/91	Connecticut
Southern Connecticut Gas Company	45,257	6/1/91 - 11/15/91	Connecticut

** NOTES **

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.



Department of Energy
Washington, DC 20585

December 13, 1991

Paul F. Saba
Distrigas Corporation
Two Oliver Street
Boston, MA 02109

RE: Reporting Requirements [Opinion No. 271 & Docket No. 88-37LNG]

Dear Mr. Saba:

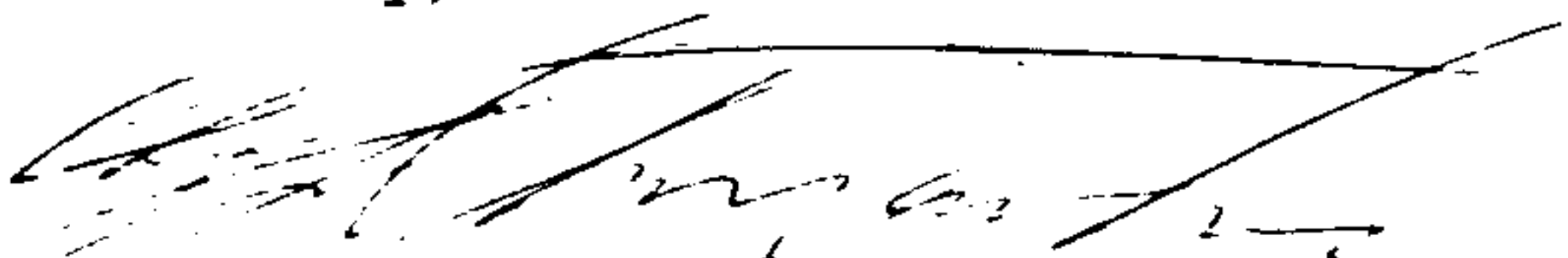
The purpose of this letter is to emphasize the importance of the reporting requirements that the Department of Energy, Office of Fuels Programs (OFP), places on all holders of natural gas import and export authorizations. Information provided by these reports is essential to OFP's administration of this program.

There are two basic reporting requirements. First, authorization holders must notify OFP in writing within two weeks of the date of the initial deliveries of natural gas under an authorization. Second, authorization holders are required to file a report with OFP not later than 30 days after each calendar quarter, indicating whether sales were made during the reporting period and, if so, providing, by month, the details of each transaction, as specified by each order. Quarterly reports must be filed irrespective of current import or export activity and whether or not initial deliveries have commenced. If no imports or exports have been made, a one-sentence report of "no activity" is appropriate. In addition, both reports must be received by OFP on or before their due date to be considered filed on time.

The complete, accurate, and timely submission of reports is an important condition of continuing authorization. OFP intends to enforce this condition and therefore emphasizes that failure to file properly the fourth quarter 1991 report by January 30, 1992, may result in termination of authority.

Should you have any question regarding the timing or contents of the reports described above, please contact Mr. Christopher J. Freitas on (202) 586-1657. The filings described above may be sent to OFP by means of a facsimile machine at (202) 586-6050, or regular mail, and overnight delivery to the following address: Office of Fuels Programs; U.S. Department of Energy; FE-50, Room 3H-087; 1000 Independence Avenue, S.W.; Washington, D.C. 20585.

Sincerely,



Clifford P. Tomaszewski
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy



Department of Energy
Washington, DC 20585

December 13, 1991

Bruce F. Kiley
Randolph Q. McManus
Baker & Botts
555 13th St., N.W., Suite 550 East
Washington, D.C. 20006

RE: Reporting Requirements [Opinion No. 271 & Docket No. 88-37LNG]

Dear Sirs:

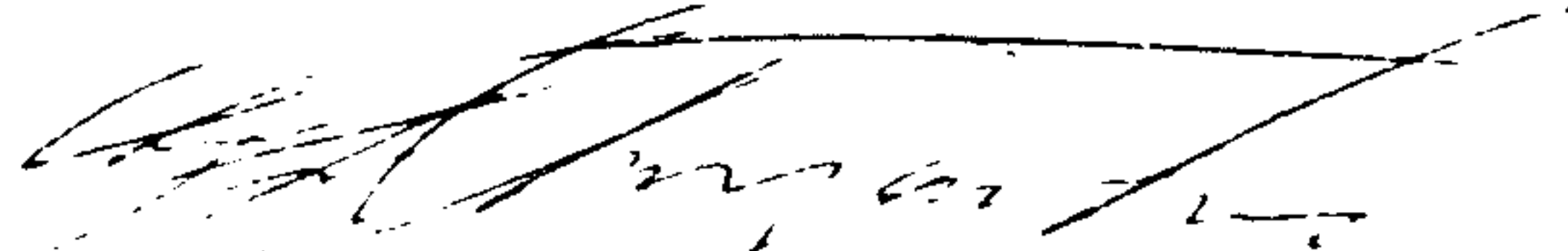
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There are two basic reporting requirements. First, authorization holders must notify OFP in writing within two weeks of the date of the initial deliveries of natural gas under an authorization. Second, authorization holders are required to file a report with OFP not later than 30 days after each calendar quarter, indicating whether sales were made during the reporting period and, if so, providing, by month, the details of each transaction, as specified by each order. Quarterly reports must be filed irrespective of current import or export activity and whether or not initial deliveries have commenced. If no imports or exports have been made, a one-sentence report of "no activity" is appropriate. In addition, both reports must be received by OFP on or before their due date to be considered filed on time.

