



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
340-774-0001

October 17, 2013

VIA MESSENGER

Senator Shawn-Michael Malone
President
Thirtieth Legislature
Capitol Building
Charlotte Amalie, St. Thomas 00802

**Re: Proposed Legislation Ratifying the Fourth Amendment to the
HOVENSA Concession Agreement with Certain Clarifications**

Dear Senator Malone:

Enclosed for consideration by the Legislature is a bill ratifying the Fourth Amendment to the HOVENSA Concession Agreement (the "Fourth Amendment" or "Amendment"), together with certain clarifications, which require the owners of HOVENSA to initiate a bona fide process to sell the HOVENSA oil refinery—a process that I continue to believe offers the best chance of identifying a new owner who will restart the refinery, and with it, the engines of job creation on St. Croix and economic growth in the Territory as a whole.

It give me great pleasure to submit this measure, as it reflects the considerable efforts, cooperation and good will of yourself, members of the 30th Legislature, as well as HOVENSA and its owners as we have all sought to find a way to resolve the concerns that have stood between us and the goal of once again having hundreds of our residents employed at the oil refinery on St Croix.


In order to address those concerns, I began negotiations with HOVENSA and its owners to obtain certain assurances and clarifications requested by the Legislature and incorporated in Resolution No. 1802. On October 16, 2013, following several weeks of discussions, I succeeded in obtaining from HOVENSA and its owners a formal document setting forth the requested assurances and clarifications. That document, which has been executed by HOVENSA and its

owners, unequivocally confirms that if the Fourth Amendment is ratified and enacted into law, the positions it articulates will be binding upon those companies. For the avoidance of doubt, the executed October 16, 2013 document is attached to, and incorporated by reference in, the bill ratifying the Fourth Amendment. Upon ratification, the assurances and clarifications to which that document commits HOVENSA and its owners will be part and parcel of the law, ensuring that any future interpretation of the Fourth Amendment is governed by those commitments. HOVENSA and its owners will be bound by them, precluded both by principles of contract and by the statute itself from any attempt to assert a different understanding of the Amendment and its terms.

In addition, at the request of several Senators, I have secured from HOVENSA and its owners a commitment to provide health insurance to all the non-employee contractors working at the HOVENSA site, at a cost to the company of more than \$1 million annually. I believe that commitment, which would also take effect upon ratification of the Fourth Amendment, along with HOVENSA's recent purchase of fuel for the community, reflect HOVENSA's good faith in providing the requested clarifications and assurances.

I believe that confirmation of these binding commitments from HOVENSA and its owners should lay to rest your and the other Senators' concerns about the Fourth Amendment, and should open the way to ratification of the bill and initiation of a bona fide sales process intended to get the refinery restarted and jobs created for our people. I hope that you will join me in ushering a new era of industry, employment, and economic success on the south shore of St. Croix that will be beneficial to the entire Virgin Islands. I look forward to working with you to make that happen.

Sincerely,



John P. de Jongh, Jr.
Governor

Enclosures

cc: *Vincent F. Frazer, Esq., Attorney General
Members, 30th Legislature of the U.S. Virgin Islands*

THIRTIETH LEGISLATURE OF THE UNITED STATES VIRGIN ISLANDS

REGULAR SESSION

2013

To ratify the “Fourth Amendment Agreement” between the Government of the Virgin Islands, HOVENSA, LLC, Hess Oil Virgin Islands Corporation, and PDVSA, V.I., Inc. and related clarifications thereto.

PROPOSED BY THE GOVERNOR

1 **WHEREAS**, the Government of the Virgin Islands (“Government”), HOVENSA, LLC,
2 (“HOVENSA”), Hess Oil Virgin Islands Corporation (“HOVIC”), and PDVSA, V.I., Inc.
3 (“PDVSA VI”) are parties to a Concession Agreement relating to the construction and operation
4 of the Oil Refinery and Related Facilities in St. Croix, U.S. Virgin Islands, approved by the
5 Legislature of the U.S. Virgin Islands (the “Legislature”) on September 1, 1965 and subsequently
6 amended, supplemented and clarified at various times, most recently on April 15, 1998, by
7 mutual agreement of the parties (the “Concession Agreement”); and

