UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) IS OCTOBER 30, 1998

AMERADA HESS CORPORATION
(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

COMMISSION FILE NUMBER 1-1204

13-4921002
(I.R.S. employer identification number)

1185 AVENUE OF THE AMERICAS, NEW YORK, NY
(Address of principal executive offices)
10036
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE IS (212) 997-8500

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

The Registrant, through its wholly-owned subsidiary, Hess Oil Virgin Islands Corp. (HOVIC), owned and operated a petroleum refinery in St. Croix, United States Virgin Islands.

On October 30, 1998, the Registrant completed a joint venture transaction with Petroleos de Venezuela, S.A. (PDVSA). Pursuant to this transaction, PDVSA, V.I., Inc. (PDVSA V.I.), a wholly-owned subsidiary of PDVSA, purchased a 50% interest in the refinery fixed assets for $62.5 million in cash, a $562.5 million, 10-year note from PDVSA V.I., bearing interest at 8.46% per annum and requiring principal payments over its term, and a $125 million, 10-year, contingent note from PDVSA V.I., also bearing interest at 8.46% per annum. PDVSA V.I.'s payment obligation under both the note and the contingent note are guaranteed by PDVSA and secured by a pledge of PDVSA V.I.'s membership interest in the joint venture. HOVIC and PDVSA V.I. each contributed their 50% interests in the refinery fixed assets to HOVENSA, L.L.C. (HOVENSA). HOVENSA is 50% owned by HOVIC and 50% owned by PDVSA V.I. and will operate the Virgin Islands refinery.

At closing, the Registrant also received $307 million (subject to final adjustment) from HOVENSA as payment for the net working capital of the refinery. The Registrant recorded a loss of $106 million resulting from this transaction and an additional noncash, after-tax charge of $44 million representing a reduction of the book value of related refining and marketing assets.

Pursuant to a long-term supply contract, HOVENSA will immediately begin purchasing approximately 155,000 barrels per day of Venezuelan Mesa crude oil. HOVENSA will construct a delayed coking unit at the refinery. After construction of the coking unit, HOVENSA will purchase approximately 115,000 additional barrels per day of Venezuelan Merey crude oil.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial statements of businesses acquired.

Not applicable

(b) Pro forma financial information.

The following unaudited pro forma consolidated balance sheet, pro forma consolidated income statements and accompanying notes give effect to the sale of working capital and of one-half of the refinery assets and formation

of the joint venture. The assets sold or transferred to the joint venture have been eliminated from the pro forma consolidated financial statements and the equity investment and equity income have been recorded. The pro forma consolidated balance sheet at September 30, 1998 is presented as if the sale of assets, the formation of the joint venture and the reduction in the book value of related assets took place on September 30, 1998. The pro forma consolidated income statements for the year ended December 31, 1997, and for the nine months ended September 30, 1998, are presented as if the sale of assets, the formation of the joint venture and the reduction in the book value of related assets happened on January 1, 1997.

The pro forma financial information should be read in conjunction with Form 10-Q for the quarter ended September 30, 1998 and with the Registrant's consolidated financial statements and related notes included in the 1997 Annual Report to Stockholders, which have been incorporated by reference in the Registrant's Form 10-K for 1997. The pro forma financial information does not purport to be indicative of the results of operations or the financial position that would have actually occurred if the sale had been consummated on the dates indicated or that may be expected in the future.

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
PRO FORMA CONSOLIDATED BALANCE SHEET
September 30, 1998
(in millions of dollars)

A S S E T S	HISTORICAL	PRO FORMA ADJUSTMENTS (A)	PRO FORMA
CURRENT ASSETS			
Cash and cash equivalents	$ 67.2	$ 395.1 } (395.1)}(B)	$ 67.2
Accounts receivable	1,083.8	(21.9)	1,061.9
Inventories	925.3	(432.5)	492.8
Note receivable	--	24.0	24.0
Other current assets	277.3	(8.2)	269.1
Total current assets	2,353.6	(438.6)	1,915.0
INVESTMENTS AND ADVANCES			
HOVENSA	--	718.5	718.5
Other	266.1		266.1
Total investments and advances	266.1	718.5	984.6
PROPERTY, PLANT AND EQUIPMENT			
Total - at cost	13,621.5	(2,470.8)} (168.4)}(C)	10,982.3
Less reserves for depreciation, depletion, amortization and lease impairment	7,914.2	(1,020.6)} (124.4)}(C)	6,769.2
Property, plant and equipment - net	5,707.3	(1,494.2)	4,213.1
OTHER ASSETS			
Note receivable	--	538.5	538.5
Deferred income taxes and other assets	318.2	(16.4)	301.8
Total other assets	318.2	522.1	840.3
TOTAL ASSETS	$ 8,645.2	$ (692.2)	$ 7,953.0
L I A B I L I T I E S A N D S T O C K H O L D E R S ' E Q U I T Y			
CURRENT LIABILITIES			
Accounts payable - trade	$ 965.4	$ (113.8)	$ 851.6
Accrued liabilities	414.3	(16.0)	398.3
Deferred revenue	177.0		177.0
Taxes payable	254.1		254.1
Notes payable	37.0		37.0
Current maturities of long-term debt	139.7		139.7
Total current liabilities	1,987.5	(129.8)	1,857.7
LONG-TERM DEBT	2,488.3	(395.1) (B)	2,093.2
CAPITALIZED LEASE OBLIGATIONS	24.5		24.5
DEFERRED LIABILITIES AND CREDITS			
Deferred income taxes	581.9		581.9
Other	456.4	(17.3)	439.1
Total deferred liabilities and credits	1,038.3	(17.3)	1,021.0
STOCKHOLDERS' EQUITY			
Preferred stock, par value $1.00 Authorized - 20,000,000 shares for issuance in series	--		--
Common stock, par value $1.00 Authorized - 200,000,000 shares Issued - 90,364,705 shares at September 30, 1998	90.4		90.4
Capital in excess of par value	764.8		764.8
Retained earnings	2,335.9	(106.0)} (44.0)}(C)	2,185.9
Equity adjustment from foreign currency translation	(84.5)		(84.5)
Total stockholders' equity	3,106.6	(150.0)	2,956.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,645.2	$ (692.2)	$ 7,953.0

See accompanying notes to pro forma consolidated financial information.

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
PRO FORMA STATEMENT OF CONSOLIDATED INCOME
For the Nine Months Ended September 30, 1998
(in millions, except per share data)

	HISTORICAL	PRO FORMA ADJUSTMENTS (D)	PRO FORMA
REVENUES			
Sales (excluding excise taxes) and other operating revenues	$ 4,974.0	$ (552.2)	$ 4,421.8
Non-operating revenues			
Asset sales	80.3		80.3
Other	63.7	(1.3)}	95.0
		32.6 }(E)	
Equity in income of HOVENSA L.L.C.		15.7 (F)	15.7
Total revenues	5,118.0	(505.2)	4,612.8
COSTS AND EXPENSES			
Cost of products sold and operating expenses	3,742.7	(447.3)	3,295.4
Exploration expenses, including dry holes and lease impairment	257.0		257.0
Selling, general and administrative expenses	523.9	(5.6)	518.3
Interest expense	109.0	(23.2) (E)	85.8
Depreciation, depletion and amortization	480.2	(63.0)}	413.7
		(3.5)}(G)	
Provision for income taxes	45.8	4.6 (E)	50.4
Total costs and expenses	5,158.6	(538.0)	4,620.6
NET LOSS	$ (40.6)	$ 32.8	$ (7.8)
NET LOSS PER SHARE -- BASIC AND DILUTED	$ (0.45)		$ (0.09)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	89.7		89.7
COMMON STOCK DIVIDENDS PER SHARE	$ 0.45		$ 0.45

See accompanying notes to pro forma consolidated financial information.

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
PRO FORMA STATEMENT OF CONSOLIDATED INCOME
For the Year Ended December 31, 1997
(in millions, except per share data)

	HISTORICAL	PRO FORMA ADJUSTMENTS (D)	PRO FORMA
REVENUES			
Sales (excluding excise taxes) and other operating revenues	$ 8,233.7	$ (915.3)	$ 7,318.4
Non-operating revenues			
Asset sales	16.5		16.5
Other	89.8	(9.6)} 46.9 }(E)	127.1
Equity in loss of HOVENSA L.L.C.		(66.6) (F)	(66.6)
Total revenues	8,340.0	(944.6)	7,395.4
COSTS AND EXPENSES			
Cost of products sold and operating expenses	6,301.0	(959.5)	5,341.5
Exploration expenses, including dry holes and lease impairment	373.2		373.2
Selling, general and administrative expenses	649.8	(12.9)	636.9
Interest expense	136.1	(23.1) (E)	113.0
Depreciation, depletion and amortization	672.7	(78.2)} (4.7)}(G)	589.8
Asset impairment	80.6		80.6
Provision for income taxes	119.1	0.1} 4.6} (E)	123.8
Total costs and expenses	$ 8,332.5	$(1,073.7)	$ 7,258.8
NET INCOME	$ 7.5	$ 129.1	$ 136.6
NET INCOME PER SHARE			
Basic	$ 0.08		$ 1.50
Diluted	$ 0.08		$ 1.49
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	91.7		91.7
COMMON STOCK DIVIDENDS PER SHARE	$ 0.60		$ 0.60

See accompanying notes to pro forma consolidated financial information.

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma consolidated financial statements are based on estimates and may differ from actual results. The following notes describe the pro forma adjustments:

Pro Forma Consolidated Balance Sheet

(A) Record (i) the proceeds from sale of one-half of the refinery fixed assets to PDVSA V.I., including $62.5 million in cash and $562.5 million note receivable, (ii) the sale of net working capital of HOVIC and (iii) the formation of the HOVENSA joint venture. The Registrant also received a $125 million contingent note that was not valued for accounting purposes. The Registrant recorded a $106 million loss because of this transaction.

(B) Reduce debt from net proceeds of (i) $62.5 million in cash received from sale of the fixed assets and $332.6 from the sale of HOVIC working capital at September 30, 1998 (actual amount at October 30, 1998 was $307 million).

(C) Record $44 million impairment of certain related refining and marketing assets.

Pro Forma Statement of Consolidated Income

(D) Eliminate revenues and expenses related to ownership of the refinery.

(E) Record interest income on the notes receivable and reduced interest expense from lower pro forma debt and related income tax effect.

(F) Record equity in income or loss of joint venture. This includes the impact of extending the depreciable life of the refinery to reflect the extension of an operating concession agreement with the Government of the U.S. Virgin Islands. However, it does not include any expected beneficial effects related to crude oil supply contracts with Petroleos de Venezuela, S.A. In addition, the pro forma financial statements do not include future construction of a coker or its effects on operations.

(G) Record reduced depreciation of related impaired refining and marketing assets.

Note: The estimated decrease in pro forma retained earnings of approximately $150 million is subject to post closing adjustments. To show the effects of the HOVENSA joint venture on ongoing operations, the pro forma consolidated income statement for the year ended December 31, 1997, does not reflect the nonrecurring loss on the formation of the joint venture and on the impairment of certain related refining and marketing assets.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS (CONTINUED)

(c) Exhibits.

2.1	Asset Purchase and Contribution Agreement dated as of October 26, 1998, among PDVSA V.I., Inc., Hess Oil Virgin Islands Corp. and HOVENSA L.L.C. (including Glossary of definitions).
10.1	Amended and Restated Limited Liability Company Agreement of HOVENSA L.L.C. dated as of October 30, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERADA HESS CORPORATION
(REGISTRANT)

Date: November 10, 1998

By s/s John Y. Schreyer

John Y. Schreyer
Executive Vice President and
Chief Financial Officer

EXHIBIT 2.1

ASSET PURCHASE AND CONTRIBUTION AGREEMENT

among

PDVSA V.I., Inc.

and

HESS OIL VIRGIN ISLANDS CORP.

and

HOVENSA L.L.C.

Dated as of October 26, 1998

TABLE OF CONTENTS

Page

Page

(iv)

(v)

(vi)

ASSET PURCHASE AND CONTRIBUTION AGREEMENT

ASSET PURCHASE AND CONTRIBUTION AGREEMENT (the "Agreement"), dated as of October 26, 1998, among PDVSA V.I., Inc., a U.S. Virgin Islands corporation ("PDVSA V.I."), Hess Oil Virgin Islands Corp., a U.S. Virgin Islands corporation ("HOVIC"), and HOVENSA L.L.C., a U.S. Virgin Islands limited liability company (the "Company") (each, a "Party" and, collectively, the "Parties").

RECITALS

WHEREAS, the Company was formed by HOVIC, a wholly-owned subsidiary of Amerada Hess Corporation, a Delaware corporation, and PDVSA V.I., a wholly-owned subsidiary of Petroleos de Venezuela, S.A., a Venezuelan corporation;

WHEREAS, the Company desires to own, and HOVIC and PDVSA V.I. desire to transfer or cause to be transferred to the Company, the Assets;

WHEREAS, in order to effect such transfer, PDVSA V.I. desires to purchase, and HOVIC desires to transfer or cause to be transferred to PDVSA V.I., a 50% undivided interest in the Assets, which interest, together with HOVIC's remaining interest, will be transferred to the Company pursuant to the terms hereof;

WHEREAS, upon such transfer, the Company desires to purchase and HOVIC desires to sell to the Company the inventory and other net working capital required for the Company's initial operations, and the Company is willing to assume certain liabilities and obligations of HOVIC; and

WHEREAS, the Parties desire for the Company, subject to the terms and conditions set forth herein, to obtain financing for and to undertake and complete the Coker Project.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1. Definitions . Unless the context shall otherwise require, terms used and not defined herein shall have the meanings assigned to them in the Glossary attached hereto, which is hereby incorporated in the terms of this Agreement.

1.2. Interpretation. In this Agreement and in the Schedules, Exhibits, Annexes and Appendices hereto:

(a) the Table of Contents and headings are for convenience only and shall not affect the interpretation of this Agreement;

(b) unless otherwise specified, references to Articles, Sections, clauses, Schedules, Exhibits, Annexes and Appendices are references to Articles, Sections and clauses of, and Schedules, Exhibits, Annexes and Appendices to, this Agreement;

(c) references to any document or agreement, including this Agreement, shall be deemed to include references to such document or agreement as amended, supplemented or replaced from time to time in accordance with its terms and (where applicable) subject to compliance with the requirements set forth therein; and

(d) references to any Party to this Agreement or any other document or agreement shall include its successors and permitted assigns.

ARTICLE II

THE CLOSING

Subject to the prior or simultaneous satisfaction (or waiver) of the conditions precedent specified in Article VI, the closing of the transactions provided for in this Agreement (the "Closing") shall be held at the offices of Amerada Hess Corporation, 1185 Avenue of the Americas, New York City and at the offices of Sullivan & Cromwell, 375 Park Avenue, New York City, on October 30, 1998 or on such other date as may be agreed to in writing by the Parties (the "Closing Date"). The Closing shall be deemed to occur at 11:59:59 p.m. St. Croix, U.S. Virgin Islands time (the "Effective Time") on the Closing Date. Each of the Parties hereby agrees that the following actions shall occur and be effective at and as of the Effective Time.

2.1. Purchase and Sale of Refinery Assets. On the terms and subject to the conditions and limitations set forth in this Agreement, on the Closing Date PDVSA V.I. shall pay to HOVIC $62,500,000 by wire transfer in immediately available funds to such account at a New York City bank as shall be identified by HOVIC in writing at least three (3) Business Days prior to Closing, and shall deliver to HOVIC the Note and the Contingency Amount Note, and shall assume (until re-assumed by the Company pursuant to Section 2.4(a)) one quarter of the HOVIC Fixed Debt Liability on a non-recourse basis, as payment for, and HOVIC shall deliver to PDVSA V.I., a 50% undivided interest in all of HOVIC's right, title and interest in and to all assets (of every kind, nature, character and description, tangible and intangible, real, personal or mixed, wherever located), businesses, Contracts and Permits (to the extent described in (f) or (g) below) used or necessary in connection with the operation of the Facilities and the businesses conducted thereon, including all of HOVIC's right, title and interest in and to the following (collectively, the "Assets"):

(a) the Real Property Assets described on Schedule 2.1(a);

(b) the Equipment described, as of the date hereof, on Schedule 2.1(b);

(c) the Pipelines;

(d) the Easements;

(e) the customer lists, vendor lists, catalogs, sales promotion literature and advertising materials used or necessary for the conduct of the Refinery Business and, to the extent not subject to confidentiality restrictions with third parties, specifications, designs, drawings and quality control data related thereto;

(f) to the extent assignable to the Company without any Consent or Filing or assignable to the Company pursuant to Consents or Filings duly obtained or effected at or prior to the Effective Time, the Contracts (other than the Shared Contracts) used or necessary for the conduct of the Refinery Business and to which HOVIC is a party, including the Material Contracts listed on Schedule 2.1(f) (other than those of such Contracts designated on Schedule 2.1(f) or specified in Section 2.3 as not being assigned pursuant to this Agreement) and all warranties and guarantees, express or implied, existing for the benefit of HOVIC in connection with the Equipment;

(g) to the extent transferable to the Company without any Consent or Filing or transferable to the Company pursuant to Consents or Filings duly obtained or effected at or prior to the Effective Time, the Permits held by HOVIC which are used or necessary for the conduct of the Refinery Business (including the development, use, maintenance or occupation of the Real Property Assets) other than sales and use tax permits and franchise or income tax registrations;

(h) the spare parts recorded on the books of HOVIC as noncurrent assets;

(i) all books, records, files, maps, analyses, forecasts, long range plans and other data relating to the Assets and the Refinery Business used or necessary for the conduct of the Refinery Business by the Company after the Closing (the "Books and Records"); and

(j) the Intellectual Property Assets.

2.2. Contributions to the Company. On the terms and subject to the conditions and limitations set forth in this Agreement, (a) HOVIC shall contribute, assign, transfer and deliver, or cause to be contributed, assigned, transferred and delivered, to the Company, all of HOVIC's remaining 50% undivided interest in the Assets and (b) PDVSA V.I. shall contribute, assign, transfer and deliver, or cause to be contributed, assigned, transferred and delivered, to the Company, all of PDVSA V.I.'s 50% undivided interest in the Assets, and the Company shall accept each such contribution.

2.3. Excluded Assets. Notwithstanding the provisions of Section 2.1, it is expressly understood and agreed that the Assets do not include the following:

(a) claims under Contracts and other rights of HOVIC against third Persons that exist or have accrued at or prior to the Closing (other than with respect to Assumed

11

Liabilities), and all insurance Contracts (and claims and other rights under insurance Contracts) of HOVIC, except as contemplated by Section 5.4(a);

(b) claims for refunds of Taxes and other governmental charges paid by HOVIC at or before the Effective Time, except to the extent such refunds are allocated to the Company pursuant to Section 11.1;

(c) the Excluded Assets specified in Schedule 2.3(c);

(d) the Chartered Tugs and Barges;

(e) the Licensed Intellectual Property;

(f) the Retained Subsidiaries;

(g) the Current Assets; and

(h) any segregated assets, rights, claim or interest of HOVIC under the Amerada Hess Corporation Employees' Pension Plan.

2.4. Retained Liabilities and Assumed Liabilities of the Company. (a) As from the Effective Time, the Company shall assume and thereafter pay, perform and discharge when due the Assumed Liabilities, which shall include all of that portion of the HOVIC Fixed Debt Liability previously assumed by PDVSA V.I. plus one third of that portion of the HOVIC Fixed Debt Liability then owned by HOVIC and its Affiliates. It is understood and agreed that, after the Effective Time and pursuant to this Section 2.4(a) and Section 11.2(f), the Company shall have assumed one half, and HOVIC shall have retained one half, of the HOVIC Fixed Debt Liability, and that PDVSA V.I. shall have retained no portion of such Liability. Except as otherwise provided in this Agreement, HOVIC shall retain the Retained Liabilities.

(b) Except as otherwise provided in this Agreement, to the extent any Liabilities (other than Current Liabilities) relate to acts, omissions, events or transactions occurring, or states of fact existing, both prior to and after the Effective Time, (i) HOVIC will be responsible for Liabilities that are Retained Liabilities and (ii) the Company will be responsible for Liabilities that are Assumed Liabilities.

2.5. Purchase and Sale of Current Assets. (a) At least three (3) Business Days prior to the Closing Date, HOVIC shall deliver to PDVSA V.I., on behalf of the Company, a duly completed net working capital statement of HOVIC as of the Effective Time (the "Estimated Net Working Capital Statement"), signed by a duly authorized officer, which statement shall set forth HOVIC's good faith estimate of the Closing Inventory Volumes, Current Assets, Current Liabilities and the amount of net working capital (Current Assets less Current Liabilities) of the Refinery Business as of the Effective Time, and showing the valuation thereof calculated in accordance with the Net Working Capital Valuation Methodology.

(b) At the Effective Time, HOVIC shall sell and assign to the Company the Current Assets for a purchase price equal to the Current Liabilities plus the Final Net Working Capital Amount. At the Effective Time, the Company shall pay HOVIC an amount equal to the estimated net working capital (the "Estimated Net Working Capital Amount") set forth in the Estimated Net Working Capital Statement by wire transfer in dollars in immediately available funds to such account at a New York City bank as shall be identified in writing by HOVIC at least three (3) Business Days prior to the Closing Date.

(c) As soon as practicable after the Effective Time, and in any event no later than sixty (60) days following the Closing Date, HOVIC shall deliver to the Company, with a copy to PDVSA V.I., a duly completed "Final Net Working Capital Statement", signed by a duly authorized officer of HOVIC, setting forth, as of the Effective Time, the Closing Inventory Volumes, Current Assets, Current Liabilities and the amount of net working capital (Current Assets less Current Liabilities) as of the Effective Time (the "Final Net Working Capital Amount") and showing the valuations thereof calculated in accordance with the Net Working Capital Assets Valuation Methodology. The volumes of the Closing Inventory Volumes set forth in the Final Net Working Capital Statement shall have been verified and certified in writing by the Inspector. The costs and expenses of the Inspector shall be borne by the Company and each of the Parties shall be entitled to have a representative present during the Inspector's verification procedures.

(d) PDVSA V.I. and its representatives, on behalf of the Company, shall have the right to review all work papers and procedures used to prepare the Final Net Working Capital Statement and shall have the right to perform any other reasonable procedures necessary to verify the accuracy thereof. Unless PDVSA V.I., on behalf of the Company, within sixty (60) days after delivery to PDVSA V.I. of the Final Net Working Capital Statement, notifies HOVIC in writing that it objects to the Final Net Working Capital Statement, and specifies in reasonable detail the basis for such objection, such Final Net Working Capital Statement shall become final and binding upon the Parties for purposes of this Section. If PDVSA V.I., on behalf of the Company, notifies HOVIC of any objection to the Final Net Working Capital Statement within the period specified above, and the Parties are unable to resolve such objection within twenty (20) days after the date on which PDVSA V.I.'s notification of objection was given, the dispute shall be submitted to KPMG Peat Marwick LLP. The determination of KPMG Peat Marwick LLP with respect to the Final Net Working Capital Statement shall be final and binding upon the Parties for purposes of this Section. The costs and expenses of KPMG Peat Marwick LLP shall be borne by the Company.

