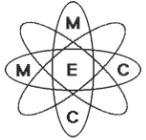


MEC: Mobil misleading



MARSHALLS ENERGY COMPANY, INC.

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Letter to the Editor
Marshall Islands Journal
Majuro

July 26, 2005

Dear Editor;

On July 21, 2005, your newspaper published a letter from ExxonMobil d.b.a. Mobil Oil Micronesia Inc ("Mobil"), signed by Jeff C Borja, President of Mobil. The letter was Mobil's explanation of why negotiations for a new fuel supply contract with MEC have failed, the result of which will be the inability of MEC to provide electricity or fuel in the Marshall Islands in the near future.

In the letter, Mobil stated, in sum, that the cause of the delay in entering into a new fuel supply agreement was MEC's failure to negotiate the agreement in a timely manner.

Therefore to borrow a quote from the Mobil letter, "It is important we respond to set the record straight."

MEC is, therefore, providing additional information to your readers, because it is obvious that in paragraph 3 of the July 21st Mobil letter, Mobil is now trying to mislead the general public as well as MEC's Board of Directors.

Please note that MEC entered into negotiations with Mobil in August 2004, not in October as claimed by Mobil. Please refer to item #1 in the attached letter of November 8, 2004. The letter of November 8 is one of a number of letters sent and hand delivered to Mobil in which MEC requests certain information from Mobil.

Mobil claims that the information requested by MEC was supplied to MEC in April 2005. This is patently false. Please refer to the attached June 24, 2005, email from Ms. Frances Diaz, Mobil commercial manager, to Mr. Williams, MEC's financial comptroller, in which she "...apologize for the extreme delay..." Also, please read Mr. Williams' response. This letter was delivered the same day as Mobil issued the unacceptable fuel supply proposal of June 24, 2005. The information that MEC requested concerned Mobil's freight rates for the delivery of fuel to Majuro. This information was required because Mobil claimed, in August, 2004, that MEC had not been paying the full freight rates, thereby causing Mobil to lose large amounts of money under the old contract.

It came as no surprise to MEC that the information finally supplied by Mobil did not substantiate Mobil's claim, which, presumably, is why Mobil was so reluctant to supply the information in the first place.

page 2

MEC made a counter offer to Mobil to have the next import of fuel delivered as per the terms and conditions of the previous import. Even though MEC did not agree with paying Mobil additional or increased margins over and above the original contract, MEC decided to do this as a compromise so as to resolve the impasse. Mobil's response was to say that MEC must accept their proposal unconditionally.

According to paragraph 2 of Mobil's July 18, 2005, letter, "Mobil has been attempting to negotiate a new supply contract." Webster's New World dictionary defines "negotiate" as to confer, bargain or discuss with a view to reaching an agreement. Mobil's declaration that MEC must accept Mobil's proposal is not "negotiation."

None of the above resolves the problems facing the RMI, as it is a fact of life that the small island state of the Republic of the Marshall Islands does not have the resources to take on the largest most profitable oil company in the world. This is the reason we are enlisting the assistance of our friends and allies in the US government, even though ExxonMobil is a US company.

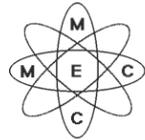
So, the questions your readers and our customers need to ask is (i) why has there been a delay in the contract negotiations between MEC and Mobil; and (ii) was the delay deliberately engineered by Mobil to gain even greater profits, thereby inflicting an even heavier financial burden on the people of the RMI (as the Mobil proposals of June 24 & July 7 would indeed do)?

The Multinational Corporation of Exxon-Mobil, which is enjoying record profits, should read its own "Standards of Business Conduct" (which can be downloaded from their website), particularly the sections headed Guiding Principles, Ethics Policy, Antitrust Policy and the Customer Relations and Product Quality Policy.

Hopefully the request by MEC to the RMI Government for the U.S. Department of the Interior and/or the U.S. Justice Department to carry out an investigation of these matters will reveal the truth.



W F. Roberts
General Manager



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Via Facsimile / Email

November 8, 2004

Ms. Frances M. Diaz
Commercial Manager
Mobil Oil Micronesia
642 East Marine Drive
Guam

Subject: Mobil Letter 11/4/2004 received 5:00 p.m.

