

PORT QASIM AUTHORITY

Condition of Use for LNG CARRIERS

**Dated 11th April 2015
Annex 1**

to Standard Operating Procedures for LNG Carriers in Port Qasim

CONDITIONS OF USE

All facilities and assistance of any kind whatsoever provided by the Port Qasim Authority (PQA) or its Representative/s to LNG carriers visiting Port Qasim for any purpose whatsoever are subject to the following Conditions of Use (Conditions). These conditions are applicable regardless of whether or not any or all charges/costs are paid or are actually or impliedly due from or on account of any visiting vessels of any flag. Without prejudice to the generality of the foregoing, the following shall be deemed to have been specifically accepted by any vessel visiting Port Qasim regardless of whether such acceptance is specific, in writing or otherwise.

For the purpose of these Conditions, the following definitions or interpretations shall apply:

1. Interpretations and Definitions

- 1.1 “Port” - means Port Muhammed Bin Qasim, Karachi, Pakistan.
- 1.2 “Port Facilities” means all the infrastructure, equipment and installations at the Port which includes, but is not limited to, channels, channel markings, buoys, jetties, berths lines, gangways and bunkering facilities or the unloading facilities at the LNG Terminals in Port Qasim.
- 1.3 “Port Services” means any service rendered by the PQA or by the PQA Representative/s which included, but is not limited to, mooring or unmooring or raising or lowering of the loading lines or loading or discharging or otherwise, but excluding towage services which are covered in attached Annex 2 – Marine Service Certificate.
- 1.4 “Terminal” – means the dedicated LNG Terminal as defined in the respective Implementations Agreements between PQA and LNG Terminal developers/ operators.
- 1.5 “FSRU” - means vessel built as a floating storage and regasification unit or LNG Carrier converted to FSRU.
- 1.6 “LNG Carrier” – means LNG Carriers or vessel.
- 1.7 Reference to LNG Carrier(s) includes FSRU(s)

2. Acceptance of LNG Carrier

- 2.1 All LNG Carriers calling at Port or any of the LNG Terminals are subject to acceptance by PQA and must be in compliance with International Standards [which means the standards and practices from time to time in force applicable to the ownership, design, equipment, operation or maintenance of LNG Carriers established by the rules of one of the

International Association of Classification Societies (IACS) member Classification Society with no outstanding Surveys & Condition of Class or as may otherwise be acceptable to PQA, the conventions, rules, guidelines and regulations laid down by the International Maritime Organization (IMO), the Oil Companies International Marine Forum (OCIMF), International Group of Liquefied Natural Gas Importers (GIIGNL), Society of International Gas Carriers and Terminal Operators (SIGTTO) or any successor body of the same and any other internationally recognized agency or organization with whose standards and practices it is customary for international operators of such vessels or terminals to comply, including holding a recent OCIMF Ship Inspection Reporting system (SIRE) report with no adverse observations.]

2.2 PQA's decision whether to allow a LNG Carrier to berth at the Terminal may also depend upon any of the prevailing or forecasted environmental conditions, as well as the size, trim, and handling qualities of the LNG Carrier.

2.3 Should a LNG Carrier be rejected by PQA for any reason, PQA will supply the LNG Carrier's Master or the Ship's Agent with written reasons for the rejection. PQA overridingly reserves the right at all times to direct a LNG Carrier to leave the Port or the Terminal if the Harbor Master determines that the continued presence of the LNG Carrier poses a risk or danger to the Port safety or the environment. In such circumstances, where possible, the LNG Carrier's Master will first be consulted.

3. Master's Responsibility

The Master of an LNG Carrier calling at the Port or Terminal is solely responsible on behalf of its owners, operators or charterers for the safe navigation and operation of their LNG Carrier. Nothing contained in the Port or Terminal Regulations relieves a Master of his responsibilities including taking precautions to prevent:

- fire / LNG release
- tank over pressurization or vacuum
- grounding and damage to Port Facility
- environmental pollution

The Master remains at all times fully responsible for the LNG Carrier and for its complement, including crew and any supernumeraries. The PQA (including its servants, agents and contractors) shall, in any way, not be responsible for the availability or provision of support services contracted by or on behalf of the LNG Carrier with parties other than PQA and not included in the Port Charges.

4. Agency

PQA and its personnel do not perform any LNG Carrier agency functions. The LNG Carrier's owner or the LNG Carrier Operator must arrange for a Ship's Agent or any other local agency services. It is recognized that a representative of the agency may need to board or be onboard the LNG Carrier.

5. Government Officials

It is recognized that Pakistan government officials may need to attend onboard the LNG Carrier within Port or the premises of the Terminal and that these may include:

- Customs Officer, Immigration Officer
- Maritime Authorities' representative / Coast Guard

The LNG Carrier or the Ship's Agent should advise the PQA and the Terminal when such need arises.

