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**LIQUEFIED NATURAL GAS
SALE AND PURCHASE EXTENSION AGREEMENT**

between

PHILLIPS 66 NATURAL GAS COMPANY

MARATHON OIL COMPANY

and

THE TOKYO ELECTRIC POWER COMPANY, INCORPORATED

TOKYO GAS CO., LTD.

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LIQUEFIED NATURAL GAS SALE AND PURCHASE EXTENSION AGREEMENT

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LIQUEFIED NATURAL GAS SALE AND PURCHASE EXTENSION AGREEMENT

THIS EXTENSION AGREEMENT is entered into as of this 17th day of June, 1988, by and between Phillips 66 Natural Gas Company (Phillips) as successor to Phillips Petroleum Company, a corporation incorporated under the laws of the State of Delaware, the United States of America and Marathon Oil Company (Marathon), a corporation incorporated under the laws of the State of Ohio, the United States of America, hereinafter collectively referred to as "Sellers", and The Tokyo Electric Power Company, Incorporated (Tokyo Electric) and Tokyo Gas Co., Ltd. (Tokyo Gas), corporations incorporated under the laws of Japan, hereinafter collectively referred to as "Buyers" and executed in both the English and Japanese languages.

WITNESSETH:

WHEREAS, on the 6th day of March, 1967, Sellers and Buyers entered into that certain Liquefied Natural Gas Sales Agreement, (as subsequently amended by Amending Extension Agreement as of the 15th day of April, 1982) "Original Agreement", providing for the sale and purchase of LNG manufactured from natural gas produced from natural gas reserves located in the State of Alaska, the United States of America;

WHEREAS, Sellers represent that natural gas reserves are and will be adequate to continue the manufacture of LNG to be sold and purchased under this Extension Agreement;

WHEREAS, Sellers' present manufacturing facilities, the two (2) LNG tankers currently in service and the two (2) new LNG tankers to be brought into service are and

will be adequate to continue the manufacture and delivery of LNG to be sold and purchased under this Extension Agreement;

WHEREAS, Buyers' berthing facilities before and after revision are and will be adequate to continue the receipt of LNG to be sold and purchased under this Extension Agreement;

WHEREAS, Sellers and Buyers intend to extend the Original Agreement with some amendments;

NOW THEREFORE, in consideration of the mutual and dependent promises herein contained, the parties hereto agree to this Extension Agreement as follows:

I. DEFINITIONS:

1.1 Definitions of Terms

Except where context otherwise indicates another or different meaning or intent, the following terms as used herein shall be construed to have meanings as follows:

- a. The term "day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 0:00 a.m. (midnight) Japan Standard Time.
- b. The term "month", unless preceded by the term "calendar", shall mean a period of time beginning at 0:00 a.m. Japan Standard Time on any day of a calendar month (Gregorian Calendar) and ending at 0:00 a.m. Japan Standard Time on the same day of the next succeeding calendar month.
- c. The term "year", unless preceded by the term "calendar", shall mean a period of time beginning at 0:00 a.m. Japan Standard Time on any day of a calendar year (Gregorian Calendar) and ending at 0:00 a.m. Japan Standard Time on the same day of the next succeeding calendar year.
- d. The term "contract year" shall mean a period of twelve (12) consecutive months beginning on April 1 each year and ending on the succeeding March 31. The first contract year of this Extension Agreement shall begin on April 1, 1989 and end on March 31, 1990.
- e. The term "Btu" shall mean one (1) British Thermal Unit, and is defined as the amount of heat required to raise the temperature of one (1) pound of water from fifty-nine (59) to sixty (60) degrees Fahrenheit.

- f. The term "standard cubic foot" or "Scf" shall mean the quantity of gas occupying one (1) cubic foot at a temperature of sixty (60) degrees Fahrenheit and an absolute pressure of fourteen and six hundred ninety-six-thousandths (14.696) pounds per square inch.
- g. The term "normal cubic meter" or "Nm³" shall mean the quantity of gas occupying one (1) cubic meter at a temperature of zero (0) degrees Celsius and an absolute pressure of one thousand thirteen and twenty-five-hundredths (1,013.25) millibars.
- h. The term "gross heating value" is the heat liberated from burning one (1) cubic foot of water-free gas, measured at sixty (60) degrees Fahrenheit and an absolute pressure of fourteen and six hundred ninety-six-thousandths (14.696) pounds per square inch, determined by cooling the products of combustion including the moisture formed to sixty (60) degrees Fahrenheit.
- i. The term "liquefied natural gas" or "LNG" shall mean a liquid state hydrocarbon commodity which has been manufactured from vaporous natural gas in manufacturing facilities and can be stored, transferred and transported in the liquid state at approximately atmospheric pressure and a temperature of minus two hundred fifty-nine (-259) degrees Fahrenheit.
- j. The term "natural gas" shall mean gas and vapors produced from subterranean formations, whether produced from gas wells or oil wells.