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Should you have any question regarding the timing or contents of the reports described above, please contact Mr. Christopher J. Freitas on (202) 586-1657. The filings described above may be sent to OFP by means of a facsimile machine at (202) 586-6050, or regular mail, and overnight delivery to the following address: Office of Fuels Programs; U.S. Department of Energy; FE-50, Room 3H-087; 1000 Independence Avenue, S.W.; Washington, D.C. 20585.

Sincerely,



Clifford P. Tomaszewski
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1991

REC'D DOE/FE/OFD

JAN 29 1992

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Mostafa Ben Bouleld	10/2/91	2,846,793	2,715,708	\$2.2268 (C)	\$2.6727 (D)	2,501,113	1,085,800
Mostafa Ben Bouleld	10/26/91	2,816,148	2,716,535	\$2.2380 (C)	\$2.6605 (D)	2,503,257	1,085,200
Larbi Ben M'Hidi	11/16/91	2,942,751	2,789,400	\$2.2380 (C)	\$2.6959 (D)	2,565,201	1,087,400
Mostafa Ben Bouleld	12/4/91	2,840,656	2,684,871	\$2.3645 (C)	\$2.8306 (D)	2,474,079	1,085,200
Mostafa Ben Bouleld	12/27/91	2,820,188	2,710,941	\$2.3853 (C)	\$2.8295 (D)	2,497,412	1,085,500

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
October 1991	\$2.5573	\$0.5823	\$3.1396
November 1991	\$3.0213	\$0.8262	\$3.8475
December 1991	\$3.2307	\$0.8177	\$4.0484

** NOTES **

(A) - Shipping is arranged under the contract dated December 11, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1991

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	276,148	11/01/91 - 10/31/92	Massachusetts
	192,198	(B)	
	36,714	(B)	
	56,772	10/9/91 - 10/31/91	
Berkshire Gas Company	59,941	(B)	Massachusetts
	56,493	10/1/89 - 9/30/94	
Blackstone Gas Company	59,250	11/01/91 - 10/31/92	Massachusetts
Boston Edison Company	20,888	(B)	Massachusetts
Boston Gas Company			Massachusetts
Boltolf	186,570	12/17/88 - 12/16/98	
Other Sales	277,513	11/01/91 - 10/31/92	
	2,520,360	(B)	
	71,134	(B)	
	400,260	6/14/89 - 6/14/98	
	94,218	11/01/80 - 10/31/91	
Bristol & Warren Gas Company	8,264	(B)	Rhode Island
Brooklyn Interstate Gas Company	6,884	(B)	New York
Capitol District Energy Center Cogeneration Associates	62,630	(B)	Connecticut
Central Hudson Gas Company	13,774	10/01/80 - 09/30/92	New York
	147,782	(B)	

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1991

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Colonial Gas Company	807,394	(B)	Massachusetts
	248,703	(B)	
	220,056	(B)	
	215,779	(B)	
	23,536	10/01/89 - 09/30/94	
	22,948	10/01/90 - 09/30/95	
	57,339	10/1/91 - 10/31/91	
EnergyNorth	5,879	11/01/91 - 10/31/92	New Hampshire
	2,232	11/01/90 - 10/31/91	
Essex County Gas Company	22,087	7/1/91 - 10/31/91	Massachusetts
	81,991	(B)	
Fall River Gas Company	390,663	10/01/89 - 09/30/92	Massachusetts
	13,089	11/01/91 - 10/31/92	
	39,767	11/01/90 - 10/31/91	
	2,755	(B)	
Middleborough Gas & Electric Co.	40,385	(B)	Massachusetts
	3,392	11/01/91 - 3/31/92	
Northeast Energy Associates	452,753	12/1/91 - 2/29/92	Massachusetts
	494,825	(B)	
New Jersey Natural Gas	112,951	11/01/91 - 10/31/92	New Jersey
	28,401	1/7/91 - 10/31/91	
North Attleboro Gas Company	23,841	10/01/89 - 09/30/93	Massachusetts
	1,101	(B)	

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1991

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Northern Utilities, Inc.	808	9/20/91 - 10/31/91	Massachusetts
O & R Energy, Inc.	68,934	(B)	New York
Ocean State Power	25,815	(B)	Rhode Island
ONSI Company	1,427	11/15/90 - 1/31/93	Connecticut
Orange & Rockland Utilities, Inc.	525,470	(B)	New York
Pepperell Power Associates	62,554	(B)	Massachusetts
Providence Gas	208,088 101,284	11/01/91 - 10/31/92 (B)	Rhode Island
Southern Connecticut Gas Company	27,538 27,538 290,959 449,748 122,352	11/01/90 - 10/31/94 11/01/90 - 10/31/92 (B) (B) 6/1/91 - 11/15/91	Connecticut
South Jersey Gas Company	29,893	11/01/90 - 10/31/2000	New Jersey
Valley Gas Company	13,141 9,958 136,983	11/01/91 - 10/31/92 11/01/90 - 10/31/91 (B)	Rhode Island
Westfield Gas & Electric Company	10,175	11/01/90 - 10/31/91	Massachusetts

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
Quarter Ended December 31, 1991

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Yankee Gas Services Company	315,847	11/01/89 - 10/31/92	Connecticut
	131,833	11/01/91 - 10/31/92	
	38,567	(B)	
	23,209	10/8/91 - 10/31/91	

** NOTES **

(A) - Calculated using an average Btu factor of 1,089,300 Btus

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.