(e) If the Final Net Working Capital Amount exceeds the Estimated Net Working Capital Amount, then the Company shall pay to HOVIC an amount equal to such excess (together with interest on the amount of such excess at the Base Rate during the period between the Effective Time and the date of such payment). If the Estimated Net Working Capital Amount exceeds the Final Net Working Capital Amount, then HOVIC shall pay to the Company an amount equal to such excess (together with interest on the amount of such excess at the Base Rate during the period between the Effective Time and the date of such payment). Any amount payable pursuant to this Section 2.5(e) shall be paid by wire transfer in dollars in

immediately available funds to a bank account designated by HOVIC or the Company, as the case may be, on or before the third (3rd) Business Day following the Final Net Working Capital Amount becoming final and binding on the Parties pursuant to Section 2.5(c). Amounts not timely paid shall accrue interest at the Default Rate.

2.6. Related Agreements. Each of the Parties shall, and shall cause its Affiliates to, execute and deliver each of the Related Agreements to which each is a party.

2.7. Allocation of Purchase Price.

(a) HOVIC and PDVSA V.I. shall (i) allocate the purchase price among the Assets in accordance with the fair market value of the Assets (which allocation shall be agreed upon by HOVIC and PDVSA V.I. and set forth in a writing signed by both parties as soon as practicable after the Closing Date, but in any event no later than sixty (60) days following the Closing Date); (ii) report (and shall cause their respective Affiliates to report) the U.S. Virgin Islands tax consequences and other tax consequences of the transactions contemplated herein, and in particular the information required under Section 1060(b) of the Code, in a manner consistent with such allocation; (iii) not take (and shall cause the Company not to take) any position inconsistent with the allocation set forth in writing pursuant to Section 2.7(a)(i) hereto in preparing financial statements, Returns, reports to shareholders or government authorities or otherwise; (iv) not take (and shall cause their respective Affiliates not to take) any tax position inconsistent with such allocation in connection with any refund claim, audit of Returns, investigation, administrative proceeding, litigation or other civil or judicial proceeding in respect to Returns; and (v) each furnish the other a copy of IRS Form 8594 (Asset Acquisition Statement under Section 1060 of the Code) as filed with the U.S. Virgin Islands by such Party or any Affiliate thereof, pursuant to Section 1060 of the Code, as a result of the consummation of the transactions contemplated hereby, within thirty (30) days of the filing of such form with the U.S. Virgin Islands.

(b) HOVIC and the Company (subject to the express written consent of PDVSA V.I.) shall (i) allocate the purchase price among the Current Assets in accordance with the fair market value of the Current Assets (which allocation shall be agreed upon by HOVIC and PDVSA V.I. and set forth in a writing signed by both parties as soon as practicable after the Closing Date, but in any event no later than fifteen (15) days following the delivery of the duly completed "Final Net Working Capital Statement" to the Company); (ii) report (and shall cause their Affiliates to report) the U.S. Virgin Islands tax consequences and other tax consequences of the transactions contemplated herein, and in particular the information required under Section 1060(b) of the Code, in a manner consistent with such allocation; (iii) not take (and shall cause their respective Affiliates not to take) any position inconsistent with the allocation set forth in writing pursuant to Section 2.7(b)(i) hereto in preparing financial statements, Returns, reports to shareholders or government authorities or otherwise; (iv) not take (and shall cause their respective Affiliates not to take) any tax position inconsistent with such allocation in connection with any refund claim, audit of Returns, investigation, administrative proceeding, litigation or other civil or judicial proceeding in respect to Returns; and (v) each furnish the other a copy of IRS Form 8594 (Asset Acquisition Statement under Section 1060 of the Code) as filed with the

U.S. Virgin Islands by such Party or any Affiliate thereof, pursuant to Section 1060 of the Code, as a result of the consummation of the transactions contemplated hereby, within thirty (30) days of the filing of such form with the U.S. Virgin Islands.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF HOVIC

HOVIC hereby represents and warrants to PDVSA V.I. and the Company as follows:

3.1. Due Organization, Good Standing and Power. Hess is a corporation duly organized, validly existing and in good standing under the laws of Delaware and HOVIC is a corporation duly organized, validly existing and in good standing under the laws of the U.S. Virgin Islands. Each Affiliate of Hess that will be a party to a Related Agreement is a corporation duly organized, validly existing and, if applicable, in good standing in the jurisdiction in which it is incorporated. Each of Hess and HOVIC has the power and authority to own, lease and operate its assets and to conduct the business now being conducted by it. HOVIC has all requisite power and authority to enter into this Agreement and the Concession Amendment and to perform its obligations hereunder and thereunder and each of the Hess Parties has all requisite power and authority to enter into the Related Agreements to which it will be a party and to perform its obligations thereunder.

3.2. Authorization and Validity of Agreements. The execution, delivery and performance by HOVIC of this Agreement and the Concession Amendment and the execution, delivery and performance by each of the Hess Parties of the Related Agreements to which it will be a party and the consummation by each of them of the transactions contemplated hereby and thereby have been duly authorized and approved by all necessary corporate action. This Agreement and the Concession Amendment have been executed and delivered by HOVIC and each is a legal, valid and binding obligation of HOVIC, enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles. Each of the Related Agreements to which a Hess Party will be a party will, upon its execution and delivery, be the legal, valid and binding obligation of such Hess Party, enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

3.3. Absence of Conflicts. The execution, delivery and performance by HOVIC of this Agreement and the Concession Amendment and the execution, delivery and performance by each of the Hess Parties of the Related Agreements to which it will be a party, and the consummation by each of them of the transactions contemplated hereby and thereby, does not and will not (i) violate any material Legal Requirement applicable to HOVIC or a relevant Hess Party, (ii) conflict with, or result in the breach of any provision of, the charter or by-laws or similar governing or organizational documents of HOVIC or a relevant Hess Party, (iii) result in

the creation of any Lien upon any of the assets of HOVIC or a relevant Hess Party, other than those that are, individually and in the aggregate, immaterial to its assets and business or (iv) except as set forth on Schedule 3.3, violate, conflict with or result in the breach or termination of, or otherwise give any other Person the right to terminate, or constitute a default, event of default or an event which, with notice, lapse of time or both, would constitute a default or event of default under the terms of any Contract or Permit to which HOVIC or a relevant Hess Party is a party or by which its properties or businesses are bound, except for violations, conflicts, breaches, terminations and defaults the adverse consequences of which are, individually and in the aggregate, immaterial to its assets and business.

3.4. Financial Statements; No Material Adverse Change. (a) The Balance Sheets, the Cash Flow Statements and the Income Statements, except as indicated therein, have been prepared in accordance with GAAP, consistently applied. The Balance Sheets fairly present in all material respects the financial position of HOVIC as of their respective dates and the Income Statements fairly present in all material respects the results of HOVIC's operations for the periods indicated therein.

(b) Other than as a result of changes in world crude oil or refined petroleum product prices, since December 31, 1997, there has been no Material Adverse Change.

(c) Since December 31, 1997 until the date hereof, HOVIC has conducted the Refinery Business in the usual and ordinary course, consistent with past practice, except (i) for such changes in the operation of the Refinery as HOVIC has deemed necessary and appropriate for the efficient operation of the Refinery or as it may otherwise have deemed commercially reasonable or (ii) as it has been prevented from doing so by any Event of Force Majeure.

(d) Since December 31, 1997, except in the ordinary course of business, as required by applicable law or as set forth on Schedule 3.4(d), HOVIC has not (i) entered into any contract of employment (including in connection with the transfer of any employee from any Affiliate of Hess) involving base annual compensation in excess of $100,000; (ii) terminated, other than for misconduct, the employment of any employee of the Refinery Business whose base annual compensation is in excess of $100,000; (iii) granted or promised any increase of greater than 5% in the rates of wages, salaries, compensation or employment benefits of any class of employees of the Refinery Business or adopted any new, or materially modified any existing, or promised to adopt or materially modify any, employee benefits plans; or (iv) entered into or terminated any Contract providing for the provision of services to HOVIC by Third Party Personnel.

3.5. Title to Assets; Maintenance, Operation and Sufficiency of Assets. (a) HOVIC has, and upon consummation of the transactions contemplated hereunder at the Closing the Company will have, (i) good and valid title to the Real Property Assets other than the Leased Property with the full right to convey, free and clear of all Liens, subject to Permitted Encumbrances and except as specified in Schedule 2.1(a) and Schedule 3.5(a), and (ii) good and valid title to the Pipelines and the Easements, free and clear of all Liens, except as specified in Schedule 3.5(a).

(b) HOVIC has, and upon consummation of the transactions contemplated hereunder at the Closing the Company will have, good and valid title to all of the Equipment, free and clear of all Liens, subject to Permitted Encumbrances and except as specified in Schedule 3.5(b).

(c) HOVIC has, and upon consummation of the transactions contemplated hereunder at the Closing the Company will have, good and valid title to all of the Current Assets, free and clear of all Liens, subject to Permitted Encumbrances and except as specified in Schedule 3.5(c).

(d) The leases and licenses related to the Leased Property are in full force and effect, subject to Permitted Encumbrances and except as specified in Schedule 3.5(d).

(e) The utilities serving the Facilities (including the electric, water, gas and telephone services publicly available to and used at the Facilities and/or similar services owned and operated by HOVIC at the Refinery), together with the public, quasi-public and private infrastructure upon or appurtenant to and used at or by the Facilities, are adequate to serve the Facilities under normal operating conditions.

(f) The operation of the Refinery Business in a manner consistent with HOVIC's past practice requires or uses no pipelines, pumping stations or Easements related thereto other than pipelines, pumping stations or Easements related thereto included in the Assets.

(g) The Assets (exclusive of the Contracts and the Permits) have been maintained and operated in accordance with HOVIC's normal operating practices and are in good operating condition, repair and maintenance, subject only to ordinary wear and tear. Since December 31, 1997, there has been no suspension or postponement of any normally scheduled maintenance in respect of the Assets, including scheduled full maintenance and full unit turnarounds.

(h) The amount and type of Waste accumulated at the Real Property Assets as of the Effective Time will not exceed the amount and type of Waste generally accumulated at the Real Property Assets in accordance with HOVIC's normal operating practices.

(i) The Assets (including the Contracts and Permits), together with the assets and rights made available to the Company pursuant to this Agreement and the Related Agreements, will constitute, at the Closing, all of the assets (including backup, standby and reserve equipment) and rights used by HOVIC and necessary to allow for the operation of the Refinery Business by the Company after the Closing in a manner consistent with HOVIC's past practices.

3.6. Zoning and Land Use. Neither HOVIC nor any of its Affiliates has entered into any agreement allowing any building or other improvement not included in any part of the Real Property Assets to rely on any part of the Real Property Assets to fulfill any zoning, building code or other governmental or municipal requirements and, to the best of HOVIC's knowledge, no building or other improvement not included in any part of the Real Property

Assets relies on any part of the Real Property Assets to fulfill any zoning, building code or other governmental or municipal requirements without HOVIC's consent, in each case other than Permitted Encumbrances.

3.7. Contracts. (a) Schedule 2.l(f) lists all Material Contracts as of the date hereof. Schedule 2.1(f) indicates, with respect to each Material Contract, whether or not any Consent is required in order for HOVIC to assign such Material Contract to the Company and indicates any such Consent that has not been obtained as of the date hereof.

(b) All Material Contracts listed on Schedule 2.1(f) are valid and binding upon HOVIC (and, to the extent applicable, each HOVIC Affiliate that is a party thereto), and, except as set forth in Schedule 2.1(f), if duly assigned to and assumed by the Company at the Closing, will be valid and binding upon the Company as of the Effective Time, in accordance with their respective terms and HOVIC (and, to the extent applicable, each HOVIC Affiliate that is a party thereto) is not in material default under any such Material Contract. To the knowledge of HOVIC (and, to the extent applicable, each HOVIC Affiliate that is a party thereto), no other party to any such Material Contract is in material default thereunder nor does there exist any event or condition which, upon the giving of notice or the lapse of time or both, would (i) constitute a material default or material event of default thereunder by any such other party or (ii) entitle any other party thereto to be released therefrom or refuse performance thereunder.

(c) Prior to the date hereof, HOVIC has provided PDVSA V.I. and its representatives access to correct and complete copies of all Material Contracts.

(d) The Concession Agreement is valid and binding upon HOVIC in accordance with its terms and HOVIC is not to its knowledge in default under the Concession Agreement. To the knowledge of HOVIC, the Government of the U.S. Virgin Islands is not in default under the Concession Agreement, nor to the knowledge of HOVIC, does there exist any event or condition which, upon the giving of notice or the lapse of time or both, would (i) constitute a default or event of default thereunder by the Government of the U.S. Virgin Islands or (ii) would entitle the Government of the Virgin Islands to be released from or refuse performance under the Concession Agreement.

3.8. Proceedings. Except as set forth in Schedule 3.8, there is no suit, action or legal, administrative or arbitration proceeding (including any citations, complaints, consent orders, compliance schedules or other similar enforcement orders) or, any governmental investigation (each, a "Proceeding" and collectively, "Proceedings"), pending or, to the best of HOVIC's knowledge, threatened, before any Authority or arbitrator (i) seeking to restrain or prohibit the execution of this Agreement or the Related Agreements or the consummation of the transactions contemplated hereby or thereby, (ii) which bears a reasonable likelihood of being determined in favor of the party adverse to HOVIC, and, if so determined, bears a reasonable likelihood of having a material adverse effect on any material asset (including any Intellectual Property material to the Refinery Business) or a Material Adverse Effect or (iii) seeking to modify, suspend, revoke, withdraw, terminate or otherwise limit (I) any material Permit (other than Permits under Environmental Health and Safety Laws) or Easement used or held by HOVIC

in connection with the Assets or the Refinery Business or (II) HOVIC's or its Affiliates' rights and obligations under the Concession Agreement. Except as set forth in Schedule 3.8, there are no material Judgments outstanding against HOVIC or its Affiliates in relation to the Refinery Business.

3.9. Compliance with Legal Requirements and Permits. With respect to the Assets and the Refinery Business, except as specified in Schedule 3.9, HOVIC is in compliance in all material respects with all applicable Legal Requirements and Permits (other than Environmental, Health and Safety Laws).

3.10. Permits. Schedule 3.10 sets forth an accurate and complete list of all material Permits (other than Permits under Environmental, Health and Safety Laws) currently used or held by HOVIC in connection with the Assets and the conduct of the Refinery Business. Except as specified in Schedule 3.10, (i) all material Permits (other than Permits under Environmental, Health and Safety Laws) relating to the Assets and the conduct of the Refinery Business are in full force and effect and (ii) HOVIC has, to the extent required, made all Filings necessary to request the timely renewal or issuance of all material Permits necessary prior to the Closing for HOVIC to own, operate, use and maintain the Assets and to conduct the Refinery Business as it is currently being conducted.

3.11. Intellectual Property. (a) Schedule 2.1(j) sets forth a true and complete list of the Intellectual Property Assets.

(b) Schedule 3.11(b) sets forth (i) a true and complete list of all material Intellectual Property owned by Affiliates of HOVIC that are used or held for use by HOVIC in the operation of the Refinery Business as currently conducted (other than Excluded Assets specified in Section 2.3(c)), (ii) the name of the HOVIC Affiliate who owns such Intellectual Property and (iii) identifying information regarding any agreement pursuant to which HOVIC uses such Intellectual Property. At the Closing, the Company will, pursuant to the Intellectual Property Rights License Agreement, have the right to use or hold for use the Intellectual Property listed on Schedule 3.11(b) in the manner and to the extent such Intellectual Property is currently being used or held for use in connection with the conduct of the Refinery Business.

(c) Schedule 3.11(c) sets forth (i) a true and complete list of all material Intellectual Property owned by third parties (other than pursuant to Shared Contracts) that are used by HOVIC in the operation of the Refinery Business as currently conducted, (ii) the name of the party who owns such Intellectual Property and (iii) identifying information regarding any agreement pursuant to which HOVIC uses such Intellectual Property. Except as otherwise specified in Schedule 3.11(c), (i) HOVIC has the right to extend to the Company all of HOVIC's right, title and interest in the Intellectual Property listed on Schedule 3.11(c) and (ii) at the Closing, the Company will have the right to use the Intellectual Property listed on Schedule 3.11(c) in the manner and to the extent such Intellectual Property is currently being used in connection with the conduct of the Refinery Business.

(d) Except as set forth in Schedule 3.11(d), the operation of the Refinery Business in a manner consistent with HOVIC's past practice requires no material Intellectual

Property other than the Intellectual Property Assets, the Licensed Intellectual Property, the Intellectual Property listed in Schedule 3.11(c) and the Intellectual Property made available to HOVIC pursuant to Shared Contracts identified on Schedule 8.4.

3.12. Employee Relations. (a) Except as set forth in Schedule 3.12(a), neither HOVIC nor any of its Affiliates is a party to any collective bargaining agreement with respect to the Refinery Business, and, to the knowledge of HOVIC, there are no labor unions or other organizations representing, purporting to represent, or attempting to represent, any employee of the Refinery Business.

(b) To the knowledge of HOVIC, there are no unfair labor practice charges, grievances or complaints pending against HOVIC or any of its Affiliates in relation to the Refinery Business before the National Labor Relations Board or any other Authority other than those that are, individually and in the aggregate, immaterial to the Assets and the Refinery Business.

(c) There is no organized labor strike, dispute, walkout, slowdown or stoppage occurring or, to the knowledge of HOVIC, pending or threatened against or involving HOVIC or any of its Affiliates in respect of the Refinery Business and neither HOVIC nor any of its Affiliates has been notified of any employee grievances which could reasonably be expected to have a material adverse effect on the Refinery Business. Neither HOVIC nor any of its Affiliates has experienced any organized labor strike or material dispute, walkout, slowdown or stoppage in respect of the Refinery Business during the past three (3) years.

(d) Schedule 3.12(d) sets forth a complete and accurate list of all Contracts pursuant to which any Person provides Third Party Personnel services to HOVIC.

(e) HOVIC has provided to PDVSA V.I. a copy of each Collective Bargaining Agreement.

3.13. Employee Benefit Plans. (a) Schedule 3.13(a) lists each of the employee benefit plans covering employees of the Refinery Business as of the date hereof and any employee benefits provided to Third Party Personnel with respect to which HOVIC may have any Liability, whether contingent or otherwise, including any plan, program, arrangement, agreement or commitment that is an employment, consulting, severance or deferred compensation or change in control agreement, or an executive compensation, incentive bonus, pension, stock purchase, profit sharing, severance pay, life, health, disability accident, medical insurance, vacation, or other material employee benefit plan, program, arrangement, agreement or commitment, including any "employee benefit plan" as defined in section 3(3) of ERISA (collectively the "Employee Benefit Plans"). Each Employee Benefit Plan is identified in Schedule 3.13(a) as a qualified plan if it is intended to qualify under Section 401(a) of the Code, as amended (a "Qualified Plan") and a defined benefit plan, if it is a defined benefit plan within the meaning of Section 414(j) of the Code (a "Defined Benefit Plan"), regardless of whether such plans are actually subject to the Code or ERISA. HOVIC has delivered to PDVSA V.I. a copy of each Employee Benefit Plan.

(b) Except as set forth in Schedule 3.13(b), neither HOVIC nor any of its Affiliates contributes to or has any liability under ERISA, the Code or any Judgment with respect to any "multiemployer pension plan", as such term is defined in Section 3(37) of ERISA, or to any "multiple employer plan," as described in Section 4063 of ERISA, in which any Transferred Employee is entitled to participate.

(c) Except as set forth in Schedule 3.13(c), no event or condition has occurred, or is reasonably expected to occur, with respect to HOVIC or any of its Affiliates which reasonably could subject the Company, directly or indirectly, to any material liability under ERISA, the Code or any other law, regulation or governmental order, domestic or foreign, including, without limitation, Section 406, 409, 502(i), 502(l), 4069 or Title IV of ERISA, or Section 4971, 4975 or 4976 of the Code, or under any agreement, instrument, statute, rule of law or regulation pursuant to or under which HOVIC is required to or has agreed to indemnify any Person against any such liability incurred under ERISA, or for a violation or failure to satisfy the requirement of, any such law, regulation or order with respect to the Employee Benefit Plans.

(d) Except as set forth in Schedule 3.13(d), with respect to each Employee Benefit Plan (i) all payments due from HOVIC to date have been made and all amounts to the extent required to be accrued have been properly accrued to date or as of the Effective Time as liabilities of HOVIC which have not been paid have been properly recorded on the books of HOVIC; (ii) HOVIC has complied with, and each Employee Benefit Plan conforms in form and operation to, all applicable laws and regulations, domestic or foreign, including, but not limited to, ERISA and the Code in all material respects; (iii) each such Qualified Plan has received a favorable determination letter from the Internal Revenue Service with respect to such qualification, its related trust has been determined to be exempt from taxation under Section 501(a) of the Code, and to the knowledge of HOVIC nothing has occurred since the date of such letter that has or is likely to adversely affect such qualification or exemption; and (iv) there are no actions, suits or claims pending (other than routine claims for benefits) or, to HOVIC's knowledge, threatened with respect to such Employee Benefit Plan or against the assets of such Employee Benefit Plan which would reasonably be expected to have a material adverse affect on the Company Employee Benefit Plans or which relate to any Transferred Employee.

(e) HOVIC has delivered to PDVSA V.I. with respect to each Employee Benefit Plan for which the following exists: (i) a copy of the Form 5500 (or other applicable annual information return filed with any U.S. Virgin Islands Authority) for the two most recent plan years; (ii) a copy of the Summary Plan Description, together with each Summary of Material Modifications, required under ERISA with respect to such Employee Benefit Plan in the past two years; (iii) if the Employee Benefit Plan is funded through a trust or any third party funding vehicle (other than an insurance policy), a copy of the trust or other funding agreement, including all amendments thereto and the latest financial statements thereof; (iv) the most recent determination letter received from the Internal Revenue Service with respect to each Employee Benefit Plan that is intended to be a Qualified Plan; and (v) copies of any material employee communications concerning such Employee Benefit Plan whether or not such communications have been filed with any applicable regulatory authority.

(f) No "reportable event" (as defined in Section 4043 of ERISA and for which reporting has not been waived) will occur with respect to any Employee Benefit Plan as a result of the transactions contemplated hereby.

(g) Each Employee Benefit Plan that provides medical coverage to employees of the Refinery Business and their dependents (other than dental coverage) is a plan under which the only obligation of HOVIC's is to pay premiums and, to the knowledge of HOVIC and its Affiliates, there will be no retroactive premium adjustments related to any period prior to the Closing Date with respect to such plans.

(h) Except as set forth in Schedule 3.13(h), HOVIC shall have no obligations with respect to any employee of the Refinery Business or Third Party Personnel, as a result of the transactions contemplated hereby, alone or together with any other events, or otherwise, to pay directly or indirectly, any compensation in excess of that to which he or she would be entitled if none of such transactions should occur.