- k. The term "annual contract quantity" or "ACQ" shall mean the base quantity of LNG that Sellers agree to sell and deliver and Buyers agree to purchase and receive in each contract year.
- l. The term "semester" shall mean either the first or last six (6) months of each contract year, starting each April 1 through the immediately following September 30 or each October 1 through the immediately following March 31.
- m. The term "metric ton" shall mean a measure consisting of two thousand two hundred four and six-tenths (2,204.6) pounds.
- n. The term "LNG tanker" shall mean a ship in which LNG sold and purchased hereunder is transported.
- o. The term "barrel" shall mean forty-two (42) United States gallons (five and six thousand one hundred forty-six-ten thousandths (5.6146) cubic feet).
- p. The term "Buyers' working day" shall mean a day from Monday through Friday when both Buyers' registered head offices are officially open for business.
- q. The term "cargo" shall mean the entire amount of LNG available for sale and purchase from an LNG tanker.
- r. The term "round" shall mean the effect of eliminating figures which are not required in order to establish a required number, using the following method: If the first of the figures to be discarded is 5 or more, the last of the figures to

be retained is increased by 1; if the first of the figures to be discarded is 4 or less, the last of the figures to be retained is unaltered.

The following illustrates the examples of this method:

<u>number before being rounded</u>	<u>number after being rounded to 1 decimal place</u>
3.64	3.6
3.649	3.6
3.650	3.7
3.66	3.7

II. SALE AND PURCHASE:

2.1 Sale and Purchase

Subject to all of the terms and conditions of this Extension Agreement, Sellers agree to sell and deliver to Buyers and Buyers agree to purchase and receive from Sellers, LNG in the quantities, at the times and places and at the price hereinafter set forth.

2.2 Severalty and Independence of Buyers

The rights and obligations of either of Buyers under this Extension Agreement shall be several and independent of the rights and obligations of the other of Buyers except where this Extension Agreement expressly requires Buyers to act together or jointly.

2.3 Natural Gas Reserves

LNG which Sellers will sell and deliver to Buyers will be manufactured from natural gas produced from natural gas reserves owned by, controlled by or otherwise committed to Sellers, located in the State of Alaska, the United States of America. Sellers warrant that they own, control or otherwise have committed to them natural gas and natural gas reserves sufficient to satisfy the total quantities of LNG to be sold and purchased hereunder. Sellers further warrant title to LNG delivered pursuant to this Extension Agreement and that such LNG at the delivery point specified herein will be free of all lawful liens, charges and claims of any and every kind.

Sellers' studies and evaluations of natural gas reserves are consistent with the authoritative data of the State of Alaska as published in "Historical and Projected Oil and Gas Consumption", January 1987, Alaska, Department of Natural Resources, Division of Oil and Gas.

III. TITLE PASSAGE AND PLACE OF DELIVERY:

3.1 Transportation of LNG and Title Passage

Sellers shall be responsible for transportation and delivery of LNG sold and purchased under this Extension Agreement. Such delivery shall be made by Sellers to Buyers in the LNG tankers and the point of delivery and passage of title to and risk of loss of LNG shall be at the flange connecting the unloading piping of the LNG tanker with the piping of Buyers.

3.2 Place of Delivery

Unless otherwise mutually agreed the place of delivery shall be the LNG berthing facility at Negishi terminal in the city of Yokohama, Japan. Upon request of Buyers to direct any LNG tanker to any other Buyers' LNG berthing facility in the Bay of Tokyo, Sellers shall comply with Buyers' request subject to technical, safety and operational considerations. Buyers shall endeavor to notify Sellers of destinations other than Negishi terminal prior to the LNG tanker's departure from Sellers' facilities in the State of Alaska.