Distrigas Corporation
200 State Street
Boston, Massachusetts 02109
Tel: (617) 330-8500
Fax: (617) 330-8577
Telex: 413191

April 8, 1992

Mr. Clifford Tomaszewski
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

REC'D DOE/FE
APR 10 1992

RE: Distrigas Corporation, ERA Docket No. 88-37-LNG
Distrigas Corporation, FE Docket No. 89-16-LNG

Dear Mr. Tomaszewski:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies each of the quarterly reports required by (1) Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, and (2) Ordering Paragraph D of the DOE/FE's Opinion and Order No. 322. These reports describe both imports and resales of LNG undertaken pursuant to the indicated Orders. An additional copy of each report is enclosed to be time-stamped and returned to me in the enclosed self-addressed envelope.

Should any questions arise regarding these reports, please contact me at the above number.

Thank you for your attention to this matter.

Regards,

Charles K. Hagedorn
Controller

CKH:sh
Enclosures

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resale
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended March 31, 1992

REC'D DOE/FE

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average MMBtus Per Landed Mcf
Mostafa Ben Bouleld	1/22/92	2,822,500	2,698,834	\$2.2921 (C)	\$2.7641 (D)	2,493,380	1,082,400
Mostafa Ben Bouleld	2/17/92	2,823,883	2,708,254	\$2.2156 (C)	\$2.6758 (D)	2,503,007	1,082,000
Mostafa Ben Bouleld	3/11/92	2,831,282	2,714,792	\$1.7300 (C)	\$2.1699 (D)	2,503,285	1,084,500

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
January 1992	\$3.5717	\$0.8157	\$4.3874
February 1992	\$3.5035	\$0.8157	\$4.3192
March 1992	\$2.6707	\$0.8184	\$3.4891

** NOTES **

(A) - Shipping is arranged under the contract dated December 11, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distributions Corporation
 Distributions of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended March 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	550,925 12,879	11/01/91 - 10/31/92 (B)	Massachusetts
Berkshire Gas Company	37,818 75,643	(B) 10/1/89 - 9/30/94	Massachusetts
Blackstone Gas Company	10,178	11/01/91 - 10/31/92	Massachusetts
Boston Gas Company			Massachusetts
Boltoll	122,106	12/17/88 - 12/16/98	
Other Sales	280,341 4,257,546	11/01/91 - 10/31/92 (B)	
Bristol & Warren Gas Company	42,727	(B)	Rhode Island
Brooklyn Interstate Gas Company	5,289	(B)	Connecticut
Central Hudson Gas Company	17,044 41,388	10/01/90 - 09/30/92 (B)	New York
Colonial Gas Company	343,921 370,546 201,479 73,989 99,202	(B) (B) (B) 10/01/89 - 09/30/94 10/01/90 - 09/30/95	Massachusetts
Commonwealth Gas Company	63,086	(B)	
EnergyNorth	17,391	11/01/91 - 10/31/92	New Hampshire
Essex County Gas Company	78,389	(B)	Massachusetts

District Gas Corporation
 District Gas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended March 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Fall River Gas Company	294,157 79,585	10/01/89 - 09/30/92 11/01/91 - 10/31/92	Massachusetts
Middleborough Gas & Electric Co.	875	11/01/91 - 3/31/92	Massachusetts
Northeast Energy Associates	704,155 22,905	12/1/91 - 2/29/92 (B)	Massachusetts
New Jersey Natural Gas	7,384	11/01/91 - 10/31/92	New Jersey
North Attleboro Gas Company	23,005	10/01/89 - 09/30/93	Massachusetts
O & R Energy, Inc.	87,808	(B)	New York
ONSI Company	480	11/15/90 - 1/31/93	Connecticut
Pepperell Power Associates	78,159	(B)	Massachusetts
Providence Gas	45,008 151,940 247,434	11/01/91 - 10/31/92 11/01/91 - 10/31/92 (B)	Rhode Island
Southern Connecticut Gas Company	69,860 69,860 59,975 9,200	11/01/89 - 10/31/94 11/01/90 - 10/31/92 (B) (B)	Connecticut
South Jersey Gas Company	6,511	11/01/90 - 10/31/2000	New Jersey
Valley Gas Company	2,917 111,019	(B) (B)	Rhode Island

Dinegas Corporation
 Dinegas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended March 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Yankee Gas Services Company	180,027	11/01/89 - 10/31/92	Connecticut
	88,080	11/01/91 - 10/31/92	
	28,402	11/01/91 - 10/31/92	
	66,353	(B)	

** NOTES **

(A) - Calculated using an average Btu factor of 1,095,000 Btus

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.



Distrigas of Massachusetts Corporation
200 State Street
Boston, Massachusetts 02109
Tel: (617) 330-8500
Fax: (617) 330-8577
Telex: 413191

July 21, 1992

REC'D DOE/FE

1992 JUL 23 P 3:14

Mr. Clifford Tomaszewski
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 3F056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

RE: Distrigas Corporation, ERA Docket No. 88-97-LNG
Distrigas Corporation, FE Docket No. 89-16-LNG

Dear Mr. Tomaszewski:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies of each of the quarterly reports required by (1) Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, and (2) Ordering Paragraph D of the DOE/FE's Opinion and Order No. 322. These reports describe both imports and resales of LNG undertaken pursuant to the indicated Orders. An additional copy of each report, is enclosed to be time-stamped and returned to me in the enclosed self-addressed envelope.

