

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.

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

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

6           WHEREAS, the FTF had been negotiating with MOMI since 2005 for  
7 the acquisition of MOMI's terminal assets in the States of Yap,  
8 Chuuk and Pohnpei (the "Assets");

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

16           WHEREAS, the FSM National Government and the four States of  
17 Yap, Chuuk, Pohnpei and Kosrae found it necessary to create a new  
18 shared fuel entity to close the proposed transaction with MOMI;

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1           WHEREAS, FSMPC, a public corporation, was subsequently  
2 established under Public Law No. 15-08, as amended; and FSMPC was  
3 specifically created to take ownership over the above-mentioned  
4 Assets owned by MOMI and to obtain the necessary financing to  
5 complete the proposed transaction with MOMI;

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

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

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

24           WHEREAS, the 15th FSM Congress recognizes that the Bank of  
25 Guam has approved a 9.7 million dollar loan for the purchase of

1 MOMI's assets by FSMPC in the three States of Yap, Chuuk and  
2 Pohnpei; and for the purchase of fuel supply for the four FSM  
3 States and for other working capital requirements;

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

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

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

18 NOW THEREFORE, be it resolved that the in-principle terms of  
19 the Bridging Agreement between MOMI, the FSM National government  
20 and FSMPC is hereby approved by the 15th FSM Congress and that this  
21 approval is given as an interim measure to allow FSMPC to acquire  
22 MOMI's assets in the States of Yap and Chuuk and commence  
23 operations in those states as well as in the State of Kosrae,  
24 notwithstanding Congress' passage of Resolution 15-39 which  
25 required the purchase of MOMI's Assets by FSMPC in the three States

1 of Yap, Chuuk and Pohnpei and also required the purchase of fuel  
2 supply for the four FSM States; and

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

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

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

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20 Date: 2/21/08

Introduced by: /s/ Joe N. Suka

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Joe N. Suka  
(By Request)

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