IV. FACILITIES:

4.1 Sellers' Facilities

Sellers shall maintain and operate, or cause to be maintained and operated, at their sole cost, expense and risk, manufacturing facilities, located in the State of Alaska, sufficient in size to enable Sellers to manufacture and deliver to Buyers the quantities of LNG sold and purchased hereunder. Sellers shall also maintain and operate, or cause to be maintained and operated, the two (2) LNG tankers to deliver LNG hereunder. Sellers agree to use their best endeavors to replace the LNG tankers currently in service, the Arctic Tokyo and the Polar Alaska, within six (6) years after the signing date of this Extension Agreement with the two (2) new LNG tankers which are to be constructed for delivery of Alaska LNG and suitable to deliver LNG hereunder; provided, however, that Sellers will not be required to commit expenditures or to begin construction until final governmental approval or authorization for this Extension Agreement is received. Such new LNG tankers will be of adequate size, capacity and speed to deliver at least the quantities of LNG sold and purchased hereunder, but Sellers shall determine the exact specifications of the new LNG tankers later taking into consideration Buyers' berthing facilities at Negishi terminal in the city of Yokohama, Japan, which are being revised as of the date of execution hereof.

4.2 Buyers' Facilities

Buyers shall maintain and operate, or cause to be maintained and operated, at their sole cost, expense and risk, docking, unloading and receiving facilities. The docking facilities designated for delivery of LNG shall be capable of handling and accommodating the LNG tanker which shall have the right to use Buyers' docking facilities in line with normal shipping industry practice of "first come, first served",

without any charges being imposed by Buyers for such use. The unloading facilities shall include lines and other terminal equipment of sufficient capacity to permit the unloading of the LNG tanker in a reasonable time mutually agreed between Sellers and Buyers. Such facilities shall also include a pipeline sufficient in size to return natural gas vapors from Buyers' storage tanks to the LNG tanker. The receiving facilities shall include storage and other auxiliary facilities of sufficient capacity to permit Sellers to deliver and Buyers to receive cargo at reasonable unloading rate of delivery. Buyers shall give Sellers pursuant to Sellers' request, before the specifications of the new LNG tankers are determined, information on Buyers' facilities which are being revised as of the date of execution hereof. Should the new LNG tankers or Buyers' facilities require further revisions, Sellers and Buyers agree to discuss in good faith how to cope with it. Sellers and Buyers agree to cooperate in coordinating the timing of the in-service date of the new LNG tankers with the completion of the revisions of Buyers' facilities being made as of the date of execution hereof.

4.3 Facilities for LNG Tankers

Buyers shall provide facilities for loading of ship's stores, excluding liquid nitrogen, free of cost to Sellers as long as such facilities existing as of the date of execution hereof are adequate. Buyers shall cooperate with Sellers, but without commitment, in providing other facilities, except the facilities provided in Section 4.2, as reasonably required for the new LNG tankers. Sellers shall bear an appropriate proportion of the costs and expenses of these facilities having regard to the use made of them by the new LNG tankers.

V. QUANTITIES AND SCHEDULES OF DELIVERY:

5.1 Annual Contract Quantity

From the first contract year through the contract year during which the second new LNG tanker is brought into service, the annual contract quantity of LNG which Sellers agree to sell and deliver and Buyers agree to purchase and receive under this Extension Agreement is fifty-two trillion (52,000,000,000,000) Btu's, which is the methane equivalent of approximately nine hundred eighty-eight thousand (988,000) metric tons. As between Tokyo Electric and Tokyo Gas, the annual contract quantity for Tokyo Electric shall be thirty-nine trillion (39,000,000,000,000) Btu's, which is the methane equivalent of approximately seven hundred forty-one thousand (741,000) metric tons, and the annual contract quantity for Tokyo Gas shall be thirteen trillion (13,000,000,000,000) Btu's, which is the methane equivalent of approximately two hundred forty-seven thousand (247,000) metric tons.

From the contract year following the contract year during which the second new LNG tanker is brought into service through the fifteenth contract year, the annual contract quantity of LNG which Sellers agree to sell and deliver and Buyers agree to purchase and receive under this Extension Agreement is fifty-seven trillion, five hundred billion (57,500,000,000,000) Btu's, which is the methane equivalent of approximately one million, ninety-two thousand (1,092,000) metric tons. As between Tokyo Electric and Tokyo Gas, the annual contract quantity for Tokyo Electric shall be forty-three trillion, one hundred twenty-five billion (43,125,000,000,000) Btu's, which is the methane equivalent of approximately eight hundred nineteen thousand (819,000) metric tons, and the the annual contract quantity for Tokyo Gas shall be fourteen trillion, three hundred seventy-five billion (14,375,000,000,000) Btu's, which is the methane equivalent of approximately two hundred seventy-three thousand (273,000) metric tons.

metric tons.

