

of the Vessel were references to the determination of the Fair Market Value at the delivery of ownership of the Vessel for the purpose of Clause 2.05(c) hereof.

Clause 4 - Limits on Obligations of the Guarantor

The Guarantor shall never be obliged to:

- (a) purchase, take delivery of, receive, unload or store any LNG in the stead of Distrigas; or
- (b) pursue, appeal, undertake or participate in any proceedings before or being conducted by any entity of government regarding any activity described in Clause 4(a) hereof; or
- (c) file for any authorization or make any filings of any kind before any entity of government regarding the Sale Agreement or any activity described in Clause 4(a) hereof; or
- (d) perform any obligations in connection with the Sale Agreement, the Vessel Sale Agreement or the Charter other than the payment of money pursuant to Clause 2 hereof and causing Cabot LNG Shipping to satisfy its obligations under Clause 9 hereof the Vessel Sale Agreement and the Charter.

Clause 5 - Guarantor Covenants

5.01 Payment of Amounts Repaid by NLNG. If, in any dissolution, bankruptcy, reorganisation, insolvency, liquidation or similar proceedings for the relief of debtors to which Distrigas or Cabot

LNG Shipping is subject, NLNG is required to pay and does pay over to a court or representative of the debtor's estate (including any payment pursuant to a settlement agreement approved by a court of competent jurisdiction) an amount previously received from Distrigas or Cabot LNG Shipping, the Guarantor shall notwithstanding anything else provided herein but subject always to the aggregate limit of liability contained in Clause 8 hereof pay NLNG an amount equal to the amount so paid over, upon demand, provided that such demand is made no later than one year from the payment over of such amount by NLNG. The Guarantor shall make such payment in full within 24 hours of delivery of a first written demand from NLNG with respect thereto; any amount so paid shall increase the amount taken into account for the purpose of factor A in determining the Adjusted Claims Total unless an amount corresponding to the amount received by NLNG has already been taken into account; and a quantity corresponding to such amount shall be taken into account in determining whether the quantity limit described in subclause (b) of the definition of Threshold Event has been reached, unless a quantity corresponding to the amount received by NLNG has already been so taken into account and, without prejudice to any other remedy available to NLNG, failure to pay upon demand as provided herein shall be a Threshold Event.

5.02 Subordination of Guarantor Claims. Until such time as all of Distrigas's and Cabot LNG Shipping's liabilities and obligations under the Sale Agreement, the Vessel Sale Agreement and the Charter, respectively, have been fully performed and satisfied, the Guarantor shall not claim other than in a manner subordinate to and not in competition with NLNG in the event of the dissolution, bankruptcy, reorganisation, insolvency,

liquidation or similar proceedings for the relief of debtors to which Distrigas or Cabot LNG Shipping is subject.

Clause 6 - Guarantor Warranties and Representations

6.01 Guarantor Warranties and Representations. The Guarantor represents and warrants that as of the date of this Guarantee:

- (a) it is a corporation duly incorporated, validly existing, and in good standing under the laws of its state of incorporation and has all requisite power to conduct its business, and to execute and deliver, and to perform all of its obligations under this Guarantee;
- (b) there are no actions, suits or proceedings pending or, to the best of its knowledge, threatened against or affecting it or its properties before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which will have a material adverse effect on its financial condition, properties, or operations;
- (c) there have not been, since 31 March 1992 (the date with respect of which the last Form 10-Q was filed by the Guarantor pursuant to the Securities Exchange Act of 1934, prior to the execution of the Sale Agreement) any events, conditions or developments which in the aggregate have had, or can reasonably be expected to have, a material adverse effect on the business, assets, financial condition or results of operations of the Guarantor and its subsidiaries taken as a whole;

- (d) all necessary corporate, shareholder and other action has been taken to authorize the execution, delivery and performance of this Guarantee, and this Guarantee constitutes valid and legally binding obligations of the Guarantor enforceable in accordance with its terms except (i) as such enforcement may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or similar laws now or hereafter in effect relating to or affecting the enforcement of creditors' rights or debtors' obligations generally and (ii) that the remedies of specific performance and injunctive relief and other forms of relief are subject to general equitable principles, whether enforcement is sought at law or in equity, and that such enforcement may be subject to the discretion of the court before which any proceedings therefor may be brought and may otherwise be limited by applicable law;
- (e) the execution and delivery of, the performance of its obligations under, and compliance with the provisions of, this Guarantee by the Guarantor will not (i) contravene any existing applicable law, statute, rule or regulation or any judgement, decree or permit to which the Guarantor is subject, (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which the Guarantor is a party or by which it or any of its property is bound, which breach or default would have a material adverse effect on the financial condition of the Guarantor, or (iii) contravene or conflict with any provision of the Guarantor's Certificate of Incorporation and Bylaws;
- (f) it is not necessary to ensure the legality, validity,

enforceability or admissibility in evidence of this Guarantee that this Guarantee or any other instrument be notarized, filed, recorded, registered or enrolled in any court, public office or elsewhere in the United States of America or that any stamp, registration or similar tax or charge be paid in the United States of America on or in relation to this Guarantee and this Guarantee is in proper form for its enforcement in the courts of the United States of America; and

- (g) every consent, authorization, license or approval of, registration with or declaration to, governmental or public bodies or authorities or courts required by the Guarantor to authorize, or required by the Guarantor in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of this Guarantee or the performance by the Guarantor of its obligations under the Guarantee has been obtained or made and is in full force and effect, and there has been no default in the observance of the conditions or restrictions (if any) imposed in, or in connection with, any of the same.

6.02 Undertaking of the Guarantor. The Guarantor undertakes with NLNG that the Guarantor will use all reasonable commercial efforts promptly to obtain or cause to be obtained, maintain in full force and effect, and comply in all material respects with the conditions and restrictions (if any) imposed by or in connection with, every consent, authorization, license or approval of governmental or public bodies or authorities or courts, and do, or cause to be done, all other acts and things which may from time to time be necessary under applicable law for

the continued due performance of all its obligations under this Guarantee.

Clause 7 - Resolution of Disputes

Any dispute, controversy or claim (whether based on contract, tort or on any other legal doctrine) directly or indirectly arising out of, relating to or connected with this Guarantee or the breach, termination or validity thereof, shall be settled by arbitration in accordance with the Arbitration Agreement.

Clause 8 - Limitation on Liability

Notwithstanding anything to the contrary herein, the aggregate maximum liability of the Guarantor, Cabot LNG Shipping and Distrigas for breach of the Sale Agreement, the Vessel Sale Agreement, the Charter and the Guarantee shall be limited to \$150,000,000 (one hundred fifty million U.S. Dollars) provided that any amount(s) paid by Distrigas (including any amounts drawn by NLNG on the Letter of Credit) with respect to quantities of LNG that are in fact lifted by Distrigas (other than amounts paid by Distrigas which fall within paragraph (b) of the definition of "Make-up Replenishment Amount" which shall be counted until the Make-up LNG referred to therein has been subsequently lifted by Distrigas) and any amount(s) paid by Distrigas or the Guarantor with respect to a payment default prior to the expiration of the cure period provided in Clause 7.7(c) of the Sale Agreement for such payment default shall not be counted in determining whether the limit of liability has been reached; and provided further that any liability paid by either of them that becomes a part of

the Make-up Replenishment Amount, shall cease to be counted in determining whether the limit of liability has been reached and any amount paid by Distrigas pursuant to Clause 10.7 of the Sale Agreement shall not be counted for such purpose in any circumstances.

Clause 9 - Assurance and Undertaking of Cabot LNG Shipping.

9.01 Execution of the Vessel Sale Agreement and Charter. Cabot LNG Shipping agrees and undertakes that it will immediately upon the service by Guarantor (or NLNG) of a Delivery Notice pursuant to Clause 3 hereof, execute

- (a) the Vessel Sales Agreement, as attached hereto; and
- (b) the Charter, as attached to the Vessel Sale Agreement, as provided in Clause 1 of the Vessel Sale Agreement.