8 **WHEREAS**, in order to facilitate the sale of the Oil Refinery and Related Facilities to a
9 new owner, as of April 3, 2013, the parties to the Concession Agreement agreed upon terms for a
10 new amendment to the Concession Agreement (the “Fourth Amendment Agreement”) providing
11 that in exchange for the agreement by HOVENSA’s owners to undertake a bona fide sales
12 process (the “Sales Process”) to sell the Oil Refinery and Related Facilities to a third party buyer
13 on an arm’s length basis and for other consideration given, the Government would, among other
14 consideration, forbear for a limited period of time from collecting certain import duties and other
15 taxes on shipments of petroleum products into the Oil Refinery and Related Facilities; and

16 **WHEREAS**, it is the Government’s position that the Fourth Amendment Agreement
17 offers the best opportunity to achieve a sale of, and the resumption of significant economic
18 activity at, the Oil Refinery and Related Facilities, and thus is in the public interest; and

19 **WHEREAS**, by its terms, and as a matter of Virgin Islands law, the Fourth Amendment
20 Agreement cannot go into effect until ratified by the Legislature; and

21 **WHEREAS**, Fourth Amendment Agreement was put before the Legislature for
22 ratification in general session on August 7, 2013; and

1 **WHEREAS**, in that session the Legislature voted against ratification of the Fourth
2 Amendment Agreement; and

3 **WHEREAS**, following the Legislature’s rejection of the Fourth Amendment Agreement,
4 its members identified certain concerns about the agreement’s terms that led them to reject it;
5 and

6 **WHEREAS**, the Governor met with the Legislature on September 3, 2013, and
7 September 11, 2013, to discuss and resolve those concerns; and

8 **WHEREAS**, on October 1, 2013, the Legislature enacted Resolution No. 1802, “A
9 Resolution to make recommendations to the Governor as to measures that will assist in the
10 renegotiation of the HOVENSA agreement”; and

11 **WHEREAS**, in Resolution No. 1802 the Legislature expressed a desire for clarification
12 of certain of the Agreement’s terms, including the temporary nature of the reduction in property
13 tax payments provided for in Section 3(b)(i) of the Agreement; the inclusion of interest in
14 HOVENSA’s obligation to repay the deferred amounts of property tax under Section 3(b)(ii) of
15 the Agreement; the Government’s right to recover the deferred amounts of property tax in the
16 event the refinery is sold under Section 4(b)(i) of the Agreement; the absence of any language in
17 the Agreement permitting HOVENSA and its owners to market and sell the Refinery and Related
18 Facilities to a prospective purchaser considering uses for the Refinery and Related Facilities
19 other than oil refining; the preservation of the Government’s rights in the event the Refinery and
20 Related Facilities are not sold; the continuing availability of fuel at HOVENSA’s fuel loading
21 rack pursuant to Section 4(a)(ii) of the Agreement; in the event the refinery is not sold, the ability
22 of third-party shippers to access HOVENSA’s navigation channel; and the appropriate
23 disposition of certain Supplemental Environmental Project funds currently held in a third-party
24 escrow account; and

25 **WHEREAS**, the Governor sought and received in writing from HOVENSA and its
26 owners the following clarifications, as set forth in the letter dated October 16, 2013 and attached
27 hereto as Appendix B:

28 (1) The temporary adjustment in property tax payments effected by Section 3(b) of the
29 Agreement is only a deferral of the unpaid amount until the refinery is sold, or ceases
30 to operate an oil storage facility, or until August 15, 2019, whichever first occurs.
31 Upon the occurrence of any of the foregoing, HOVENSA will make a lump sum
32 payment to the Government of such amount as is necessary for the Government to
33 recoup the value of all such deferred payments;

34 (2) For purposes of the preceding paragraph, the “amount . . . necessary for the
35 Government to recoup the value of all such deferred payments” includes both the

1 principal amount of the deferred payments and interest on that amount calculated at
2 the statutory rate set forth in Title 11, section 951(a) of the Virgin Islands Code;