Dear Ms. Diaz;

We are in receipt of the above letter, that answers some of the questions addressed our letters of October 19th & 23rd, 2004. We will respond when we have completed our deliberations and investigations and have reviewed our other options.

However for the record and so that all parties involved including the President and the MEC Board understand the status of the negotiations I would like to make the following statements of fact:

- At our August meeting in Hawaii and subsequent meeting on October 6 in Majuro you committed to supply to MEC the rational & justification behind your request to significantly increase the cost to MEC with regard to the Black Box and Profit element of the MEC proposed contract.** On October 15th Mobil gave MEC 90 days notice to terminate the existing contract. On November 4 we received your latest proposal which still does not supply the information you had previously committed to supply. The delay in your response has taken 20 days of the 90 day notice period, without the requested information we have been unable to move forward with our Board meetings. We therefore have to assume that Mobil do not intend to fully justify the rational behind the significant increases in the rates, which is regrettable as we had hoped for transparency & accountability.

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Scott's

Helping hand for hospital

A highly experienced material manager was brought into the Marshall Islands two months ago to train Majuro Hospital staff in managing inventories of supplies and medicines.

Both Scott began working at the hospital as director of material management on May 30. He is training several staff in techniques that will help maintain stocked supplies.

Working alongside Scott is a Marshallese counterpart and assistant supervisor Trud Mijon.

As a consequence, Mijon is picking up management skills.

Scott will be working at the hospital for two years before returning to Australia. He has 25 years of experience and the will to help Majuro Hospital staff.

Majuro's Hospital had basic supplies management. However, staff lacked advanced knowledge and needed training, according to hospital administrator Sandy Alfred. He said Scott's presence will help hospital staff through training and improving the handling of inventory.



Med

It appears that Majuro has been great year, because the hospital received a wide range of several nations, and have opened, expanded and improved to the cost. In late May, Assistant Specialist Keith in the Marshall Islands video systems for medicine and to train in Hospital.

Mobil's letter to editor in July 22 Marshall Islands Journal claims that MEC didn't request information on shipping costs/pricing until March 2005. This is proved false by MEC's November 8, 2004 letter (right) that documents MEC requested this information as early as August 2004, and requested it again in October 2004 and again on November 8, 2004.

OPINIONS

Mobil: MEC causes hold-up

Your story in the Marshall Islands Journal July 26, 2005 edition regarding fuel supply arrangements to MEC contains a number of factual errors. It is important we respond to set the record straight.

As a result of a competitive bidding process, Mobil had hoped to negotiate a new supply contract with MEC since October 2004. The old contract expired on August 2004. The new contract, which we had hoped would be in place in early 2005, would have provided a reliable fuel supply and transparent pricing for the Marshall Islands.

After several rounds of negotiation between MEC and Mobil between October 2004 and March 2005, MEC was not willing to accept terms and conditions discussed throughout the five-month period. In addition, Mobil requested to provide information requested in March 2005 and delivered this information in April 2005, contrary to MEC's claim.

In the absence of a new supply contract, MEC became a spot customer with standard terms and conditions for spot sales, including items essential to plan for deliveries with long lead times to avoid premiums associated with "spot" orders.

Spot sales require long lead-time, as the fuel purchase needs to fit in with our contracted deliveries. Given the high demand for fuel in the region, owing to high demand in China and India, it becomes

Further, on July 5, 2005 Mobil



LETTERS

P.O. BOX 14, Majuro, MH 96960

The Marshall Islands Journal — Friday, July 22, 2005

Mobil Oil Micronesia's Jeff Borja and Cecile Studd at an Al-Mikro Shipping tournament in Majuro.

addressed our standards on safety, environmental, product quality and asset integrity maintained at all times.

Mobil Oil Micronesia has been a good corporate citizen in the RMI for over 30 years. We assure your readers Mobil is committed to work cooperatively with MEC to realize a fair and equitable contract.