6. Anti-Pollution

It is the responsibility of the LNG Carrier's Master to prevent pollution and to ensure that the LNG Carrier complies with all applicable laws and regulations in relation to cargo, bunkers, bilge water, sewage, dirty ballast, plastics, garbage, or any other materials that may cause pollution of the sea or atmosphere. The LNG Carrier must have in place a Shipboard Oil Pollution Emergency Plan (SOPEP) approved by its flag state and have records to substantiate that the personnel onboard have received training and are proficient in responding to emergency situations.

Any fines imposed by any administration or government for pollution arising from or caused by the LNG Carrier or for which the LNG Carrier is liable for under any applicable law, shall be for the account of and remain with the LNG Carrier (including its owner, operator, manager or Master).

7. PQA Hours of Operation

Subject to the prevailing and expected sea and weather conditions, and at the full discretion of the Harbor Master or representative of Port Qasim Authority, all movements of LNG Carriers in the navigation channel and the Terminal is restricted to daylight hours only.

8. Marine Terminal Closure

Port Qasim Authority may direct the suspension of the Port or Terminal operations due to adverse prevailing or expected sea or weather conditions or otherwise based upon the decision by the Harbor Master with consultation of the Terminal Manager. The Terminal will keep the LNG Carrier informed about the times during which the Port or Terminal operations are to remain suspended. LNG Carriers required to leave the Port or Terminal during periods of Terminal closure must maintain contact with the Port and the Terminal via VHF so as to be ready and available when the Terminal becomes operational again. The PQA (including its servants, agents and contractors) shall not be in any way be liable for any financial losses as a result of delay, suspension or refusal to permit cargo operations under this clause .

9. Port Services

- 9.1 All movements in the navigation channel and the Terminal inclusive of berthing, mooring, and unmooring operations are to be conducted with the PQA Authority's approved Pilot(s) on-board. Notwithstanding the presence of a Pilot, the Master always remains in command of the LNG Carrier and is responsible for its safe navigation and operation. Whilst the PQA shall exercise reasonable care, skill and diligence to ensure the proper rendering of Port Services and provision of Port Facilities to the Ship, the PQA shall not be responsible for any loss or damage to the Ship actual or consequential which is related to the use of the Port Services and Facilities by the Ship regardless of any act omission fault or neglect on the part of the PQA.
- 9.2 The PQA shall not be responsible for the acts, omissions and neglect of its servants or agents relating to any loss or damage to the Ship or any loss or injury suffered by the Master, Officers or Crew.
- 9.3 The PQA shall not be responsible to the ship for any loss related to strikes or other labor disturbances whether the PQA, its Servants or Agents are parties thereto or not.
- 9.4 The Master and the Owner shall hold harmless and indemnify the PQA against any claim, cost or expense arising from:
 - 9.4.1 any loss suffered by the PQA with respect to damage to the Port Facilities or injury to its personnel which is related to the use of

the Port by the Ship and which involves the fault, wholly or partially, of the Master, officers or crew, including negligent navigation;

9.4.2 any loss suffered by third parties with respect to damage to their property or injury to their personnel which is related to the use of the Port by the Ship and which involves the fault, wholly or partially, of the Master, officers or crew, including negligent navigation;

9.4.3 any loss suffered by the PQA with respect to a hazard under paragraph 12 hereof;

9.4.4 any loss or damage to the Ship while in Port, including consequential losses and all claims, damages and costs arising therefrom, regardless of any act, omission, fault or neglect on the part of the PQA, and

9.4.5 any personnel injury or property loss suffered by the Master: officers or crew: of the Ship while in Port, including consequential losses and all claims, damages and costs arising therefrom, regardless of any act, omission, fault or neglect on the part of the PQA.

10. Drugs and Alcohol

As part of the prequalification requirements before the LNG Carrier is permitted to call at the Port or Terminal the owners or operators of the LNG Carrier must have in place an effective drug and alcohol abuse policy, a copy of which must be posted onboard. This drug and alcohol abuse policy must meet or exceed the standards specified in the OCIMF 'Guidelines for the Control of Drugs and Alcohol Onboard LNG Carrier'. Whilst the LNG Carrier is within the PQA operational limits, this drug and alcohol abuse policy must be strictly observed and the LNG Carrier's Master must ensure that no restricted drugs (other than those in the medical locker) are onboard and that no alcohol is used or is available for use.

Note: the LNG Carrier's crew is reminded that they must have a zero blood alcohol level.