- 3
4 (3) In the event the refinery is sold, HOVENSA's obligation will be to pay the
5 Government the greater of (i) the property tax payments deferred under Section 3(b)
6 of the agreement, plus interest, or (ii) 20% of the gross sales proceeds up to \$50
7 million as provided in Section 4(b)(i);
8
- 9 (4) Although the Government's independent assessment of the facility by Duff & Phelps
10 indicates its "highest and best use" is the continued operation of an oil refinery,
11 HOVENSA will consider purchase offers made by parties who wish to use the
12 Refinery and Related Facilities for other industrial or commercial purposes.
13 HOVENSA and its owners recognize that any purchaser of the refinery will have to
14 negotiate a new concession agreement with the Government, and that any alternative
15 use will therefore be subject to the approval of the Government;
16
- 17 (5) Pursuant to Section 4(a)(ii) of the Agreement, HOVENSA will operate and continue
18 to make fuels available to the Government and the public at the fuel loading rack for
19 so long as HOVENSA is operating an oil storage terminal at the site, with such fuels
20 supplied by HOVENSA or a third party supplier approved by the Government (such
21 approval not to be unreasonably withheld);
22
- 23 (6) If the Refinery and Related Facilities are not sold within one year, HOVENSA shall
24 permit access to the Limetree Bay Channel (but not its loading docks) by commercial
25 vessels en route to and from the Port Authority terminal, subject to (i) any necessary
26 approvals or authorizations by the United States Coast Guard, U.S. Department of
27 Homeland Security, or other legal authority, (ii) receipt by HOVENSA of full
28 indemnity against liability, and proof of insurance coverage, for vessels granted such
29 access, such indemnity and insurance to be reasonably acceptable to HOVENSA, (iii)
30 confirmation that vessels in transit to/from the Refinery and Related Facilities shall
31 have priority over any other vessels wishing to access the channel, and (iv) the same
32 channel rules imposed on all commercial ships coming into the channel;
33
- 34 (7) HOVENSA and its owners have no objection to the Government taking over
35 exclusive control of the nearly \$5 million in Supplemental Environmental Project
36 ("SEP") funds, plus accrued interest, now held in the third-party escrow account and
37 relieving HOVENSA from any future involvement with respect to the SEP funds, and
38 will confirm that position at such time as that is requested by the Government in the
39 appropriate legal proceedings;
40
- 41 (8) The Agreement does not cause a loss of future rights by the parties if the refinery
42 does not sell; and
43

44 **WHEREAS**, the Legislature has concluded that as clarified, the Agreement represents the
45 best available means to expeditiously restore significant levels of economic activity and
46 employment on the island of St. Croix;

1 **NOW, THEREFORE,**

2 *Be it enacted by the Legislature of the Virgin Islands:*

3 **SECTION 1.** The agreement dated April 3, 2013, entitled “The Fourth Amendment
4 Agreement” between the Government of the Virgin Islands (the “Government”), HOVENSA,
5 LLC (“HOVENSA”), Hess Oil Virgin Islands Corporation (“HOVIC”) and PDVSA, V.I., Inc.
6 (“PDVSA VI”), having been executed by the Governor of the United States Virgin Islands, the
7 General Manager for HOVENSA, the Vice President of HOVIC, and the President of PDVSA
8 VI, respectively, is hereby ratified in the form appended hereto as Appendix A, as clarified and
9 supplemented in the letter dated October 16, 2013, from counsel to HOVENSA and its owners to
10 the Governor of the Virgin Islands, appended hereto as Appendix B, and made a part hereof.