9.02 No Excuse. Cabot LNG Shipping's obligation under Clause 9.01 shall not be excused for any reason, including without limitation any failure to receive United States of America governmental or regulatory approvals or any event or circumstance beyond Cabot LNG Shipping's control (whether or not such event or circumstance constitutes an Event of Force Majeure under the Charter).

Clause 10 - Miscellaneous

10.01 Notices. Any notice, demand, or other communication under this Guarantee shall be made or delivered in the manner provided

in Clause 24 of the Sale Agreement. For this purpose, the initial addresses for delivery of the Parties shall be as follows:

Cabot Corporation

75 State Street

Boston

Mass. 02109

USA

Attention: Chief Financial Officer

Phone: 617-345-0100

Fax: 617-342-6103

Telex: 192944

NLNG

Stallion House

2 Adjose Adeogun Street

PMB 12774 Marina

Victoria Island

Attention: Managing Director and Chief Executive

Phone: 234-161-7305

Fax: 234-161-7146

Telex: 21442 or 21451

Cabot LNG Shipping

200 State Street

Boston

Mass. 02109

USA

Attention: President

Phone: 617-330-8500

Fax: 617-330-8577

Telex: 413191

10.02 Governing Law. The proper law of this Guarantee is the law of England. The law of England shall be used for the interpretation of this Guarantee and for resolving any dispute, controversy, or claim arising hereunder (excluding, however, any rule of English private international law which would refer any dispute to the law of a jurisdiction other than England).

10.03 Assignments.

- (a) NLNG shall be entitled to assign, charge or mortgage or pledge all or any of its rights, interests and benefits in or under this Guarantee as security for indebtedness incurred or to be incurred by NLNG in connection with the construction and term financing of Seller's Facilities (as defined in the Sale Agreement) and NLNG's shipping capacity in which case NLNG shall provide notice to the Guarantor of such assignment and the Guarantor shall provide to the

persons to whom such indebtedness is owed such assurances and undertakings as they may reasonably require in connection with such assignment so long as such assurances and undertakings in no way diminish the Guarantor's rights hereunder or expand, extend or amend the Guarantor's representations, warranties, obligations and other responsibilities otherwise set forth herein.

- (b) NLNG shall be entitled to assign its rights, interest and benefits in or under this Guarantee in connection with and in the circumstances contemplated by an assignment of the Sale Agreement pursuant to Clause 23(b) thereof.

10.04 No Waiver. No failure or delay by NLNG in exercising any right under this Guarantee shall operate as a waiver of such right, nor shall any single or partial exercise of any right preclude any further exercise thereof or the exercise of any other right whether hereunder or under the Guarantee, the Sale Agreement, the Vessel Sale Agreement or the Charter.

10.05 Entire Agreement. This Guarantee 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.

10.06 Headings. The headings contained in this Guarantee are for reference purposes only and shall not affect in any way the meaning or interpretation of this Guarantee.

10.07 Modifications/Amendments. This Guarantee may not be modified or amended except by an instrument in writing signed by the Parties.

10.08 Counterparts. This Guarantee may be executed in any numbers of counterparts and each of such counterparts be deemed an original. All such counterparts shall together constitute a single instrument. Any of the Parties may enter into this Guarantee by executing such counterpart.

10.09 Severability. Any term or provision of this Guarantee which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Guarantee in such jurisdiction or in any other jurisdiction unless and to the extent that such remaining terms and provisions are rendered uncertain and inoperable in the absence of such invalid and unenforceable provisions or in such circumstances this Guarantee would no longer reflect the true intention of the Parties.

[Attestation Clause to be completed in a manner appropriate to each of the Parties in such manner as will be effective as to bind each such Party when Deed is executed in such manner]

APPENDIX ONE OF THE GUARANTEE

FORM OF
TIME CHARTERPARTY of the Vessel "GAMMA"

DATED _____

B E T W E E N :

CABOT LNG SHIPPING CORPORATION

AND

NIGERIA LNG LIMITED

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A handwritten signature or set of initials, possibly 'M.A.W.' or similar, with a flourish underneath.

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45. DEFINITIONS

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TIME CHARTERPARTY

Dated _____

IT IS THIS DAY AGREED between:

- (1) CABOT LNG SHIPPING CORPORATION, a Delaware corporation whose address is 200 State Street, Boston, Massachusetts 02109 (hereinafter referred to as "Owners"), being owners of the good LNG Carrier called "GAMMA" (hereinafter referred to as "the vessel") described in Clause 1 hereof, and
- (2) NIGERIA LNG LIMITED, a Nigerian limited liability company whose registered office is situate at Stallion House, 2 Adjose Adeogun Street, PMB 12774 Marina, Victoria Island, Lagos, Nigeria (hereinafter referred to as "Charterers")

1. DESCRIPTION AND CONDITION OF VESSEL

At the date of delivery of the vessel under this Charter:

(A) she shall be classed and will remain classed at the highest standard applicable for an LNG carrier with American Bureau of Shipping or other equivalent internationally recognized classification society;

(B) she shall be in every way fit to carry liquified natural gas (hereinafter referred to as "LNG");

(C) she shall be tight, staunch, strong, in good order and condition, and in every way fit for the service, with her machinery, boilers, hull and other equipment (including but not limited to hull stress calculator and radar) in a good and efficient state;

(D) her tanks, valves and pipelines shall be gas tight, her insulation spaces inerted with all cargo tanks, pipeline, cargo pumps and compressors and other LNG and LNG vapor circuits clean and filled with natural gas or purged with inert gas at Owners' option save that cargo tanks may at Owners' option contain LNG that has been purchased by Owners from Charterers. Any LNG purchased from a source other than Charterers shall be force vaporized from the cargo tanks prior to delivery;

(E) she shall be in every way fitted for burning at sea LNG Boil-off, and LNG Boil-off and fuel oil with the specification set out in Clause 29, for main propulsion, and in port marine diesel oil for auxiliaries;

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(F) she shall have on board all certificates, documents and equipment required from time to time by any applicable law to enable her to perform the Charter service without delay;

(G) she shall comply with the description in Form B appended hereto as Appendix 1, provided however that if there is any conflict between the provisions of Form B and any other provision, including this Clause 1, of this Charter such other provisions shall govern;

(H) she shall at any time after her acquisition by Owners but prior to delivery hereunder, have satisfactorily completed all necessary sea and gas trials, which Charterers may attend, at their own risk and expense, as observers only subject to their giving reasonable notice to Owners of their intention to do so, and subject to providing to Owners or their appointed representatives the names of those attending on Charterers' behalf, which shall be no more than three;

(I) she shall at any time after her acquisition by Owners but prior to delivery hereunder have been repaired, refitted and refurbished. Charterers shall be entitled from time to time to attend, at their own risk and expense, as observers only, the vessel's repair, refitting and refurbishment, subject to Charterers giving reasonable notice to Owners of their intention to do so and subject to providing Owners or their appointed representatives with the names of those attending on Charterers' behalf;

(J) on completion of the said repair, refit and refurbishment of the vessel referred to in Clause 1(I), the average roughness of the vessel's underwater hull, as determined by the British Maritime Technology Code of Practice for measuring hull roughness (QA-CP-15), shall not exceed 150 microns and the vessel's underwater hull shall be painted with a self polishing copolymer paint. For the avoidance of doubt this subclause shall apply in time only at the completion of the said repair, refit and refurbishment and not thereafter;

(K) throughout the Charter period Owners shall, subject to the provisions hereof, have full responsibility for maintenance and repair of the vessel consistent with first class international standards of LNG ship operation for vessels of the same age, size and type.

2. SHIPBOARD PERSONNEL AND THEIR DUTIES

(A) At the date of delivery of the vessel under this Charter:

(i) she shall have a full and efficient complement of master, officers and crew for a vessel of her type and tonnage, who

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shall in any event be not less than the number required by the laws of the flag state and who shall be trained to operate the vessel and her equipment competently and safely;

(ii) all shipboard personnel shall hold valid certificates of competence and shall comply with all applicable laws regarding citizenship in accordance with the requirements of the law of the flag state;

(iii) all shipboard personnel shall be trained in accordance with the relevant provisions of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978;

(iv) there shall be on board sufficient personnel with a good working knowledge of the English language to enable cargo operations at loading and discharging places to be carried out efficiently and safely and to enable communications between the vessel and those loading the vessel or accepting discharge therefrom to be carried out quickly and efficiently.