Should any questions arise regarding these reports, please contact me at the above number.

Thank you for your attention to this matter.

Regards,

Charles K. Hagedorn
Controller

CKH:seb009

Enclosures

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended June 30, 1992

1992 JUL 23 P 3 16

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf) REG/DIME/FE	Average MMBtus Per Landed Mcf
Mostafa Ben Boulaid	4/15/92	2,839,260	2,762,019	\$1.5500 (B)	\$1.9570 (D)	2,531,408	1,091,100

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
April 1992	\$2.3589	\$0.8184	\$3.1783
May 1992	\$2.2335	\$0.8184	\$3.0519
June 1992	N/A	\$0.8180	\$0.8180

-- NOTES --

(A) - Shipping is arranged under the contract dated December 11, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended June 30, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	65,150 19,508 22,419	11/01/91 - 10/31/92 (B) 5/18/92 - 9/30/92	Massachusetts
Blackstone Gas Company	4,991	11/01/91 - 10/31/92	Massachusetts
Boston Gas Company			Massachusetts
Bolloff	125,573	12/17/88 - 12/16/88	
Other Sales	832,225	(B)	
Colonial Gas Company	24,083 7,230 64,133 24,280	(B) (B) (B) 10/01/89 - 09/30/94	Massachusetts
CNG Transmission Company	4,332	5/1/92 - 9/30/92	West Virginia
EnergyNorth	2,439	11/01/91 - 10/31/92	New Hampshire
Fall River Gas Company	151,331	10/01/89 - 09/30/92	Massachusetts
North Attleboro Gas Company	3,021	10/01/89 - 09/30/93	Massachusetts
Orange & Rockland Utilities, Inc.	209,617	(B)	New York
ONSI Company	428	1/1/89 - 1/31/89	Connecticut
Providence Gas Company	6,888	11/01/91 - 10/31/92	Rhode Island

Gas Corporation
 District of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended June 30, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Southern Connecticut Gas Company	59,406 29,740 7,330	11/01/89 - 10/31/94 11/01/90 - 10/31/92 (B)	Connecticut
Yankee Gas Services Company	18,324	11/01/89 - 10/31/92	Connecticut

-- NOTES --

(A) - Calculated using an average Btu factor of 1,096,700 Btus

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

DISTRIGAS

Distrigas Corporation
200 State Street
Boston, Massachusetts 02109
Tel: (617) 526-8300
Fax: (617) 526-8344
Telex: 413191

October 20, 1992

Mr. Clifford Tomaszewski
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 35056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

REC'D DOE/FE

1992 OCT 26 A 9 23

RE: Distrigas Corporation, ERA Docket No. [REDACTED]
Distrigas Corporation, FE Docket No. [REDACTED]

Dear Mr. Tomaszewski:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies of each of the quarterly reports required by (1) Ordering Paragraph D of the ERA's Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, and (2) Ordering Paragraph D of the DOE/FE's Opinion and Order No. 322. These reports describe both imports and resales of LNG undertaken pursuant to the indicated Orders. An additional copy of each report, is enclosed to be time-stamped and returned to me in the enclosed self-addressed envelope.

Should any questions arise regarding these reports, please contact me at the above number.

Thank you for your attention to this matter.

Regards,



Charles K. Hagedorn
Controller

CKH:seb

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended September 30, 1992

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average Btus Per Landed Mcf
Mostafa Ben Boulaid	8/14/92	2,527,644	2,815,231	\$2.2073	\$2.6519	2,492,237	1,129,600

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
July 1992	\$2.3644	\$0.8180	\$3.1824
August 1992	\$2.5081	\$0.8180	\$3.3261
September 1992	\$2.5029	\$0.7924	\$3.2953

** NOTES **

(A) - Shipping is arranged under the contract dated December 11, 1988 between Distrigas Corporation and SONATRACH.

(B) - Price is final, subject to audit.

(C) - Subject to revision pursuant to the provisions of LNG purchase contract.

(D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended September 30, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Bay State Gas Company	207,621 318,403	11/01/91 - 10/31/92 5/18/92 - 9/30/92	Massachusetts
Blackstone Gas Company	4,015	11/01/91 - 10/31/92	Massachusetts
Boston Edison Company	179,097	(B)	Massachusetts
Boston Gas Company			Massachusetts
Boiloff	164,096	12/17/88 - 12/16/98	
Other Sales	6,744	(B)	
Brooklyn Interstate Natural Gas Co.	21,106	(B)	New York
Connecticut Natural Gas Company	187,949	8/1/92 - 11/30/92	Connecticut
EnergyNorth	4,049	11/01/91 - 10/31/92	New Hampshire
Fall River Gas Company	33,136 17,444	10/01/89 - 09/30/92 (B)	Massachusetts
L'Enfergie Cogeneration LP	1,276	(B)	Massachusetts
New England Gas Association	826	(B)	Massachusetts
New Jersey Natural Gas Company	22,374	11/01/91 - 10/31/92	New Jersey
ONBI Company	470	11/15/90 - 1/31/93	Connecticut
Providence Gas Company	286,313	7/15/92 - 10/31/92	Rhode Island
Southern Connecticut Gas Company	8,841	(B)	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
Quarter Ended September 30, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
South Jersey Gas Company	3,137	11/1/90 - 10/31/00	New Jersey