Prior to the arrival of a cargo of LNG at the LNG berthing facilities used jointly by Buyers, Buyers shall declare together to Sellers the ratio, totalling one hundred (100) percent, in which such cargo is to be allocated between Buyers.

For the purpose of calculating the quantity delivered in a contract year, delivery and receipt of all LNG unloaded from any LNG tanker shall be deemed to have been made on the day on which unloading of that LNG was commenced.

5.2a Decrease in Annual Quantity

Buyers may decrease the quantity of LNG to be delivered and received in any contract year by an amount not exceeding ten (10) percent of the applicable ACQ subject to the further limitation specified in Section 5.2c below. In the case the quantity of LNG delivered and received in a contract year is less than the ACQ, the difference between such quantity and the ACQ shall be the "annual underlift quantity".

5.2b Increase in Annual Quantity

Buyers may request Sellers to increase the quantity of LNG to be delivered and received in any contract year by not more than six (6) percent of the applicable ACQ, and Sellers shall endeavor to comply with such Buyers' request. The quantity of LNG delivered and received in a contract year which exceeds the ACQ shall be the "annual overlift quantity". The quantity of LNG in excess of the ACQ delivered and received in a contract year pursuant to Article XIII herein shall not be considered in determining the annual overlift quantity.

5.2c Accumulated Annual Underlift Quantity

All annual underlift quantities and annual overlift quantities shall be accumulated at the end of each contract year and the accumulated annual overlift quantity shall be subtracted from the accumulated annual underlift quantity to determine the net accumulated underlift quantity, if any. Buyers shall limit the net accumulated underlift quantity to a maximum of fifty-five trillion, seven hundred billion (55,700,000,000,000) Btu's, as for Tokyo Electric to a maximum of forty-one trillion, seven hundred seventy-five billion (41,775,000,000,000) Btu's and as for Tokyo Gas to a maximum of thirteen trillion, nine hundred twenty-five billion (13,925,000,000,000) Btu's. Buyers shall not exercise their rights under Section 5.2a above at any time during any contract year if such exercise would result in a net accumulated underlift quantity exceeding the maximums mentioned above at the end of that contract year. Buyers shall endeavor to bring the net accumulated underlift quantity to zero (0) by the end of this Extension Agreement.

5.2d Transfer of Annual Contract Quantity

Each of Buyers may transfer to the other the rights and obligations attaching to the purchase and receipt of its ACQ in any contract year on the condition that:

- (i) Buyers give Sellers reasonable prior notice of the proposed transfer; and
- (ii) Sellers' consent, which shall not be unreasonably withheld, is obtained.

All the terms and conditions of this Extension Agreement shall apply to such revised ACQ, provided that the limitations of the net accumulated underlift quantity of each of Buyers specified in Section 5.2c shall not be transferred unless otherwise agreed by Sellers and Buyers.

5.3a Constant Delivery and Seasonal Fluctuations

Sellers shall deliver and Buyers shall receive cargos of LNG in each contract year at rates and intervals and in volumes reasonably equal and constant throughout that contract year with due consideration of the maintenance periods of their respective plants and facilities.

Sellers shall cooperate with Buyers for the purpose of providing flexible deliveries of LNG to Buyers to accommodate Buyers' seasonal fluctuations in demand for electricity or gas. Buyers may decrease the quantity of LNG to be received in either semester to the extent that Sellers can reasonably deliver the total quantities of LNG to be received by Buyers hereunder in a contract year.

5.3b Delivery Schedule

At least two (2) months before the start of each contract year, Sellers and Buyers shall commence discussions on the delivery schedule proposed by Sellers or Buyers for the contract year. At least one (1) month before the start of each contract year, Sellers and Buyers shall agree on an annual delivery schedule for the contract year. Sellers and Buyers shall cooperate to cause the annual maintenance of their respective plants and facilities to be scheduled in a manner which will minimize disruptions to the deliveries of LNG.

If Sellers or Buyers consider that it is necessary to make a change to the annual

delivery schedule, such annual delivery schedule shall be revised after discussion and agreement between Sellers and Buyers.