(i) Schedule 3.13(i), to be provided on or prior to the Closing Date, identifies the Persons providing services to HOVIC who are, as of the Effective Time, "leased employees" (within the meaning of Section 414(n) of the Code).

(j) Except as set forth on Schedule 3.13(j), HOVIC has no liability, whether absolute or contingent, including any obligations under the Employee Benefit Plans, with respect to any misclassification of a Person as an independent contractor rather than as an employee with respect to any periods prior to the Effective Time.

3.14. Refinery Capacity. (a) Schedule 3.14(a) sets forth an accurate and complete list of all refinery process units used in connection with the Refinery Business, including the nominal refining capacity of each. Each of the refinery process units was constructed in the year specified in Schedule 3.14(a) and last underwent a major turnaround in the year specified in Schedule 3.14(a).

(b) Schedule 3.14(b) sets forth an accurate and complete list of all underground, in-ground and above-ground storage tanks (other than sumps) used in connection with the Refinery Business, including the nominal storage capacity of each. Each of such tanks was installed in the year specified in Schedule 3.14(b) and last underwent an API 653 inspection in the year specified in Schedule 3.14(b).

(c) Under normal operating conditions, the Assets, as used by HOVIC in connection with the Refinery Business, are capable of processing at least 430 mbcd of crude oils and feedstocks (including up to 215 mbcd of Mesa Crude Oil).

(d) There are enough crude oil storage tanks and dock lines at the Facilities to receive and to store on a segregated basis the volumes of Mesa Crude Oil and Merey Crude Oil specified in the Mesa Agreement and the Merey Agreement, as well as crude oil storage tanks for other types of crude oil and feedstocks, and the storage tanks at the Facilities are in suitable condition to receive and maintain such crude oil. The switching and monitoring systems at the

Facilities are capable of tracking and, if applicable, segregating, such crude oil as required for accurate billing of crude oil so delivered.

(e) Schedule 3.14(e) sets forth an accurate and complete list of all docks, marine terminal and harbor facilities used in connection with the Refinery Business, including relevant berth dimensions of each.

(f) Schedule 3.14(f) sets forth an accurate and complete list of all wastewater treatment facilities used in connection with the Refinery, including the nominal treatment capacity of each.

3.15. Taxes. (a) All Taxes and Tax liabilities relating to the Assets or the Refinery Business and all Taxes and Tax liabilities which may be asserted against the Assets or the Refinery Business for all taxable years or other taxable periods (including portions thereof) prior to the Effective Time that if not paid would give rise to a Lien against the Assets or the Refinery Business have been or will be timely paid by HOVIC or, in the case of those Taxes and Tax liabilities set forth on Schedule 3.15(a), are being contested in good faith by HOVIC.

(b) There are no Liens (other than Permitted Encumbrances) with respect to any Taxes upon the Assets.

(c) None of the Assets is property that is required to be treated as owned by any other Person pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, as in effect immediately prior to the enactment of the Tax Reform Act of 1986.

3.16. Spare Parts, Supplies, Catalysts and Precious Metals; Inventory. (a) As of the Effective Time, there are such Spare Parts, Supplies, Catalysts and Precious Metals as are necessary to allow for the operation of the Refinery Business by the Company in a manner consistent with HOVIC's past practices.

(b) All inventory constituting a part of the Closing Inventory Volumes (other than "tank bottoms" accumulated in the ordinary course of the Refinery Business consistent with HOVIC's past practices) will be of a quality usable or salable in the ordinary course of business. Closing Inventory Volumes shall be in such quantities as are necessary at the Effective Time to allow for the prudent and uninterrupted operation of the Refinery Business by the Company after the Effective Time in a manner consistent with HOVIC's past practices.

3.17. Current Assets and Liabilities. (a) The Current Assets are recorded on the books of HOVIC in accordance with GAAP.

(b) The Current Liabilities are recorded on the books of HOVIC in accordance with GAAP.

3.18. Environmental Matters. (a) Except as set forth in Schedule 3.18:

23

(i) There are no Proceedings pending or, to the best of HOVIC's and its Affiliates' knowledge, threatened, asserting claims relating to any Environmental Noncompliance, Environmental Claim or Environmental Cleanup Liability which bears a reasonable likelihood of being determined in favor of the party adverse to HOVIC, and if so determined, bears a reasonable likelihood of having a material adverse effect on any material asset or a Material Adverse Effect.

(ii) To the knowledge of the officers and directors of HOVIC and its Affiliates, with respect to the Assets and the Refinery Business, HOVIC is in compliance in all material respects with all Environmental Health and Safety Laws currently in effect.

(iii) HOVIC possesses all material Permits required under Environmental Health and Safety Laws currently in effect necessary for the operation of the Refinery Business as presently conducted.

(iv) To the best knowledge of HOVIC and its Affiliates, during the period of HOVIC's ownership of the Assets, (A) no Release at, in, on or under the Assets has occurred and (B) no amount of a Chemical Substance has been intentionally disposed of in the Environment at, in, on or under the Assets, in either case that is reasonably anticipated to result in material Environmental Claims or Environmental Cleanup Liability relating to the Assets or the Refinery Business;

(v) To the knowledge of the officers and directors of HOVIC and its Affiliates, there are no reasonably anticipated future changes relating to Permits or waivers currently issued to or enjoyed by HOVIC under any Environmental Health and Safety Law that are reasonably expected by such Persons to be issued within twelve (12) months following the Closing Date that are reasonably likely to (A) interfere with or require changes, in any material respect, to the Assets or the Refinery Business as presently conducted or (B) result in imposition of material Environmental Claims, Environmental Cleanup Liabilities, or costs and expenses to comply with Environmental, Health and Safety Law relating to the Assets or the Refinery Business; and

(vi) No Liens arising under or pursuant to any Environmental, Health and Safety Law have been at any time or are on the date hereof imposed on any of the Assets, and no action to impose any Liens is pending or, to the best knowledge of HOVIC and its Affiliates, threatened.

(b) This Section 3.18 shall constitute the exclusive representation and warranty by HOVIC in connection with any matter arising out of, relating to or in connection with any Environmental, Health and Safety Law.

(c) The breach of any representation and warranty in Section 3.18(a)(i), (ii), (iii) or (iv) shall give rise to an obligation to indemnify the Company under Section 10.4(c) only if and to the extent that such breach is also a Pre-Closing Environmental Liability and Cost, and HOVIC's liability for such breach shall be subject to the limitations in Section 10.10.

3.19. Ownership of HOVIC. (a) The authorized capital stock of HOVIC consists of 5,000 shares of Common Stock, no par value (the "HOVIC Stock"), of which 100 shares are outstanding and owned of record by Hess. All of the outstanding shares of the HOVIC Stock are validly issued, fully paid, non-assessable and not subject to preemptive rights. HOVIC (i) is not a party to and has no knowledge of any agreement restricting or otherwise relating to the transfer or voting of any shares of the HOVIC Stock, (ii) has no outstanding equity securities other than the HOVIC Stock owned by Hess and (iii) is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its equity securities. No Person other than Hess has any ownership interest in HOVIC. Except the Retained Subsidiaries set forth in Schedule 3.19, HOVIC does not have any ownership interest in any Person other than its ownership interest in the Company. As of the Effective Time, HOVIC will not have an ownership interest in any assets (other than the Excluded Assets) and will not engage in any business other than that contemplated to be carried on by HOVIC as a Member of the Company.

(b) The Retained Subsidiaries do not own any assets or hold any rights (including Contracts or Permits) used or necessary to the conduct of the Refinery Business as conducted by HOVIC prior to the Effective Time.

3.20. Access to Documentation. HOVIC and its Affiliates have given PDVSA V.I., its Affiliates and their representatives access to all documents in their possession or control that are responsive to the amended written requests for documents relating to the Assets or the Refinery Business made by PDVSA V.I. and its Affiliates and their respective representatives.

3.21. Finders and Brokers. Hess and HOVIC shall pay and discharge any claims due by either of them for any commission or expense reimbursement in connection with the transactions contemplated by this Agreement. Neither Hess nor HOVIC has entered into any other contract, arrangement or understanding with any Person or firm, nor is HOVIC aware of any claim or basis for any claim based upon any act or omission of HOVIC or any of its Affiliates, which may result in the obligation of PDVSA, PDVSA V.I. or the Company to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PDVSA V.I.

PDVSA V.I. hereby represents and warrants to HOVIC and the Company as follows:

4.1. Due Organization, Good Standing and Power. PDVSA is a corporation duly organized and validly existing under the laws of Venezuela and has the power and authority to own, lease and operate its assets and to conduct the business now being conducted by it. PDVSA V.I. is a corporation duly organized, validly existing and in good standing under the

laws of the U.S. Virgin Islands. Each Affiliate of PDVSA V.I. that will be a party to a Related Agreement is a corporation duly organized, validly existing and, if applicable, in good standing in the jurisdiction in which it is incorporated. PDVSA V.I. has all requisite power and authority to enter into this Agreement and the Concession Amendment and to perform its obligations hereunder and thereunder and each of the PDVSA Parties has all requisite power and authority to enter into the Related Agreements to which it will be a party and to perform its obligations thereunder.

4.2. Authorization and Validity of Agreements. The execution, delivery and performance by PDVSA V.I. of this Agreement and the Concession Amendment and the execution, delivery and performance by each of the PDVSA Parties of the Related Agreements to which it will be a party and the consummation by each of them of the transactions contemplated hereby and thereby have been duly authorized and approved by all necessary corporate action. This Agreement and the Concession Amendment have been executed and delivered by PDVSA V.I. and each is a legal, valid and binding obligation of PDVSA V.I., enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles. Each of the Related Agreements to which a PDVSA Party will be a party will, upon its execution and delivery, be the legal, valid and binding obligation of such PDVSA Party, enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

4.3. Absence of Conflicts. The execution, delivery and performance by PDVSA V.I. of this Agreement and the Concession Amendment and the execution, delivery and performance by each of the PDVSA Parties of the Related Agreements to which it will be a party, and the consummation by each of them of the transactions contemplated hereby and thereby, does not and will not (i) violate any Legal Requirement applicable to PDVSA V.I. or a relevant PDVSA Party, (ii) conflict with, or result in the breach of any provision of, the charter or by-laws or similar governing or organizational documents of PDVSA V.I. or a relevant PDVSA Party, (iii) result in the creation of any Lien upon any of the assets of PDVSA V.I. or a relevant PDVSA Party, other than those that are, individually and in the aggregate, immaterial to its assets and business or (iv) violate, conflict with or result in the breach or termination of, or otherwise give any other Person the right to terminate, or constitute a default, event of default or an event which, with notice, lapse of time or both, would constitute a default or event of default under the terms of any Contract or Permit to which PDVSA V.I. or a relevant PDVSA Party is a party or by which its properties or businesses are bound, except for violations, conflicts, breaches, terminations and defaults the adverse consequences of which are, individually and in the aggregate, immaterial to its assets and business.

4.4. Ownership of PDVSA V.I.. The authorized capital stock of PDVSA V.I. consists of 100 shares of Common Stock, no par value (the "PDVSA V.I. Stock"), all of which shares are outstanding and owned of record by PDVSA. All of the outstanding shares of the PDVSA V.I. Stock are validly issued, fully paid, non-assessable and not subject to preemptive

rights. PDVSA V.I. (i) is not a party to and has no knowledge of any agreement restricting or otherwise relating to transfer or voting of any shares of the PDVSA V.I. Stock, (ii) has no outstanding equity securities other than the PDVSA V.I. Stock owned by PDVSA and (iii) is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its equity securities. No Person other than PDVSA has any ownership interest in PDVSA V.I. PDVSA V.I. does not have any ownership interest in any Person other than its ownership interest in the Company to be acquired as of the Effective Time. As at the Effective Time, PDVSA V.I. will not have an ownership interest in any assets other than the Assets transferred to PDVSA V.I. by HOVIC pursuant to Section 2.1(a) and will not engage in any business other than that contemplated to be carried on by PDVSA V.I. as a Member of the Company.

4.5. Ownership of Assets. Upon consummation of the transactions contemplated hereunder at the Closing, the Company will have all right, title and interest to the Assets transferred to PDVSA V.I. by HOVIC pursuant to Section 2.1(a), free and clear of all Liens except Permitted Encumbrances and Liens existing immediately prior to the time of acquisition by PDVSA V.I.

4.6. Financial Statements; No Material Adverse Change. (a) The balance sheets of PDVSA and its consolidated subsidiaries as at December 31, 1996 and 1997 and the income statements and cash flow statements of PDVSA and its consolidated subsidiaries for the years ended December 31, 1996 and 1997, heretofore delivered to Hess, except as indicated therein, have been prepared in accordance with IAS, consistently applied, and reconciled with GAAP. The balance sheets of PDVSA and its consolidated subsidiaries fairly present in all material respects the financial position of PDVSA and its consolidated subsidiaries as of their respective dates and the income statements fairly present in all material respects the results of operations of PDVSA and its consolidated subsidiaries for the periods indicated therein.

(b) Other than as a result of changes in world crude oil or refined petroleum product prices, since December 31, 1997, there has been no material adverse change in the operations or financial condition of PDVSA and its consolidated subsidiaries.

4.7. Finders and Brokers. PDVSA and PDVSA V.I. shall pay and discharge any claims due by either of them for any commission or expense reimbursement in connection with the transactions contemplated by this Agreement. Neither PDVSA nor PDVSA V.I. has entered into any other contract, arrangement or understanding with any Person or firm, nor is PDVSA V.I. aware of any claim or basis for any claim based upon any act or omission of PDVSA V.I. or any of its Affiliates, which may result in the obligation of Hess, HOVIC or the Company to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

ARTICLE V

COVENANTS PRIOR TO CLOSING

5.1. Conduct of the Refinery Business Pending the Closing. HOVIC covenants and agrees that during the period commencing on the date hereof and ending at the Effective Time:

(a) except with the prior written consent of PDVSA V.I., it shall not take any of the following actions with respect to the Assets or the Refinery Business:

(i) amend its constituent documents in any material respect adverse to PDVSA V.I.;

(ii) take any action that constitutes a Voluntary Bankruptcy or dissolve or liquidate;

(iii) make any material change in its lines of business or take any action that would materially adversely impact the feasibility of the Coker Project as currently contemplated;

(iv) sell, lease or dispose of fixed assets for an amount, individually or in the aggregate, in excess of $2,500,000;

(v) enter into, amend, modify or terminate any agreement for the sale of refined petroleum products or byproducts with a term longer than twelve (12) months;

(vi) create any subsidiary or enter into any joint venture or partnership with any other Person;

(vii) merge with or into, or consolidate with or convert into, another Person;

(viii) terminate, or amend or modify in any material respect, any material Permit, government approval or other similar right, other than (A) as required by any applicable Authority or (B) in connection with the transactions contemplated by this Agreement or any Related Agreement;

(ix) make, amend or modify any appropriation or make any capital expenditure (or group of related expenditures) that will create or result in a post-Closing commitment on the part of the Company in excess of $2,500,000;

(x) enter into, amend, modify or terminate any raw materials purchase agreement or commodities transaction that is for a term longer than twelve (12) months;

(xi) commence any litigation, arbitration or administrative proceeding which bears a reasonable likelihood of being determined in favor of the party adverse to HOVIC or settle any litigation, arbitration or administrative proceeding; or

(xii) enter into, amend, modify in a material way or terminate any collective bargaining agreement;

except for any such actions the effects of which are individually and in the aggregate immaterial to the Assets and the Refinery Business;

(b) except with the prior written consent of PDVSA V.I., it shall conduct the Refinery Business in the usual and ordinary course, consistent with past practice, and use reasonable efforts to keep available the services of its present employees and contract service providers related to the operation of the Facilities, except (i) for such changes in operation of the Refinery as HOVIC deems necessary and appropriate for the efficient operation of the Refinery or as it may otherwise deem commercially reasonable, (ii) as it may be prevented from doing so by any Event of Force Majeure and (iii) for such other matters as are individually and in the aggregate immaterial to the Assets and the Refinery Business;

(c) except with the prior written consent of PDVSA V.I., maintain the Assets in substantially the same condition existing on the date hereof other than normal wear and tear, and perform all scheduled full maintenance and full unit turnarounds or other appropriate repairs, all in a manner consistent with its usual operating and maintenance practices, except as it may be prevented from doing so by any Event of Force Majeure and except for such matters as are individually and in the aggregate immaterial to the Assets and the Refinery Business;

(d) it shall, promptly after obtaining knowledge thereof, give notice to PDVSA V.I. of any claim (threatened or instituted) or any other event or occurrence which could reasonably be expected to have a Material Adverse Effect; and

(e) except with the prior written consent of PDVSA V.I., unless in the ordinary course of business or as may be required by applicable law, it will not (i) enter into any contract of employment involving base annual compensation in excess of $100,000; (ii) terminate, other than for misconduct, the employment of any employee of the Refinery Business whose base annual compensation is in excess of $100,000; (iii) grant or promise any increase of greater than 5% in the rates of wages, salaries, compensation or employment benefits of any class of employees of the Refinery Business or adopt any new Employee Benefit Plan, or materially modify any existing Employee Benefit Plan to increase or

promise to increase any employee benefits; or (iv) enter into or terminate any Contract providing for the provision of services to HOVIC by Third Party Personnel.

5.2. Further Actions. Each of the Parties covenants and agrees to act in good faith and to use its reasonable best efforts:

(a) to cause all conditions to the obligations of the Parties to consummate the Closing specified in Article VI to be satisfied at or prior to the Effective Time, but only to the extent that such conditions relate to such Party's or its Affiliates' obligations, covenants, representations or warranties hereunder and under the Related Agreements to be entered into by such Party or its Affiliates;

(b) to obtain and effect prior to the Effective Time all Permits, Consents and Filings required for such Party to consummate the transactions contemplated hereby and by the Related Agreements to be entered into by such Party or its Affiliates;

(c) to assist the Company in obtaining and effecting all Permits, Consents and Filings required to (i) consummate the transactions contemplated hereby and by the Related Agreements to be entered into by the Company and (ii) allow for the operation of the Refinery Business by the Company after the Closing in a manner consistent with HOVIC's past practices;

(d) to encourage HOVIC employees to become employees of the Company at the Effective Time;

(e) to furnish to each other such information, cooperation and assistance as reasonably may be requested in connection with the foregoing; and

(f) to cooperate in identifying the Note Rate for inclusion in the Note and the Contingency Amount Note.

5.3. Right of Access. From the date hereof until the Closing, Hess and HOVIC shall allow PDVSA V.I. and its representatives full and complete access at reasonable times to the Assets and the Refinery Business and shall provide reasonable access at reasonable times to all Contracts, books, records, inspection reports, leak reports, papers, documents, plans and drawings relating to the operation, maintenance and construction of the Assets and the conduct of the Refinery Business, and shall arrange for PDVSA V.I. and its representatives to discuss with appropriate officers, employees, consultants, contractors and representatives of HOVIC such matters as PDVSA V.I. reasonably requests, all subject to the Confidentiality Agreement.

5.4. Casualty or Condemnation Loss. (a) HOVIC shall take all steps reasonably necessary to ensure that PDVSA V.I. and the Company are named as additional insured parties as their interests may appear under HOVIC's business interruption insurance policy.

(b) PDVSA V.I. and HOVIC agree that if between the date hereof and the Effective Time any of the Assets shall be destroyed or damaged in whole or in part by fire or other casualty or shall be condemned in whole or in part:

(i) If the Assets in question have a value in excess of $10,000,000, HOVIC shall promptly notify PDVSA V.I. of such occurrence and the estimated cost and anticipated timetable and impact of repairing or replacing the affected assets;

(ii) if the repair and replacement costs are less than or equal to $25,000,000, HOVIC shall repair or replace (or cause to be repaired or replaced) the affected assets at its expense and, if the notice contemplated by Section 5.4(b)(i) is required to be provided, shall provide PDVSA V.I. with written notice of its undertaking to complete, the estimated completion date for, and a general outline of, such repair or replacement; provided, however, that PDVSA V.I. shall have the right to terminate this Agreement on behalf of itself and the Company by written notice to HOVIC within twenty (20) days of receipt of HOVIC's notice (if the notice contemplated by Section 5.4(b)(i) is required to be provided) if (A) the completion date of such repair or replacement is reasonably estimated to be more than one year after the date of such notice, or (B) the Company is not, by the end of such 20-day period, covered as a third party insured under HOVIC's business interruption insurance policy; and

(iii) if the repair and replacement costs are greater than $25,000,000, HOVIC shall notify PDVSA V.I. within 30 days of such casualty or condemnation as to whether HOVIC elects to repair or replace (or cause to be repaired or replaced) the affected assets at its expense, and, if HOVIC does so elect, such notice shall indicate the estimated completion date for, and a general outline of, such repair or replacement; provided, however, that PDVSA V.I. shall have the right to terminate this Agreement on behalf of itself and the Company by written notice to HOVIC within twenty (20) days of receipt of HOVIC's notice if (A) HOVIC elects not to repair or replace the affected Assets, (B) the completion date of such repair or replacement is reasonably estimated to be more than one year after the date of such notice, or (C) the Company is not, by the end of such 20-day period, covered as a third party insured under HOVIC's business interruption insurance policy.

5.5. No Additional Representations. The Parties acknowledge that neither of HOVIC nor PDVSA V.I. has made any representation or warranty, express or implied, except as expressly set forth in Articles III and IV of this Agreement. Except as expressly set forth in this

Agreement, neither HOVIC nor PDVSA V.I. makes any warranty or representation whatsoever, either oral or written, or express or implied, as to merchantability or the condition of the Assets or the fitness or suitability thereof for any particular or general use or purpose and each waives any claim as to merchantability or the condition of the Assets or the fitness or suitability thereof for any particular or general use or purpose.

5.6. Amendments to Schedules; Further Financial Statements. (a) If at any time prior to the Effective Time HOVIC learns that any representation contained in Article III is or has become untrue or incorrect in any material respect, HOVIC shall promptly notify PDVSA V.I. of (i) the relevant facts and circumstances and (ii) the amendments to the Schedules which HOVIC believes in good faith would be necessary to make the representations contained in Article III true and correct in all material respects in light of such facts and circumstances (a "Proposed Amendment").

(b) If the facts and circumstances underlying any Proposed Amendment would have a Material Adverse Effect, PDVSA V.I. shall have the right to terminate this Agreement and the Related Agreements on behalf of itself and the Company; provided, however, that no Person shall have any right to indemnification or any other claim for breach of representations and warranties pursuant to Section 10.2 or Section 10.4(c) with respect to any matters disclosed in any such Proposed Amendment unless and to the extent that the facts and circumstances giving rise to such notice were (i) known and intentionally withheld by HOVIC or its Affiliates prior to the time of such notice or (ii) the result of any action knowingly and intentionally taken or omitted to be taken by HOVIC without the prior written consent of PDVSA V.I.

(c) Between the date hereof and the Effective Time, HOVIC shall prepare unaudited quarterly financial statements on a basis and timetable consistent with its past practices and shall provide copies of such statements to PDVSA V.I. as promptly as practicable after preparation thereof.

