

AN ACT

To authorize the President of the Federated States of Micronesia, or his designee, to issue a sovereign guarantee to the FSM Petroleum Corporation to be able to address the fuel crisis across the nation by providing stabilization funding support and to assist with necessary capital asset rehabilitation, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

2 Section 1. Short Title and Purpose.

3 (a) Short Title. This Act may be cited as the "PetroCorp
4 Fuel Stabilization and Asset Rehabilitation Act."

5 (b) Findings and Purpose. Congress finds that a fuel crisis,
6 resulting from the ongoing conflict in the Middle East, currently
7 threatens the health, safety, and economic well-being of the
8 people of the Nation. Congress further finds that the FSM
9 Petroleum Corporation (PetroCorp) requires capital to
10 rehabilitate its fuel storage and distribution infrastructure.
11 The purpose of this Act is to enhance the fuel security of the
12 Federated States of Micronesia by authorizing PetroCorp to borrow
13 funds under a sovereign guarantee from the National Government.

14 Section 2. Authorization for PetroCorp to Borrow.

15 (a) Subject to the requirements set out in this Act, the FSM
16 Petroleum Corporation is hereby authorized to borrow, with
17 sovereign guarantee of the Government of the Federated States of
18 Micronesia under section 3 of this Act, from a qualified lender
19 or lenders, in one or more tranches, an amount not to exceed

1 five million United States dollars (\$5,000,000), for the
2 following purposes:

3 (1) Fuel Stabilization Fund - to establish or replenish a
4 dedicated fund to: purchase strategic fuel reserves; manage
5 price stabilization mechanisms; and ensure continuity of fuel
6 supply during emergencies or market disruptions.

7 (2) Capital Expenditure for Asset Rehabilitation - To
8 rehabilitate key assets of PetroCorp, including but not limited
9 to fuel storage facilities.

10 (b) Any loan agreement entered into pursuant to this Act
11 shall be at market-based interest rates or more preferential rates
12 and on terms and conditions acceptable to the Board of Directors
13 of PetroCorp and approved by the Secretary of Finance and
14 Administration.

15 Section 3. Sovereign Guarantee.

16 (a) The President of the Federated States of Micronesia, or
17 his designee, is hereby authorized to execute a sovereign
18 guarantee, on behalf of the National Government, to secure the
19 repayment of the loan authorized in Section 2, including all
20 principal, interest, fees, and charges.

21 (b) The guarantee shall be on such terms and conditions as the
22 President, in consultation with the Secretary of Finance and
23 Administration, deems appropriate and consistent with sound
24 financial management.

25 (c) As a condition precedent to the issuance of the sovereign

1 guarantee, the CEO and Board of the FSM Petroleum Corporation
2 shall certify to the Secretary of Finance and Administration in
3 writing that the loan proceeds will be used solely for the
4 purposes specified in Section 2(a).

5 (d) The guarantee shall expressly provide for full indemnity
6 to the National Government by the FSM Petroleum Corporation for
7 any payment made by the National Government under the guarantee,
8 including all costs, expenses, and legal fees incurred in
9 enforcing the indemnity.

10 Section 4. Reporting and Oversight.

11 (a) No later than sixty (60) days after the end of each fiscal
12 year during which the guarantee is outstanding, the Secretary of
13 Finance and Administration shall submit a report to the
14 President and to Congress detailing the outstanding principal
15 and accrued interest on the guaranteed loan. PetroCorp shall,
16 at the request of the Secretary of Finance and Administration,
17 provide all records and information necessary to prepare the
18 report under this section.

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1 Section 5. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its
3 becoming law without such approval.

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June 2, 2026

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/s/ Wesley W. Simina

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Wesley W. Simina

President

Federated States of Micronesia

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