We are also committed to dialogue with the leadership of the RMI government. We appreciate that the levels of the RMI government have devoted their time and efforts to work with Mobil to understand the impact and provide MEC with a secure supply of fuel at a competitive price.

These global market forces impact all nations large and small. Mobil's aim is to ensure a reasonable commercial return in our business and provide MEC with a secure supply of fuel at a competitive price.

In order to provide the most competitive offer, we have implemented a number of initiatives to deliver efficiency improvements in our operations.

At the same time we have

After several rounds of negotiation between MEC and Mobil between October 2004 and March 2005, MEC was not willing to accept terms and conditions discussed throughout the five-month period. In addition, Mobil agreed to provide information requested in March 2005 and delivered this information in April 2005, contrary to MEC's claim.

RMI public

Mobil's own email to MEC on June 24, 2005 – which apologizes for the delay in sending the requested information to MEC – proves that Mobil's claim that it provided this vital data in April 2005 is false.

After several rounds of negotiation between MEC and Mobil between October 2004 and March 2005, MEC was not willing to accept terms and conditions discussed throughout the five-month period. In addition, Mobil agreed to provide information requested in March 2005 and **delivered this information in April 2005, contrary to MEC's claim.**

14

Scott sorts out supply

Helping hand for hospital

A highly experienced material manager was brought into the Marshall Islands two months ago to train Majuro Hospital staff in managing inventories of supplies and medicines.

Keith Scott began working at the hospital as director of material management on May 30. He is training several staff members that will help maintain stored supplies.

Working alongside Scott is a Marikieba, conceptual and assistant supervisor Tial Mijan.

As a counterpart, Mijan is picking up management skills.

Scott will be working at the hospital for two years before returning to Australia. He has 25 years of experience and will help Majuro Hospital staff.

Majuro's Hospital had basic supplies management. However, staff lacked advanced knowledge and needed training, according to hospital administrator Sandy Alford. He said Scott's presence will help hospital staff through training and improving the handling of inventory.



'Scott's presence will help hospital staff through training and improving the handling of inventory.' — Sandy Alford

Australia's Keith Scott in his office at Majuro Hospital. Over the next two years, he hopes to vastly improve management of supplies.

Medical picture much improved

Focus on Dr. Landis: P21

The hospital has also got its CT scanner up and running — which adds a very sophisticated piece of diagnostic equipment to the hospital.

The USDA Rural Development program has provided funding to the hospital that helped pay for a new ambulance.

And the Japanese-funded hospital extension is moving along for a late 2005 completion in front of the existing building.

Aside from government facilities, staff and equipment, in mid-April, Dr. Mark Landis and his wife Rose established the Marshall Islands American Medical Clinic in Uliga.

The clinic serves residents, tourists, and crews of ships and yachts. It also helps reduce the number of patients at the hospital and shares the burden hospital doctors, nurses, and staff carry every day.

OPINIONS

Mobil: MEC causes hold-up

Your story in the Marshall Islands Journal July 8, 2005 edition regarding fuel supply arrangements to MEC contains a number of factual errors. It is important we respond to set the record straight.

As a result of a competitive bidding process, Mobil has been attempting to negotiate a new supply contract with MEC since October 2004. The bid contract expired on August 2004. The new contract, which we had hoped would be in place in early 2005, would have provided a reliable fuel supply and transparent pricing for the Marshall Islands.

After several rounds of negotiation between MEC and Mobil between October 2004 and March 2005, MEC was not willing to accept terms and conditions discussed throughout the five-month period. In addition, Mobil agreed to provide information requested in March 2005 and delivered this information in April 2005, contrary to MEC's claim.

In the absence of a new supply contract, MEC became a spot customer with standard terms and conditions for spot sales, including with long lead times to avoid premiums associated with "prong" orders.



Mobil Oil Micronesia's Jeff Borja and Cecilia Suda at an Air-Mike fishing tournament.

Mobil Oil Micronesia has been a good corporate citizen in the RMI for over 38 years. We assure your readers that Mobil is committed to working cooperatively with MEC to finalize a fair and equitable contract.

We are also committed to maintaining a constructive dialogue with the leadership of the RMI government.