FOURTH AMENDMENT AGREEMENT

April 3, 2013

AGREEMENT

THIS FOURTH AMENDMENT AGREEMENT, herein called the "Fourth Amendment Agreement", is hereby entered between the GOVERNMENT OF THE VIRGIN ISLANDS (the "Government"), HOVENSA, LLC ("HOVENSA"), a limited liability company existing under the laws of the U.S. Virgin Islands, HESS OIL VIRGIN ISLANDS CORP. ("HOVIC"), and PDVSA VI, INC. ("PDVSA VI"), corporations existing under the laws of the U.S. Virgin Islands and the sole members of HOVENSA

WITNESSETH:

WHEREAS, the Government, HOVENSA, HOVIC, and PDVSA VI are parties to a Concession Agreement relating to the construction and operation of the Oil Refinery and Related Facilities in St. Croix, U.S. Virgin Islands, approved by the Legislature of the U.S. Virgin Islands (the "Legislature") on September 1, 1965 and subsequently amended, supplemented and clarified at various times, most recently on April 15, 1998, by mutual agreement of the parties (the "Concession Agreement"); and

WHEREAS, pursuant to the Third Amendment and Extension Agreement dated April 15, 1998 (the "Third Extension Agreement"), the Concession Agreement's effective period currently runs through the year 2022, and

WHEREAS, on January 18, 2012, HOVENSA announced its intention to cease refining operations at the Oil Refinery and Related Facilities, and ceased such operations on or about February 16, 2012; and

WHEREAS, HOVENSA desires to convert the Oil Refinery and Related Facilities to an oil storage terminal operation, and

WHEREAS, the Government believes that the economic well-being of the U.S. Virgin Islands depends on continued refining operations at the Oil Refinery and Related Facilities and prefers that said facilities be sold to a new owner who will resume refining operations; and

WHEREAS, in the interest of reaching a mutually acceptable resolution of the situation, the parties entered into an interim agreement (the "Interim Agreement") providing that in exchange for consideration given, the Government would, among other consideration, forbear from collecting certain import duties and other taxes on shipments of petroleum products into the Oil Refinery and Related Facilities.

NOW, THEREFORE, the Government, HOVENSA, HOVIC and PDVSA VI hereby agree to enter into this Fourth Amendment Agreement, which temporarily suspends certain of the parties' contractual obligations under the Concession Agreement to facilitate a sale of the Oil Refinery and Related Facilities, on the following terms:

1. Effective Date: Effect on Existing Obligations

a. This Fourth Amendment Agreement shall take effect upon execution by all parties hereto and ratification by the Legislature (the "Effective Date") and shall expire, except as provided herein, on August 15, 2014. The period between the Effective Date and the August 15, 2014 expiration date, which period may be extended by agreement of the parties in writing, is hereinafter referred to as the "Sales Process Period."

b. The Governor shall use his best efforts to secure ratification by the Legislature. If this Fourth Amendment Agreement is not ratified by the Legislature by August 15, 2013, the Interim Agreement shall expire and the Concession Agreement shall remain in full force and effect.

c. Prior to, during, and following the Sales Process Period, all the parties' existing rights, exemptions and obligations under the Concession Agreement shall remain in full force and effect, except as otherwise provided herein.

2. Sales Process

During the Sales Process Period, HOVIC and PDVSA VI shall undertake a *bona fide* process to facilitate a sale, directly or indirectly, of the Refinery and Related Facilities on an arm's-length basis (the "Sales Process"). The Sales Process shall proceed on the following terms:

a. Not later than 10 days following the Effective Date, HOVENSA shall retain a reputable investment bank, experienced in the sale of oil and gas assets to conduct a *bona fide* Sales Process.

b. Prior to commencement of the Sales Process, HOVENSA shall arrange for the retained investment bank to brief the Governor of the U.S. Virgin Islands and his advisers, Duff & Phelps LLC ("D&P"), and explain the strategy and mechanics of the Sales Process and respond to questions posed by the Governor and D&P. Thereafter, the retained investment bank shall provide status briefings to D&P on a monthly basis, and on the occurrence of any event material (in the reasonable judgment of the retained investment bank) to the Sales Process.

c. Prior to issuance, all offering memoranda and/or teasers prepared by the investment bank or HOVENSA shall be provided to the Governor and D&P for review and comment, which comments shall be provided within three (3) business days of receipt of the memoranda and/or teasers.

d. Within fifteen (15) days following the initial briefing described in subsection 2(b) above, the Government shall provide guidance in writing to the investment bank regarding possible modifications of, or alternative approaches to, the existing Concession Agreement or replacement concession agreement that may be available to a purchaser of the Oil Refinery and Related Facilities. It is understood that any modification of, or alternative approach to, the existing Concession Agreement for the benefit of a purchaser would be subject to approval by the Legislature.