(B) Owners guarantee that throughout the Charter service the master shall with the vessel's officers and crew, unless otherwise ordered by Charterers:

(i) prosecute all voyages with the utmost despatch;

(ii) render all customary assistance;

(iii) load and discharge cargo as rapidly as possible when required by Charterers or their agents to do so, by night or by day, but always in accordance with the laws of the place of loading or discharging (as the case may be) and in each case in accordance with any applicable laws of the flag state; and

(iv) irrespective of whether the vessel is on or off-hire and whenever requested by Charterers, to inform Charterers of the vessel's current position and all voyage particulars including but not limited to her e.t.a. at her next port of call.

(C) Owners shall exercise due diligence to ensure that throughout the Charter service:

(i) the operation of the vessel will at all times be to the highest industry standards applicable for an LNG carrier in respect of safety and reliability; and

(ii) the vessel will comply with the requirements of all relevant internationally recognized safety and environmental

standards, including but not limited to IMO, Marpol and Solas, and hold valid certificates and documents verifying this onboard.

(D) Owners shall exercise due diligence to ensure proper stowage of the LNG cargo, which must be controlled by the master, who shall keep a strict account of all cargo loaded and discharged.

3. DUTY TO MAINTAIN

(A) Throughout the Charter service Owners shall, whenever the passage of time, wear and tear or any event (whether or not coming within Clause 27 hereof) requires steps to be taken to maintain or restore the conditions stipulated in Clauses 1 and 2(A), exercise due diligence so to maintain or restore the vessel.

(B) If Owners shall fail to be in compliance with their obligation under Clause 3(A) Charterers may so notify Owners in writing; and if, after the expiry of 30 days following the receipt by Owners of any such notice, Owners have failed to demonstrate to Charterers' reasonable satisfaction the exercise of due diligence as required in Clause 3(A), the vessel shall be off-hire, and no further hire payments shall become due, until Owners have so demonstrated to Charterers' satisfaction that they are exercising such due diligence.

4. USE OF VESSEL; DELIVERY, REDELIVERY AND SALE

(A) Period, Trading Limits, Safe Port and Ice Clause

(i) Owners agree to let and Charterers agree to hire the vessel for a period commencing with the date of delivery hereunder and ending on the date on which (i) the vessel is redelivered to Owners pursuant to Clause 4(C) or (ii) the vessel is sold to Charterers or a United States citizen designated by Charterers, pursuant to that certain Vessel Sale and Charter Agreement of even date herewith between Owners and Charterers (the "Vessel Sale Agreement"), for the purpose of carrying LNG (subject always to Clause 28) from worldwide loading ports to discharge ports in (a) the United States of America (hereinafter referred to as the "U.S."), and (b) subject to approval, if necessary, of the Maritime Administration of the United States Department of Transportation (hereinafter referred to as "MARAD"), such other countries as Charterers shall direct, subject to the limits of the current British Institute Warranties and any subsequent amendments thereof, and provided that charterers shall pay for any additional insurance premiums which Owners incur as a consequence of any such direction.

(ii) The parties contemplate that the vessel shall trade primarily between U.S. and foreign ports. Notwithstanding the

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foregoing, but subject to the provisions of Clause 4(A)(i), Charterers may order the vessel to any part of the world outside such limits.

(iii) If MARAD prohibits the vessel from trading to any place where Charterers shall have ordered the vessel then, for so long as such prohibition is in force, if Charterers believe that an event has occurred which may permit relief from the prohibition, then Charterers may require Owners to use all reasonable endeavors to procure from MARAD the termination of any such prohibition or, if such prohibition may be suspended by the giving of notice, to give all required notices, or to obtain the issuance of waivers to permit trading to such prohibited countries.

(iv) Charterers shall use due diligence to ensure that the vessel is only employed between and at safe places (which expression when used in this Charter shall include ports, berths, wharves, docks and in the case of emergencies only alongside vessels or lighters, and other locations including locations at sea) where she can safely lie always afloat. Notwithstanding anything contained in this or any other Clause of this Charter, Charterers do not warrant the safety of any place to which they order the vessel (except if the vessel makes the first loading at Finima, in which event Charterers warrant the safety of the port of Finima and Owners and Charterers will liaise with each other to minimize the cost of relevant insurance) and shall be under no liability in respect thereof except for loss or damage caused by their failure to exercise due diligence as aforesaid. Subject as above, the vessel's cargo may be only discharged onto another vessel as a result of a casualty to the vessel, in which case Charterers shall exercise due diligence to ensure that any ship-to-ship transfer operations shall conform to standards not less than those set out in the latest published edition of the ICS/OCIMF Ship-to-Ship Transfer Guide (liquified gases).

If the master should determine that the place to which the vessel has been ordered by Charterers is unsafe and has notified Charterers by radio or otherwise accordingly, then Charterers shall be bound to order the vessel by radio or otherwise to an alternative safe port at which the vessel can load or discharge cargo, as the case may be. If no orders are received by the master from Charterers prior to the time when the master must deviate or break ground to avoid an unsafe situation, Owners shall cause the master to proceed to the nearest safe port or anchorage to await further orders from Charterers. Notwithstanding movements of the vessel in compliance with this subclause 4(A)(iv) Owner shall be entitled to payment of hire as if the vessel had proceeded in accordance with Charterers's original orders. So long as Owners and Master have acted in compliance with the provisions of this subclause, all extra expenses involved in reaching, standing by at,

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discharging cargo at and returning from such other port or anchorage shall be borne by Charterers.

(v) Without prejudice to any other provisions of this Clause, Charterers undertake to obtain all necessary or applicable authorizations, approvals, permits and permissions from shore or other authorities at the ports to which the vessel is ordered pursuant to this Charter.

(vi) Charterers will give notice to Owners of the ports to which it is Charterers' intention, subject to subclauses 4(A)(i) through (v) and (ix) to order the vessel. Charterers shall endeavor to obtain from the relevant shore or other authorities at the said ports all necessary or applicable authorizations, approvals, permits and permissions. Owners will use all reasonable endeavors to assist Charterers to obtain such authorizations, approvals, permits and permissions on a timely basis, Charterers to reimburse Owners for Owners' reasonable cost of obtaining such authorizations, approvals, permits and permissions.

(vii) Charterers' notice to Owners under Clause 4(A)(vi), in respect to the ports referred to in that Clause, shall include details of any modifications to the vessel or additional equipment, which to the best of Charterers' information needs to be installed on the vessel for the purposes of compatibility and compliance with the particular port or terminal's requirements. Owners agree to arrange the said modifications and to install the said additional equipment required to obtain all necessary or applicable authorizations, approvals, permits and permissions from such ports and to make all reasonable endeavors to meet the said requirements; provided, however, that (a) Owners' obligation to pay for such modification and equipment shall be limited to those required for use of the vessel at ports in the United States, Bethioua or Finima, and (b) in all other cases the cost of such modifications and equipment shall be borne by Charterers. During any period in which such modification(s) are being made for ports listed in clause (a) above as a result of Charterers' notice, the vessel shall be off-hire to Charterers; in all other cases the vessel shall be on-hire during the period during which modifications are being made unless such modification(s) or installations could have been conveniently done during periods when the vessel was off-hire for other reasons.

(viii) To the extent that the authorizations, approvals, permits and permissions referred to in Clause 4(A)(vi) are subject to the arrival of the vessel at any one of the ports contained in the notice given by Charterers to Owners under Clause 4(A)(vi) the vessel shall be off-hire under Clause 21 from the time of rejection of the vessel by the relevant shore or other authority at the port in question until the requisite authorization, approval, permit or

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permission has been granted, if the reason for the vessel's rejection was a consequence of the non-compliance by Owners of their obligations with respect to any of the requirements listed for the port in question and contained in Charterers' notice given to Owners pursuant to Clauses 4(A)(vi) and (vii) (where such requirements resulted in the installation of additional equipment on the vessel pursuant to Clause 4(A)(vii)) unless no time is lost unloading or discharging the vessel as a consequence of the said rejection in which case the vessel shall remain on-hire without interruption.

