A RESOLUTION

To approve the in-principle terms of the Bridging Agreement between Mobil Oil Micronesia, Inc., ("MOMI"), the Government of the Federated States of Micronesia, and Federated States of Micronesia Petroleum Corporation ("FSMPC"), whereby the purpose of said Agreement is to allow FSMPC to acquire MOMI’s assets in the States of Yap and Chuuk and commence operations in those states as well as in the State of Kosrae, while allowing Pohnpei State time to come to a decision with regards to joining the FSMPC.

WHEREAS, for many years the FSM has considered the means by which to secure a steady and reasonably priced source of fuel;

WHEREAS, the FSM Fuel Task Force ("FTF") was established in part to help the nation achieve the goals of improving fuel supply and pricing;

WHEREAS, the FTF had been negotiating with MOMI since 2005 for the acquisition of MOMI’s terminal assets in the States of Yap, Chuuk and Pohnpei (the “Assets”);

WHEREAS, the FTF and MOMI signed, on June 28, 2007, a memorandum of Understanding setting out an agreed purchase price for the Assets, providing that all environmental risks shall shift from MOMI to the FSM upon acquisition, and setting forth the pricing and terms of a new, five-year fuel supply agreement with MOMI, the obligations under which are to be guaranteed by the FSM and the States;

WHEREAS, the FSM National Government and the four States of Yap, Chuuk, Pohnpei and Kosrae found it necessary to create a new shared fuel entity to close the proposed transaction with MOMI;
WHEREAS, FSMPC, a public corporation, was subsequently established under Public Law No. 15-08, as amended; and FSMPC was specifically created to take ownership over the above-mentioned Assets owned by MOMI and to obtain the necessary financing to complete the proposed transaction with MOMI;

WHEREAS, the 15th FSM Congress passed Resolution No. 15-39 to approve the in-principle terms of an Asset Sale and Purchase Agreement, wherein FSMPC would purchase certain fuel facilities from MOMI in the three States of Yap, Chuuk and Pohnpei and in that same Resolution the FSM Congress also approved the in-principle terms of a new nation-wide fuel supply agreement between MOMI, the FSM National Government and the four states of Yap, Chuuk, Pohnpei and Kosrae;

WHEREAS, the 15th FSM Congress resolved in Resolution No. 15-39 that upon formation, the FSMPC would be authorized to purchase the Assets from MOMI and to enter into the Fuel Supply Agreement and that, subject to final review by Congress of the contracts with MOMI, that the FSM shall be authorized to guarantee the performance of the Corporation under the resulting Fuel Supply Agreement and to assume environmental liability with respect to the Assets;

WHEREAS, the 15th FSM Congress under Public Law No. 15-22 authorized the FSM National government to guaranty the financing to complete the proposed transaction with MOMI;

WHEREAS, the 15th FSM Congress recognizes that the Bank of Guam has approved a 9.7 million dollar loan for the purchase of
MOMI’s assets by FSMPC in the three States of Yap, Chuuk and Pohnpei; and for the purchase of fuel supply for the four FSM States and for other working capital requirements;

WHEREAS, Pohnpei State has yet to decide whether to sign the Asset Sale and Purchase Agreement or the Fuel Supply Agreement;

WHEREAS, because Pohnpei State is not ready to sign the Asset Sale and Purchase Agreement or the Fuel Supply Agreement, MOMI, the FSM National government and FSMPC, have expressed a desire to enter into a Bridging Agreement to allow FSMPC to acquire MOMI’s assets in the States of Yap and Chuuk and commence operations in those states as well as in the State of Kosrae, while allowing Pohnpei State time to come to a decision with regards to joining FSMPC;

WHEREAS, the 15th FSM Congress by passing this Resolution shall provide in-principal approval for the Bridging Agreement provided that the minimum volume requirement for Pohnpei State as stated in the agreement, will not be applicable until Pohnpei State joins the rest of the FSM States under the FSMPC;

NOW THEREFORE, be it resolved that the in-principle terms of the Bridging Agreement between MOMI, the FSM National government and FSMPC is hereby approved by the 15th FSM Congress and that this approval is given as an interim measure to allow FSMPC to acquire MOMI’s assets in the States of Yap and Chuuk and commence operations in those states as well as in the State of Kosrae, notwithstanding Congress’ passage of Resolution 15-39 which required the purchase of MOMI’s Assets by FSMPC in the three States
of Yap, Chuuk and Pohnpei and also required the purchase of fuel
supply for the four FSM States; and

BE IT FURTHER RESOLVED, that the in-principle terms of the
Bridging Agreement between MOMI, the FSM National Government and
FSMPC is hereby approved by the 15th FSM Congress, although Pohnpei
State has indicated that it is not ready to sign either the Asset
Purchase Sale Agreement or the Fuel Supply Agreement at this time;
and

BE IT FURTHER RESOLVED, that the 15th FSM Congress approves
the in-principle terms of said Bridging Agreement with full
knowledge that the State of Pohnpei may eventually decide not to
join FSMPC and with the further knowledge that Pohnpei State may
alternatively decide to join the FSMPC at some date in the future;
and

BE IT FURTHER RESOLVED, that certified copies of this
resolution be transmitted to the President of the Federated States
of Micronesia, Federated States of Micronesia Petroleum Corporation
("FSMPC") and Mobil Oil Micronesia, Inc. ("MOMI")

Date: 2/21/08

Introduced by: /s/ Joe N. Suka

Joe N. Suka
(By Request)