5.3c Specific Delivery Schedule

On, or close to, the first day of April, July, October and January in each contract year, Sellers shall, after discussion and agreement with Buyers, provide to Buyers a specific delivery schedule based on the current annual delivery schedule for the contract year. The specific delivery schedule shall cover the deliveries of LNG to be made by Sellers to Buyers during the period of following three (3) months.

5.4 Shipping Movement Information and Cargo Information

Sellers shall notify Buyers or cause Buyers to be notified at least seventy-two (72) hours and again at least twenty-four (24) hours in advance of the estimated time each LNG tanker will arrive at Buyers' berthing facilities.

Sellers shall inform Buyers, not later than three (3) days before the estimated time of arrival of each LNG tanker at Buyers' berthing facilities, of the quality of each cargo of LNG at the plant at the time of its loading into the LNG tanker.

VI. QUALITY:

6.1 Gross Heating Value

LNG delivered hereunder shall have a standard gross heating value of approximately one thousand ten (1,010) Btu's per standard cubic foot, and Sellers warrant that LNG shall have a minimum gross heating value of nine hundred ninety (990) Btu's per standard cubic foot and a maximum gross heating value of one thousand one hundred fifty (1,150) Btu's per standard cubic foot. The gross heating value of LNG delivered hereunder shall be determined by computations using the procedure, physical constants and correction factors contained in Exhibit A attached hereto and made a part hereof.

6.2 LNG Composition

Sellers warrant LNG delivered hereunder shall have components within the following ranges:

- Methane - not less than eighty-five (85) mole percent;
- Butanes and heavier - not more than two (2) mole percent;
- Pentanes and heavier - not more than one-tenth of one (0.1) mole percent;
- Nitrogen - not more than one (1) mole percent.

The components shall be analyzed and determined by the test method specified in Article III in Exhibit A.

6.3 Impurities

Sellers warrant LNG delivered hereunder shall not contain amounts of impurities in excess of the following ranges:

- Hydrogen sulfide - not more than five (5) milligrams per Nm³;
- Total sulfur - not more than thirty (30) milligrams per Nm³.

The method specified in Exhibit B shall be used in carrying out tests for the impurities.

Furthermore, Sellers warrant it shall not contain objectionable solids or solid impurities such as solid carbon dioxide, hydrates of hydrocarbons, inorganic compounds or lubricants in such quantities as will interfere with Buyers' receipt of LNG or use of LNG for power generation, city gas supply or industrial uses.

VII. MEASUREMENT AND ANALYSIS:

7.1 Sellers' Equipment

Sellers shall maintain and operate in each LNG tanker, at their sole cost and expense, suitable equipment and devices for the purpose of measuring the quantities of LNG delivered hereunder. Tests for the accuracy of the equipment and devices shall be made by Sellers and shall be witnessed and verified upon request of Buyers by an independent surveyor selected jointly by Sellers and Buyers. Tests for the accuracy of the equipment and devices shall be made at each drydocking of an LNG tanker and at any other time the accuracy of the equipment and devices is questioned by either party. Buyers shall have the right to be present at each such test. Tests for the accuracy of the equipment and devices shall also be made on the new LNG tankers prior to their introduction into service and thereafter, as required above.

7.2 Buyers' Equipment

Buyers shall maintain and operate, at their sole cost and expense, suitable equipment and devices for the purpose of collecting and analyzing samples of LNG. Tests for the accuracy of the equipment and devices shall be made by Buyers and shall be witnessed and verified upon request of Sellers by an independent surveyor selected jointly by Sellers and Buyers. Sellers shall have the right to be present at each such test.

7.3 Measurement of Quantities of LNG Delivered

Sellers shall determine the quantities of LNG delivered from each LNG tanker following the methods and procedures contained in Exhibit A. The measurement of each cargo of LNG shall be made by Sellers and shall be witnessed and verified upon request of Sellers or Buyers by an independent surveyor selected jointly by Sellers and

Buyers. Buyers shall have the right to be present during measurement.

7.4 Collection and Analysis of Samples

Buyers shall collect representative samples of LNG from each cargo and as promptly as practicable after completion of unloading, Buyers shall, during normal working hours, analyze for quality under Article VI the appropriate sample following the methods provided in Exhibits A and B. The analyses when correctly made in accordance with the provisions of this Extension Agreement and Exhibits A and B shall be final. Sellers shall have the right to be present when the samples are collected and the analyses are made. Buyers shall promptly report to Sellers the results of the analyses.