5.7. Delivery of Guarantees. Simultaneous with the execution of this Agreement, PDVSA V.I. shall cause PDVSA to deliver to HOVIC the PDVSA APCA Guarantee and HOVIC shall cause Hess to deliver to PDVSA V.I. the Hess Guarantee.

5.8. No Other Transactions. (a) HOVIC and its Affiliates, directors, officers, employees, agents and representatives shall not (i) solicit or encourage, directly or indirectly, any inquiries, discussions or proposals for, (ii) continue, propose or enter into negotiations looking toward, or (iii) enter into any agreement or understanding providing for, any acquisition of the capital stock of HOVIC, the Assets or the Refinery Business (other than this Agreement) or any transaction similar to the arrangement described herein that would have the effect of precluding the consummation of the transactions contemplated hereby; nor shall any of such Persons provide any information to any Person (other than PDVSA V.I. and its Affiliates and their representatives) for the purpose of evaluating or determining whether to make or pursue any inquiries or proposals with respect to any such transaction.

(b) PDVSA V.I. and its Affiliates, directors, officers, employees, agents and representatives shall not (i) solicit or encourage, directly or indirectly, any inquiries, discussions

or proposals for, (ii) continue, propose or enter into negotiations looking toward, or (iii) enter into any agreement or understanding with respect to, any acquisition of any refinery assets that would preclude the orderly consummation of the transactions contemplated hereby.

ARTICLE VI

CONDITIONS PRECEDENT

6.1. Conditions Precedent to Obligations of Each Party. The obligation of each of HOVIC and PDVSA V.I. to consummate the Closing is subject to the satisfaction at or prior to the Closing of each of the conditions set forth below; provided, however, that, notwithstanding the failure of any one or more of such conditions, HOVIC and PDVSA V.I. may nevertheless proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions, but only if a written waiver thereof is executed by all Parties.

(a) No Proceeding shall be pending seeking to restrain, prohibit or declare illegal, or seeking substantial Damages in connection with:

(1) any of the transactions contemplated hereby or by the Related Agreements;

(2) the ownership by the Company (including enjoyment of any rights relating thereto) of the Assets at and after the Closing; or

(3) the operation of the Refinery Business by the Company at and after the Closing in a manner consistent with HOVIC's past practices.

(b) The Related Agreements shall have been executed and delivered by the parties thereto, and shall constitute the legal, valid and binding obligations of such parties, enforceable against such parties in accordance with their terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors rights generally and by general equity principles. The parties to the Related Agreements shall have performed all acts, made all payments and executed and delivered all documents that are to be performed, made or executed by it or on its behalf at or prior to the Closing pursuant to such agreements.

(c) The Parties shall have obtained and effected or shall otherwise be able to enjoy the benefits of all Permits, Consents and Filings required for the consummation of the transactions contemplated hereby and by the Related Agreements and, except as specified in Schedule 3.10, required to allow for the operation of the Assets and the Refinery Business by the Company after the Closing in a manner consistent with HOVIC's past practices.

(d) Insurance coverage substantially similar to that set forth in Schedule 6.1(d) shall have been obtained by or on behalf of the Company.

(e) HOVIC and PDVSA V.I. shall have approved the Coker Project EPC Proposals.

(f) The Bank Credit Agreement shall have become effective and all conditions to the initial borrowing thereunder shall have been satisfied or waived.

(g) The Parties shall have approved the initial Annual Budget, Business Plan and Annual Refinery Program for the Company.

(h) The Company's chief operating officer and deputy chief operating officer shall have been appointed.

(i) The Concession Amendment shall be in full force and effect.

(j) No Legal Requirement shall have been enacted that would have the effect of prohibiting or making unlawful the execution, delivery or performance of this Agreement or any Related Agreement.

(k) The U.S. Virgin Islands shall not have become subject to the "coastwise laws" of the United States under 46 U.S.C.A. Sections 877 and 883, either in whole or in respect of the carriage of petroleum or petroleum products.

(l) The U.S. Customs Service shall not have revoked, rescinded or materially modified Customs Rulings Nos. HQ555032 or HQ557180.

(m) A filing shall have been made in accordance with the requirements of the Hart-Scott-Rodino Act and the applicable waiting period relating to such filing shall have expired.

6.2. Conditions Precedent to Obligations of PDVSA V.I. The obligation of PDVSA V.I. to consummate the Closing is subject to the satisfaction at or prior to the Closing of each of the conditions set forth below; provided, however, that, notwithstanding the failure of any one or more of such conditions, PDVSA V.I. may nevertheless proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions, but only if a written waiver thereof is executed by PDVSA V.I.

(a) Each of the Company and the Hess Parties shall have performed all material acts, made all payments and executed and delivered all documents that are to be performed, made or executed and delivered by it pursuant to this Agreement and the Related Agreements at or prior to the Closing.

(b) Notwithstanding any investigation, inspection or evaluation conducted by, or notice provided to, PDVSA V.I., any untrue or incorrect representations and warranties of HOVIC contained in this Agreement and of the Hess Parties in the Related Agreements, in each case at and as of the Effective Time, shall not have or reflect a Material Adverse Effect.

(c) PDVSA V.I. and the Company shall have received from HOVIC a certificate to the effect specified in Section 6.2(a) and Section 6.2(b) dated as of the Closing Date and signed by a duly authorized officer of HOVIC.

(d) Each of the PDVSA V.I. and the Company shall have received from HOVIC a certificate of non-foreign status, specifying that no Tax is required to be withheld pursuant to Section 1445 of the Code as a result of the purchase or contribution, as the case may be, contemplated by this Agreement because HOVIC is not a foreign person for purposes of that Section and the regulations promulgated thereunder.

(e) PDVSA V.I. shall have received legal opinions of New York and U.S. Virgin Islands counsel in a form and substance reasonably satisfactory to PDVSA V.I.

(f) PDVSA V.I. shall have received Certificates of Good Standing from each of the Company, Hess and HOVIC.

(g) Each union acknowledged by HOVIC as representing any of the Transferred Employees shall have consented to the assignment to the Company of its Collective Bargaining Agreement or shall have adopted, together with the Company, a substantially identical collective bargaining agreement.

6.3. Conditions Precedent to Obligations of HOVIC. The obligation of HOVIC to consummate the Closing are subject to the satisfaction at or prior to the Closing of each of the conditions set forth below; provided, however, that, notwithstanding the failure of any one or more of such conditions, HOVIC may nevertheless proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions, but only if a written waiver thereof is executed by HOVIC.

(a) Each of the Company and the PDVSA Parties shall have performed all material acts, made all payments and executed and delivered all documents that are to be performed, made or executed and delivered by it pursuant to this Agreement and the Related Agreements at or prior to the Closing.

(b) Notwithstanding any investigation, inspection or evaluation conducted by, or notice provided to, HOVIC, all representations and warranties of PDVSA V.I. contained in this Agreement and of the PDVSA Parties in the Related Agreements shall be true and correct in all material respects at and as of the Closing.

(c) HOVIC and the Company shall have received from PDVSA V.I. a certificate to the effect specified in Section 6.3(a) and Section 6.3(b) dated as of the Closing Date and signed by a duly authorized officer of PDVSA V.I.

(d) Each of HOVIC and the Company shall have received from PDVSA V.I. a certificate of non-foreign status, specifying that no Tax is required to be withheld pursuant to Section 1445 of the Code as a result of the contributions contemplated by this Agreement

because PDVSA V.I. is not a foreign person for purposes of that Section and the regulations promulgated thereunder.

(e) HOVIC shall have received legal opinions of New York, Venezuelan and U.S. Virgin Islands counsel in a form and substance reasonably satisfactory to HOVIC.

(f) HOVIC shall have received Certificates of Good Standing from each of the Company and PDVSA V.I.

(g) Other than as contemplated by Section 11.2(e), Hess shall have been released from any financial assurance or guarantee previously provided for the benefit of HOVIC (other than with respect to the Retained Liabilities or the Excluded Assets) or other arrangements shall have been made with respect to such financial assurances and guarantees in form and substance satisfactory to Hess.

(h) The Company shall have become a Regular Member of the Marine Preservation Association ("MPA").

ARTICLE VII

TERMINATION

7.1. General. This Agreement may be terminated by written notice prior to the Closing as follows:

(a) by the mutual written consent of HOVIC and PDVSA V.I. at any time prior to the Effective Time;

(b) by HOVIC or PDVSA V.I. after April 15, 1999 if the Closing has not occurred by that date; provided, however, that, if the Closing has not occurred by such date due to a breach of this Agreement by one of such Parties (other than the Company), then the breaching Party may not terminate this Agreement pursuant to this Section;

(c) by HOVIC, in the event of any material breach of this Agreement by PDVSA V.I., which such breach has not been cured within thirty (30) days after notice thereof has been given to the breaching Party; or

(d) by PDVSA V.I. in the event of any material breach of this Agreement by HOVIC, which such breach has not been cured within thirty (30) days after notice thereof has been given to the breaching Party.

7.2. No Liabilities in Event of Termination. In the event of any termination of this Agreement as provided in this Article VII, this Agreement (other than Article I, Article X and Sections 11.2 and 11.12) shall become void and of no further force and effect and there shall be no liability on the part of any Party as a result of any such termination; provided, however, that, notwithstanding any such termination, each Party shall be liable to the other Parties for any

Damages arising from any breach of Sections 5,1, 5.2, 5.3, 5.4 or 5.8 (but only if the action or omission giving rise to such breach was knowingly and intentionally taken or omitted to be taken and the resulting breach was reasonably foreseeable to the person taking or omitting to take such action) or as contemplated by Section 5.6(b).

ARTICLE VIII

COVENANTS SUBSEQUENT TO CLOSING

8.1. Transfer and Access to Books and Records. Following the Closing, HOVIC shall transfer and deliver to the Company the originals (to the extent in HOVIC's or any of its Affiliates' possession) or copies of all Contracts and Permits assigned or transferred to the Company pursuant to this Agreement and all books, records, files, maps, analyses, forecasts, long-range plans and other data relating solely to the Assets and the Refinery Business necessary for the operation of the Refinery Business by the Company after the Closing in a manner consistent with HOVIC's past practices. The Company shall afford to HOVIC and PDVSA V.I., and their counsel, accountants and other authorized representatives, during normal business hours, reasonable access to, and the right to duplicate at each of such Party's expense, such Contracts, Permits, books, records and other data relating to the Assets and the Refinery Business to the extent reasonably required by such Parties to facilitate (i) the preparation of such Returns as they may be required to file with respect to or in connection with the Assets or the Refinery Business, or in connection with any audit, amended Return, claim for refund or any Proceeding with respect thereto, (ii) the investigation, litigation and final disposition of any claims which may have been or may be made against them in connection with the Retained Liabilities, the Excluded Assets, the Assets or the Refinery Business or (iii) any other reasonable business purpose.

8.2. Further Documents. (a) In addition to this Agreement and the Real Property Conveyances, HOVIC and PDVSA V.I. shall execute and deliver, or shall cause to be executed and delivered, to the Company at and after the Closing such appropriate deeds, assignments, endorsements, certificates and such other appropriate instruments of transfer and conveyance as the Company shall reasonably request and as shall be effective to transfer to the Company all of HOVIC's and PDVSA V.I.'s title to and interest in the Assets and the Current Assets.

(b) In addition to the Intellectual Property Rights License Agreement, HOVIC shall use its reasonable best efforts to execute and deliver, or shall cause to be executed and delivered, to the Company at and after the Closing such appropriate agreements, documents or other instruments as may be necessary to ensure that the Company has the right to use Intellectual Property Assets and the Licensed Intellectual Property following the Closing in the manner and to the extent that such Intellectual Property was used in the conduct of the Refinery Business prior to the Closing.

(c) In addition to this Agreement, the Company shall execute and deliver to HOVIC at and after the Closing such other appropriate agreements and instruments of assumption as shall be effective to assign and transfer to the Company, and to effect the

acceptance and assumption by the Company of the Contracts assigned to the Company pursuant to this Agreement, the Permits transferred to the Company pursuant to this Agreement and the Assumed Liabilities.

(d) The Company shall confirm in writing to HOVIC and PDVSA V.I. that it does not have any title to or interest in the Excluded Assets.

(e) HOVIC shall deliver to the Company the Final Net Working Capital Statement.

8.3. Proceedings. Following the Closing, the Company shall notify the other Parties of any Proceeding relating to the Assets or the Refinery Business pending against or affecting the Company and arising from events occurring prior to the Effective Time, and shall cooperate fully with HOVIC in the handling of such Proceeding, including providing access to all relevant records and files.

8.4. Shared Contracts. At the request of the Company, HOVIC shall, to the maximum extent permitted by applicable Legal Requirements, Permits and the Shared Contracts, use its reasonable best efforts to make available to the Company the benefits and rights under the Shared Contracts to the same extent, and on the same basis, as previously made available to the Refinery Business; provided, however, that the Company shall assume and discharge (or reimburse HOVIC for) the obligations and liabilities under the Shared Contracts associated with the benefits and rights so made available to the Company.

8.5. Transition Matters. (a) Following the Closing, HOVIC, PDVSA V.I. and the Company shall use their reasonable best efforts to ensure that the Company (i) obtains (to the extent not obtained at the Closing) the assignment, transfer or issuance to the Company of Permits and Contracts (including without limitation by obtaining related Consents and effecting related Filings), and (ii) to the maximum extent permitted by applicable Permits or Contracts, is able to enjoy the benefits of any such Permits or Contracts held by HOVIC pending such assignment, transfer or issuance to the Company, in which case the Company shall promptly assume and discharge (or reimburse HOVIC for) all obligations and liabilities associated with the benefits of such Permits or Contracts so made available to the Company.

(b) Following the Closing, the Parties shall cooperate in good faith and in a commercially reasonable manner with respect to all matters pertinent to implementation of this Agreement and the Related Agreements and the discharge by each Party of its obligations and liabilities hereunder and thereunder, and shall furnish to each other such information, cooperation and assistance as reasonably may be requested in connection with the foregoing.

8.6. Encumbrances. If a Retained Liability has given rise to a Permitted Encumbrance and has been contested by HOVIC, upon such matter being finally determined in favor of the holder of such Permitted Encumbrance, HOVIC shall promptly pay, perform and discharge the Retained Liability relating thereto and shall take such steps as shall be reasonably necessary to discharge such Permitted Encumbrance.

8.7 Hess Names. HOVIC and PDVSA V.I. shall cause the Company to promptly, and in any event within ninety (90) days after the Closing, discontinue the use of the Hess Names (as defined below). "Hess Names" means "Hess", "Amerada Hess Corporation", "Hess Oil Virgin Islands Corp." and variations and derivatives of the foregoing and any other logos, service marks and trademarks of HOVIC and its Affiliates.

ARTICLE IX.

PERSONNEL, EMPLOYMENT ARRANGEMENTS AND EMPLOYEE BENEFITS

9.1. Transferred Employees. At the Closing, HOVIC shall provide the Company with a list of all HOVIC employees of the Refinery Business (hereinafter "HOVIC Employees"), whether or not actively at work as of the Effective Time. As of the Effective Time, the Company shall offer to employ the HOVIC Employees who are actively at work as of the Effective Time and such employment shall be on terms and conditions which are substantially the same as the terms and conditions of such employees' employment immediately prior to the Effective Time (except as specifically provided for in this Article IX or as otherwise mutually agreed). With respect to any HOVIC Employee who is not actively employed as of the Effective Time, the Company shall offer to employ any such employee on the date such employee returns to active employment on terms and conditions substantially the same as similarly-situated employees of the Company; provided that in respect of such employees, the term "Effective Time" as used in this Article IX shall mean the date that each such employee becomes a Transferred Employee. Those HOVIC Employees who accept employment with the Company shall be referred to herein as the "Transferred Employees" as of the date such employee accepts such employment. HOVIC shall be responsible for the benefits and all other liabilities in respect of HOVIC employees or former employees who do not become Transferred Employees.

9.2. General Benefits Provisions. (a) With respect to those Employee Benefit Plans which are either employee welfare benefit plans, as defined in Section 3(1) of ERISA, or employee pension benefit plans, as defined in Section 3(2) of ERISA or other written plan, policy, program, agreement or arrangement (whether or not subject to ERISA), the Company shall adopt employee benefit plans, effective as of the Effective Time that are substantially the same in all material respects (except as specifically provided herein) (the "Company Employee Benefit Plans") to such Employee Benefit Plans. As of the Effective Time, except to the extent otherwise provided below, the Company shall recognize service and compensation of Transferred Employees with HOVIC and its Affiliates under the Company Employee Benefit Plans for purposes of eligibility and vesting.

(b) The Company shall retain the right to unilaterally amend, modify or terminate any Company Employee Benefit Plan it adopts pursuant hereto, subject to any restrictions on reduction of accrued benefits by reason of Code Section 411(d)(6).

(c) The Company shall be responsible for the compensation, benefits and other liabilities accrued, incurred or attributable to the period following the date any HOVIC employee becomes a Transferred Employee (except as specifically provided herein). HOVIC shall be

responsible for the compensation, benefits and other liabilities accrued, incurred or attributable to the period preceding the date any HOVIC employee becomes a Transferred Employee.

9.3. Pension Plan. (a) The Company shall not assume any of the liabilities and obligations of the Amerada Hess Corporation Employees' Pension Plan (the "Amerada Hess Plan") and HOVIC and its Affiliates shall retain all such liabilities and obligations and related assets under the Amerada Hess Plan. The Amerada Hess Plan shall be amended, subject to the approval of the Internal Revenue Service, effective as of the Effective Time, to provide that, with respect to each Transferred Employee, in computing "Service" and "Compensation" (as defined in the Amerada Hess Plan), such plan shall, to the extent permitted by law, credit service with the Company (and any of its Affiliates that participate in the Company Defined Benefit Plan) as service with HOVIC solely for purposes of eligibility and vesting under the Amerada Hess Plan (including eligibility to receive early retirement, disability and death benefits) and shall take into account compensation paid by the Company (and any of its Affiliates that participate in the Company Defined Benefit Plan) as "Compensation" (as defined in the Amerada Hess Plan) for all purposes under the Amerada Hess Plan, including the determination of Normal Retirement benefits (as defined in Sections 5.1 and 6.1 of the Amerada Hess Plan), Early Retirement benefits (as defined in Section 5.2 and 6.2 of the Amerada Hess Plan), Disability benefits (as defined in Section 5.3 and 6.3 of the Amerada Hess Plan) and Death Benefits (as defined in Section 7.1 of the Amerada Hess Plan). In the event that the Code limits the amount of such service with or compensation from the Company or its Affiliates which may be taken into account under the Amerada Hess Plan and such service or compensation would not have been limited if such service had been rendered to or compensation paid by HOVIC or its Affiliates, then HOVIC shall provide each affected Transferred Employee a benefit equal to the portion of the benefit so limited through a non-qualified pension plan. In the event the Amerada Hess Plan is amended or terminated and such amendment or termination results or would reasonably be expected to result in an adverse impact on the pension benefits to be provided to the Transferred Employees (or their beneficiaries) absent such amendment or termination (other than an amendment on account of a change in a Legal Requirement that is required with respect to Qualified Plans), HOVIC shall indemnify and hold harmless each such Transferred Employee and/or his beneficiaries for the amount of benefit lost as a result of such amendment or termination.

(b) The Company shall adopt, effective as of the Effective Time, a defined benefit pension plan (the "Company Defined Benefit Plan") substantially the same as the Amerada Hess Plan as in effect immediately prior to the Effective Time. As soon as practicable after the Effective Time, the Company shall file all the appropriate applications for determination of the tax qualification of the Company Defined Benefit Plan with the Internal Revenue Service and the Virgin Islands Bureau of Internal Revenue and shall take all reasonable measures that are required by such authorities to obtain a favorable determination, including without limitation making any changes to such plan, provided that the Company shall not be required to make any change in the Company Defined Benefit Plan or otherwise which would reasonably be expected to result in a material increase in liabilities under such plan. As of the Effective Time, Transferred Employees covered under the Amerada Hess Plan shall begin to accrue service and benefits under the Company Defined Benefit Plan and such plan shall credit service with HOVIC and its Affiliates as service with the Company for purposes of eligibility and vesting.

9.4. Defined Contribution Plan. (a) The Company shall adopt, as of the Effective Time, a defined contribution plan (the "Company Defined Contribution Plan") substantially similar to the Amerada Hess Corporation Employees' Savings and Stock Bonus Plan (the "Amerada Hess Savings Plan") as in effect immediately prior to the Effective Time (except for provisions thereof relating to (i) contributions after the Closing being invested in Hess common stock and (ii) the availability of participant loans and hardship withdrawals prior to the date of the asset transfer described in Section 9.4(b)). The Company Defined Contribution Plan shall provide for substantially similar investment funds as were provided under the Amerada Hess Savings Plan provided that the Company Defined Contribution Plan shall not permit any contributions of any kind to any investment fund which is invested primarily in Hess stock. As soon as practicable after the Effective Time, the Company shall file the appropriate applications with the Internal Revenue Service and the Virgin Islands Bureau of Internal Revenue for determination of the tax qualification of the Company Defined Contribution Plan and shall take all reasonable measures that are required by such authorities to obtain a favorable determination therefrom (including without limitation making any changes to the plan), provided that the Company shall not be required to make any change in the plan or otherwise which would reasonably be expected to result in a material increase in liabilities under the plan.

(b) As soon as practicable after the Company Defined Contribution Plan receives a favorable determination letter from the U.S. Internal Revenue Service (but in no event more than 90 days thereafter), HOVIC shall cause the Amerada Hess Savings Plan to transfer assets in kind, with respect to shares of registered investment companies and Hess stock, and in cash or cash equivalents or as otherwise mutually agreed, with respect to any assets other than shares of registered investment companies or Hess stock, to accounts established for Transferred Employees under the Company Defined Contribution Plan equal to the value of all assets, whether or not vested, credited to the accounts of the Transferred Employees under the Amerada Hess Savings Plan as of the date of such transfer. As of the Effective Time and thereafter, each Transferred Employee who is a participant in the Amerada Hess Savings Plan shall cease to earn "Service" (as defined under the Amerada Hess Savings Plan) as of the date of such transfer and shall not be entitled to share in any further employer contributions or to make any further employee contributions under such plan with respect to the period after the Effective Time, but otherwise shall be entitled to all the rights and privileges of an active participant in such plan, including the right to take loans and hardship withdrawals through the date the assets of such plan are transferred to the Company Defined Contribution Plan or, if earlier, the date required by the Administrator of the Amerada Hess Savings Plan to effect such transfer. In the event that a Transferred Employee terminates employment with the Company and its Affiliates prior to becoming fully vested in that portion of his or her account under the Company Defined Contribution Plan attributable to nonvested assets transferred from the Amerada Hess Savings Plan (such amount hereinafter referred to as a "Forfeiture"), the Company shall pay HOVIC, as soon as possible, but not later than 90 days after such Transferred Employee's termination date, an amount equal to the Forfeiture; provided, however, that in the event a Transferred Employee who terminates employment is re-hired by the Company or its Affiliates and the amounts forfeited must be restored to his or her account under the terms of the Company Defined Contribution Plan, then HOVIC shall repay such amounts to the Company upon presentation of

reasonable documentation indicating that such restoration is required under the terms of the Company Defined Contribution Plan.