(ix) The vessel shall not be sent to icebound waters without Owners' prior written consent and shall not be or become obligated to force ice or to follow ice breakers. Despite the receipt of Owners' consent, if the port at which vessel is ordered by Charterers to discharge cargo should be or become inaccessible owing to ice and the master has notified Charterers by radio or otherwise accordingly, then Charterers shall be bound to order the vessel by radio or otherwise to an alternative port which is free from ice and at which the vessel can discharge the cargo. Also, if, on account of ice, the master considers it dangerous for the vessel to enter or remain at any discharging place for fear of the vessel being frozen in or damaged and the master should so advise Charterers, Charterers shall provide the master with orders, by radio, to proceed to an alternative port that is free from ice and at which the vessel can discharge the cargo. If no orders are received by the master from Charterers prior to the time when the master must deviate or break ground to avoid ice or other dangerous situations, Owners shall cause the master to proceed to the nearest safe, ice-free anchorage to await further orders from Charterers.

(B) Delivery.

(i) Owners shall deliver the vessel to Charterers after receipt by Owners of a notice from either Cabot or Charterers (the "Delivery Notice") identifying the port of delivery and stating that, pursuant to Clause 3.03 of the Cabot Guarantee, Cabot is obligated to cause Owners to deliver the vessel to Charterers.

(ii) Upon receipt by Owners of the Delivery Notice:

(a) if the vessel is on a laden voyage or inward bound within the seabuoy at a loading port or at a discharge port Owners shall promptly, after completion of discharge, cause the vessel to proceed with all deliberate speed consistent with good seamanship to a port designated by Charterers;

(b) if the vessel is on a ballast voyage but not in the position set forth in clause (a), Owners shall promptly cause

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the vessel to proceed with all deliberate speed consistent with good seamanship to a port designated by Charterers;

(c) if the vessel is in idle status or in drydock Owners shall use due diligence to promptly activate the vessel and to proceed with all deliberate speed consistent with good seamanship to a port designated by Charterers;

provided, however, that the vessel shall be delivered to Charterers no later than 30 days following receipt by Owners of the Delivery Notice.

(iii) The vessel shall be delivered and commence on hire service under this Charter when the master gives notice to Charterers of (a) the vessel's arrival at the port designated by Charterers pursuant to Clause 4(B)(ii) and (b) readiness to load; provided, however, that Owners are in compliance with the conditions set forth in Clauses 1 and 2(A).

(iv) If, at the time the master gives the notice to Charterers set forth in Clause 4(B)(iii), Owners are not in compliance with the conditions set forth in Clauses 1 and 2(A), then the vessel shall not be delivered until Owners comply with such conditions and the master delivers a notice to Charterers specifying readiness to load.

(v) If the port designated by Charterers pursuant to Clause 4(B)(ii) is further from Boston, Massachusetts than Finima is from Boston, Massachusetts, such distance to be determined by the shortest route that the vessel can transit in ballast, Charterers shall, in addition to making an advance payment of hire on the date of delivery pursuant to Clause 9(A), (a) pay Owners a per diem rate of hire at the same rate as such advance payment for each day or pro rata for any portion of a day required to sail the vessel to the sea buoy at the designated port from that point (the "Deviation Point") at sea which is the same distance from Boston, Massachusetts as Finima is from Boston, Massachusetts, such time to be calculated based on the vessel's service speed and using the shortest route that the vessel can transit in ballast and (b) reimburse Owners for all items provided on the voyage from the Deviation Point to the designated port which would have been provided and paid for by Charterers under Clause 7 had the vessel been on hire during said voyage.

(C) Redelivery.

(i) If (x) Charterers elect to cancel this Charter pursuant to Clause 5(A), (y) a final decision of the arbitrators (hereinafter referred to as the "Arbitrators") issued in accordance with Clause 7 of the Guarantee dated _____, 1992 between

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Cabot Corporation, Owners' corporate parent (hereinafter referred to as "Cabot") and Charterers (hereinafter referred to as the "Cabot Guarantee"), determines that Charterers were not entitled to serve the Notice of Final Demand by reason of the occurrence of a Threshold Event under the Cabot Guarantee or (z) Owners shall have failed to deliver the Vessel for sale to the Charterers or their nominee at the port of delivery pursuant to the Vessel Sale Agreement within the time period and in the condition for delivery and acceptance specified in the Vessel Sale Agreement and the Cabot Guarantee and the Base Guarantee Amount of the Cabot Guarantee shall have become U.S.\$150,000,000 (one hundred fifty million), then, this Charter shall be cancelled, and Charterers shall redeliver the vessel to Owners.

(ii) Upon delivery by Charterers of a notice of cancellation to Owners or receipt by Charterers of a final decision of the Arbitrators or a notice from Owners confirming that the Base Guarantee Amount has been irrevocably increased to U.S.\$150,000,000 (one hundred fifty million):

(a) if the vessel is on a laden voyage or at a discharge port Charterers shall, after completion of discharge, cause the vessel to be redelivered to Owners at any safe port in Europe or on the east coast of the United States;

(b) if the vessel is on a ballast voyage, Charterers, shall redeliver the vessel to Owners, at Charterers election, following completion of discharge of the next scheduled loaded voyage or, if Charterers elect not to load another cargo, following completion of said ballast voyage in either event upon arrival at any safe port in Europe or on the east coast of the U.S.; or

(c) if the vessel is in idle status or in drydock Charterers shall redeliver the vessel to Owners immediately at the port in which she lies;

provided, however, that the vessel shall be redelivered to Owners, with cargo tanks, pipes, pumps and compressors filled with inert gas and/or natural gas at Charterers option, no later than 60 days following delivery of notice of cancellation or receipt of the decision of the Arbitrators or a notice from Owners confirming that the Base Guarantee Amount has been irrevocably increased to U.S. \$150,000,000 (one hundred fifty million), as the case may be.

(iii) If redelivery under this Charter does not occur simultaneously with the sale of the vessel to Charterers, Charterers may, at their cost and expense, remove any equipment or modifications made during the term of this Charter and paid for by

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Charterers, provided that such removal does not cause the Vessel's commercial utility to be less than it was prior to such installation or modification.

5. CANCELLATION; TERMINATION; INDEMNIFICATION

(A) Charterers' Right to Cancel

Charterers shall have the right to cancel this Charter at any time during the term of this Charter upon giving Owners 90 days advance notice. If Charterers cancel this Charter, the vessel shall be redelivered to Owners in accordance with Clause 4(C).

(B) Damages for Owners Failure to Perform

Owners acknowledge that Charterers may suffer damages as a result of Owners failure to perform its obligations under this Charter and Owners agree that Charterers shall be entitled to recover, as damages for loss of its bargain, the following compensation for any period in which it is deprived of the use in whole or in part of the vessel by reason of the Owner's failure, unless excused by Clause 27, to perform its obligations hereunder:

(a) for any period in which Charterers shall have obtained alternative shipping capacity to replace the use of the Vessel, the difference between the cost, if greater, of such alternative shipping capacity and the cost Charterers would have incurred for the use of the vessel hereunder. In each such case, the cost of alternative shipping capacity shall be adjusted to reflect differences in vessel capacity, speed, fuel consumption and other relevant factors so that in so far as possible the differences in vessel productive capacity shall be equalized;

(b) for any period in which Charterers are unable to obtain alternative shipping capacity, the amount of LNG sales receipts it would have received had Charterers performed its obligations hereunder less the costs saved as a result of the inability to sell such LNG;

(c) for any period in which Charterers have the partial use of the Vessel, Owner shall pay to Charterers an amount equal to the sales receipts it would have received had Charterers performed its obligations hereunder less any costs saved by Charterers as a result of its inability to sell such LNG. Such payment shall be in addition to Charterers right to reduce hire as provided in Clause 21 hereof;

provided that Charterers shall not be entitled to recover by reason of the provisions of this Clause 5(B) any sum which if so recovered would duplicate (i) a sum already received by Charterers in its

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capacity as Seller under the Sale Agreement, or (ii) a sum already received by Charterers pursuant to Clause 8 of the Vessel Sale Agreement, or (iii) a sum already received by Charterers in Charterers' capacity as beneficiary of the Cabot Guarantee.