-- NOTES --

(A) - Calculated using an average Btu factor of 1,112,000 Btus

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

DISTRIGAS

Distrigas of Massachusetts Corporation
200 State Street
Boston, Massachusetts 02109
Tel: (617) 526-8300
Fax: (617) 526-8344
Telex: 413191

January 26, 1993

Mr. Clifford Tomaszewski
Office of Fuels Programs
Department of Fossil Energy
Department of Energy
Room 35056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

REC'D DOE/FE

JAN 27 P 2:48

RE: Distrigas Corporation, ERA Docket No. 88-37-LNG
Distrigas Corporation, FE Docket No. 89-16-LNG

Dear Mr. Tomaszewski:

Distrigas Corporation ("Distrigas") hereby submits fifteen (15) copies of each of the quarterly reports required by (1) Ordering Paragraph D of the ERA' Opinion and Order No. 271, as amended on April 24, 1989, by Order No. 271-A, and (2) Ordering Paragraph D of the DOE/FE's Opinion and Order No. 322. These reports describe both imports and resales of LNG undertaken pursuant to the indicated Orders. An additional copy of each report, is enclosed to be time-stamped and returned to me in the enclosed self-addressed envelope.

Should any questions arise regarding these reports, please contact me at the above number.

Thank you for your attention to this matter.

Regards,



Charles K. Hagedorn
Controller

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1992

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average Btus Per Landed Mcf
Bachir Chihani	11/12/92	2,911,659	2,843,584	\$2.4200 (C)	\$2.8890 (d)	2,622,990	1,084,100
Mostafa Ben Bouleld	11/25/92	2,842,251	2,708,401	\$2.4200 (C)	\$2.8890 (d)	2,503,146	1,081,200
Bachir Chihani	12/9/92	2,945,570	2,807,858	\$2.4200 (C)	\$2.8890 (d)	2,595,598	1,081,700

II. Resale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
October 1992	\$3.1677	\$0.6081	\$3.7738
November 1992	\$3.0029	\$0.4216	\$3.4245
December 1992	\$3.0311	\$0.4216	\$3.4527

** NOTES **

- (A) - Shipping is arranged under the contract dated December 11, 1988 between Distrigas Corporation and SONATRACH.
- (B) - Price is final, subject to audit.
- (C) - Subject to revision pursuant to the provisions of LNG purchase contract.
- (D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

103 JUN 27 P 2:48

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Altresco-Pittsfield Cogeneration LP	5,234	(B)	Massachusetts
Bay State Gas Company	79,812	11/01/91 - 10/31/92	Massachusetts
	204,130	11/01/92 - 10/31/93	
	58,087	5/18/92 - 10/31/92	
	52,425	5/1/92 - 10/31/92	
	60,734	(B)	
Berkshire Gas Company	11,040	10/1/89 - 9/30/94	Massachusetts
	21,573	11/1/92 - 10/31/93	
Blackstone Gas Company	1,223	11/01/91 - 10/31/92	Massachusetts
	9,854	11/01/92 - 10/31/93	
Boston Edison Company	265,639	(B)	Massachusetts
Boston Gas Company			Massachusetts
Boil-off	145,881	12/17/88 - 12/16/98	
Other Sales	104,626	4/14/89 - 6/14/98	
	37,897	11/01/91 - 10/31/92	
	280,799	11/01/92 - 10/31/93	
	1,931,295	(B)	
	2,318	(B)	
Bristol & Warren Gas Company	303	(B)	Rhode Island
Colonial Gas Company	79,487	10/1/89 - 9/30/94	Massachusetts
	61,293	11/1/90 - 10/31/95	
	626,925	(B)	
	282,461	(B)	
Commonwealth Gas Company	1,028,189	(B)	Massachusetts

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Connecticut Natural Gas Company	146,397	8/1/82 - 11/30/82	Connecticut
Elizabethtown Gas Company	14,621	11/1/82 - 11/30/82	New Jersey
EnergyNorth	2,427 61,823	11/01/82 - 10/31/83 (B)	New Hampshire
Essex County Gas Company	13,799	(B)	Massachusetts
Fall River Gas Company	12,371 263,708 565,702	11/01/81 - 10/31/82 10/1/82 - 9/30/83 (B)	Massachusetts
Industrial Heat Treating, Inc.	2,852	12/1/82 - 12/8/83	Massachusetts
L'Energie Cogeneration LP	18,988 34,648	(B) 11/1/82 - 3/31/83	Massachusetts
Lowell Cogeneration LP	321,279	11/1/82 - 3/31/83	Massachusetts
Middleboro Gas Company	25,506 1,380 2,539	(B) 12/1/82 - 3/31/83 11/20/82 - 10/31/83	Massachusetts
Northeast Energy Associates	41,388	12/1/82 - 2/28/83	Massachusetts
New Jersey Natural Gas Company	20,980 79,280	11/01/81 - 10/31/82 11/01/82 - 10/31/83	New Jersey
North Attleboro Gas Company	4,131	10/1/82 - 9/30/83	Massachusetts