11. Visitors attending the LNG Carrier

The LNG Carrier (including its owners, operator or Master) shall be responsible for ensuring that all visitors attending within the Port or Terminal premises, including representatives of Users, PQA, independent surveyors and Ship's Agents, fully comply with the Port or Terminal Regulations and other procedures. The PQA personnel that need to attend or remain onboard the LNG Carrier during berthing and off-loading

operations shall be provided with food and accommodation of the standard usually provided for the LNG Carrier's senior officers.

12. Removal of Wrecks

If the Ship or any object on board becomes, or is likely to become, an obstruction, threat, or danger to navigation, operations, safety, health, environment or security of the Port (a "hazard"), the Master and the Owner shall, at the option of the Port Management, take immediate action to clear, remove or rectify the hazard as the Port Management may direct, or the Port Management shall be entitled to take such measures as it may deem appropriate to clear, remove or rectify the hazard and the Master and Owner shall be responsible for all costs and expenses associated therewith.

13. Provision of Services

13.1 Compliance with laws: all services, facilities and assistance provided by or on behalf of PQA, its servants or contractors their parent companies, subsidiaries, or affiliates, or its or their servants, agents, or contractors whether or not any charge is made by PQA thereof are provided subject to the Port and Terminal Regulations and all applicable laws and regulations for the time being in force.

13.2 The PQA Representative on LNG Carrier: the services of the PQA Representative are provided to the LNG Carrier with the express understanding and condition that the PQA Representative becomes for such purposes the agents/servant of the LNG Carrier (including its owners, operator and charterers) and the PQA (including its servants, agents and contractors) shall not in any way be liable for any loss, damage or personal injury (of any nature whatsoever including death) incurred by any person whomsoever, resulting from or in any way contributory to or connected with, the advice or assistance given or for any action taken by the PQA , whether negligent or otherwise.

13.3 LNG Carrier Navigation: in all circumstances the Master of the LNG Carrier shall remain solely responsible on behalf of its owners, operators or charterers for the navigation and operation of the LNG Carrier. The PQA (including its servants, agents and contractors) shall in no way whatsoever be responsible or liable for any contribution with respect to any loss, damage, or delay from whatsoever cause arising whether directly or indirectly in consequence of any assistance, advice or instructions whatsoever given or tendered in respect of any vessel whether by way of the provision of navigation facilities (including berthing aids) or otherwise howsoever.

14. Changes to the Conditions of Use

By signing these Conditions of Use, the LNG Carrier including its owners, operator and Master are bound by the Conditions of Use then in force and any changes that:

were already scheduled to come into force and for which advance notice has been given

arise from the coming into force of new legal or statutory provisions or regulations issued by the Port Qasim Authority or other competent bodies that have, or may have, a direct or indirect influence on the Port or Terminal or its operation; such new provisions or regulations shall be applied fully from the date of their entry into force. Where changes to any part of the Conditions of Use are made no compensation of any sort shall be due.

15. Pollution

The LNG Carrier shall be entered with the International Tanker Owners Pollution Federation Limited (ITOPF). For any oil pollution caused by the LNG Carrier, its Master, or crew, the LNG Carrier and its owners shall protect, defend, indemnify, and hold harmless PQA from and against any loss, damage, liability, suit, claim, or expense arising there from.

16. Parties and Related Parties

It is hereby expressly agreed that no servant or agent of PQA shall be under any liability whatsoever for any loss, damage, or delay of whatsoever kind arising or resulting directly or indirectly from any act or neglect or default on its part while acting in the course of or in connection with its employment. Without prejudice to the generality of the foregoing provisions in this Article, every exemption, limitation, condition, and liability herein contained and every right, exemption from liability, defense, and immunity of whatsoever nature applicable to PQA or to which PQA is entitled hereunder shall also be available and shall extend to protect every such servant or agent of PQA acting as aforesaid, and for the purpose of all the foregoing provisions of this clause, PQA is or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be its servants or agents from time to time, and all such persons shall to this extent be or be deemed to be parties to this agreement.

17. Resolution of Disputes

Any dispute or differences of any kind whatsoever (“the Dispute”) arising out of or in connection with Port or Terminal Regulations, including these Conditions of Use, shall (regardless of the nature of the Dispute) be referred to arbitration by arbitrators one to be appointed by each party and an umpire appointed jointly by the arbitrators before entering upon the reference in accordance with Pakistan Arbitration Act, 1940 and any amendment or re-enactment thereof. The venue of the arbitration shall be the city of Karachi, Pakistan and the arbitration proceeding shall be held in English language.

18. Governing Law and Jurisdiction

The Port and Terminal Regulations, including these Conditions of use, shall in all respects be read and construed and shall operate in conformity with the Laws of Pakistan and subject to Resolution of Disputes by arbitration provided herein the courts at Karachi, Pakistan shall have sole jurisdiction for adjudicating any disputes hereunder.

Name of the Ship _____

Name of the Master _____

Ships Stamp _____ Signature of the Master _____

Dated _____