7.5 Determination of Quantities of Btu's Delivered

The quantities of Btu's delivered to Buyers from each LNG tanker shall be determined from the results of the measurements and analyses made under Sections 7.3 and 7.4 and in accordance with the procedures set out in Exhibit A.

Sellers shall promptly notify Buyers of the result of the determination, which shall be verified by an independent surveyor selected jointly by Sellers and Buyers.

7.6 Costs and Expenses of Tests and Verifications

All the costs and expenses for testing Sellers' equipment and devices shall be borne by Sellers, and all the costs and expenses for testing Buyers' equipment and devices shall be borne by Buyers; provided, however, that costs and expenses for supplemental tests upon request of Sellers or Buyers shall be borne equally by Sellers and Buyers. The fees and charges of the independent surveyor for witnessing and verification of measurement, sampling and analyses, and for verification of determination of quantities of Btu's delivered shall be borne equally by Sellers and Buyers.

VIII. PRICE:

8.1a LNG Price

The Price of LNG shall be determined according to the following formula:

$$P_n = B \times \frac{G(n-1)}{G_b} + A_n$$

Where:

- P_n = the price applicable to LNG sold and delivered in the calendar month "n" expressed in United States cents per million Btu's and rounded to one (1) decimal place.
- B = the base price, that is US¢ 592.8 (five hundred ninety-two and eight-tenths United States cents) per million Btu's.
- G_b = the base Government Selling Price, that is US\$ 34.48 (thirty-four and forty-eight-hundredths United States dollars) per barrel.
- $G(n-1)$ = the average of the Government Selling Prices applicable on the last day of the calendar month "n-1"; weighted by volumes, expressed in United States dollars per barrel and rounded to two (2) decimal places, for the top twenty (20) crude oils, ranked by descending volumes, imported into Japan during the calendar year immediately preceding each contract year.
- A_n = the adjustment factor applicable to LNG sold and delivered in the calendar month "n". The adjustment factor is negotiated from time to time between Sellers and Buyers to allow the price of LNG

sold and delivered under this Extension Agreement to respond to market conditions, provided that such adjustment is limited to plus or minus US ¢ 30.0 (thirty United States cents) per million Btu's.

"Government Selling Price" shall mean a selling price of crude oil expressed in United States dollars per barrel, as published in sources mutually agreed in writing, officially set by the government of the oil producing country.

8.1b Revision of Government Selling Price

If the Government Selling Price (GSP) for any of such top twenty (20) crude oils ultimately determined to be applicable on the last day of the month prior to the month in which LNG is sold and delivered is different from the GSP used in calculating the applicable LNG price, and the different GSP is announced on or before the end of the month following the month of delivery, then the applicable LNG price shall be recalculated using the different GSP and appropriate adjusting payments shall be made accordingly.

8.1c Unavailability of Government Selling Price

If at any time the Government Selling Price of one or more of the crude oils used in the formula ceases to be published, is quoted on a revised basis, or if Sellers or Buyers have any information that a significant difference exists between the Government Selling Price and the market price based on a term contract basis, then Sellers and Buyers shall meet and discuss in good faith to seek a suitable solution. From such time until the time when agreement is reached, a provisional price shall be determined on the basis of the last available or agreed information. When agreement is reached, it shall apply retroactively from the time the aforesaid provisional pricing began.

8.2 Discussion on LNG Pricing

Sellers and Buyers agree to meet and discuss applicable LNG pricing prior to the commencement of each contract year and at any time that Sellers or Buyers require.

In discussing the price of LNG sold and purchased hereunder, it is Sellers' and Buyers' intent that the following factors shall be considered:

- (i) competitiveness and comparability with the prices of other LNG supplied to Japan after paying regard to specific conditions of other LNG projects such as contract term, transportation arrangements and currency adjustment arrangements; and
- (ii) energy market situation including crude oil, petroleum products and other competitive fuels.

8.3 Review

If a change of circumstance arises that is beyond the control of the parties and the effects of such change result in conditions fundamentally different than contemplated, Sellers and Buyers shall promptly meet to review the price of LNG provided in Section 8.1a taking into consideration the factors specified in Section 8.2.

IX. TAXES AND DUTIES:

9.1 Taxes and Duties

With respect to LNG sold and delivered hereunder, Sellers shall pay all taxes and duties imposed by governmental bodies outside Japan, and Buyers shall pay all taxes and duties imposed by Japanese governmental bodies; provided, however, that Sellers shall bear all port and harbor duties, fees and assessments imposed by Japanese governmental bodies on the LNG tankers.