6. OWNERS TO PROVIDE

Owners undertake to provide and to pay for all victualling, provisions, wages, immigration and consular shipping and discharging fees, commissions incurred for Owners' purposes, communications from the vessel except when incurred for Charterers' purposes and all other expenses of the master, officers and crew; also, except as provided in Clauses 4, 31 and 34 hereof, for all insurance on the vessel, for all deck, cabin and engine-room stores, and for water, for all drydocking, overhaul, maintenance and repairs to the vessel, and for all fumigation expenses and derat certificates. Owners' obligations under this Clause 6 extend to all liabilities for customs or import duties arising at any time during the performance of this Charter in relation to the personal effects of the master, officers and crew, and in relation to the stores, provisions and other matters aforesaid which Owners are to provide and pay for and Owners shall refund to Charterers any sums Charterers or their agents may have paid or been compelled to pay in respect of any such liability.

7. CHARTERERS TO PROVIDE

Charterers shall provide and pay for all fuel (except fuel used for domestic services), liquid nitrogen, towage and pilotage and shall pay agency fees, port charges and commissions incurred for Charterers' purposes, expenses of loading and unloading cargoes, canal dues and all charges other than those payable by Owners in accordance with Clause 6 hereof, provided that all charges for the said items shall be for Owners' account when such items are consumed, employed or incurred for Owners' purposes or while the vessel is off-hire (unless such items reasonably relate to any service given or distance made good and taken into account under Clause 21 or 22).

8. RATE OF HIRE

(A) Subject as herein provided, Charterers shall pay for the use and hire of the vessel a daily rate of hire which shall consist of the sum of the Capital and Operating Elements, as defined in this Clause 8, and pro rata for any part of a day, from the time and date of her delivery (GMT) to Charterers until the time and date of redelivery under clause 4(C) hereof.

(B) The Capital Element shall be US \$12,000 per day.

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(C) (i) (a) If the vessel has been repaired, refitted and refurbished in accordance with Clause 1(I) and in operation for a period (including any period of repair or periodic drydocking and any temporary lay up of less than 60 days in any twelve month period) of two (2) consecutive years, ending not more than 12 months prior to the date of delivery under this Charter, the Operating Element shall be (1) the documented average daily direct operating cost of such operation including management fees of an unaffiliated operating agent for the vessel, if any, but, excluding any extraordinary nonrecurring costs, allocation of shore based overhead or indirect administrative costs of Owner or its affiliates, and excluding the cost of periodic drydocking and crew overtime for cargo loading plus (2) the average daily rate for periodic drydocking, calculated by dividing the cost of the previous periodic drydocking by the agreed upon number of days expected between such drydocking and the next periodic drydocking. If no such number is agreed upon, it shall be 730 days. If a scheduled periodic drydocking is required during the Charter term, the daily rate for periodic drydocking shall be redetermined, by dividing the cost of such drydocking by the number of days expected to the next periodic drydocking and the Operating Element determined in accordance with this Clause 8(C)(i)(a) shall be adjusted accordingly from the date the vessel returns to on-hire status after completion of such dry docking.

(b) If the vessel has been in operation as provided in Clause 8(C)(i)(a), Owners shall promptly after receipt of the Delivery Notice referred to in Clause 4(B), determine the Operating Element in accordance with Clause 8(C)(i)(a) and shall furnish Charterers, on Charterers request, with copies of all necessary documentation with respect to such determination. Charterers shall be entitled to conduct an independent audit of Owners' records relating to the vessel's operation and any discrepancies found with respect to the Operating Element determined in accordance with Clause 8(C)(i)(a) shall be corrected in accordance with Clause 8(J).

(c) Subsequent recalculations of this Operating Element shall be made 3 months prior to the start of each 12 month period hereunder (hereinafter referred to as an "Operating Year") and shall take effect for the whole of such Operating Year. Calculations of the Operating Element in such cases shall be made using the formula set forth in Clause 8(C)(ii)(c) except that:

(i) $B = [83\% \text{ of the Operating Element determined in accordance with Clause } 8(c)(i)(a)] \text{ times}$

$(0.67 \times L + 0.33 \times M);$

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(ii) C = [17% of the Operating Element determined in accordance with Clause 8(C)(i)(a)] x CPI;

(iii) The true year for PPB, MEDB, CPIB and MB shall be the first year taken into account for determination of the Operating Element under Clause 8(C)(i)(a) instead of 1989.

(ii) (a) If the vessel has not been in operation for 2 years subsequent to the repair, refit and refurbishment required by Clause 1(I) the Operating Element shall first be calculated on the date of delivery hereunder.

(b) Subsequent recalculations of this Operating Element shall be made 3 months prior to the start of each 12 month period hereunder (hereinafter referred to as an "Operating Year") and shall take effect for the whole of such Operating Year.

(c) Calculations of the Operating Element in this case shall be made as follows:

$$A = B + C + I$$

Where

A = Operating Element in United States Dollars per day

$$B = 14,418 \times (0.67 \times L + 0.33 \times M)$$

$$C = 2,884 \times \text{CPI}$$

$$L = 0.65 \times \text{PP} + 0.10 \times \text{MED} + 0.25 \times \text{CPI}$$

$$M = \frac{M1}{MB} \times \frac{M1}{M2}$$

$$\text{PP} = \frac{\text{PP1}}{\text{PPB}} \times \frac{\text{PP1}}{\text{PP2}}$$

$$\text{MED} = \frac{\text{MED1}}{\text{MEDB}} \times \frac{\text{MED1}}{\text{MED2}}$$

$$\text{CPI} = \frac{\text{CPI1}}{\text{CPIB}} \times \frac{\text{CPI1}}{\text{CPI2}}$$

I = the actual cost in the United States Dollars of the marine and war risk insurances on the vessel, as described in Clause 19, divided by 365, provided, however,

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that if the hull policy shall provide for payment of an amount greater than \$60 million in the event of an actual or constructive total loss, the cost for such additional coverage shall be excluded from this calculation and, in any event, the cost of total loss coverages shall be excluded from the calculation.

- PP1 = the arithmetic average of the average hourly earnings in United States Dollars for non-seasonally adjusted Private Non-agricultural Payrolls (hereinafter referred to as "Labor Rate") published in the Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis from the 6th to the 17th month inclusive prior to the first day of the first month in the Operating Year in question.
- PP2 = the arithmetic average of the Labor Rate from the 18th to the 29th month inclusive prior to the first day of the first month in the Operating Year in question.
- PPB = the arithmetic average of the Labor Rate for the first six months of 1989.
- MED1 = the arithmetic average of the index for non-seasonally adjusted Medical Care in all Items Consumer Price Index (hereinafter referred to as "Medical Index") as published in the Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis from the 6th to the 17th month inclusive prior to the first day of the first month in the Operating Year in question.
- MED2 = the arithmetic average of the Medical Index from the 18th to the 29th month inclusive prior to the first day of the first month in the Operating Year in question.
- MEDB = the arithmetic average of the Medical Index for the first six months of 1989.
- CPI1 = the arithmetic average of the index for non-seasonally adjusted All Items Consumer Price Index (hereinafter referred to as "Consumer Price Index") as published in the Survey of Current Business, United States Department of Commerce, Bureau of Economic Analysis from the 6th to the 17th month inclusive prior to the first day of the first month in the Operating Year in question.
- CPI2 = the arithmetic average of the Consumer Price Index from the 18th to the 29th month inclusive prior to the first day of the first month in the Operating Year in question.