(c) Effective as of the time the assets are transferred, the Company Defined Contribution Plan shall assume the liabilities and obligations of the Amerada Hess Savings Plan for benefits to Transferred Employees covered under such plan. Prior to the time the assets are transferred, benefits due to Transferred Employees covered by the Amerada Hess Savings Plan, shall be paid by such plan, and the aggregate amount of such payments shall be deducted from the amount that would otherwise have been transferred to the Company Defined Contribution Plan.

9.5. Medical and Welfare Benefits for Transferred Employees. As of the Effective Time, the Company shall have adopted plans which shall provide Transferred Employees medical and welfare benefits substantially the same as the benefits provided under the HOVIC medical (including dental) and other welfare benefit plans currently covering Transferred Employees (the "Company Welfare Plans") as in effect immediately prior to the Effective Time. As of the Effective Time, the Company shall waive any pre-existing condition limitations under the Company Welfare Plans with respect to Transferred Employees to the same extent such condition was covered under the comparable HOVIC plans and shall give effect to all deductible expenses incurred by each Transferred Employee under similar welfare benefit plans of HOVIC for the current coverage period up to the Effective Time. HOVIC shall be responsible for all premium payments with respect to medical benefits (other than dental) provided prior to the Effective Time and all claims of Transferred Employees (and their dependents) under all other HOVIC welfare benefit plans (including dental) which were incurred (whether or not an actual claim was filed) prior to the Effective Time. The Company shall be responsible for all premium payments with respect to the Company's medical plan (other than dental) on and after the Effective Time and shall be responsible for all claims of Transferred Employees under all other Company Welfare Plans (including dental) incurred after the Effective Time. With respect to a claim for long term disability benefits by any Transferred Employee, HOVIC shall be responsible for benefits payable on account of disabilities that begin before the Effective Time regardless of when such claim for benefits is made and the Company shall be responsible for all other long term disability claims. As of the Effective Time, the Company shall have adopted plans which shall provide to Transferred Employees who retire from the Company or its Affiliates retiree medical insurance benefits on substantially the same terms and conditions as the benefits to retirees of HOVIC under HOVIC's retiree medical insurance plan to which the Transferred Employees could become eligible immediately prior to the Effective Time, it being understood that the Company shall have the right to amend, modify, eliminate or terminate such plans. As of the Effective Time, the Company shall assume the liabilities to provide such retiree medical insurance for Transferred Employees; provided that HOVIC shall reimburse the Company promptly upon receipt of an invoice in an amount equal to the product of the amount of premium payments (or other employer payments in the case of a self-insured plan) for retiree medical insurance benefits for Transferred Employees who retire from the Company or its Affiliates that participate in such plan multiplied by a fraction, the numerator of which is the number of years of service such Transferred Employee had with HOVIC and its Affiliates as of

the Effective Time and the denominator of which is the total number of years of service with HOVIC and its Affiliates and the Company.

9.6. Accrued Vacation. The Company shall adopt a vacation plan, with respect to Transferred Employees, which is substantially the same as the vacation plan maintained by HOVIC. The Company shall credit Transferred Employees' service with HOVIC and its Affiliates for purposes of determining the Transferred Employees' eligibility for vacation under the Company's vacation plan. The Company shall assume any liability with respect to vacation accrued as of the Effective Time for Transferred Employees. HOVIC shall reimburse the Company for the cost of any such vacation accrued as of the Effective Time incurred by the Company as and when incurred.

9.7. Employment Agreements. Except as listed in Schedule 9.7(a), the Company shall not assume from HOVIC any employment or expatriate agreements or special employment terms with respect to any Transferred Employee. The Transferred Employees shall be employed by the Company as provided in Section 9.1 above, except as otherwise provided in any employment agreements that the Company may enter into with individual employees.

9.8. Pension Restoration Plan. The Company shall adopt as of the Effective Time a nonqualified supplemental executive retirement plan for all eligible Transferred Employees similar in all material respects to the Amerada Hess Corporation Pension Restoration Plan as in effect immediately prior to the Effective Time, which shall take into account benefits under both the Amerada Hess Plan and the Company Defined Benefits Plan (the "Company Restoration Plan"), and the Company shall credit each eligible Transferred Employee's service with and compensation from HOVIC and its Affiliates as service with and compensation from the Company for all purposes thereunder. The Company shall assume the liabilities and obligations of HOVIC to provide accrued benefits under the Amerada Hess Restoration Plan to Transferred Employees. With respect to payments made to a Transferred Employee pursuant to the Company Restoration Plan, HOVIC shall reimburse the Company promptly upon receipt of an invoice in an amount equal to the product of the amount of such payments multiplied by a fraction the numerator of which is the number of years of service with HOVIC and its Affiliates credited to such Transferred Employee under the Amerada Hess Restoration Plan prior to the Effective Time and the denominator of which is the total number of years of service (including service with HOVIC and its Affiliates and the Company) credited to such Transferred Employee under the Company Restoration Plan.

9.9. Collective Bargaining Agreements and Third Party Personnel Contracts. (a) The Company shall assume all post-Closing obligations and responsibilities, as the successor to HOVIC, under the 1997 Labor Agreement between Hess Oil Virgin Islands Corp. and United Steelworkers of America, AFL/CIO-CLC on behalf of Local Union 8526, dated March 1, 1997, and the Labor Agreement between Hess Oil Virgin Islands Corp. and United Industrial Workers of the Seafarers International Union of North America - AFL/CIO, dated June 10, 1997. HOVIC shall remain responsible for all obligations and responsibilities arising under the Collective Bargaining Agreements prior to the Effective Time.

(b) HOVIC shall reimburse the Company for any monetary damages (and the monetary cost of any injunction or similar remedy) imposed on the Company with respect to any employee grievance filed pursuant to the Collective Bargaining Agreements with respect to an event or occurrence prior to the Closing, regardless of whether such grievance is filed prior to or after the Closing (a "Pre-Closing Grievance") and shall reimburse the Company for the reasonable cost of arbitration of any Pre-Closing Grievance (including monetary damages relating to the continuing post-Closing effects of an event or occurrence prior to the Closing that gives rise to a Pre-Closing Grievance).

(c) As of the Effective Time, HOVIC shall assign (with the consent of the other parties thereto) to the Company those Third Party Personnel Contracts listed on Schedule 3.12(d) in accordance with Section 2.1(f) and with respect to such assigned Contracts HOVIC shall reimburse the Company promptly upon receipt of an invoice for any Liabilities accruing prior to the Effective Time with respect to such Contracts.

9.10. Long-Term Incentive Plans. Effective as of the Effective Time, no Transferred Employee shall be eligible to receive an award under the Amerada Hess Corporation 1995 Long-Term Incentive Plan or the Amerada Hess Corporation Executive Long-Term Incentive Compensation and Stock Ownership Plan (the "Incentive Plans"). Transferred Employees with outstanding awards under the Incentive Plans as of the Effective Time, shall have employment with the Company regarded as HOVIC employment for purposes of determining eligibility, amounts, vesting and timing of payments under such plan. The foregoing shall not apply if a Transferred Employee refuses to agree that employment with the Company shall be treated as HOVIC employment for such purposes. To the extent the Company adopts an incentive compensation plan and grants any awards under such incentive plan which relate to 1998, HOVIC shall reimburse the Company an amount equal to the product of (i) the value of the award (to the extent that the award is within the guidelines that would have applied to such Transferred Employees under the Incentive Plans) and (ii) a fraction, the numerator of which is the number of months in 1998 prior to the Effective Time and the denominator of which is twelve (12).

9.11. Cafeteria Plan. HOVIC and the Company shall treat contribution elections made by Transferred Employees who are participants in the flexible spending account portion of any HOVIC Employee Benefit Plan subject to Section 125 of the Code as continuing in effect under the corresponding plan of the Company after the Closing. As soon as practicable after the Effective Time, HOVIC shall transfer to the Company an amount in cash equal to the aggregate account balances of such employees after the Effective Time, and the Company shall be fully responsible for the payment of benefits related to the amounts so transferred.

9.12. Severance Policy. As soon as practicable after the Effective Time, the Company shall adopt a severance policy (the "Company Severance Policy") substantially the same as the Amerada Hess Corporation Severance Pay Policy as in effect immediately prior to the Effective Time. The Company shall credit service with HOVIC and its Affiliates as service with the Company for all purposes thereunder. With respect to payments made to each Transferred Employee under the Company Severance Pay Policy, HOVIC shall reimburse the

Company an amount equal to the product of (i) the amount of such payment and (ii) a fraction the numerator of which is such Transferred Employee's number of years of service with HOVIC and its Affiliates as of the Effective Time and the denominator of which is the total number of years of service (including service with HOVIC and its Affiliates) credited to such employee under the Company Severance Pay Policy.

ARTICLE X

INDEMNIFICATION

10.1. Indemnification by the Company. From and after the Closing, subject to the further provisions of this Article X, the Company shall indemnify, hold harmless and defend the other Parties and their Affiliates and their respective directors, officers, employees, consultants, shareholders, members, agents and representatives of each of them, and all successors and assigns of the foregoing, against and from any Damages (including any Damages resulting from a claim asserted by a third party) arising out of:

(a) any of the Assumed Liabilities or any Liabilities assumed by or allocated to the Company pursuant to this Agreement; or

(b) the breach of any covenant or agreement by the Company contained in this Agreement (including any Exhibit or Schedule).

10.2. Indemnification by HOVIC. From and after the Closing, subject to the further provisions of this Article X, HOVIC shall indemnify, hold harmless and defend PDVSA V.I. and its Affiliates and their respective directors, officers, employees, consultants, shareholders, members, partners, agents and representatives, and all successors and assigns of the foregoing, against and from any Damages (including any Damages resulting from a claim asserted by a third party) arising out of any breach of any representation or warranty (other than the representations and warranties contained in Section 3.18 including any Exhibit or Schedule referred to therein) made by HOVIC in this Agreement (including any Exhibit or Schedule).

10.3. Indemnification by PDVSA V.I.. From and after the Closing, subject to the further provisions of this Article X, PDVSA V.I. shall indemnify, hold harmless and defend HOVIC and its Affiliates and their respective directors, officers, employees, consultants, shareholders, members, partners, agents and representatives, and all successors and assigns of the foregoing, against and from any Damages (including any Damages resulting from a claim asserted by a third party) arising out of any breach of any representation or warranty made by PDVSA V.I. in this Agreement (including any Exhibit or Schedule).

10.4. Further Indemnification by HOVIC . From and after the Closing, subject to the further provisions of this Article X, HOVIC shall also indemnify, hold harmless and defend the Company and PDVSA V.I. and its Affiliates and their respective directors, officers, employees, consultants, shareholders, members, partners, agents and representatives of each of

them, and all successors and assigns of the foregoing, against and from any Damages (including any Damages resulting from a claim asserted by a third party) arising out of:

(a) any of the Retained Liabilities, the Scheduled Liabilities or the Excluded Assets or any Liabilities expressly assumed by or allocated to HOVIC pursuant to this Agreement;

(b) the breach of any covenant or agreement by HOVIC contained in this Agreement (including any Exhibit or Schedule);

(c) any breach of the representations and warranties contained in Section 3.18 (including Schedule 3.18);

(d) any Pre-Closing Environmental Liabilities and Costs for which HOVIC has liability insurance coverage (other than any self-insured retention), to the extent of any actual recovery under such coverage for Damages incurred after the Effective Time (other than recoveries pursuant to insurance settlements pending or effective prior to the Effective Time); and

(e) any and all Taxes arising from any consent filed prior to the Effective Time pursuant to Section 341(f) of the Code or any agreement made prior to the Effective Time to have Section 341(f)(2) of the Code apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by the Company.

10.5. Further Indemnification by PDVSA V.I.. From and after the Closing, subject to the further provisions of this Article X, PDVSA V.I. shall also indemnify, hold harmless and defend the Company and HOVIC and the directors, officers, employees, consultants, shareholders, members, partners, agents and representatives of each of them, and all successors and assigns of the foregoing, against and from any Damages (including any Damages resulting from a claim asserted by a third party) arising out of the breach of any covenant or agreement by PDVSA V.I. contained in this Agreement (including any Exhibit or Schedule).

10.6. Interpretation. The provisions of Sections 10.1, 10.2, 10.3, 10.4 and 10.5 shall be interpreted in accordance with, and shall be subject to in all respects, the following provisions:

(a) Except as provided in the following sentence, in no event shall any indemnity pursuant to Section 10.1, 10.2, 10.3, 10.4 or 10.5 include any incidental, consequential, indirect, special or punitive damages. However, any indemnity pursuant to Section 10.1, 10.2, 10.3, 10.4 or 10.5 shall include any such incidental, consequential, indirect, special or punitive damages recovered by any third party (not to include any Hess Party or PDVSA Party) pursuant to a claim against an Indemnified Party.

(b) Without limiting any provision of this Agreement, it is the express intention of the Parties that each Party to be indemnified hereunder shall be indemnified and held harmless against any and all Damages as to which indemnification is provided for

hereunder, except to the extent that any such Damages arise out of or result from the ordinary, sole or contributory negligence of such Party or any Affiliates thereof and regardless of whether another Party to this Agreement or any third party (other than an Affiliate of such other Party) is or is not also negligent.

10.7. Defense of Claims. All rights of a Party to indemnification under this Article X shall be asserted and resolved as follows:

(a) Promptly after receipt by a Party entitled to indemnification under Section 10.1, 10.2, 10.3, 10.4 or 10.5 (an "Indemnified Party") of notice of any pending or threatened claim, such Indemnified Party shall give notice to the party to whom the Indemnified Party is entitled to look for indemnification (the "Indemnifying Party") of the commencement thereof; provided that the failure so to notify the Indemnifying Party shall not relieve it of any liability that it may have to the Indemnified Party hereunder, except to the extent that the Indemnifying Party demonstrates that it is prejudiced thereby.

(b) In case any claim shall be brought against an Indemnified Party and it shall give notice to the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein and, if it so desires, to assume the defense thereof with counsel reasonably satisfactory to the Indemnified Party and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party under this Article X for any fees of other counsel or any other expenses, in each case subsequently incurred by such Indemnified Party in connection with the defense thereof, other than reasonable costs of investigation. Notwithstanding an Indemnifying Party's election to assume the defense of a claim, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such claim, and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel if: (i) the use of counsel chosen by the Indemnifying Party to represent the Indemnified Party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such claim include both the Indemnifying Party and the Indemnified Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to assume the defense of such claim on the Indemnified Party's behalf), (iii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such claim, or (iv) the Indemnifying Party shall authorize the Indemnified Party to employ separate counsel at the Indemnifying Party's expense. If an Indemnifying Party assumes the defense of a claim, no compromise or settlement thereof may be effected by the Indemnifying Party without the Indemnified Party's written consent unless (a) there is no finding or admission of any violation of law and no effect on any other claims that may be made against the Indemnified Party or its Affiliate and (b) the sole relief provided is monetary damages that are to be paid in full by the Indemnifying Party.

(c) In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder which does not involve a claim being asserted by a third party, the Indemnified Party shall as promptly as is practical notify the Indemnifying Party of such claim, describing such claim, the amount thereof (if known) and the method of computation of the amount of the claim, all with reasonable particularity. The failure to give any such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that such failure results in actual prejudice to the Indemnifying Party.

10.8. Coordination of Indemnification Rights. In the event a claim is brought by a third party in which the Liability as between two or more of the Parties is alleged to be joint or in which the entitlement to indemnification under this Article X has not been determined, the Parties concerned shall cooperate in the joint defense of such claim and shall offer to each other such assistance as may reasonably be requested in order to ensure the proper and adequate defense of such claim. Such joint defense shall be under the general management and supervision of the Party which is expected to ultimately bear the greater share of the Liability, unless otherwise agreed; provided, however, that no Party shall settle or compromise any such claim without the written consent of the other Parties involved. Any uninsured costs of such joint defense shall be borne as the Parties involved may agree; provided that in the absence of such agreement, defense costs shall be borne by the Party incurring such costs, subject to any rights to indemnification of such Party under this Article X.

10.9. Survival of Representations and Warranties; Subrogation. (a) Notwithstanding any investigation conducted or notice or knowledge obtained by or on behalf of a Party, each representation, warranty, agreement and covenant in this Agreement or any of the Related Agreements or in the Exhibits, Schedules or certificates delivered pursuant to this Agreement or any of the Related Agreements which is not by its terms required to be fully performed, or does not by its terms expire, at or prior to the Effective Time shall survive the Closing and the consummation of the transactions provided for herein, except that, (i) the representations and warranties of HOVIC contained in Section 3.18 shall terminate on the fifth anniversary of the Closing Date, (ii) the representations and warranties of HOVIC contained in Sections 3.1 through 3.4, 3.5(e) through 3.5(i), 3.6 through 3.17, and 3.19 through 3.21 shall terminate on the third anniversary of the Closing Date and (iii) the representations and warranties of PDVSA V.I. contained in Article IV shall terminate on the third anniversary of the Closing Date.

(b) In the event that an Indemnified Party has a right against a third party with respect to any Damages paid to such Indemnified Party by an Indemnifying Party, then such Indemnifying Party shall, to the extent of such payment, be subrogated to such rights of such Indemnified Party.

10.10. Limitation on Liability. (a) Notwithstanding any other provision of this Agreement, neither HOVIC nor PDVSA V.I. shall be allocated liability for Damages under Section 10.2 or 10.3, respectively, with respect to any breach of any representation or warranty except to the extent that the aggregate amount of such Damages exceeds, on a cumulative basis, $6,250,000.

(b) Notwithstanding any other provision of this Agreement, HOVIC shall not be liable for (and the Company shall be allocated liability for) Damages under (i) Section 10.4(a) with respect to Scheduled Liabilities and Pre-Closing Environmental Liabilities and Costs and (ii) Section 10.4(c) with respect to any breach of any representation or warranty contained in Section 3.18, except to the extent that the aggregate amount of such Damages to the Company exceeds, on a cumulative basis, $6,250,000.

(c) Hydrocarbon Recovery Project Liability Allocation. Damages for Pre-Closing Environmental Liabilities and Costs listed as Item 1 (Hydrocarbon Recovery Project) or Item 3 (Hydrocarbon plume underneath St. Croix Alumina's property) on Schedule 2.4 (or a breach of Section 3.18 involving such items) shall be allocated 100% to HOVIC for the first eight years following the Effective Time. After the eighth year, HOVIC's allocated share of Damages shall decrease, and the Company's share will increase, by 12.5% per year thereafter, so that HOVIC's liability will be phased out over a seven year period. Damages shall be allocated based on the year in which such Damages are actually paid. Notwithstanding the definition of Pre-Closing Environmental Liabilities and Costs, during years 1-8, Damages with respect to Item 1 will be allocated to HOVIC without regard to the time that any Release giving rise to such Damages occurred. During years 9-15, only those Damages which arise from Releases which occurred prior to the Effective Time shall be allocated to HOVIC.

(d) SWMU Liability Allocation. Damages for Pre-Closing Environmental Liabilities and Costs listed as Item 2 (Solid Waste Management Units) on Schedule 2.4 or any other solid waste management units or areas of concern (except for the surface impoundments addressed by Section 10.12) listed in or designated under the terms of the RCRA Permit issued to HOVIC effective December 15, 1988 (or a breach of Section 3.18 involving such unit or area of concern) or any corrective action required at and for Landfarm No. 1, shall be allocated 100% to HOVIC for the first eight years following the Effective Time. After the eighth year, HOVIC's allocated share of Damages shall decrease, and the Company's share will increase, by 12.5% per year thereafter, so that HOVIC's liability will be phased out over a seven year period. Damages shall be allocated based on the year in which such Damages are actually paid. Any other provision of this Agreement notwithstanding, HOVIC's liability for Damages with respect to Landfarm No. 1 or any solid waste management unit or area of concern listed in or designated under the terms of such RCRA Permit will terminate (and the Company shall be allocated liability for same) if (x) Landfarm No. 1 or the unit or area of concern is used by the Company (except for the Remedial Work for SWMUs 16, 21 and 26 as described in Schedule 2.4), or the Wastes in Landfarm No. 1 or the unit or area of concern are managed, or Landfarm No. 1 or the unit or area of concern is damaged by the Company or its contractors, or the Damages arise from an act or omission by the Company in connection with Landfarm No. 1 or such unit or area of concern, or (y) after the Effective Time, and based upon action taken subject to the approval rights respecting management of Pre-Closing Environmental Liabilities and Costs specified in Section 10.11(a), Landfarm No. 1 or the unit or area of concern is determined by the appropriate Authority to require no further corrective action under the RCRA Permit applicable to the Assets. Notwithstanding any other provision of this Agreement, HOVIC shall perform and pay for any tank, oily water sewer system and underground hydrocarbon pipeline testing, inspection, repair

and upgrade required to have been performed prior to the Effective Time pursuant to the submittal to the Environmental Protection Agency dated August 31, 1994.

(e) Surface Impoundment Liability Allocation. Notwithstanding any other provision of this Agreement, Damages pertaining to surface impoundment overflows and liner upgrades and sludge removal and disposal shall be allocated as provided in Section 10.12.

(f) Land Treatment Unit Liability Allocation. Notwithstanding any other provision of this Agreement, Damages associated with closure or post-closure of the land treatment units (but not corrective action for Landfarm No. 1) subject to the RCRA Part B permits shall be Assumed Liabilities.

(g) Other Liability Allocation. Damages for all other Pre-Closing Environmental Liabilities and Costs or a breach of Section 3.18 (except for Damages for those solid waste management units or areas of concern which are addressed in Section 10.10(h)) shall be allocated 100% to HOVIC for the first three years following the Effective Time. After the third year, HOVIC's allocated share of Damages shall decrease, and the Company's share will increase, by 16.66% per year thereafter, so that HOVIC's liability will be phased out over a five year period. Damages shall be allocated based on the year in which such Damages are actually paid except for (x) Environmental Claims for personal injury or death arising out of an exposure to Chemical Substances which exposure occurred both before and after the Effective Time and (y) fines, penalties, forfeitures and impositions that constitute Pre-Closing Environmental Liabilities and Costs, and in the case of clause (x) or (y) HOVIC's proportionate share of such Damages shall be allocated according to the year in which such claim is tendered to HOVIC on a claims-made basis.