3. Government Obligations

The Government's rights and obligations under this Fourth Amendment Agreement shall be the same as *its rights and obligations under the Concession Agreement*, except that:

a During the Sales Process Period, the Government will suspend HOVENSA's obligation under Section 3 of the Third Extension Agreement to bid annually to supply the fuel needs of the Virgin Islands Water and Power Authority ("VIWAPA").

b The Government shall reduce HOVENSA's obligation under Section 7 of the Third Extension Agreement to make payments in lieu of property taxes, as follows:

(i) HOVENSA shall pay \$7 million annually for the fiscal year beginning October 1, 2013, and thereafter through the fiscal year ending September 30, 2019, for so long as HOVENSA is operating an oil storage terminal at the Oil Refinery and Related Facilities or until the Oil Refinery and Related Facilities are sold.

(ii) If the Refinery and Related Facilities are not sold during the Sales Process Period, at such time as HOVENSA ceases to operate an oil storage terminal at the Oil Refinery and Related Facilities or on August 15, 2019, whichever is earlier, HOVENSA shall make a lump sum payment to the Government of such amount as is necessary for the Government to recoup the value of all payments foregone under Section 3(b)(i).

c The Government shall forbear from the collection of import duties and other taxes on all oil storage contracts that (1) are entered into prior to or during the Sales Process Period, and (2) expire not later than the earlier of (i) five years following the effective date of such contracts, or (ii) August 15, 2019.

4. HOVENSA Obligations

a **Continuing and Modified Obligations.** HOVENSA's rights and obligations under this Fourth Amendment Agreement shall be the same as *its rights and obligations under the Concession Agreement*, except as provided herein. These obligations include (but are not limited to):

(i) Making available storage for sufficient fuels to meet the local needs of St. Croix through August 15, 2019, so long as HOVENSA is operating an oil storage terminal on St. Croix;

(ii) Making fuels available to the Government and the public at the HOVENSA loading rack, through March 31, 2014, after which date HOVENSA will assist the Government in securing responsible third-party suppliers and operators;

(iii) Making annual payments in lieu of property taxes in the amounts set forth above;

(iv) Paying all other applicable taxes, fees, and lease payments (including but not limited to the submerged lands lease and permits and Coastal Zone Management permits) at existing rates through August 15, 2019, and

(v) Complying with all applicable environmental laws, regulations, consent decrees (except to the extent hereafter amended), and orders

b New Obligations.

(i) Upon consummation of a sale of the Oil Refinery and Related Facilities, HOVENSA shall make a lump sum payment to the Government equal to the lesser of (1) 20% of the gross sale proceeds and (2) \$50 million.

(ii) During the Sales Process Period, and for any period during which HOVENSA operates an oil storage terminal at the Oil Refinery and Related Facilities, HOVENSA shall

(A) *On an annual basis and subject to the execution of an appropriate non-disclosure agreement*, submit to the Office of the Governor a list of client names, contract end dates, and types of petroleum products stored for all contracts longer than two years in duration for storage at the Oil Refinery and Related Facilities.

(B) Invest a minimum of \$500,000 annually in scholarships and/or career and technical education programs for United States Virgin Islands residents, and

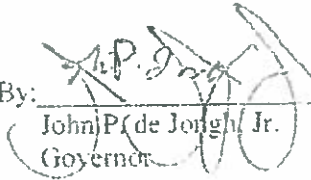
Provide, on an as-is basis, the University of the Virgin Islands ("UVI") with access to the specialized classrooms, laboratories, and equipment at the HOVENSA Training School for use in UVI training programs. UVI will indemnify HOVENSA for any liabilities incurred because of its use of these facilities, and will reimburse HOVENSA for direct costs associated with UVI's use of those facilities.

5. Termination and Discharge Upon Sale

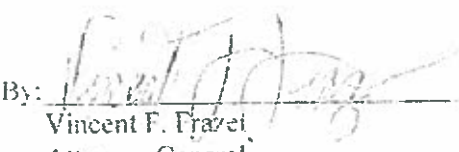
Upon completion of any arm's-length sale of the Oil Refinery and Related Facilities the rights and obligations of HOVENSA, HOVIC and PDVSA VI under the Concession Agreement shall be terminated and each of said parties released and discharged of such rights and obligations thereunder except as otherwise required by law.