X. INVOICING AND PAYMENT:

10.1 Invoicing and Payment

Sellers shall prepare and submit to Buyers after completion of unloading, through Buyers' designated agent in the United States of America (such agent to be maintained at all times by Buyers), for each cargo of LNG, an invoice showing the quantity of Btu's delivered to each Buyer and the sum in United States dollars owed by each Buyer to Sellers as determined by the quantity allocation made by Buyers applicable to that cargo under Article V herein. Each Buyer shall pay Sellers on or before the eighth (8th) Buyers' working day after Buyers' agent has received such invoice the sum owed by each Buyer to Sellers. However, should final due date fall on a banking holiday of Sellers' designated banks, final due date shall be moved to the next Buyers' working day which is not a banking holiday of Sellers' designated banks. Payment shall be made in United States dollars by each Buyer depositing the sum owed to Sellers to the credit of Phillips 66 Natural Gas Company's account with the Manufacturers Hanover Trust Company, New York City, New York, the United States of America and Marathon Oil Company's account with the National City Bank of Cleveland, Cleveland, Ohio, the United States of America in the proportions as stated in Sellers' invoice, or in any other bank or banks as may be designated in writing by Sellers from time to time.

10.2 Determination of Amount Payable for LNG Delivered

The amount payable for each cargo of LNG delivered to Buyers shall be the product of the quantity of Btu's calculated pursuant to Section 7.5 as determined by the quantity allocation made by Buyers applicable to that cargo under Article V herein, multiplied by the unit price provided in Section 8.1.

The price applied to each cargo shall be the price in effect at the time when

unloading is commenced.

10.3 Errors

In the event any error is discovered in the amount of any invoice rendered hereunder, such error shall be rectified within one (1) month after the determination thereof, provided a claim therefor shall have been made within two (2) years after the date of such invoice.

XI. OPERATING SAFETY:

11.1 Responsibility for Safety and Reliability

Sellers shall be responsible to assure the safe and reliable supply of natural gas, and shall be responsible for the safety and reliability of Sellers' natural gas production and transportation facilities, LNG manufacturing, storage and loading facilities and the LNG tankers, and for the safety and reliability in operation and maintenance thereof.

Buyers shall be responsible for the safety and reliability of docking, unloading and receiving facilities and for the safety and reliability in operation and maintenance thereof.

11.2 Facility Operations

Sellers and Buyers recognize the importance of safety in all phases contemplated by this Extension Agreement and agree to secure and maintain safety to the high standards within the natural gas, liquefied natural gas and liquefied natural gas shipping industries. For the promotion of safe and efficient operations, Sellers and Buyers agree to assure that operations are conducted by their respective personnel with adequate qualifications who are suitably trained and skilled for the positions, including the officers and crew operating the LNG tankers.

11.3 Facility Maintenance

Sellers and Buyers recognize the importance of facility maintenance in performing safe, efficient and reliable operations. Sellers and Buyers agree to carry out, or cause to be carried out, maintenance programs to secure and maintain safety, efficiency and reliability in all phases contemplated by this Extension Agreement.

Furthermore. Sellers and Buyers agree to conduct, each at their sole discretion and expense, independent safety inspections of their respective LNG facilities utilized in performance of this Extension Agreement, including the LNG tankers.

11.4 Authorities and Regulations

Sellers and Buyers, in a spirit of mutual cooperation, shall maintain a close relationship and cooperate with relevant marine and other authorities and shall observe all relevant laws, regulations and orders, as well as international standards and regulations and shall pay due regard to appropriate guidances and restrictions relating to safety in all operations such as navigation of the LNG tankers, berthing, unberthing, loading and unloading.

11.5 Safe Works

Sellers and Buyers shall use their best endeavors to assure that their respective employees, agents, contractors and suppliers shall have due regard for safety and abide by the relevant regulations while performing works and services within and around the receiving terminal area and on board the LNG tankers.

XII. STABLE DELIVERY AND RECEIPT:

12.1 Elimination of Delivery or Receipt Problem

If Sellers are unable to deliver LNG or Buyers are unable to receive LNG, as required under this Extension Agreement for any reason, Sellers and Buyers shall immediately meet and consult in good faith to give sincere consideration in a spirit of good will and mutual trust to any action which could be taken to eliminate or alleviate the delivery or receipt problem. Such consideration shall include whether Sellers could reasonably make available other natural gas, other liquefied natural gas, alternative fuels and feedstocks or other LNG ships, or whether Buyers could reasonably change the place of delivery.