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- CPIB = the arithmetic average of the Consumer Price Index for the first six months of 1989.
- M1 = the arithmetic average of the Ship Building and Repairing Index (hereinafter referred to as "Maintenance Index") of the Producer Price Index as compiled by the Bureau of Labor Statistics of the United States Department of Labor, from the 6th to the 17th month inclusive prior to the first month in the Operating Year in question.
- M2 = the arithmetic average of the Maintenance Index from the 18th to the 29th month inclusive prior to the first day of the first month in the Operating Year in question.
- MB = the arithmetic average of the Maintenance Index for the first six months of 1989.

(D) If any of the aforesaid indices ceases to be published, Owners and Charterers shall forthwith consult to agree on appropriate amendments to Clause 8(C)(ii) to establish a new mechanism for calculating the Operating Element where the vessel does not have recent operating data. The new mechanism shall, so far as possible, place the parties in the position they would have been had the said indices continued to be published and shall apply from the start of the next Operating Year. In default of agreement either party may call for a determination in accordance with Clause 8(H). Until a new agreement or determination under Clause 8(H) takes effect, this Charter shall continue in full force and effect and hire shall continue to be assessed so far as practical in accordance with Clause 8(C)(ii) notwithstanding the cessation of publication of the said indices.

(E) If the vessel is documented under the laws of the U.S. at the time of delivery hereunder and if at any time during the Charter period:

(i) Owners become eligible to change the vessel's registration from that of the U.S., Owners shall so inform Charterers, or;

(ii) If, at any time, the vessel's registration may be changed from that of the U.S., Owners may, or if Charterers reasonably request, Owners shall use all reasonable efforts to change the vessel's registration to that of another country which shall permit the vessel to be operated and manned in such manner that consistent with safety, her operating costs may be reduced to internationally competitive levels. The fees payable to the new Register in respect of the registration of the vessel thereunder and any fees payable to the U.S. Coast Guard in respect of the de-registration of the vessel, and the costs of re-marking the vessel

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shall be shared equally between Owners and Charterers. The choice of such registration shall be subject to Charterers' approval which shall not be unreasonably withheld. Owners shall, if necessary to achieve such internationally competitive operating cost levels under the new registry, replace the Operator by another Operator who shall be subject to Charterers' approval, such approval not to be unreasonably withheld.

(F) If the vessel's registration or Operator change pursuant to Clause 8(E), the Operating Element shall be calculated as set forth in Clause 8(C)(ii) notwithstanding the vessel's operating history; provided that Owners and Charterers shall forthwith consult to agree on appropriate amendments to Clause 8(C)(ii) to establish a new mechanism for calculating component B of such Operating Element. The new mechanism shall, so far as possible:

(i) cause component B of the Operating Element to be reduced by the savings in the vessel's daily operating costs achieved or which should have been achieved as a result of the aforesaid changes. Such operating costs shall be deemed to include wages and all other payments made to and benefits provided in respect of the master, officers and crew; disbursements incurred in maintaining, overhauling, repairing, victualling, storing and equipping the vessel and;

(ii) incorporate indices and labor rates which shall enable component B of the Operating Element, after reduction in accordance with Clause 8(F)(i), to be recalculated in respect of each Operating Year in a manner similar to Clause 8(C)(ii) such that component B of the Operating Element can be expected to vary reasonably in keeping with future percentage changes in operating costs as defined in Clause 8(F)(i) and shall apply from the start of the next Operating Year. In default of agreement either party may call for a determination in accordance with Clause 8(H). Until a new agreement or determination under Clause 8(H) takes effect, this Charter shall continue in full force and effect and hire shall continue to be assessed so far as practical in accordance with Clause 8(C)(i) or 8(C)(ii), as the case may be, notwithstanding the change in registration and/or Operator.

(G) (i) Not before the fifth anniversary of delivery of the vessel hereunder, and not within five years after either a change in the vessel's registration or within five years after any earlier review pursuant to this Clause, if either Owners or Charterers consider that, if the initial Operating Element was determined in accordance with Clause 8(C)(ii), the formula for component B of the Operating Element has failed to keep track over the previous five years reasonably with the ascertainable annual operating costs (hereinafter referred to as "Comparable Costs") of owners of LNG carriers of similar size, type and age and of same country of

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registration as the vessel, who are operating their LNG carriers in accordance with first-class shipping practice (hereinafter referred to as "Comparable Operators"), either party may request in writing a review of component B of the Operating Element.

(ii) The Comparable Costs referred to in Clause 8(G)(i) shall be those reasonably incurred by Comparable Operators in the operation of LNG carriers, relative to the standards described in Clauses 1, 2 and 3 and shall be deemed to include wages and all other payments made to and benefits provided in respect of the masters, officers and crew; and disbursements incurred by Comparable Operators in maintaining, overhauling, repairing, victualling, storing and equipping LNG carriers but excluding all insurances and items in the nature of taxes, overheads and administration costs;

(iii) If either party requests a review pursuant to Clause 8(G)(i), the parties shall promptly meet to determine in good faith the adjustment, if any, which is needed to component B of the Operating Element to enable component B of the Operating Element to match Comparable Costs. For all purposes of the review, fluctuations from the cost levels of Comparable Operators which may reasonably be regarded as of a temporary nature shall be disregarded. For the purposes of the review, both as regards discussions between the parties and any reference to the Cost Expert pursuant to Clause 8(H), Owners shall make available to Charterers and the Cost Expert, all records of the vessel's costs in the categories listed in Clause 8(G)(ii).

(H) If within 90 days of the parties becoming aware of the indices in Clause 8(C) having ceased to be published or of the change in registration and/or Operator, or of a review being requested pursuant to Clause 8(G)(i), Owners and Charterers are unable to reach agreement on any changes pursuant to Clauses 8(D), (F) or (G)(iii), or the need for them, the matter shall be referred (at Owners' and Charterers' joint expense) for decision to an expert (hereinafter referred to as "the Cost Expert"). If Owners and Charterers are unable to agree within 30 days of expiry of the said 90 days on the selection of the Cost Expert he shall be selected by the President for the time being of the American Bureau of Shipping or if he fails so to act then by the President of the Society of Maritime Arbitrators.

A reference to the Cost Expert shall not be taken to be a reference to arbitration for the purposes of this Charter or any statutory provision.

The decision of the Cost Expert shall be final and binding upon Owners and Charterers, who shall promptly execute any necessary amendments to this Charter which amendments shall have

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effect from the first hire payment following the parties being aware of the said indices having ceased to be published or of the change in registration and/or Operator, or of the request for a review pursuant to Clause 8(G)(i).

(I) If Owners are assessed for and are liable to pay and do pay taxes in respect of the vessel or of any payment under this Charter by any law, rule or regulation applicable in any country where a port of loading or unloading cargo under this Charter is located and which are levied on Owners in relation to and exclusively as a consequence of vessel's service under this Charter and not imposed by the country of vessel's registry or by the U.S., the country in which the effective management of vessel is located, or the country of Owners' incorporation or place of business then Charterers shall reimburse Owners for such taxes, together with such additional amounts as may be necessary to provide Owners with amounts which Owners would have received but for the assessment of such taxes, promptly after Owners have provided Charterers with an accounting and receipts from the relevant taxing authority therefor. The amount so paid shall be treated as additional hire. To the extent Charterers are obligated to deduct such taxes from payments made under this Charter, then Charterers shall increase payments of hire to Owners in a sufficient amount to result in Owners receiving an amount equal to the amount Owners would have received but for such deduction. The amount of any such increase shall be treated as additional hire. Charterers shall account to Owners for such taxes so deducted and shall provide Owners with receipts therefor.

(J) Any hire overpaid or underpaid by Charterers as a result of changes in hire made pursuant to this Clause 8 may be deducted by Charterers or shall be added by Charterers to the next hire payment due after the changes become effective (as the case may be).

(K) The interest provisions in Clause 9 shall have no application to adjustments under this Clause 8.

(L) In addition to the Operating and Capital Elements, Charterers shall pay Owners:

(i) For as long as the vessel is registered in the U.S., an amount per day and pro rata, for all time when the vessel is on-hire between berthing and unberthing at ports where cargo is handled, equal to:

United States Dollars 2,250 x L.