(h) Newly Discovered Solid Waste Management Units. Damages for Environmental Cleanup Liability (which is also a Pre-Closing Environmental Liability and Cost) for any solid waste management unit or area of concern which existed on or before the Effective Time (or any breach of Section 3.18 involving such unit or area) which is (i) not addressed in Section 10.10(c), (d), (e) or (f), and (ii) is subsequently listed or designated under a RCRA Permit applicable to the Assets as a solid waste management unit or area of concern, shall be allocated 100% to HOVIC for the first eight years following the Effective Time. After the eighth year following the Effective Time, HOVIC's allocated share of the Damages shall decrease, and the Company's share will increase, by 12.5% per year thereafter, so that HOVIC's liability will be phased out over seven years. Damages shall be allocated based on the year in which such Damages are actually paid. Any other provision of this Agreement notwithstanding, HOVIC's liability for Damages with respect to any solid waste management unit or area of concern will terminate (and the Company shall be allocated liability for same) if (x) the unit or area of concern is used by the Company, or the Wastes in the unit or area of concern are managed, or the unit or area of concern is damaged by the Company or its contractors, or the Damages otherwise arise from an act or omission by the Company in connection with such unit or area of concern, or (y) after the Effective Time the unit or area of concern is determined by the appropriate Authority to require no further corrective action under the RCRA Permit applicable to the Assets.

(i) To the extent that HOVIC pays Damages for which HOVIC is not liable, and which have been allocated to the Company under the provisions of Section 10.10, HOVIC shall be indemnified by the Company pursuant to Section 10.1 and shall apply for such indemnification as provided by Section 10.7(c). Net amounts credited and paid pursuant to Section 10.11(f) annually during each year after the Effective Time reduce the amount of Damages for the Hydrocarbon Recovery Project to be allocated between HOVIC and the Company, and thus reduce the amount for which HOVIC can apply for reimbursement pursuant to Section 10.10(b) and this Section 10.10(i) during that year. Net amounts credited and paid pursuant to Section 10.11(f) are not Damages and are not included in the determination under Section 10.10(b) of whether Damages to the Company exceed, on a cumulative basis, $6,250,000.00.

(j) Notwithstanding anything herein to the contrary, the Parties hereby acknowledge and agree that, should the Closing occur, their sole and exclusive remedy with respect to any and all claims relating to this Agreement and the transactions contemplated hereby (other than claims of, or causes or action arising from, fraud or willful and knowing breach or under Article IX or Section 11.8) shall be pursuant to the indemnification provisions set forth in this Article X or pursuant to the indemnification provisions stated in the other Related Agreements, as applicable. In furtherance of the foregoing, the Parties hereby waive, from and after the Closing, to the fullest extent permitted under applicable law, any and all rights, claims and causes of action (other than claims of, or causes of action arising from, fraud or willful and knowing breach or under Article IX or Section 11.8) they may have against the other Parties and their respective Affiliates arising under or based upon any Federal, state, local or foreign statute, law, ordinance, rule or regulation or otherwise (except pursuant to the indemnification provisions set forth in this Article X).

10.11 Management of Pre-Closing Environmental Liabilities. (a) A Party shall have the right to manage any Pre-Closing Environmental Liability and Cost in any year in which such Party is allocated 50% or more of Damages pursuant to Section 10.10 provided that such management shall not unreasonably interfere in any material respect with the operation of the Refinery Business. A Party's right to manage any Remedial Work relating to a Pre-Closing Environmental Liability and Cost is subject to the duty of such Party to consult in good faith with the non-managing Party and to provide copies of all relevant documentation generated in connection with the defense of such claim, demand, investigation or remediation. The non-managing Party shall have the right to review in advance and approve any environmental investigation or remediation work plan, remedial selection, scope of work, progress reports or other material submission provided that such approval shall not be unreasonably withheld or delayed. The non-managing Party shall also have the right to attend all meetings with any Authority concerning any Pre-Closing Environmental Liabilities and Costs. All Remedial Work undertaken hereunder shall be performed in a workmanlike manner by qualified personnel or contractors and shall comply with Environmental Health and Safety Laws and Company health and safety policies. Subject to the foregoing, the party managing any Remedial Work involving any Pre-Closing Environmental Liability and Cost shall have the right to conduct all work using the most cost-effective, commercially reasonable approach which complies with Environmental Health and Safety Laws and assumes the continued use of the Real Property Assets as a

petroleum refinery, secured from general public access. HOVIC shall pay all Pre-Closing Environmental Liabilities and Costs in accordance with the provisions of this Agreement other than (x) Damages subject to the retention amount of $6,250,000 specified in Section 10.10(b) that is to be borne by the Company and (y) Damages allocated to the Company pursuant to Sections 10.10(c) through 10.10(h). The Parties shall provide reasonable documentation, including copies of invoices and receipts, for all payments relating to Pre-Closing Environmental Liabilities and Costs including those subject to the retention amount specified in Section 10.10(b).

(b) Such Remedial Work shall be performed, to the extent reasonably possible, by HOVIC or the Company and the costs of Remedial Work performed by the Company, and any services, utilities or other support provided in connection with such Remedial Work, shall not be deemed to be Damages, unless such costs are payable to third parties or such costs are for time spent by a Company employee who directly performs the work as more than 10% of such employee's total job duties during any calendar month. All costs and expenses for such Remedial Work shall be, to the extent possible, reasonable and customary charges in the Virgin Islands for the type and kind of services to be rendered. Costs for Company employees shall be consistent with or comparable to those listed for environmental services in Exhibit A to the Services Agreement unless otherwise agreed by the Parties.

(c) Materials generated by such Remedial Work may be treated or stored onsite and disposed of in onsite treatment units without cost (other than certain marginal variable costs for the operation of the wastewater treatment plant required in connection with the Hydrocarbon Recovery Project addressed under Section 10.11(f)), to the extent practical, consistent with available capacity without material impact on availability for the Company's use and in compliance with applicable Environmental Health and Safety Laws.

(d) To the extent consistent with Environmental Health and Safety Laws, such Remedial Work may use institutional controls, containment remedies or other remedies which do not require excavation and disposal of Wastes.

(e) All such Remedial Work shall be performed in compliance with Environmental Health and Safety Laws and in accordance with any schedule established by or under permit, statute, regulation or enforceable order or directive of the relevant Authority and in accordance with the remediation work plan approved by the non-managing Party.

(f) The Company agrees to reuse and refine, to the maximum extent technically possible, any petroleum or petroleum products recovered during any such Remedial Work, and credit HOVIC and the Company (in proportion to their allocated percentage of Damages for such Remedial Work pursuant to Sections 10.10(c) through 10.10(h)) with the reasonable commercial value of any such recovered hydrocarbons which credit, in the case of the Hydrocarbon Recovery Project, shall be reduced by an amount equal to the per gallon cost of utilities and chemicals multiplied by (i) such Party's allocated percentage of Damages for such Remedial Work pursuant to Sections 10.10(c) through 10.10(h) and (ii) the number of gallons of groundwater recovered as part of the Hydrocarbon Recovery Project which are processed through the Company's

petroleum refinery, secured from general public access. HOVIC shall pay all Pre-Closing Environmental Liabilities and Costs in accordance with the provisions of this Agreement other than (x) Damages subject to the retention amount of $6,250,000 specified in Section 10.10(b) that is to be borne by the Company and (y) Damages allocated to the Company pursuant to Sections 10.10(c) through 10.10(h). The Parties shall provide reasonable documentation, including copies of invoices and receipts, for all payments relating to Pre-Closing Environmental Liabilities and Costs including those subject to the retention amount specified in Section 10.10(b).

(b) Such Remedial Work shall be performed, to the extent reasonably possible, by HOVIC or the Company and the costs of Remedial Work performed by the Company, and any services, utilities or other support provided in connection with such Remedial Work, shall not be deemed to be Damages, unless such costs are payable to third parties or such costs are for time spent by a Company employee who directly performs the work as more than 10% of such employee's total job duties during any calendar month. All costs and expenses for such Remedial Work shall be, to the extent possible, reasonable and customary charges in the Virgin Islands for the type and kind of services to be rendered. Costs for Company employees shall be consistent with or comparable to those listed for environmental services in Exhibit A to the Services Agreement unless otherwise agreed by the Parties.

(c) Materials generated by such Remedial Work may be treated or stored onsite and disposed of in onsite treatment units without cost (other than certain marginal variable costs for the operation of the wastewater treatment plant required in connection with the Hydrocarbon Recovery Project addressed under Section 10.11(f)), to the extent practical, consistent with available capacity without material impact on availability for the Company's use and in compliance with applicable Environmental Health and Safety Laws.

(d) To the extent consistent with Environmental Health and Safety Laws, such Remedial Work may use institutional controls, containment remedies or other remedies which do not require excavation and disposal of Wastes.

(e) All such Remedial Work shall be performed in compliance with Environmental Health and Safety Laws and in accordance with any schedule established by or under permit, statute, regulation or enforceable order or directive of the relevant Authority and in accordance with the remediation work plan approved by the non-managing Party.

(f) The Company agrees to reuse and refine, to the maximum extent technically possible, any petroleum or petroleum products recovered during any such Remedial Work, and credit HOVIC and the Company (in proportion to their allocated percentage of Damages for such Remedial Work pursuant to Sections 10.10(c) through 10.10(h)) with the reasonable commercial value of any such recovered hydrocarbons which credit, in the case of the Hydrocarbon Recovery Project, shall be reduced by an amount equal to the per gallon cost of utilities and chemicals multiplied by (i) such Party's allocated percentage of Damages for such Remedial Work pursuant to Sections 10.10(c) through 10.10(h) and (ii) the number of gallons of groundwater recovered as part of the Hydrocarbon Recovery Project which are processed through the Company's

wastewater treatment system. The per gallon cost shall be fixed on the Closing Date and annually on each anniversary of the Closing Date by dividing the total cost of utilities and chemicals for the prior year for the wastewater treatment systems in which the recovered groundwater is treated by the total number of gallons of wastewater treated in such wastewater treatment systems for such prior year. The reasonable commercial value of the recovered hydrocarbon shall be fixed on the Closing Date and annually on each anniversary of the Closing Date based on the spot market price of a comparable refinery feedstock on such date.

10.12. Surface Impoundments. (a) Notwithstanding any other provision of this Agreement, if at any time from the Effective Time until eight years after the Effective Time any Authority asserts in writing (and neither the Company nor PDVSA V.I. has through act or omission sought such writing) that (i) stormwater overflows to Surface Impoundments Nos. 1, 2, and 3 constitute hazardous wastes as defined under RCRA and (ii) Surface Impoundments Nos. 1, 2 and 3 either (A) have been operated after the grant of delay of closure and prior to the Effective Time in a manner that made them hazardous treatment, storage or disposal units as defined under RCRA or analogous territorial statutes and regulations (other than as a unit operating pursuant to a delay of closure) or have been operated after the Effective Time if the wastewater treatment system has been operated in a manner consistent with and performing as effectively as it was as of the Effective Time, or (B) are not eligible for a "delay of closure" or although initially granted a "delay of closure" were no longer eligible for a "delay of closure" due to the receipt of hazardous waste prior to the Effective Time or after the Effective Time (if the wastewater treatment system has been operated in a manner consistent with and performing as effectively as it was as of the Effective Time), and such determination is upheld following a full and vigorous defense by HOVIC and the Company, then HOVIC shall indemnify, hold harmless and defend the Company against 100% percent of any Damages arising out of such determination by an Authority during the first three years following the Effective Time. After the third anniversary of the Closing Date, HOVIC's share shall decrease by 16.66% per year thereafter so that HOVIC's liability shall be phased out over a five year period. Any Damages for which the Company is indemnified pursuant to this Section 10.12(a) shall be treated as a Retained Liability. Any Damages associated with the closure and post-closure of Surface Impoundments Nos. 1, 2 and 3 shall be Assumed Liabilities.

(b) Notwithstanding any other provision of this Agreement, the Company will retrofit Surface Impoundments Nos. 1, 2 and 3 by removing sludges and installing liners unless the Executive Committee decides in the manner provided by the Company Agreement that such retrofitting is not prudent, necessary or required (in which case HOVIC's payment obligations under this Section 10.12(b) shall terminate). In the event that at any time after the Effective Time the Company retrofits Surface Impoundment Nos. 1, 2 and 3 by removing sludges and installing liners, all costs and expenses of such work shall be allocated to and paid by the Company, provided however that HOVIC shall pay the costs of (i) removing accumulated sludges, disposing of the sludges that are removed, and otherwise preparing the impoundments for the installation of linings and (ii) planning for and installing the linings themselves if and to the extent that the costs and expenses of such upgrades described in (i) and (ii) above exceed $6,000,000 plus (in the event this retrofitting project is not commenced by initiation of the work or the issuance of an authorization for expenditure within five years after the Effective Time) an

additional amount equal to the proportionate share of costs and expenses attributable to removing and disposing of the sludges accumulated since the Effective Time. Any Damages for which the Company is indemnified pursuant to this Section 10.12(b) shall be treated as a Liability that is subject to the retention amount of $6,250,000 specified in Section 10.10(b) but not to the liability phase-out contemplated by Sections 10.10(c) through 10.10(h).

ARTICLE XI

MISCELLANEOUS

11.1. Payment of Certain Taxes and Expenses. (a) All Apportioned Obligations shall be apportioned on a pro rata basis as of the Effective Time between HOVIC and the Company based on the number of days in such period prior to and including the Closing Date, on the one hand, and after the Closing Date, on the other hand (it being understood that the Company is only responsible for the portion of each such Apportioned Obligation attributable to the number of days after the Closing Date in the relevant tax period). The Company and HOVIC shall cooperate in assuring that Apportioned Obligations, or information reports and Returns incident to Apportioned Obligations, the payment or filing (as the case may be) of which is due on or prior to the Closing Date are billed directly to and paid or filed (as the case may be) by HOVIC, and that Apportioned Obligations, or information reports and Returns incident to Apportioned Obligations the payment or filing of which is due after the Closing Date shall be billed directly to and paid or filed (as the case may be) by the Company. HOVIC shall deliver to the Company any bill received by HOVIC in respect of any Property Taxes attributable to the Assets due and payable after the Closing Date. In the event that HOVIC shall make a payment of an Apportioned Obligation that is apportioned to the Company pursuant to this Section 11.1(a) and for which HOVIC is thus entitled to reimbursement, the Company shall make such a payment in reimbursement promptly after the Effective Time upon the presentation of such supporting evidence as may be reasonably requested. With respect to Apportioned Obligations that are due and payable after the Closing Date, the Company shall send HOVIC an invoice setting forth the amount of HOVIC's apportioned share of actual Property Taxes at least twenty-five (25), but not more than ninety (90) days prior to the due date therefor, and HOVIC shall pay to the Company its apportioned share of such Property Taxes within ten (10) days before the due date. HOVIC and the Company shall cooperate, including, without limitation, during any audit by taxing Authorities, to avoid payment of duplicate or inappropriate Taxes of any kind or description which relate to the Assets and each Party shall furnish, at the request of the other, proof of payment of any such Taxes or other documentation which is a prerequisite to avoiding payment of a duplicate or inappropriate Tax.

(b) In the event that any refund, rebate or similar payment is received by either the Company or HOVIC for any Property Taxes with respect to the Assets, the Company and HOVIC agree that such payment will be apportioned between the Company and HOVIC on the basis of their respective periods of ownership of the taxed Asset during the assessment period.

(c) Except as otherwise provided in Section 11.1(a) and Section 11.1(b), the Company and HOVIC agree that as between the Company and HOVIC, (i) HOVIC shall be

responsible for and pay all Taxes levied or imposed upon, or in connection with or attributable to, the Assets or the Refinery Business before the Closing (which shall include the Prior VI Obligations); (ii) the Company shall be responsible for and pay all Taxes levied or imposed upon, or in connection with or attributable to, the Assets or the Refinery Business after the Closing (which shall not include the Prior VI Obligations); and (iii) the Company (or its members) and HOVIC will each be responsible for its own income and franchise taxes, if any, arising from the transactions to be consummated pursuant to this Agreement or the Related Agreements.

(d) HOVIC shall be responsible for the timely filing (taking into account any extensions received from the relevant tax authorities) of all Returns required by law to be filed at any time prior to or after the Effective Time in respect of the ownership and operation of the Assets or the Refinery Business at or prior to the Effective Time. All Taxes indicated as due and payable on such Returns shall have been paid or will be paid by HOVIC, subject to reimbursement by the Company if required pursuant to this Section 11.1, as and when required by law, except for such Taxes as may be contested by HOVIC in good faith and in appropriate proceedings. The Company shall be responsible for the timely filing of all Returns required by law to be filed at any time after the Effective Time in respect of the ownership and operation of the Assets or the Refinery Business after the Closing. All Taxes indicated as due and payable on such Returns shall have been paid or will be paid by the Company, subject to reimbursement by HOVIC if required pursuant to this Section 11.1, as and when required by law, except for such Taxes as may be contested by the Company in good faith and in appropriate proceedings.

(e) Except as otherwise provided in this Agreement, any deficiencies, interest and penalties arising in connection with Taxes due under this Section 11.1 shall be the responsibility of the Party required to timely file correct Returns concerning such Taxes; provided, however, that any amounts paid in respect of deficiencies will be subject to reimbursement by the Party liable pursuant to this Section 11.1 for the Taxes. Control of any legal or administrative proceedings concerning any such Taxes, and entitlement to any refunds or awards with respect to any such Taxes, shall rest with the Party responsible for payment therefor under this Section 11.1.

(f) Neither the Company nor HOVIC shall destroy or otherwise dispose of any Tax-related records relating to any open period. Prior to destroying or disposing of any such Tax-related records, each Party shall offer the other Party an opportunity to take possession thereof.

(g) The Company and HOVIC shall adjust and apportion all Charges as of the Effective Time. All Charges incurred on or prior to the Closing Date shall be for the account of HOVIC, and all Charges incurred after the Closing Date shall be for the account of the Company.

(h) After the Closing, HOVIC shall (to the extent permitted by applicable law) make available to the Company, and to any taxing authority, upon the request of either, all information, records or documents relating to the liability for Taxes or potential liability of the Assets for Taxes for all periods prior to or including the Closing Date and will preserve such

information, records or documents until the expiration of any applicable statute of limitations or extensions thereof.

(i) All of the provisions of this Section 11.1 and Section 11.2 shall survive the Closing. Any claim arising out of any breach of the agreements and covenants contained in such provisions shall continue until ninety (90) days after the expiration of the period of limitations applicable to the related Tax or other payment.

11.2. Costs of Transfers; Expenses; RCRA Assurance. (a) HOVIC shall bear fifty percent (50%) and PDVSA V.I. shall bear fifty percent (50%) of all transfer, sales, use or similar Taxes associated with the transfer of Assets contemplated hereby, including all fees and expenses for recording in the name of the Company title to the Real Property Assets conveyed to the Company pursuant to this Agreement.

(b) PDVSA V.I. and HOVIC shall agree upon certain courses of action with respect to the Company and the Coker Project. HOVIC shall bear fifty percent (50%) and PDVSA V.I. shall bear fifty percent (50%) of expenses reasonably incurred for the benefit of the Company in furtherance of such courses of action, which may include, without limitation, expenses associated with the Coker Project EPC Proposals, design, financing, permitting, modification of existing facilities or other expenses required in connection with the Coker Project, as well as expenses incurred in connection with the negotiation and preparation of the Bank Credit Agreement; provided, however, that, if this Agreement is terminated prior to the completion of the Coker Project and either PDVSA V.I. (or any of its Affiliates) or HOVIC (or any of its Affiliates) makes use of any of the engineering or design work that has been jointly paid for, such Party shall reimburse the other Party for its share of any expenses with respect to such work.

(c) HOVIC shall bear the direct cost of any Consents, Filings or Licensed Intellectual Property required in connection with the transfer, assignment or reissuance of Contracts, Permits or Licensed Intellectual Property, including any additional payment obligations incurred in respect of any such Contract or Permit, and the cost of any surveys required in connection with the transfer of Real Property Assets.

(d) If HOVIC is unable to obtain a Consent that relates to a Contract (including a Shared Contract) for goods or services (including without limitation the Intellectual Property listed on Schedule 3.11(c)), HOVIC at its sole expense shall make alternative arrangements so that Company shall receive the same economic benefits as if such Consent were obtained regardless of whether, in the case of a Shared Contract, such Shared Contract is or would be enforceable by HOVIC's Affiliate as against the other parties to such Shared Contract.

(e) Notwithstanding anything else contained in this Agreement, HOVIC or its Affiliates shall for two (2) years from the Effective Time provide at no cost to the Company such financial assurance as may be required by RCRA in connection with the closure and post-closure costs and sudden and non-sudden accidental occurrence liability under Subparts H of 40 CFR Parts 264 and 265 associated with (i) the surface impoundments addressed in Section 10.12 and (ii) Landfarms Nos. 1, 2 and 3; provided, however, that HOVIC and its Affiliates shall not be

obligated to provide such financial assurance during any portion of such period during which HOVIC or its Affiliates are unable to provide such financial assurance by means of the "financial test and corporate guarantee" for financial assurance established under RCRA.

(f) As of the Effective Time, the Company agrees to assume from PDVSA V.I. and HOVIC one half of a 49.955% percent share of the liability of Hess (the "HOVIC Fixed Debt Liability") with respect to the debt incurred by Marine Spill Response Corporation ("MSRC") pursuant to the May 3, 1991 agreement between Bank of America and MSRC, as such debt may be refinanced, restructured or replaced (the "MSRC Agreement"), and to pay a like share of any Debt Service Dues (as defined in the MSRC Agreement) with respect to the HOVIC Fixed Debt Liability. The Company shall assume the one quarter share of the HOVIC Fixed Debt Liability assumed by PDVSA V.I. pursuant to Section 2.1 and one third of the HOVIC Fixed Debt Liability then retained by HOVIC and its Affiliates. The Company shall indemnify Hess for one half of any HOVIC Fixed Debt Liability paid by Hess from and after the Effective Time. To the extent that Hess has paid any dues (other than with respect to the HOVIC Fixed Debt Liability) to the MPA which relate to the period after the Effective Time and such dues are not accounted for in the Final Net Working Capital Statement, the Company shall pay to HOVIC a 49.955% share of such dues proportional to the extent to which such dues relate to the post-Effective Time portion of the time period covered by such dues. Such payment shall be made at the same time as the payment made under Section 2.5(d).

11.3. Waste Removal. HOVIC shall, as set out herein, at its expense, remove or cause to be removed from the Assets or Facilities, all Waste generated prior to the Effective Time (i) that has been identified for off-site storage, treatment or disposal, (ii) that has been removed from an operating solid waste management unit prior to the Effective Time and that would be designated for off-site storage, treatment or disposal in the ordinary course of business or (iii) which has been removed from a product or raw material storage or process unit prior to the Effective Time and for which there is no existing means of treatment or disposal provided at or on the Assets or Facilities. All such Waste shall be specifically identified by HOVIC by the Effective Time and shall be stored in compliance with applicable Environmental, Health and Safety Law. At and after the Effective Time, all such Waste shall be the sole property and responsibility of HOVIC and shall constitute a Retained Liability.