AGREED on as of the Third Day of April, 2013.

GOVERNMENT OF THE U.S. VIRGIN ISLANDS

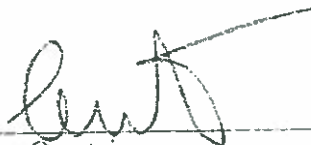

By: 
John P. de Jongh, Jr.
Governor

APPROVED FOR LEGAL SUFFICIENCY:

By: 
Vincent F. Frazee
Attorney General

AGREED on as of the Third Day of April, 2013.

HESS OIL VIRGIN ISLANDS CORP.

By:  _____ 
Larry Ornstein
Vice President

PDVSA, VI, Inc.

By: _____
Jesus E. Luongo
President

HOVENSA, LLC

By: _____
Sloan Schoyer
General Manager

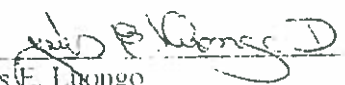


AGREED on as of the Third Day of April, 2013.

HESS OIL VIRGIN ISLANDS CORP.

By: _____
Larry Ornstein
Vice President

PDVSA, VI, Inc.

By:  _____
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HOVENSA, LLC

By: _____
Sloan Schoyer
General Manager

CD

LAW HOUSE
1000 FREDERIKSBERG GADE
CHARLOTTE AMALIE, ST. THOMAS
U.S. VIRGIN ISLANDS 00802-6736
WEB: www.DTFLaw.com

MAILING ADDRESS:
P.O. BOX 756
ST. THOMAS, VI 00804-0756
TELEPHONE: (340) 774-4422
TELEFAX: (340) 715-4400

GEORGE H.T. DUDLEY
DIRECT DIAL: (340) 715-4444
EMAIL: GDUDLEY@DTFLAW.COM

October 16, 2013

The Honorable John P. deJongh, Jr.
Governor
Government House
1105 King Street
Christiansted, St. Croix, U.S. Virgin Islands 00820

Attn: Vincent F. Frazer, Attorney General

Re: Clarifications and Confirmation of Certain Provisions of the Fourth Amendment Agreement

Dear Governor de Jongh:

I have been authorized by my clients to clarify and confirm their position with respect to several issues relating to the Fourth Amendment Agreement dated as of April 3, 2013, by and among the Government of the Virgin Islands, HOVENSA LLC, Hess Oil Virgin Islands Corporation, and PDVSA V.I., Inc. (the "Agreement") that have been raised by Members of the 30th Legislature. My clients understand that if the Fourth Amendment Agreement is ratified by the 30th Legislature of the U.S. Virgin Islands, these clarifications and confirmations are to be binding upon them. I trust that they will satisfy many of the Senators' concerns about the Agreement as well as those of the public.

To that end, I confirm that although, pursuant to Sections 1(a) and 1(b) of the Agreement, the non-ratification of the Agreement by August 15, 2013 caused the parties' Interim Agreement (as defined in the Fourth Amendment Agreement) to expire, the Fourth Amendment Agreement itself has not expired and may be ratified and go into effect at any time prior to August 15, 2014. Accordingly, I have been instructed to, and hereby, confirm the following:

1. The temporary adjustment in property tax payments effected by Section 3(b) of the Agreement is only a deferral of the unpaid amount until the refinery is sold, or ceases to operate an oil storage facility, or until August 15, 2019, whichever first occurs. Upon the occurrence of any of the foregoing, HOVENSA will make a lump sum payment to the Government of such amount as is necessary for the Government to recoup the value of all such deferred payments.
2. For purposes of the preceding paragraph, the "amount . . . necessary for the Government to recoup the value of all such deferred payments" includes both the principal amount of the deferred payments and interest on that amount calculated at the statutory rate set forth in Title 11, Section 951(a) of the Virgin Islands Code.