Where L has the meaning defined in Clause 8(C).

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If pursuant to Clauses 8(D) or (H) other indices be substituted for those required to determine L, such substitute indices shall also be applied to this Clause 8(L)(i).

(ii) Should the vessel's registry change from the U.S. overtime pay of the master, officers and crew in accordance with ship's articles shall be for Charterers' account when incurred, as a result of complying with the request of Charterers or their agents, for loading or discharging cargo or bunkering.

9. PAYMENT OF HIRE

(A) Payment of hire shall be made in U.S. Dollars in advance in immediately available funds to Owners' bank as designated by Owners in writing, on the date of delivery hereunder and, thereafter, on the same day of the month as the day of the month on which the vessel is delivered to Charterers hereunder, less:

(i) any hire paid which Charterers reasonably estimate to relate to off-hire periods in any preceding month;

(ii) any amounts disbursed on Owners' behalf, any advances and commission thereon, and charges which are for Owners' account pursuant to any provision hereof; and

(iii) any amounts due or reasonably estimated to become due to Charterers under Clause 24 hereof. Any adjustments for which no deductions have been made, whether in regard to the aforesaid deductions or otherwise, shall be paid by Owners to Charterers promptly after the facts have been ascertained.

Charterers shall not be responsible for any delay or error by Owners' bank in crediting Owners' account provided that Charterers have made proper and timely payment. If a hire payment date falls on a day which is not a banking day at the place of payment or in London or New York, payment which would have been due shall instead be due on the next succeeding day that is a banking day at such places.

(B) In default of such proper and timely payment:

(i) Owners shall notify Charterers of such default and Charterers shall within 15 days of receipt of such notice pay to Owners the amount due including interest, failing which Owners may withdraw the vessel from the service of Charterers and may cancel this Charter without prejudice to any other rights Owners may have under this Charter or otherwise; and

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(ii) Interest on any amount due but not paid on the due date shall accrue from the day after that date up to and including the day when payment is made, at a rate per annum which shall be 1% above the U.S. Prime Interest Rate as published by the Chase Manhattan Bank in New York at 12:00 noon New York time on the due date, or, if no such interest rate is published on that day, the interest rate published on the next preceding day on which such a rate was so published, computed on the basis of a 360 day year of twelve 30-day months, compounded semi-annually.

(C) If Charterers make any deduction from hire pursuant to Clause 9(A) and it is later found that such deduction in full or in part should not reasonably have been made, Charterers agree promptly to refund to Owners any balance due to Owners. Interest on any such balance shall be payable by Charterers to Owners at 5% above the U.S. Prime Interest Rate as provided in Clause 9(B)(ii) for the period from the date when the wrongful deduction was made up to the date of its repayment.

(D) Any amounts deducted from hire pursuant to Clause 9(A) shall be supported by documentation delivered by Charterers to Owners before or at the time of such deduction.

10. SPACE AVAILABLE TO CHARTERERS

During the period of this Charter, the whole reach and burthen of the vessel and any passenger accommodation (including Owners' suite when not otherwise occupied by Owners) shall be at Charterers' disposal, reserving only proper and sufficient space for the vessel's master, officers, crew, tackle, apparel, furniture, provisions and stores.

11. INSTRUCTIONS AND LOGS

(A) Charterers shall give the master all requisite instructions and voyage orders and the master shall keep a full and correct log of all voyages which Charterers or their agents may inspect as required. The master shall when required furnish Charterers or their agents with a true copy of such log and with properly completed loading and discharging port sheets and voyage reports for each voyage and other returns as Charterers may require. Charterers shall be entitled to take copies at Owners' expense of any such documents which are not provided by the master.

(B) At all times during the period from the delivery of the vessel hereunder until the termination of this Charter, the master shall make fuel records for the vessel available to Charterers as from time to time requested by the Charterers, at Charterers' expense. Failure of the master promptly to forward vessel's fuel

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records in compliance with the above shall be adequate grounds for Charterers' invoking the provisions of Clause 13.

12. BILLS OF LADING

(A) The master (although appointed by Owners) shall be under the orders and direction of Charterers as regards employment of the vessel, agency and other arrangements, and shall sign bills of lading or non-negotiable cargo receipts as Charterers or their agents may direct (subject always to Clauses 35(A) and 40) subject always to Owners' and Charterers' rights and obligations under this Charter. Charterers hereby indemnify Owners against all consequences or liabilities that may arise:

(i) from signing bills of lading or non-negotiable cargo receipts in accordance with the directions of Charterers or their agents, to the extent that the terms of such bills of lading or non-negotiable cargo receipts fail to conform to the requirements of this Charter, or (except as provided in Clause 12(B)) from the master otherwise complying with Charterers' or their agents' orders; or

(ii) from any irregularities in papers supplied by Charterers or their agents.

(B) Notwithstanding the foregoing where bills of lading are issued, Owners shall not be obliged to comply with any orders from Charterers to discharge the cargo:

(i) at any place other than that shown on the bill of lading; and/or

(ii) without presentation of an original bill or bills of lading unless they have received from Charterers both written confirmation of such orders and an indemnity in the forms agreed and set out in Appendix 2 to this Charter.

13. CONDUCT OF VESSEL'S PERSONNEL

If Charterers complain of the conduct of the master or any of the officers or crew, Owners shall immediately investigate the complaint. If the complaint proves to be well founded, Owners shall, without delay, make a change in the appointments and Owners shall in any event communicate the result of their investigations to Charterers as soon as possible.

14. APPOINTMENT AND CONDUCT OF THE OPERATOR

(A) (i) If any Operator employed by Owners is required by applicable U.S. law or regulations to be a U.S. citizen and no such

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citizen having the required experience is available on reasonable commercial terms, then Owners shall request permission from MARAD to employ an experienced noncitizen operator.

(ii) Owners undertake that any Operator employed by Owners shall be capable of operating the vessel to first class international standards. If Operator does not have experience of LNG vessels, Owners shall also employ a first class technical advisor with such experience, such technical advisor to be approved by Charterers, which approval shall not be unreasonably withheld.

(B) (i) If Charterers have reasonable grounds to complain of the conduct or performance of the Operator, Owners shall immediately investigate the complaint. If Owners consider that the complaint is justified, they will consult with Charterers and the Operator in order to ascertain whether the substance of the complaint relating to the said conduct or performance can be remedied in a manner satisfactory to both Owners and Charterers. If the complaint cannot be so remedied Owners shall remove the Operator and arrange for an alternative operator.

(ii) In the event that Owners wish to remove the Operator, they will before doing so consult with Charterers, and if requested by Owners to do so, Charterers will approve the removal of the Operator by Owners (such approval not to be unreasonably withheld) and will approve the new Operator proposed by Owners.

15. BUNKERS, LIQUID NITROGEN AND LNG HEEL AT DELIVERY AND REDELIVERY

(A)

(i) Charterers shall accept and pay for all bunkers and liquid nitrogen on board at the time of delivery hereunder at the prices paid by Owners at the last port of bunkering before delivery and in the case of liquid nitrogen at the last place of supply.

(ii) Charterers shall accept delivery of the vessel, at Owners' option, with her cargo tanks containing LNG that has been purchased from Charterers; provided, however, that Charterers shall have no obligation to pay for such LNG Heel.

(B) Owners shall accept and pay for all bunkers and liquid nitrogen remaining on board if the vessel is redelivered to Owners in accordance with Clause 4(C) at the prices paid by Charterers at the last port of bunkering before redelivery and in the case of liquid nitrogen at the last place of supply.