11.4. Notices. All notices, demands, instructions, waivers, consents or other communications to be provided pursuant to this Agreement shall be in writing, shall be effective upon receipt, and shall be sent by hand, facsimile, air courier or registered mail, return receipt requested, as follows:

58

(a) if to the Company, to:

HOVENSA L.L.C.
1 Estate Hope
St. Croix, U.S. Virgin Islands 00850
Telephone: (340) 692-3000
Facsimile: (340) 692-3177
Attention: Chief Operating Officer

with copies to:

HOVIC and PDVSA

(b) if to HOVIC, to:

Hess Oil Virgin Islands Corp.
Kingshill, P.O. Box 127
St. Croix, U.S. Virgin Islands 00851-0127
Attention: Vice-President

with a copy to:

Amerada Hess Corporation
1185 Avenue of the Americas
New York, New York 10036
Attention: General Counsel
Telephone: (212) 536-8576
Fax: (212) 536-8339

(c) if to PDVSA V.I., to:

PDVSA V.I., Inc.
1A Frederiksberg Gade
St. Thomas, U.S. Virgin Islands 00802
Telephone: (340) 774-4422
Facsimile: (340) 776-3860
Attention: George Dudley

with a copy to:

PDVSA Petroleo y Gas, S.A.
Division de Manufactura y Mercadeo
Av. Libertador, Edificio PDVSA
Torre Oeste, La Campina

Caracas 1060-A, Venezuela
Telephone: 58-2-708-3097
Facsimile: 58-2-708-1781
Attn: Consultor Juridico

or to such other address as a Party may specify by notice from time to time in writing to the other Parties in the manner specified in this Section.

11.5. Press Releases. No Party or Affiliate of a Party shall issue any press release or public announcement with respect to the contents of this Agreement or the Related Agreements, or the negotiations relating to this Agreement or the Related Agreements, without the prior consent of all other Parties; provided, however, that nothing herein shall prohibit a Party or Affiliate of a Party from issuing a press release or causing a public announcement to the extent that such Party determines that such action is required by applicable securities or other laws or any applicable rules of any national stock exchange. In such event, the Party or Affiliate of a Party issuing such press release or causing such announcement will use reasonable efforts to allow all other Parties to review, in advance of such issuance or announcement, the proposed issuance or announcement, and will cooperate with all Parties in attempting to resolve any disagreements there may be regarding such proposed issuance or announcement.

11.6. Entire Agreement. This Agreement (including the Exhibits and Schedules, which are hereby incorporated in the terms of this Agreement) sets forth the entire understanding and agreement among the Parties as to matters covered herein and supersedes any prior understanding, agreement or statement (written or oral) of intent among the Parties with respect to the subject matter hereof; provided, however, that paragraph 2(b) of the Letter of Intent dated February 2, 1998 between Hess and PDVSA Petroleo y Gas, S.A. and the Confidentiality Agreement shall remain in full force and effect consistent with their terms until Closing.

11.7. Third-Party Rights. Except as expressly provided herein, this Agreement is not intended to confer benefits upon, or create any rights in favor of, any Person or entity other than the Parties.

11.8. Bulk Transfers Law. To the extent applicable, the Parties each agree to waive compliance with the provisions of the Bulk Transfers Law of any jurisdiction. HOVIC covenants and agrees to pay and discharge when due all claims, if any, of creditors which may be asserted against the Company by reason of such noncompliance other than with respect to the Assumed Liabilities and such claims shall be Retained Liabilities.

11.9. Assignability. This Agreement shall not be assignable by any Party without the prior written consent of each of the other Parties.

11.10. Waiver and Amendment. No waiver shall be deemed to have been made by any Party of any of its rights under this Agreement unless the same is in writing and is signed on its behalf by its authorized officer. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of

the Party granting such waiver in any other respect or at any other time. To be binding, any amendment of this Agreement must be effected by an instrument in writing signed by the Parties.

11.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11.12. Governing Law; Submission to Jurisdiction; Appointment of Agent for Service of Process. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. Each Party hereby irrevocably agrees that any legal action or proceeding against it arising out of this Agreement or the transactions contemplated hereby shall be brought only in the Supreme Court of the State of New York in and for the County of New York or the U.S. District Court for the Southern District of New York, preserving, however, all rights of removal to a federal court under 28 U.S.C. SECTION 1441. Each Party hereby irrevocably designates, appoints and empowers CT Corporation System, with offices currently at 1633 Broadway, New York, New York 10019 as its lawful agent to receive for and on its behalf service of process in the State of New York in any such action or proceeding and irrevocably consents to the service of process outside the territorial jurisdiction of said courts in any such action or proceeding by mailing copies thereof by registered United States mail, postage prepaid, to its address as specified in or pursuant to Section 11.4. Any service made on such agent or its successor shall be effective when delivered regardless of whether notice thereof is given to affected Party. If any Person or firm designated as agent hereunder shall no longer serve as agent of such Party to receive service of process in the State of New York, the Party so affected shall be obligated promptly to appoint a successor to so serve; and, unless and until such successor is appointed and the other Parties notified of the same in writing, service upon the last designated agent shall be good and effective. Each Party hereby agrees to at all times maintain an agent to receive service of process in the State of New York pursuant to this Section 11.12. The foregoing provisions of this Section 11.12 shall not affect, limit or prevent any Party from serving process in any other manner permitted by law.

(b) Each Party irrevocably waives any objection to the venue of the courts designated in Section 11.12(a) (whether on the basis of forum non conveniens or otherwise), and accepts and submits to the jurisdiction of such courts in connection with any legal action or proceeding against it arising out of or concerning this Agreement.

(c) Each Party hereby agrees that the activities contemplated hereby are commercial in nature and that its execution and delivery of this Agreement, and the performance of its obligations hereunder, constitute private and commercial acts and not government and public acts. To the extent that any Party has or hereafter may acquire any immunity (whether on the basis of sovereignty or otherwise) from jurisdiction of any court, or from attachment in aid of execution or any other legal process (other than prejudgment attachment) in any action or proceeding in any manner arising out of this Agreement with respect to itself or its assets, such Party hereby irrevocably agrees not to invoke such immunity as a defense and irrevocably waives such immunity. Each Party also agrees that any trial arising out of, or in connection with, a

claim against it arising out of this Agreement or the transaction contemplated hereby shall be before the court and each Party's right to a trial by jury is hereby waived.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the date first above written.

PDVSA V.I., INC.

By: /s/ MIGUEL QUINTERO

Name: Miguel Quintero
Title: Vice President

HESS OIL VIRGIN ISLANDS CORP.

By: /s/ JOHN B. HESS

Name: John B. Hess
Title: Chairman of the Board

HOVENSA L.L.C.

By: PDVSA V.I., INC.
a Member
/s/ MIGUEL QUINTERO

Name: Miguel Quintero
Title: Vice President

By: HESS OIL VIRGIN ISLANDS CORP.
a Member
/s/ JOHN B. HESS

Name: John B. Hess
Title: Chairman of the Board

GLOSSARY

The following terms shall have the following meanings:

"Act" means the U.S. Virgin Islands Uniform Limited Liability Company Act, U.S. Virgin Islands Code, Title 13, Chapter 15, as amended from time to time.

"Action" has the meaning specified in Section 10.1(e) of the Company Agreement.

"Additional Contribution" has the meaning specified in Section 3.3 of the Company Agreement.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such member's Capital Account as of the end of the relevant Allocation year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which such member is deemed to be obligated to restore pursuant to the penultimate sentences in Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and

(ii) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-2(ii)(d)(6) of the Regulations and shall be interpreted consistently therewith.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"Advance Amount" has the meaning specified in Section 3.5(a) of the Company Agreement.

"Advancing Member" has the meaning specified in Section 3.5(a) of the Company Agreement.

"Advancing Notice" has the meaning specified in Section 3.5(a) of the Company Agreement.

"Affiliate" means the following: (i) with respect to any PDVSA Party, PDVSA and any entity directly or indirectly controlled by PDVSA (other than the referent PDVSA Party); (ii) with respect to any Hess Party, Hess and any entity directly or indirectly controlled by Hess (other than the referent Hess Party); and (iii) with respect to any other Person, any entity directly or indirectly controlled by, controlling or under common control with such Person. For purposes of this definition, "control" means the direct or indirect ownership of more than fifty percent (50%) of the equity interests or voting rights in a Person. The Republic of Venezuela

shall not be considered to be an Affiliate for purposes of this Agreement, nor shall any political subdivision of the Republic of Venezuela.

"Allocated Value" has the meaning specified in Section 8.4(d) of the Company Agreement.

"Allocation Year" means (i) the period commencing at the Effective Time and ending on December 31, 1998, (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31 or (iii) any portion of the period described in clause (i) or (ii) for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article IV of the Company Agreement.

"Amerada Hess Plan" has the meaning specified in Section 9.3(a) of the Asset Purchase and Contribution Agreement.

"Amerada Hess Savings Plan" has the meaning specified in Section 9.4 of the Asset Purchase and Contribution Agreement.

"Annual Budget" means an Approved Annual Budget or a Default Budget.

"Apportioned Obligations" means the Property Taxes attributable to the Assets with respect to the tax period in which the Closing Date occurs.

"Appraiser" means an expert with appropriate qualifications mutually agreed between the Members and appointed in accordance with the terms of this Agreement that is not an Affiliate, officer, director, employee or holder of any equity interests of the Company, any Member or any Affiliate of any Member.

"Approved Annual Budget" has the meaning specified in Section 6.12(a) of the Company Agreement.

"Approved Business Plan" has the meaning specified in Section 6.12(a) of the Company Agreement.

"Approved Plan of Liquidation" has the meaning specified in Section 9.2(a) of the Company Agreement.

"Arm's-length Basis" means as to any transaction, agreement or other arrangement, being on terms that would be reached by unrelated parties not under any compulsion to contract.

"Asset Purchase and Contribution Agreement" means the Asset Purchase and Contribution Agreement, dated October 26, 1998, among PDVSA V.I., HOVIC and the Company, as such agreement may be amended from time to time.

"Assets" shall have the meaning ascribed thereto in Section 2.1 of the Asset Purchase and Contribution Agreement.

"Assumed Liabilities" means (a) all Liabilities arising out of or relating to the operation of the Refinery Business by the Company or the ownership by the Company of the Assets transferred to it under the Asset and Purchase Contribution Agreement, in each case after the Effective Time, including all Liabilities which arise under any Environmental Health and Safety Laws and are not Pre-Closing Environmental Liabilities and Costs, (b) the Taxes and other Liabilities allocated to the Company pursuant to Sections 11.1 and 11.2 of the Asset Purchase and Contribution Agreement, (c) the Current Liabilities set forth on the Final Net Working Capital Statement and (d) the Liabilities assumed by the Company pursuant to Article IX of the Asset Purchase and Contribution Agreement. Subject to Article X of the Asset Purchase and Contribution Agreement, Assumed Liabilities shall not include (i) Liabilities under Environmental, Health and Safety Laws for (x) claims for third party property damage, personal injury or death to the extent arising from damage, harm, injury, Releases or exposure to any Chemical Substance occurring or existing prior to or as of the Effective Time or (y) the disposal or arrangement for disposal of Chemical Substances by HOVIC on or prior to the Effective Time at a location other than on the Assets (but excluding from this clause (y) any migration of any Chemical Substances Released from or on the Assets prior to the Effective Time, which shall be considered a Pre-Closing Environmental Liability and Cost), (ii) any Pre-Closing Environmental Liabilities and Costs, (iii) Liabilities under any Contract, Easement or Permit of HOVIC or its Affiliates not assigned to the Company under the Asset and Purchase and Contribution Agreement (except as otherwise provided in Section 8.4 or 8.5 thereof) or, with respect to Liabilities under any Contract, Easement or Permit that is so assigned, which arise out of a breach or violation of such Contract, Easement or Permit prior to the Effective Time, (iv) Liabilities arising out of or relating to the operation of the Refinery Business by HOVIC or the ownership of the Assets by HOVIC prior to the Effective Time, including claims relating thereto for product liability, third party property damage or personal injury or death, (v) Liabilities relating to or arising from HOVIC's joint venture with Hercules, Inc. (other than any Environmental Cleanup Liability, which shall be considered a Pre-Closing Environmental Liability and Cost), (vi) Liabilities (other than Current Liabilities) relating to Special Permitted Encumbrances existing at the Effective Time, (vii) Liabilities associated with the employment of any employee of the Refinery Business terminated prior to the Effective Time, (viii) Liabilities that relate to or arise from any notification, transfer, termination, layoff, plant closure or other workforce reduction by HOVIC prior to the transactions contemplated hereby, (ix) Liabilities that relate to or arise from the employment of any employee who does not accept employment with the Company or who terminates employment on or prior to the Effective Time, (x) the Liabilities retained by HOVIC pursuant to Article IX of the Asset Purchase and Contribution Agreement and (xi) the Taxes and other Liabilities allocated to HOVIC pursuant to Sections 11.1, 11.2 and 11.3 of the Asset Purchase and Contribution Agreement. Where any term or condition of the Asset Purchase and Contribution Agreement classifies or defines a Liability as a Pre-Closing Environmental Liability and Cost or as an Assumed or Retained Liability, clauses (iii), (iv) or (vi) above shall not change, affect or modify the classification, definition, allocation or treatment of such Liability under the Asset Purchase and Contribution Agreement.

"Authority" means any governmental, judicial, legislative, executive, administrative or regulatory authority of the United States, or of any state, local or foreign

government, or any government of any possession or territory of the United States, or any subdivision, agency, commission, office or authority thereof.

"Balance Sheets" means the audited HOVIC balance sheets as at December 31, 1996 and 1997, included in Schedule 3.4(a) to the Asset Purchase and Contribution Agreement.

"Bank Credit Agreement" means an agreement to be entered into at or before the Effective Time between the Company and the banks named therein, providing for the borrowing by the Company of such amounts and upon such terms and conditions as the Company and said banks shall agree for the financing of (a) the purchase by the Company of the net working capital of HOVIC pursuant to Section 2.5 of the Asset Purchase and Contribution Agreement, (b) additional working capital required for the Company's operations and (c) such other matters as the Members may mutually agree.

"Bareboat Charter Agreements" means the bareboat charters between the Company and the Affiliates of HOVIC owning the Chartered Tugs and Barges pursuant to which the Company will charter the Chartered Tugs and Barges following the Effective Time at market rates on such terms as the Parties may agree.

"Base Rate" means the rate per annum equal to the base or equivalent rate published or announced from time to time by Citibank N.A. at its principal New York City office, or such other bank as may be agreed to by the Parties (whether or not such rate is actually charged by such bank) as in effect for such day.

"Blending and Storage Services" shall have the meaning specified in Section 7.9 of the Company Agreement.

"Books and Records" shall have the meaning specified in Section 2.1(i) of the Asset Purchase and Contribution Agreement.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Business Plan" means the business plan for the Company, as amended from time to time, which shall include an investment and operating plan, a plan for improvements to the Refinery (including those related to the Coker Project), a financing plan, and a plan for environmental and other permitting requirements, as well as operating costs, volumetric rates for Refinery input and production by type and for process unit throughputs, a downtime schedule, and a plan for revenues and cash distributions.

"Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited (A) such Member's Capital Contributions, (B) such Member's distributive share of Profits and any items in the nature of income or gain which are specially

allocated pursuant to Section 4.3 or Section 4.4 of the Company Agreement, (C) such Member's assignment of Advance Amounts to the Company pursuant to Section 3.7(d) of the Company Agreement and (D) the amount of any Company liabilities assumed by such Member or which are secured by any Property distributed to such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Member related to the maker of the note within the meaning of Regulations Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2);

(ii) To each Member's Capital Account there shall be debited (A) the amount of money and the Gross Asset Value of any Property distributed to such Member, (B) such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 4.3 or Section 4.4 of the Company Agreement, (C) the amount of any Advance Amount paid to the Company on behalf of such Member and subsequently assigned by the Advancing Member to the Company pursuant to Section 3.7(d) of the Company Agreement and (D) the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company;

(iii) In the event Interests are Transferred in accordance with the terms of the Company Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Interests; and

(iv) In determining the amount of any liability for purposes of subparagraphs (i) and (ii) above there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of the Company Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event that the Tax Committee shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or any Members) are computed in order to comply with such Regulations, the Tax Committee may make such modification, provided that it is not likely to have a material effect on the amounts distributed to any Person pursuant to Article IX of the Company Agreement upon the dissolution of the Company. The Tax Committee also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as

computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events otherwise cause the Company Agreement not to comply with Regulations Section 1.704-1(b).

"Capital Contributions" means, with respect to any Member, (a) the amount of money and the initial Gross Asset Value of any Property (other than money) contributed to the Company with respect to the Interests in the Company held or purchased by such Member and (b) the Additional Contributions of such Member under Section 3.3 or Section 3.7(d) or (e) of the Company Agreement.

"Capital Upgrade" means any change, modification or replacement which is intended to improve the mechanical or structural integrity, process safety or performance of the Assets other than any pollution control device or waste management unit or system.

"Capitalized Lease Obligations" means any obligation to pay rent or other amounts under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed) that is or is required to be classified and accounted as a capital lease obligation under GAAP.

"Cash Flow Statements" means the audited HOVIC statements of cash flows for the years ended December 31, 1996 and 1997, included in Schedule 3.4(a) of the Asset Purchase and Contribution Agreement.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Certificate" means the articles of organization of the Company as filed with the office of the Lieutenant Governor of the U.S. Virgin Islands on June 30, 1998, as amended from time to time.

"Change in Control" means, (a) with respect to PDVSA V.I., any transaction as a result of which PDVSA would cease to own, directly or indirectly, 100% of the equity interests or voting rights in PDVSA V.I. and (b) with respect to HOVIC, any transaction as a result of which Hess would cease to own, directly or indirectly, 100% of the equity interests or voting rights in HOVIC.

"Charges" means the power, utility, permit, usage and other similar charges incurred with respect to the operation of the Assets and the Refinery Business.

"Chartered Tugs and Barges" means the tugs and barges owned by Affiliates of HOVIC and bareboat chartered by HOVIC prior to the Effective Time and by the Company after the Effective Time.

"Chemical Substance" means any pollutant, contaminant, constituent, chemical, mixture, raw material, intermediate, product or by-product, petroleum or any fraction thereof, asbestos or asbestos-containing material, polychlorinated biphenyls, or industrial, solid, toxic,

radioactive, infectious, disease-causing or hazardous substance, material, Waste or agent, including, without limitation, all substances, materials or Wastes which are regulated under any Environmental Health and Safety Law.

"Closing" and "Closing Date" have the meanings specified in Article II of the Asset Purchase and Contribution Agreement.

"Closing Inventory Volumes" means the crude oil and other feedstocks, petrochemicals, by-products, unfinished or partially finished refined products, and finished refined products owned by HOVIC, wherever located, as of the Effective Time, as shall be set forth on the Net Working Capital Certificate.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, as both are in effect in the U.S. Virgin Islands under the so-called "Mirror Code" legislative provisions.

"Coker Project" has the meaning specified in Section 2.3(b)(ii) of the Company Agreement.

"Coker Project EPC Proposals" means the letter dated October 7, 1998, including attachments thereto, from Mustang Engineers and Constructors, Inc. setting forth a Type 3 estimate for the Related Coker Facilities, and one of the lump-sum bids, as unanimously chosen by the Members, relating to the Coker Project other than the Related Coker Facilities of Foster Wheeler USA Corporation and Bechtel International, Inc., each dated October 5, 1998, referred to therein.

"Collective Bargaining Agreement" shall mean each of the Collective Bargaining Agreements listed on Schedule 3.12(a) of the Asset Purchase and Contribution Agreement.

"Company" means HOVENSA L.L.C., a U.S. Virgin Islands limited liability company.

"Company Agreement" means the Amended and Restated Limited Liability Company Agreement of the Company, to be effective as of the Effective Time, as amended from time to time in accordance with the terms thereof.

"Company Business" has the meaning specified in Section 2.3(b) of the Company Agreement.

"Company Defined Benefit Plan" has the meaning specified in Section 9.3(b) of the Asset Purchase and Contribution Agreement.

"Company Defined Contribution Plan" has the meaning specified in Section 9.4(a) of the Asset Purchase and Contribution Agreement.

"Company Employee Benefit Plans" means those employee benefit plans adopted by the Company pursuant to Section 9.2(a) of the Asset Purchase and Contribution Agreement.

"Company Information" means all data, information and materials acquired or developed by or on behalf of the Company (including Restricted Information).

"Company Minimum Gain" has the meaning given the term "partnership minimum gain" in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

"Company Restoration Plan" has the meaning specified in Section 9.8 of the Asset Purchase and Contribution Agreement.

"Company Severance Policy" has the meaning specified in Section 9.12 of the Asset Purchase and Contribution Agreement.

"Company Welfare Plan" has the meaning specified in Section 9.5 of the Asset Purchase and Contribution Agreement

"Concession Agreement" means the agreement between HOVIC and the Government of the U.S. Virgin Islands, dated September 1, 1965, as amended from time to time.

"Concession Amendment" means the amendment to the Concession Agreement dated as of May 12, 1998 among HOVIC, PDVSA V.I., the Company and the Government of the U.S. Virgin Islands.

"Confidentiality Agreement" means the Confidentiality Agreement, dated December 20, 1996, between Corpoven, S.A. and Hess, as such agreement may be amended from time to time.

"Consent" means any consent, waiver, approval, authorization, exemption, registration, license or declaration of or by any Person or any Authority, or expiration or termination of any applicable waiting period under any Legal Requirement, required with respect to any Party in connection with (i) the execution and delivery of the Asset Purchase and Contribution Agreement or any of the Related Agreements or (ii) the consummation of any of the transactions provided for hereby or thereby.

"Consumer Price Index" means the Consumer Price Index (All Items) published in the Monthly Labor Review by the U.S. Bureau of Labor Statistics or, if such index shall no longer be published, any comparable measure of changes in consumer prices on a national basis that is prepared and published periodically by an agency of the United States Government.

"Contingency Amount Note" means the non-recourse note to be issued by PDVSA V.I. and guaranteed by PDVSA, substantially in the form of Exhibit E to the Asset Purchase and Contribution Agreement.

"Contracts" means any and all executory contracts and agreements, including those that are franchises, warranties, understandings, arrangements, leases of personal property, licenses of personal property, registrations, authorizations, mortgages, bonds, notes and other instruments.

"Contribution Agreements" means the Real Property Conveyances and the Intellectual Property Rights License Agreement.

"Contribution Notice" has the meaning specified in Section 3.7(d) of the Company Agreement.

"Crude Oil Supply Agreements" means the Mesa Agreement and the Merey Agreement.

"Current Assets" means the current assets of HOVIC as of the Effective Time as recorded on its books in accordance with GAAP consistently applied.

"Current Liabilities" means the current liabilities of HOVIC as of the Effective Time as recorded on its books in accordance with GAAP consistently applied.

"Damages" means any and all obligations, liabilities, damages, injuries, fines, liens, penalties, deficiencies, losses, Judgments, settlements, costs and expenses (including costs and expenses incurred in connection with performing obligations, bonding and appellate costs and attorneys', accountants', engineers', health, safety, environmental and other consultants' and investigators' fees and disbursements or other payments in respect of such payments), net of any recoveries, regardless of whether any of the foregoing are foreseeable or unforeseeable, matured or unmatured.

"Deadlock Committee" has the meaning specified in Section 6.11(a) of the Company Agreement.

"Default Amount" has the meaning specified in Section 3.4 of the Company Agreement.

"Default Budget" shall have the meaning specified in Section 6.12(b) of the Company Agreement.