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Northern Utilities	7,244	10/1/92 - 11/15/92	Massachusetts
Ocean State Power	13,509	(B)	Rhode Island
ONSI Company	461	11/15/90 - 6/30/93	Connecticut
O & R Energy, Inc.	33,434	(B)	New York
Orange and Rockland Utilities, Inc.	251,862	(B)	New York
Pepperell Power LP	8,464	(B)	Massachusetts
Providence Gas Company	116,062 82,797	7/15/92 - 10/31/92 (B)	Rhode Island
Southern Connecticut Gas Company	122,315 96,344	11/1/92 - 10/31/92 (B)	Connecticut
Valley Gas Company	17,820	11/1/91 - 10/31/92	Rhode Island
Xenergy, Inc.	17,203	12/9/92 - 12/6/93	Massachusetts
Yankee Gas Services Company	45,968	(B)	Connecticut

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 85-37-LNG
Quarter Ended December 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served

** NOTES **

- (A) - Calculated using an average Btu factor of 1,103,000 Btus per Thousand Cubic Feet.
(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

- Revised -

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Revenues
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
Quarter Ended December 31, 1982

I. Imports

Ships (A)	Date of Arrival	Loaded Volume (MMBtu)	Landed Volume (MMBtu)	Sonatrading Purchase Price (Per MMBtu) (Loaded Cost)	Average Landed Price (Per MMBtu)	Landed Volume (Mcf)	Average Btus Per Landed Mcf
Bachir Chihani	10/19/82	3,039,006	2,898,280	\$2.3400 (C)	\$2.8233 (D)	2,582,791	1,130,900
Bachir Chihani	11/12/82	2,911,889	2,843,584	\$2.3400 (C)	\$2.7598 (D)	2,622,990	1,084,100
Mostafa Ben Bouaid	11/25/82	2,842,251	2,706,401	\$2.3400 (C)	\$2.8322 (D)	2,503,146	1,081,200
Bachir Chihani	12/9/82	2,945,570	2,807,658	\$2.3400 (C)	\$2.8289 (D)	2,565,508	1,081,700

II. Reale Pricing

Sales Month	Average Commodity Tailgate Sales Price Per MMBtu	Average Call Payment Per MMBtu	Total Tailgate Sales Price Per MMBtu
October 1982	\$2.8028	\$0.8061	\$3.6089
November 1982	\$3.0029	\$0.4216	\$3.4245
December 1982	\$3.0911	\$0.4216	\$3.5127

-- NOTES --

- (A) - Shipping is arranged under the contract dated December 11, 1986 between Distrigas Corporation and SONATRACH.
- (B) - Price is final, subject to audit.
- (C) - Subject to revision pursuant to the provisions of LNG purchase contract.
- (D) - Fuel, bunkers and foreign port charges have not yet been billed to Distrigas and have been estimated for transfer pricing.

RECEIVED

DEC 10 1982

- Revised -

Distrigas Corporation
 District of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-37-LNG
 Quarter Ended December 31, 1982

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Altresco-Pittsfield Cogeneration LP	6,304	(B)	Massachusetts
Bay State Gas Company	79,812	11/01/81 - 10/31/82	Massachusetts
	214,829	11/01/82 - 10/31/83	
	68,087	5/18/82 - 10/31/82	
	219,882	5/1/82 - 10/31/82	
	128,602	8/17/82 - 10/31/82	
	83,388	(B)	
Berkshire Gas Company	11,040	10/1/80 - 9/30/84	Massachusetts
	21,573	11/1/82 - 10/31/83	
Blackstone Gas Company	2,512	11/01/81 - 10/31/82	Massachusetts
	11,047	11/01/82 - 10/31/83	
Boston Edison Company	285,638	(B)	Massachusetts
Boston Gas Company			Massachusetts
Bolloff	195,581	12/17/80 - 12/16/81	
Other Sales	285,735	4/14/79 - 6/14/80	
	67,875	11/01/81 - 10/31/82	
	280,788	11/01/82 - 10/31/83	
	2,771,857	(B)	
	2,318	(B)	
Bristol & Warren Gas Company	12,738	(B)	Rhode Island
Colonial Gas Company	82,888	10/1/80 - 9/30/84	Massachusetts
	61,288	11/1/80 - 10/31/81	
	885,074	(B)	
	340,613	(B)	

- Revised -

Distrigas Corporation
Distrigas of Massachusetts Corporation
Report Required For Imports and Resale
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
Quarter Ended December 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Commonwealth Gas Company	1,111,612	(B)	Massachusetts
Connecticut Natural Gas Company	257,013	3/1/92 - 11/30/92	Connecticut
Elizabethtown Gas Company	20,384	11/1/92 - 11/30/92	New Jersey
EnergyNorth	2,427 2,281 61,823	11/01/92 - 10/31/93 11/01/91 - 10/31/92 (B)	New Hampshire
Essex County Gas Company	13,789	(B)	Massachusetts
Fall River Gas Company	39,027 338,468 884,906	11/01/91 - 10/31/92 10/1/92 - 9/30/93 (B)	Massachusetts
Industrial Heat Treating, Inc.	2,882	12/1/92 - 12/8/93	Massachusetts
L'Energia Cogeneration LP	27,211 40,082	(B) 11/1/92 - 3/31/93	Massachusetts
Lowell Cogeneration LP	367,788	11/1/92 - 3/31/93	Massachusetts
Middleboro Gas Company	38,274 1,380 2,539	(B) 12/1/92 - 3/31/93 11/20/92 - 10/31/00	Massachusetts
Northeast Energy Associates	41,388	12/1/92 - 2/28/93	Massachusetts
New England Gas Association	787	(B)	Massachusetts