16. LNG TERMINAL STAFF, PILOTS, TUGS

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Shore staff, when required to assist in loading and discharging operations, shall be employed and paid for by Charterers but shall be controlled by the master. Owners hereby indemnify Charterers, their servants and agents against all losses, claims, responsibilities and liabilities arising in any way whatsoever from the employment of pilots or tugboats who although employed by Charterers shall be deemed to be the servants of and in the service of Owners and under their instructions (even if such pilots or tugboat personnel are in fact the servants of Charterers their agents or any affiliated company) provided, however, that:

(i) the foregoing indemnity shall not exceed the amount to which Owners would have been entitled to limit their liability if they had themselves employed such pilots, or tugboats; and

(ii) Charterers shall be liable for any damage to the vessel caused by or arising out of the use of the said shore staff referred to in Clause 16, fair wear and tear excepted, to the extent that Owners are unable by the exercise of due diligence to obtain redress therefor from the said shore staff.

17. LIMIT ON LIABILITY

Notwithstanding anything to the contrary herein, the aggregate maximum liability of Cabot Corporation, Owners and Distrigas Corporation for breach of the Sale Agreement, the Vessel Sale Agreement, this Charter and the Cabot Guarantee shall be limited to \$150,000,000 (one hundred fifty million U.S. Dollars). For purposes of this limitation, payments made by Distrigas Corporation or by Cabot Corporation which are excluded in determining whether the limit of liability has been reached in accordance with Clause 8 of the Cabot Guarantee shall be similarly excluded hereunder. The aggregate maximum liability of Charterers for breaches of the Sale Agreement and this Charter shall be limited to \$150,000,000 (one hundred fifty million U.S. Dollars). For purposes of this limitation, payments made by Charterers which are excluded in determining whether the limit of liability has been reached under the Sale Agreement shall be similarly excluded hereunder. The terms Sale Agreement, Vessel Sale Agreement and Guarantee shall mean the LNG Sales Agreement dated _____, 1992 between Distrigas Corporation and Charterers, the Vessel Sale Agreement dated _____, 19____, between Owners and Charterers and the Deed of Guarantee between Cabot Corporation and Charterers and of Undertaking between Owners and Charterers dated _____ 1992, respectively.

18. SUB-LETTING

(A) Charterers may subcharter the vessel but Charterers shall remain responsible for the continued performance of the obligations of Charterers hereunder. So long as the vessel remains documented under the law of the U.S., Charterers shall not subcharter the vessel to a person who is not a U.S. citizen without the prior written consent (which shall include consents by applicable law or regulations) of MARAD.

(B) The vessel was formerly owned by El Paso Howard Boyd Tanker Company, Inc. (hereinafter referred to as the "Former Corporate Owner"). Charterers understand and agree that the vessel may not be sold, transferred, conveyed, leased, chartered or subchartered to Former Corporate Owner. Nor may the vessel be sold, transferred, conveyed, leased, chartered, or subchartered to a director or former director of the Former Corporate Owner, or sold, transferred, conveyed, leased, chartered or subchartered to a holder or former holder of significant equity interests in the Former Corporate Owner.

19. INSURANCE

(A) Without prejudice to Clauses 4, 6 & 39, prior to delivery of the vessel under this Charter, Owners shall use their best efforts to obtain or cause to be obtained, and thereafter to maintain or cause to be maintained, marine and war risk insurances on the vessel including without limitation the then current Institute Time Clauses on such forms of policy as are then in use in the London or U.S. insurance markets. Such insurances shall be with independent insurers and underwriters of a type and financial solvency which would be required by a prudent shipowner operating similar ships in a similar trade and shall be not less in extent and value than the insurance coverages for a vessel of this type required by a reasonable prudent owner, including (without limiting the generality of the above) hull and machinery, marine and technical risk, protection and indemnity (with full Club cover), war risk, pollution and such other insurance coverages as are customary in the LNG trade; provided, however, that the hull policy shall always be in amount equal to the full Fair Market Value of the vessel from time to time and in an amount sufficient to pay all mortgages and encumbrances on the vessel.

(B) If Charterers shall pay for any equipment or installation on the vessel, whether in accordance with Clauses 4(A)(vii), or otherwise, Owners shall name Charterers as an additional named assured on its Hull and machinery insurance and war risk hull and machinery coverage to the extent of Charterers investment in such equipment or installation and any losses paid in respect of such equipment or installation shall at Charterers option, be applied to

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the repair or replacement of such equipment or installation or paid over to Charterers. Owners shall obtain from underwriters a waiver of subrogation against Charterers with respect to losses required to be covered under this clause 19(B). The premiums for coverages provided for in this Clause 19(B) shall be for the account of Owners except any increase in premiums for total loss only attributable to such equipment or installation shall be for account of Charterers.

(C) Without prejudice to Clauses 19(A) and (B), if Charterers so request, Owners shall increase the amount of insurance coverage for hull and machinery in excess of the amount carried by Owner pursuant to Clause 19(A) provided that Charterers shall bear the cost of and be responsible for the payment of any additional premium for such increase. If the amount of insurance coverage is increased pursuant to this Clause, Charterers' name and interest to be noted and entered as a loss payee on Owners' hull and machinery policies for the amount of the said increase. In the event of an actual or constructive total loss of the vessel Charterers shall be entitled to recover the entire amount of such increase.

(D) Owners shall confirm to Charterers at the time of delivery under Clause 4 that all insurances required in this Clause have been effected. At that time they shall furnish evidence of coverages together with confirmation that premiums have been paid. Such evidence and confirmation of payments shall be produced at appropriate renewals for the duration of this contract. Furthermore, Owners will promptly inform Charterers of any material change in the insurances as evidenced at the time of delivery under Clause 4(C). Such changes shall include but not be limited to the following: insurance limits, deletion of Charterers as named insured when provided for under Clause 19(B), insurance conditions, restrictions in entry, insurance security and Club.

20. LOSS OF VESSEL

Should the vessel be an actual total loss, hire shall cease at noon on the day of her loss: should the vessel be a constructive total loss, hire shall cease at noon on the day on which the vessel's underwriters agree that the vessel is a constructive total loss: should the vessel be missing, hire shall cease at noon on the day on which she was last heard of. Within 90 days after hire has ceased under this Clause 20, any amounts due under this Charter to Charterers from Owners as hire paid in advance and not earned, and insurance proceeds payable as a result of a constructive total loss or total loss if any shall be due to Charterers pursuant to Clause 19(B), shall be returned and/or paid to Charterers, and Owners shall reimburse Charterers for the value of the estimated quantity of bunkers and liquid nitrogen on board at the time of termination, to the extent that the value of same is

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not recoverable under Charterers' insurance, at the price paid by Charterers at the last bunkering port, or in the case of liquid nitrogen at the last place of supply. Further, within 90 days after hire has ceased under this Clause 20, any amounts due under this Charter to Owners from Charterers shall be paid to Owners.

21. OFF-HIRE

(A) On each and every occasion that there is loss of time (whether by way of interruption in the vessel's service or, from reduction in the vessel's performance, or in any other manner) unless caused by Charterers' wrongful act or negligence:

(i) due to deficiency of personnel or stores; repairs; gas-freeing for repairs; time in and waiting to enter dry dock for repairs; breakdown (whether partial or total) of machinery, boilers or other parts of the vessel or her equipment (including without limitation tank coatings); overhaul, maintenance or survey; collision, stranding, accident or damage to the vessel; or any other similar cause preventing the efficient working of the vessel; and such loss continues for more than 4 consecutive hours (if resulting from interruption in the vessel's service) or cumulates to more than 4 hours (if resulting from partial loss of service); or

(ii) due to industrial action, refusal to sail, breach of orders or neglect of duty on the part of the master, officers or crew; or

(iii) for the purpose of obtaining medical advice or treatment for or landing any sick or injured person (other than a Charterers' representative carried under Clause 23 or Clause 30 hereof) or for the purpose of landing the body of any person (other than a Charterers' representative), and such loss continues for more than four consecutive hours; or

(iv) due to any delay in quarantine arising from the master, officers or crew having had communication with the shore at any infected area without the written consent or instructions of Charterers or their agents, or to any detention by customs or other authorities caused by smuggling or other infraction of local law on the part of the master, officers, or crew; or

(v) due to detention of the vessel by authorities at home or abroad attributable to legal action against or breach of regulations by the vessel, or Owners;

then without prejudice to Charterers' rights under Clause 3 or to any other rights of Charterers hereunder or otherwise the vessel

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