XIII. FORCE MAJEURE:

13.1 Force Majeure

If either or both of Sellers or either or both of Buyers are rendered unable, wholly or in part, by force majeure to carry out their obligations under this Extension Agreement, other than the obligation to make money payments, and if such Sellers or Buyers, as the case may be, give notice and reasonably full particulars of such force majeure condition in writing or by telegraph or telex to the other party within a reasonable time after the occurrence of the facts relied on, then the obligations of the party giving the notice, so far as and to the extent that the obligations are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period. The party giving the notice shall, if requested by the party receiving the notice, deliver to the party receiving the notice a sworn statement of the facts relied on as constituting force majeure, and, if available, a certificate from a government official of the occurrence of the facts when known to the official. If, as a result of the temporary suspension, wholly or in part, of the obligations of either or both of Sellers or either or both of Buyers as above provided, the ACQ of LNG is not delivered or received during any contract year, then the party claiming force majeure shall endeavor to deliver or to receive, as the case may be, during the remaining term of this Extension Agreement, all or such portions of the undelivered quantities of LNG as may be delivered within the capabilities of the facilities of Sellers and Buyers, such undelivered quantities to be delivered and received as soon as reasonably possible after termination of such suspension, and to be in addition to the ACQ for the particular year in which such deliveries are made and receipts occur.

The term "force majeure", as used in this Extension Agreement, means cause or causes which are not reasonably within the control of the party or parties claiming

force majeure, and which cannot be overcome by the exercise of reasonable endeavors under the then existing circumstances and includes but shall not be limited to forces of nature, perils of the sea, shipwrecks, strikes, lockouts, or other industrial disturbances, acts of God, acts of government or any governmental agency, compliance with any directive, order or regulation of any governmental authority or representative thereof acting under claim or color of authority, wars, blockades, insurrections, riots, epidemics, quarantine restrictions, landslides, lightning, earthquakes, fires, storms, floods, washouts, civil or military disturbances or interferences, explosions, et cetera. The party claiming force majeure shall use endeavors which are reasonable under the then existing circumstances to eliminate the circumstance of force majeure to enable it to resume full performance of its obligations and to minimize the effects of the circumstance of force majeure. Labor disputes shall be settled at the sole discretion of the party having such dispute.

Failure to perform by a third party including, but not limited to, the operator of the LNG manufacturing facilities, the LNG tankers and the berthing facilities, performing services for or supplying goods to the party shall not constitute force majeure of the party unless the failure to perform is the result of a cause or causes which are not reasonably within the control of the third party and the party, and which cannot be overcome by the exercise of reasonable endeavors of the third party and the party under the then existing circumstances.

XIV. EFFECTIVE DATE AND TERM:

14.1 Effective Date and Term

This Extension Agreement shall come into force on the date of execution hereof and shall continue in force thereafter until and including March 31, 2004, unless otherwise terminated under Section 17.1 or Section 23.1. The term of this Extension Agreement may be further extended for an additional period of five (5) years if prior to April 1, 2003, Sellers and Buyers mutually agree in writing on the terms and provisions of such extension.

XV. NOTICES:

15.1 Notices

All notices, requests, demands, invoices, statements or other communications required or permitted hereunder, or any notice one party may desire to give to the other parties or its designee, shall be in writing and deemed to have been properly delivered if personally handed to a responsible employee of the party or its designee for whom intended, or received by registered mail, telegraph or telex at the address of such party or designee for whom intended. Sellers and Buyers initially designate their official designees and addresses as follows:

Sellers: Phillips 66 Natural Gas Company
800 Plaza Office Building
Bartlesville, Oklahoma 74004, U.S.A.

Marathon Oil Company
P.O. Box 3128
Houston, Texas 77253, U.S.A.

Buyers: The Tokyo Electric Power Company, Incorporated
1-3, Uchisaiwai-cho, 1-chome
Chiyoda-ku, Tokyo, Japan

Tokyo Gas Co., Ltd.
5-20, Kaigan, 1-chome
Minato-ku, Tokyo, Japan

Buyers' Agent: Mitsubishi International Corporation
333 South Hope Street, Suite 2500
Los Angeles, California 90071, U.S.A.

Any party hereto may change its address at any time by giving prior written notice to the other parties. All notices which are mailed or sent by telegraph or telex shall be deemed to have been given on the date of the addressee's receipt thereof.