- Revised -

Distrigas Corporation
 Distrigas of Massachusetts Corporation
 Report Required For Imports and Resales
 Under Amendment No. 3 Authority
 Docket No. 88-57-LNG
 Quarter Ended December 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
New Jersey Natural Gas Company	49,780 90,617	11/01/91 - 10/31/92 11/01/92 - 10/31/93	New Jersey
North Attleboro Gas Company	6,292	10/1/89 - 9/30/93	Massachusetts
Northern Utilities	7,770	10/1/92 - 11/15/92	Massachusetts
Ocean State Power	13,509	(B)	Rhode Island
ONSI Company	945	11/15/90 - 6/30/93	Connecticut
O & R Energy, Inc.	40,006	(B)	New York
Orange and Rockland Utilities, Inc.	335,242	(B)	New York
Pepperell Power LP	8,464	(B)	Massachusetts
Providence Gas Company	233,270 82,797	7/15/92 - 10/31/92 (B)	Rhode Island
Southern Connecticut Gas Company	136,840 27,888 10,979 120,636	11/1/92 - 10/31/92 11/1/89 - 10/31/92 11/1/80 - 10/31/92 (B)	Connecticut
South Jersey Gas Company	4,561	11/1/90 - 10/31/90	New Jersey
Valley Gas Company	51,624	11/1/91 - 10/31/92	Rhode Island
Xenergy, Inc.	17,203	12/9/92 - 12/9/93	Massachusetts

- Revised -

Distrigas Corporation
Gas of Massachusetts Corporation
Report Required For Imports and Resales
Under Amendment No. 3 Authority
Docket No. 88-37-LNG
Quarter Ended December 31, 1992

III. DOMAC Sales By Customer

Customer	Volume (MCF) (A)	Contract Duration	Markets Served
Yankee Gas Services Company	45,988	(B)	Connecticut

** NOTES **

(A) - Calculated using an average Btu factor of 1,109,000 Btus per Thousand Cubic Feet.

(B) - Contract terminates on 30 day notice of either party.

DOMAC did not enter into any special contract price adjustment clauses, or any take-or-pay or make-up provisions with any of its customers during the reporting period.

OR

APR 24 1989

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
FOSSIL ENERGY

DISTRIGAS CORPORATION

ERA DOCKET NO. 88-37-LNG

SUPPLEMENTAL ORDER MODIFYING THE QUARTERLY
REPORTING REQUIREMENTS OF AN AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS FROM ALGERIA

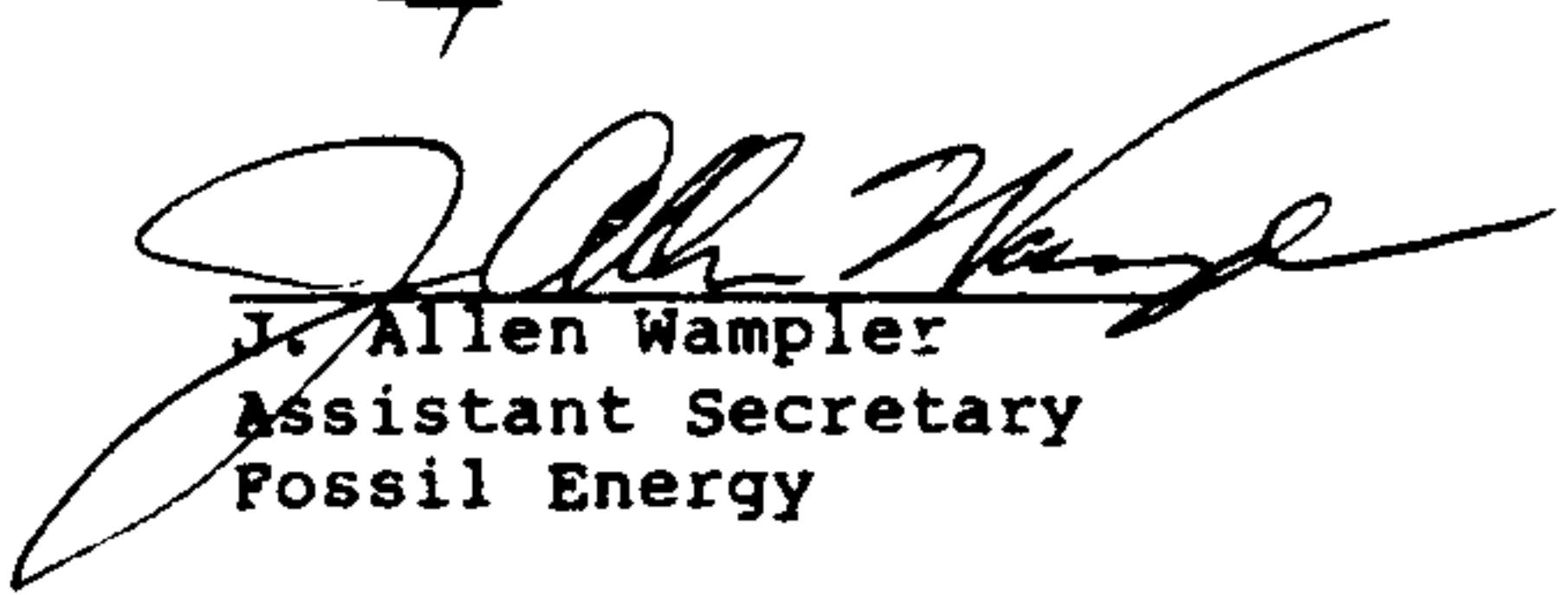
OPINION AND ORDER NO. 271-A

ORDER

Pursuant to Section 3 of the Natural Gas Act, it is hereby ordered that Ordering Paragraph D of DOE/ERA Opinion and Order No. 271, September 16, 1988, be amended as follows:

D. With respect to LNG imports authorized by this order, Distrigas shall file with the DOE within 30 days following each calendar quarter, quarterly reports indicating, by month, transporters and LNG tankers used, the total volumes of imports in Mcf, the average landed cost per MMBtu at the point of import, the average selling price per MMBtu to DOMAC's customers and Sonatrading Amsterdam B.V.'s portion of that price. The reports shall also provide details of each transaction, including the names and geographic location of DOMAC's customers, the volumes in Mcf taken by each of DOMAC's customers, the estimated or actual duration of each sales arrangement between DOMAC and its customers.

Issued in Washington, D.C., April 24, 1989.


J. Allen Wampler
Assistant Secretary
Fossil Energy

CR



Department of Energy
Washington, DC 20585

APR 26 1989

Mr. Drew J. Fossum
Baker & Botts
555 13th Street, N.W.
Suite 500 East
Washington, D.C. 20004-1109

Reference: ERA Docket No. 88-37-LNG
Request for Confidential Treatment

Dear Mr. Fossum:

On January 30, 1989, Distrigas Corporation (Distrigas) submitted to the Department of Energy (DOE) the quarterly report required by ordering paragraph D of DOE/Economic Regulatory Administration (ERA) Opinion and Order No. 271 (Order 271), issued September 16, 1988. In a letter attached to the quarterly report you requested on behalf of Distrigas that the information contained in the quarterly report be given confidential treatment. In your request you stated that the report contains sensitive commercial information regarding the price of liquefied natural gas (LNG) sales by Distrigas' affiliate, Distrigas of Massachusetts (DOMAC), to its customers, and that this information should not be made available to DOMAC's competitors.

As a matter of Departmental policy, information in the possession of the Department is made publicly available to the fullest extent possible. The DOE regulates imports and exports of natural gas in accordance with a public interest standard that has presumed that complete disclosure of the specific terms of those international transactions is necessary if the public is to comment on individual arrangements and thereby assure such arrangements meet the public interest requirement of Section 3 of the Natural Gas Act (NGA). Regarding import arrangements such as Distrigas', in which the purchase price of the imported LNG is a function of the ultimate sales price, the quarterly reports are the mechanism for providing interested public parties with an opportunity to evaluate the competitiveness of the import arrangement.

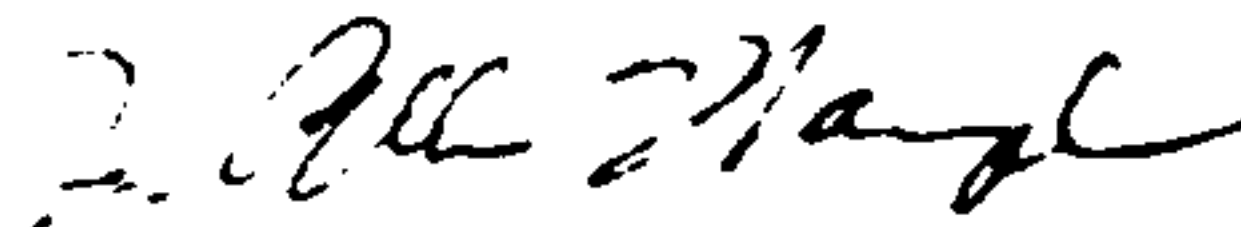
Distrigas' request for confidentiality has been considered in light of the foregoing policy and pursuant to the Freedom of Information Act (FOIA). The DOE must make an independent determination of whether the information sought to be protected is exempt from mandatory disclosure under the FOIA.

The DOE has determined that Distrigas has failed to demonstrate that the disclosure of the information it seeks to protect is likely to result in competitive harm. Distrigas requests confidential treatment of contractual information that is routinely submitted by other authorization holders to the DOE pursuant to quarterly reporting requirements and disclosed to the public. Indeed, the DOE emphasizes it is unaware of any competitive harm resulting from reporting requirements imposed consistently on scores of import arrangements that have been authorized since the DOE began administering Section 3 of the NGA in 1977, nor has Distrigas made such a showing.

Accordingly, based on information filed on behalf of Distrigas, I find that Distrigas has not provided a sufficient basis for justifying confidential treatment of the quarterly reports it is required to submit pursuant to Ordering Paragraph D of Order 271. Therefore, Distrigas' request for confidential treatment is hereby denied.

In considering Distrigas' request, DOE's review of Distrigas' reporting requirements determined that the type of information requested to be filed varies somewhat from that filed by other authorization holders. Therefore, the DOE is issuing a supplemental order to Order 271 amending the reporting requirements of Ordering Paragraph D to conform with DOE's standard reporting requirements imposed on other authorization holders. In this regard, the DOE is returning Distrigas' January 30, 1989, quarterly report. Distrigas should submit a revised quarterly report for the fourth quarter of 1988 at the same time as it files its quarterly report for the first quarter of 1989, in conformance with Order 271's revised reporting requirements.

Sincerely,



J. Allen Wampler
Assistant Secretary
Fossil Energy