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3. In the event the refinery is sold, HOVENSA's obligation will be to pay the Government the greater of (i) the property tax payments deferred under Section 3(b) of the Agreement, plus interest at the statutory rate, or (ii) 20% of the gross sales proceeds up to \$50 million, as provided in Section 4(b)(i).

4. I confirm my clients' understanding that although the Government's independent assessment of the facility by Duff & Phelps indicates its 'highest and best use' is the continued operation of an oil refinery, HOVENSA will consider purchase offers made by parties who wish to use the Oil Refinery and Related Facilities for other industrial or commercial purposes. HOVENSA and its owners recognize that any purchaser of the refinery will have to negotiate a new concession agreement with the Government, and that any alternative use will therefore be subject to the approval of the Government.

5. Pursuant to Section 4(a)(ii) of the Agreement, HOVENSA will operate and continue to make fuels available to the Government and the public at the fuel loading rack for so long as HOVENSA is operating an oil storage terminal at the site, with such fuels supplied by HOVENSA or a third party supplier approved by the Government (such approval not to be unreasonably withheld).

6. If the Refinery and Related Facilities are not sold within one year, HOVENSA shall agree to navigational access to the Limetree Bay Channel (but not its loading docks) by commercial vessels en route to and from the Port Authority terminal, subject to (i) any necessary approvals or authorizations by the United States Coast Guard, U.S. Department of Homeland Security, or other legal authority, (ii) receipt by HOVENSA of full indemnity against liability, and proof of insurance coverage, for vessels granted such access, such indemnity and insurance to be reasonably acceptable to HOVENSA, (iii) confirmation that vessels in transit to/from the Refinery and Related Facilities shall have priority over any other vessels wishing to access the channel, and (iv) the same channel rules imposed on all commercial ships coming into the channel.

7. My clients have no objection to the Government taking over exclusive control of the nearly \$5 million in Supplemental Environmental Project ("SEP") funds, plus accrued interest, now held in the third-party escrow account and relieving HOVENSA from any future involvement with respect to the SEP funds, and will confirm that position at such time as that is requested by the Government in the appropriate legal and regulatory proceedings.

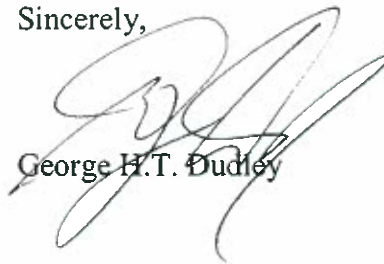
8. My clients wish to confirm their understanding that the Agreement as drafted does not cause a loss of legal rights by either party if the refinery does not sell, and I so confirm and restate on behalf of my clients.

Finally, Hess Oil Virgin Islands Corp. and PDVSA V.I., Inc. confirm that if the Fourth Amendment Agreement is ratified by the V.I. Legislature the contents of this letter will be binding

John P. de Jongh, Jr., Governor
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upon HOVENSA, LLC and its owners, and can be relied on by all parties in any future interpretation or consideration of the Agreement and its terms.

Sincerely,

A handwritten signature in black ink, appearing to read "G. H. T. Dudley", written over a horizontal line.

George H.T. Dudley

Lawrence Ornstein
Vice President, Hess Oil Virgin Islands Corp.

Jesus Luongo
President, PDVSA V.I., Inc.

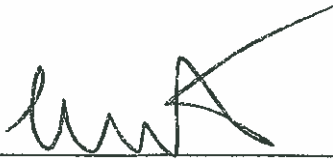
DUDLEY, TOPPER AND FEUERZEIG, LLP

John P. de Jongh, Jr., Governor
Page 3

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Sincerely,

George H.T. Dudley



Lawrence Ornstein
Vice President, Hess Oil Virgin Islands Corp.

Jesus Luongo
President, PDVSA V.I., Inc.

DUDLEY, TOPPER AND FEUERZEIG, LLP

John P. de Jongh, Jr., Governor
Page 3

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Sincerely,

George H.T. Dudley

Lawrence Ornstein
Vice President, Hess Oil Virgin Islands Corp.



Jesus Luongo
President, PDVSA V.I., Inc.