We appreciate that the senior level of the RMI government have devoted their time and efforts to work with Mobil to understand the impact of global forces on supply of fuel to the nation.

Our aim is to meet the energy challenges of the RMI, as well as to deliver a reliable, quality product to the nation.

Jeff C. Borja, President, Mobil Oil Micronesia, Inc.

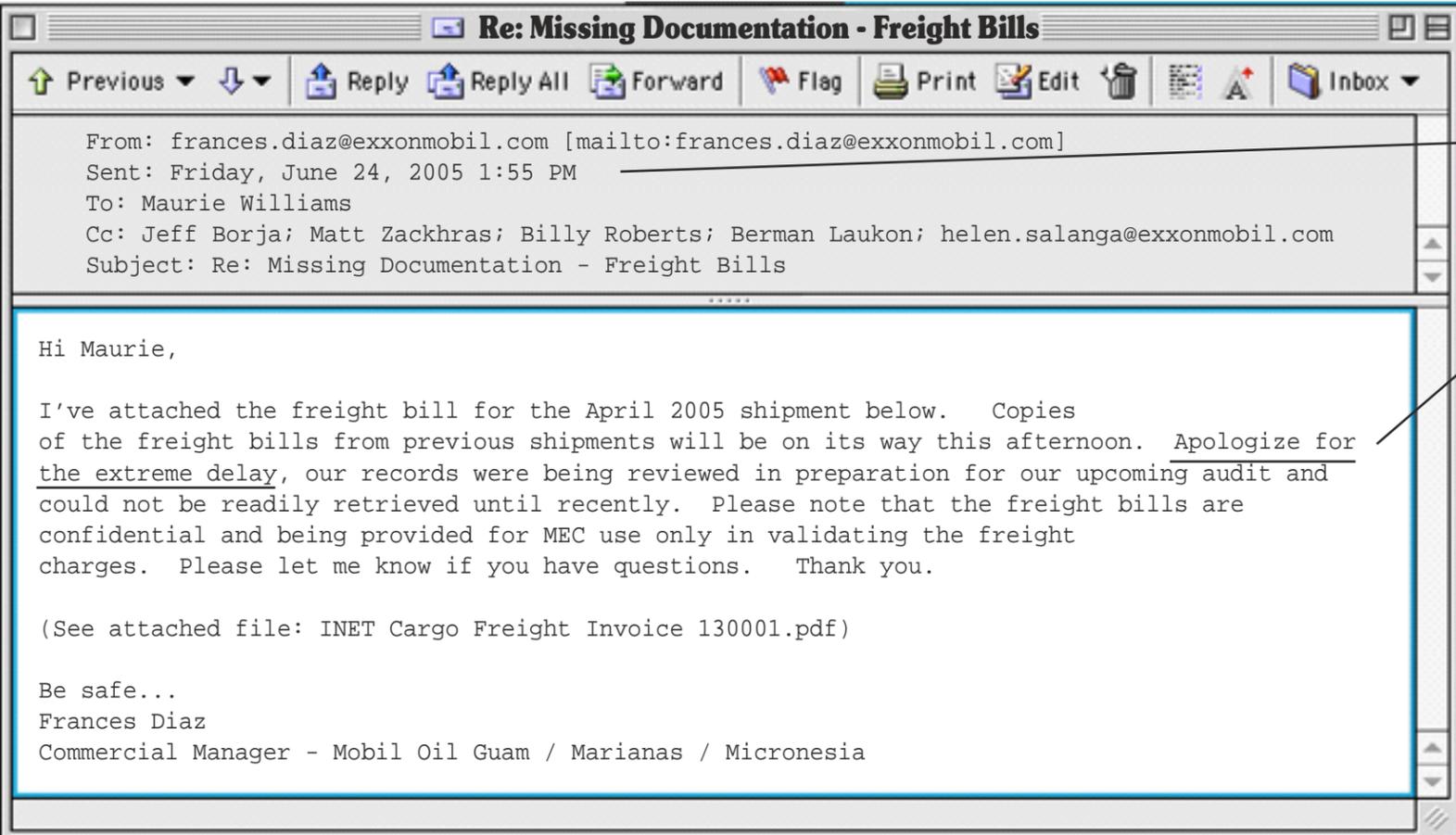
LETTERS

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more essential to plan for deliveries with long lead times to avoid premiums associated with "prong" orders.

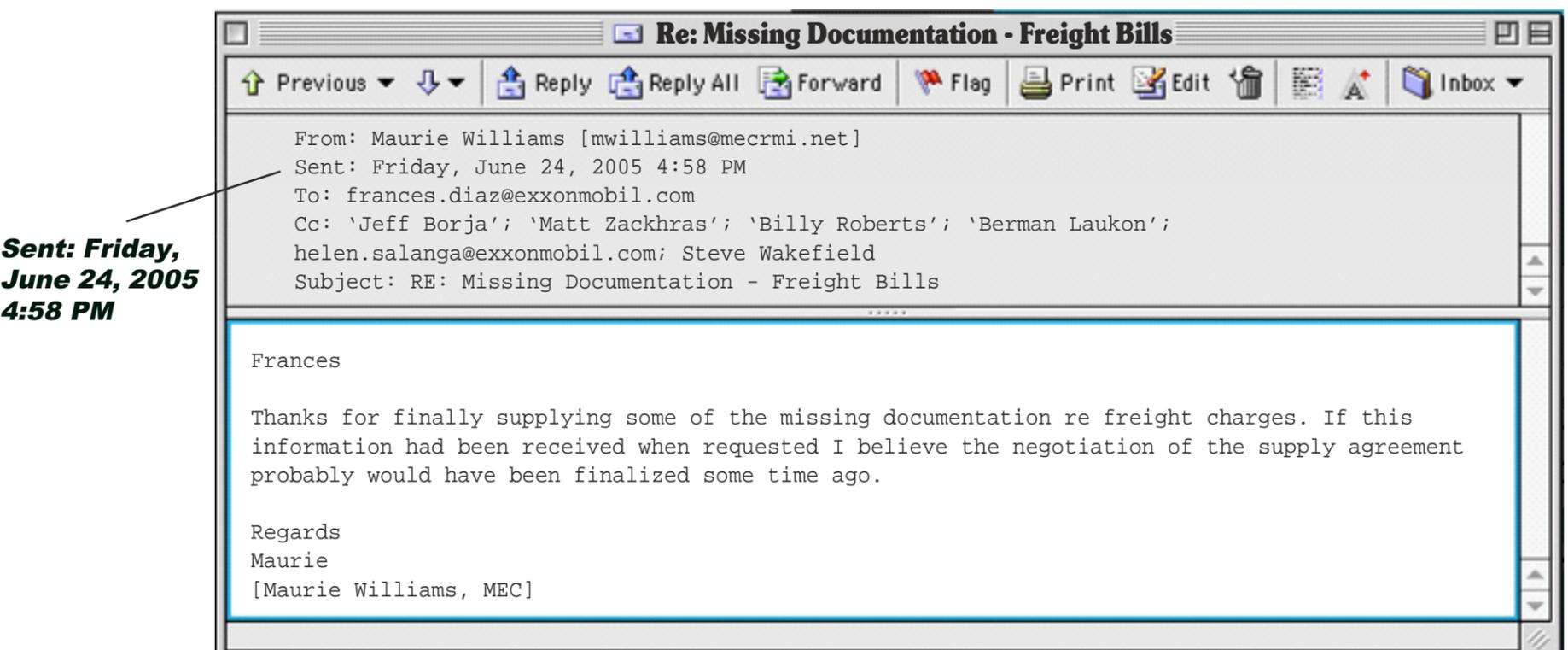
Mobil's proposed terms for a spot sale on June 24, 2005 were not accepted by MEC. Further, on July 5, 2005 Mobil

The Marshall Islands Journal — Friday, July 22, 2005



Sent: Friday, June 24, 2005 1:55 PM

Apologize for the extreme delay, our records were being reviewed in preparation for our upcoming audit and could not be readily retrieved until recently.



Sent: Friday, June 24, 2005 4:58 PM