"Default Premium" has the meaning specified in Section 3.5(b) of the Company Agreement.

"Default Rate" means two hundred (200) basis points over the Base Rate.

"Defaulting Member" has the meaning specified in Section 3.4 of the Company Agreement.

"Defined Benefit Plan" has the meaning specified in Section 3.13(a) of the Asset Purchase and Contribution Agreement.

"Depreciation" means, for each Allocation Year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for U.S. Virgin Islands income tax purposes with respect to an asset for such Allocation Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for U.S. Virgin Islands income tax

purposes at the beginning of such Allocation Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the U.S. Virgin Islands income tax depreciation, amortization, or other cost recovery deduction for such Allocation Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for U.S. Virgin Islands income tax purposes of an asset at the beginning of such Allocation Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Tax Committee.

"Dissolution Event" has the meaning specified in Section 9.1 of the Company Agreement.

"Distributable Cash" has the meaning specified in the Distribution Protocol.

"Distribution" means any distribution of Property to a Member.

"Distribution Date" has the meaning specified in Section 5.1(a) of the Company Agreement.

"Distribution Period" has the meaning specified in Section 5.1(a) of the Company Agreement.

"Distribution Protocol" means the Distribution Protocol attached as Exhibit A to the Company Agreement.

"dollars" and "$" mean United States dollars.

"Easements" means the easements and rights of way used or necessary to the Refinery Business, including but not limited to those listed on Schedule 2.1(d) of the Asset Purchase and Contribution Agreement.

"Effective Time" shall have the meaning specified in Article II of the Asset Purchase and Contribution Agreement.

"Eligible Investment" means any (i) direct obligations of the United States of America, or any full faith and credit agency thereof, (ii) dollar-denominated interest bearing accounts or deposits issued by any bank or trust company organized under the laws of the United States or of any state thereof, which has capital, surplus and undivided profits of at least $500,000,000 in the aggregate and has outstanding unsecured indebtedness which is rated (on the date of investment by the Company) A or better by Standard and Poor's Ratings Group or A2 or better by Moody's Investors Service, Inc. or an equivalent rating by another nationally recognized credit rating agency of similar standing, maturing not more than one hundred eighty (180) days from the date of investment, (iii) commercial paper rated (on the date of investment by the Company) A-1 or better by Standard and Poor's Ratings Group or P-1 or better by Moody's Investors Service, Inc., maturing not more than one hundred eighty (180) days from the date of issuance thereof, and (iv) other debt instruments of a company with a long-term debt

rating of A or better by Standard and Poor's Ratings Group or A2 or better by Moody's Investors Service, Inc., maturing not more than one (1) year from the date of issuance thereof.

"Employee Benefit Plan" shall have the meaning specified in Section 3.13(a) of the Asset Purchase and Contribution Agreement.

"Environment" means any ambient air, surface water, drinking water supply, drainage channels, groundwater, land surface, subsurface strata, bay sediment, plant or animal life.

"Environmental Claim" means any claim for (i) personal injury or death, property damage or damage to the Environment or natural resources (whether arising out of negligent acts or omissions, statutory liability, strict liability without fault or otherwise) that is asserted or prosecuted by or on behalf of any Person, including any Authority, any person currently or previously employed at the Refinery Business or any of their respective legal representatives, heirs, beneficiaries and estates, against or relating to the Assets or the Refinery Business and arising or alleged to arise under any Environmental, Health and Safety Law or (ii) fines, penalties, monetary or other impositions, or forfeitures imposed pursuant to statute for the actual or alleged violation of, or failure to comply with, any Environmental, Health and Safety Law, insofar as and to the extent that such fines, penalties, monetary or other impositions, or forfeitures are for the ownership or operation of the Assets or the Refinery Business prior to or as of the Effective Time.

"Environmental Cleanup Liability" means any reasonable and appropriate cost or expense, including fees and disbursements of attorneys, accountants, engineers, health, safety, environmental and other consultants and investigators, as well as capital expenditures, incurred in connection with any investigation, study, assessment, testing, monitoring, containment, removal, remediation, response, cleanup or abatement of any threatened or actual Release, to the extent necessary under any Environmental Health and Safety Law, whether on-site or off-site, arising out of the ownership or operation of the Assets or the Refinery Business or the Waste generated thereby.

"Environmental Compliance Cost" means any reasonable and appropriate cost or expense necessary to bring into compliance any Environmental Noncompliance, including fees and disbursements of attorneys, accountants, engineers, health, safety, environmental and other consultants and investigators, as well as capital expenditures.

"Environmental Noncompliance" means any noncompliance of the Assets or the Refinery Business in their condition and as operated as of the Effective Time, and thereafter as continued in the same condition or manner, with applicable Environmental, Health and Safety Law.

"Environmental, Health and Safety Law" means any Legal Requirement or Permit that is applicable to the Assets or the Refinery Business and is related to (i) pollution, contamination, cleanup, preservation, protection and reclamation of the Environment, (ii) nuisance or other common law doctrine pertaining to the Environment, (iii) health or safety, including the exposure of employees and other Persons to any Chemical Substance, (iv) the Release or threatened Release of any Chemical Substance, including investigation, study,

assessment, testing, monitoring, containment, removal, remediation, response, cleanup, abatement, prevention, control or regulation of such Release or threatened Release or (v) the management of any Chemical Substance, including the manufacture, generation, formulation, invention, processing, labeling, use, treatment, handling, storage, disposal, transportation, distribution, re-use, recycling or reclamation of any Chemical Substance but excluding products liability.

"Equipment" means the equipment, furnishings, machinery, tools and other tangible personal property (including vehicles) owned by HOVIC and used in the conduct of the Refinery Business.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Estimated Net Working Capital Amount" shall have the meaning specified in Section 2.5(b) of the Asset Purchase and Contribution Agreement.

"Estimated Net Working Capital Statement" shall have the meaning specified in Section 2.5(a) of the Asset Purchase and Contribution Agreement.

"Event of Force Majeure" means any event or circumstance resulting from a cause beyond the reasonable control of a Party, including, to the extent resulting therefrom, (i) war, hostilities, act of a public enemy belligerent; (ii) sabotage, boycott, blockade, revolution, insurrection, riot or commotion; (iii) act of God, fire, frost, ice, hurricane, earthquake, storm, lightning, tidal wave, perils of the sea or other weather or sea conditions; (iv) navigational accident or vessel damage or breakdown; (v) loss of vessel due to sinking or belligerent's or governmental confiscation, with or without formal requisition; (vi) accident involving, or closing of, port, dock, dam, channel, river bed or other maritime or navigational aid; (vii) epidemic or quarantine; (viii) strike or agreement among workers, lockout or other labor disturbance; (viii) explosion or accident caused by fire or other causes to well, pipeline, storage deposit, refinery facilities, machinery or other facilities; (ix) embargo or export or import restriction (of, where imposed by any Venezuelan governmental authority, general applicability); (x) restriction of production, rationing or allocation of same (of, where imposed by any Venezuelan governmental authority, general applicability), whether imposed by law, decree, regulation or instruction of a governmental authority; and (xi) interference, restriction or onerous regulation (excluding any export, import or production restriction of the kind set forth in clauses (ix) and (x) of this definition or any other interference or restriction imposed by any Venezuelan governmental authority the intent or effect of which is to peculiarly and materially adversely affect the Party not declaring force majeure), imposed by any governmental authority to whose jurisdiction any Party is subject, whether civil or military, legal or de facto, and that purports to act under any constitution, decree, act or otherwise.

"Excluded Assets" means those assets described in Section 2.3 of the Asset Purchase and Contribution Agreement.

"Executive Committee" has the meaning specified in Section 6.1(a) of the Company Agreement.

"Facilities" means the crude oil refinery and related facilities located in St. Croix, U.S. Virgin Islands, which are owned, leased or used by HOVIC as of the date hereof.

"Fair Market Value" means as to any Property, the price at which a willing seller would sell and a willing buyer would buy such Property having full knowledge of the facts, and assuming each party acts on an Arm's-length Basis with the expectation of concluding the purchase or sale within a reasonable time. Except as provided herein, in any case where the Members are unable to determine the Fair Market Value of any Property, an Appraiser shall be selected jointly by the applicable Members or, if the applicable Members are not able to agree on the selection of an Appraiser, each applicable Member shall select an Appraiser and the Appraisers so selected shall select another Appraiser. Each Member shall forward to the Appraiser an estimate of the Fair Market Value of the Property in question and the Appraiser shall select one of the two Member's estimates which shall be binding on the Members.

"Fee" shall have the meaning specified in Section 7.9 of the Company Agreement.

"Filing" means any filing with any Person or Authority required by any Party in connection with (i) the execution and delivery of the Asset Purchase and Contribution Agreement or any of the Related Agreements or (ii) the consummation of any of the transactions provided for hereby or thereby.

"Final Net Working Capital Amount" shall have the meaning specified in Section 2.5(c) of the Asset Purchase and Contribution Agreement.

"Final Net Working Capital Statement" shall have the meaning specified in Section 2.5(c) of the Asset Purchase and Contribution Agreement.

"Fiscal Year" means, unless the Executive Committee agrees otherwise, the calendar year or, in the case of the first Fiscal Year of the term of the Company, the portion thereof commencing on the Closing Date and, in the case of the last Fiscal Year of the term of the Company, the portion thereof ending on the date on which the winding up of the Company is completed.

"Forfeiture" has the meaning specified in Section 9.4(b) of the Asset Purchase and Contribution Agreement.

"Fundamental Decision" has the meaning specified in Section 6.3(a) of the Company Agreement.

"GAAP" means United States generally accepted accounting principles.

"Governmental Consent" means any Consent of or by any Authority.

"Gross Asset Value" means with respect to any asset, the asset's adjusted basis for U.S. Virgin Islands income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross Fair Market Value of such asset, provided that the initial Gross Asset Value of the Contributed Assets (other than the Current Assets) shall be $1,250,000,000 plus any liabilities (other than Current Liabilities) assumed by the Company at the Effective Time, plus two times the Fair Market Value of the Contingency Amount Note;

(ii) The Gross Asset Value of all Company assets shall be adjusted to equal their respective gross Fair Market Values (taking Code Section 7701(g) into account) as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; and (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), provided that an adjustment described in clauses (A) and (B) of this paragraph shall be made only if the Tax Committee reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company;

(iii) The Gross Asset Value of any item of Company assets distributed to any Member shall be adjusted to equal the gross Fair Market Value (taking Code Section 7701(g) into account) of such asset on the date of distribution; and

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) and subparagraph (vi) of the definition of "Profits" and "Losses" or Section 4.3(c) of the Company Agreement, provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent that an adjustment pursuant to subparagraph (ii) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (ii) or (iv), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"Hess" means Amerada Hess Corporation, a Delaware corporation.

"Hess Guarantee" means the guarantee to be issued by Hess substantially in the form of Exhibit G to the Asset Purchase and Contribution Agreement.

"Hess Parties" means HOVIC and any of its Affiliates that is a party to a Related Agreement.

"HOVIC" means Hess Oil Virgin Islands Corp., a U.S. Virgin Islands corporation.

"HOVIC Fixed Debt Liability" has the meaning specified in Section 11.2(f) of the Asset Purchase and Contribution Agreement.

"HOVIC Stock" has the meaning specified in Section 3.19(a) of the Asset Purchase and Contribution Agreement.

"Hydrocarbon Recovery Project" means the investigation, monitoring, cleanup, remediation and containment of groundwater which has been contaminated by Releases of hydrocarbons from the Assets, as currently described in the report entitled "Status Report HOVIC Hydrocarbon Recovery Project" dated February 1998 attached as Exhibit T to the Asset Purchase and Contribution Agreement and as currently identified in the map attached as Exhibit U to the Asset Purchase and Contribution Agreement, and currently using recovery, sampling and monitoring wells, the present locations of which are shown on Exhibit V to the Asset Purchase and Contribution Agreement. The Hydrocarbon Recovery Project does not include remediation of contaminated soils or measures designed to prevent the Release of Chemical Substances from the Assets, nor does it include monitoring wells which are used to meet regulatory requirements for release detection from operating waste management units, underground product storage tanks, or process units or product or raw material storage units, such as requirements under 40 CFR 264.97-264.99, or 40 CFR 280.43. To the extent that soils were contaminated by Releases prior to the Effective Time, such soils will be addressed pursuant to Section 10.10(d) and Section 10.10(h) of the Asset Purchase and Contribution Agreement.

"IAS" means International Accounting Standards promulgated by the International Accounting Standards Committee.

"Incentive Plans" has the meaning specified in Section 9.10 of the Asset Purchase and Contribution Agreement.

"Income Statements" means the audited HOVIC statements of income for the years ended December 31, 1996 and 1997, included in Schedule 3.4(a) to the Asset Purchase and Contribution Agreement.

"Indebtedness" means obligations of a Person for borrowed money and Capitalized Lease Obligations.

"Initial Officers" has the meaning specified in Section 6.2(a) of the Company Agreement.

"Initial Period" has the meaning specified in Section 5.1(a) of the Company Agreement.

"Inspector" means one or more nationally recognized firms of independent oil inspectors mutually agreed by PDVSA V.I. and HOVIC.

"Intellectual Property" means (i) trademarks, service marks, brand names, certification marks, trade dress, assumed names, trade names and other indications of origin, the goodwill associated with the foregoing and registrations of, and applications to register, the foregoing; (ii) inventions, discoveries and ideas, whether patentable or not; (iii) patents, applications for patents, inventors' certificates and invention disclosures; (iv) non-public information, trade secrets and confidential information and rights to limit the use or disclosure thereof by any person; (v) writings and other works, whether copyrightable or not; (vi) copyrights, mask works, registrations or applications for registration of copyrights or mask work rights, and any renewals or extensions thereof; (vii) rights, title and interest in know-how, technical information, processes, practices and systems, whether or not protectable by patent, copyright or trade secret law; and (viii) any similar intellectual property or proprietary rights.

"Intellectual Property Assets" means the Intellectual Property owned by HOVIC and used in the conduct of the Refinery Business, which is listed on Schedule 2.1(j) to the Asset Purchase and Contribution Agreement.

"Intellectual Property Rights License Agreement" means the license agreement to be entered into between the Company and Affiliates of HOVIC, substantially in the form of Exhibit F to the Asset Purchase and Contribution Agreement.

"Interest" means the ownership interest in the Company held by any Member, including (i) any and all benefits to which such Member is entitled as provided in the Company Agreement and (ii) all obligations of such Member pursuant to the Company Agreement.

"Investment Default" has the meaning specified in Section 3.4 of the Company Agreement.

"Issuance Items" has the meaning specified in Section 4.3(h) of the Company Agreement.

"Judgments" means any and all judgments, orders, writs, directives, rulings, decisions, injunctions, decrees, settlement agreements or awards of any Authority or arbitrator.

"Leased Property" means all Real Property Assets that are leased or licensed by HOVIC as lessee or licensee.

"Legal Requirements" means any and all applicable (i) federal, territorial, state, local and foreign laws, ordinances, regulations, (ii) codes, standards, rules, requirements, orders and criteria issued under any federal, territorial, state, local or foreign laws, ordinances or

regulations and (iii) Judgments, in each case, of the United States of America, the Republic of Venezuela or any other relevant jurisdiction.

"Liabilities" means all liabilities or obligations and Damages arising therefrom or relating thereto (whether known, unknown, absolute, contingent or otherwise).

"Licensed Intellectual Property" means the Intellectual Property specified in Schedule 3.11(b) to the Asset Purchase and Contribution Agreement, which Intellectual Property will be made available to the Company pursuant to the Intellectual Property Rights License Agreement.

"Lien" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien, and any security or similar agreement of any kind or nature whatsoever.

"Liquidation Distributions" means distributions made to the Members from the proceeds of the liquidation of the Property in connection with the winding up and dissolution of the Company pursuant to Article IX of the Company Agreement.

"Liquidation Period" has the meaning specified in Section 9.2(f) of the Company Agreement.

"Liquidator" has the meaning specified in Section 9.2(a) of the Company Agreement.

"Losses" has the meaning set forth in the definition of "Profits and Losses."

"Managing Representatives" has the meaning specified in Section 6.4(e) of the Company Agreement.

"Material Adverse Change" means any change giving rise to a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on the operations or financial condition of the Refinery Business or in the condition of the Assets taken as a whole.

"Material Breach" means a breach by a Member of any of its material obligations under the Company Agreement in any material respect, including, without limitation, an Investment Default or any action by a Member contrary to Section 5.1, Section 6.1(a) or Section 7.5 or Article VIII of the Company Agreement.

"Material Contract" means any Contract of HOVIC or HOVIC and its Affiliates (other than the Shared Contracts to which HOVIC is not a party) associated with the Refinery Business that meets one or more of the following criteria: (i) such Contract (other than with respect to hydrocarbons) contemplates payments or deliveries during any twelve (12) month period by or to HOVIC (or by or to the Company upon assignment from HOVIC) with a value in excess of $1,000,000, (ii) with respect to Contracts for the purchase of crude oil and feedstocks,

such Contract contemplates payments during any twelve (12) month period by HOVIC in excess of $60,000,000, (iii) with respect to Contracts for the sale of finished refinery products, such Contract contemplates deliveries during any twelve (12) month period by HOVIC with a value in excess of $20,000,000, (iv) such Contract cannot be terminated by HOVIC (or by the Company upon assignment from HOVIC) without liability upon less than one year's notice and such contract involves annual payments by or to HOVIC in excess of $100,000 and has a remaining term as of the date hereof in excess of one year, (v) such Contract places any restrictions upon the lines of business or geographic areas in which HOVIC (or the Company upon assignment from HOVIC) may operate the Refinery Business or the right of the Refinery Business to compete with any Person or business and cannot be terminated by HOVIC (or by the Company upon assignment from HOVIC) without liability upon less than ninety (90) days' notice, (vi) such Contract is otherwise of a nature such that its termination would have a Material Adverse Effect, (vii) such Contract is a collective bargaining agreement with any labor union or other representative of employees or (viii) such Contract provides for the provision of material services to HOVIC by Third Party Personnel.

"mbcd" means thousands of barrels per calendar day.

"Member" and "Members" have the meanings specified in the preamble to the Company Agreement.

"Member Nonrecourse Debt" has the same meaning as the term "partner nonrecourse debt" in Section 1.704-2(b)(4) of the Regulations.

"Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Regulations.

"Member Nonrecourse Deductions" has the same meaning as the term "partner nonrecourse deductions" in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations.

"Merey Agreement" means the Merey Crude Oil Supply Agreement, to be entered into by the Company and Petromar, substantially in the form of Exhibit M to the Asset Purchase and Contribution Agreement.

"Merey Crude Oil" shall have the meaning ascribed to it in the Merey Agreement.

"Mesa Agreement" means the Mesa Crude Oil Supply Agreement, to be entered into by the Company and Petromar, substantially in the form of Exhibit L to the Asset Purchase and Contribution Agreement.

"Mesa Crude Oil" shall have the meaning ascribed to it in the Mesa Agreement.

"MPA" has the meaning specified in Section 6.3(h) of the Asset Purchase and Contribution Agreement.

"MSRC" has the meaning specified in Section 11.2(f) of the Asset Purchase and Contribution Agreement.

"MSRC Agreement" has the meaning specified in Section 11.2(f) of the Asset Purchase and Contribution Agreement.

"Net Working Capital Valuation Methodology" means the methodology contained in Exhibit K to the Asset Purchase and Contribution Agreement.

"Non-Subject Member" has the meaning specified in Section 8.4(a) of the Company Agreement.

"Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

"Note" means the note to be issued by PDVSA V.I. and guaranteed by PDVSA, substantially in the form of Exhibit D to the Asset Purchase and Contribution Agreement.

"Note Rate" means the market interest rate, five days prior to the Closing Date, for debt obligations of PDVSA Finance Limited, adjusted to reflect an average life and compounding convention comparable to the Note, as agreed by PDVSA V.I. and HOVIC, plus 40 basis points; provided, however, that if PDVSA V.I. and HOVIC are unable to so agree, they shall appoint a mutually acceptable investment bank to determine such rate and such bank's determination shall be binding upon them.

"Offeree Member" has the meaning specified in Section 8.2(d) of the Company Agreement.

"Offeree Member Acceptance Notice" has the meaning specified in Section 8.2(d) of the Company Agreement.

"Offeree Member Response Date" has the meaning specified in Section 8.2(d) of the Company Agreement.

"Offer Notice" has the meaning specified in Section 8.2(d) of the Company Agreement.

"Operations Advisory Committee" has the meaning specified in Section 6.7 of the Company Agreement.

"PDVSA" means Petroleos de Venezuela, S.A., a Venezuelan corporation.

"PDVSA APCA Guarantee" means the guarantee to be issued by PDVSA, substantially in the Form of Exhibit I to the Asset Purchase and Contribution Agreement.

"PDVSA Finance Limited" means PDVSA Finance Limited, a company limited by shares organized under the law of the Cayman Islands and a wholly-owned subsidiary of PDVSA.

"PDVSA Parties" means PDVSA V.I. and any of its Affiliates that is a party to a Related Agreement.

"PDVSA Related Agreements Guarantee" means the guarantee to be issued by PDVSA, substantially in the Form of Exhibit J to the Asset Purchase and Contribution Agreement.

"PDVSA V.I." means PDVSA V.I. Inc., a U.S. Virgin Islands corporation.

"Percentage Interests" means fifty percent (50%) for PDVSA V.I. and fifty percent (50%) for HOVIC or the Percentage Interest of such Member as adjusted pursuant to Section 3.7(f) of the Company Agreement.

"Permits" means any and all permits, authorizations, approvals, registrations, certificates, orders, waivers, variances or other approvals and licenses relating to compliance with any Legal Requirement.

"Permitted Encumbrances" means (i) liens for taxes or charges of any Authority (including in connection with worker's compensation, unemployment insurance and social security benefits) not yet due or which are being contested in good faith by appropriate proceedings diligently conducted, (ii) mechanics', materialmen's, carriers', landlords', warehousemen's and similar liens not of record or such liens that are of record but which are being contested in good faith by appropriate proceedings diligently conducted, (iii) judgment liens with respect to Judgments which the transferor is in good faith appealing by appropriate proceedings diligently conducted, for which the transferor has obtained a stay of execution pending such appeal (the liens identified in (i), (ii) and (iii) collectively, the "Special Permitted Encumbrances"), (iv) easements, covenants, rights of way, mineral rights, royalty interests in minerals, licenses, and real property leases, all of which are of record; encroachments, imperfections of title and restrictions and subordination or other agreements relating thereto which (in each case in this clause (iv)) do not materially interfere with or materially impair current or intended use or operation of the property affected thereby and (v) Legal Requirements relating to zoning, building and other restrictions which do not materially interfere with or materially impair the current or intended use or operation of the property affected thereby.

"Person" means an individual or a corporation, partnership, trust, limited liability company, unincorporated organization, joint stock company, joint venture, association or other entity, or any government, or any agency or political subdivision thereof.

"Petromar" means Petroleum Marketing International (Petromar) A.V.V., a company organized under the laws of Aruba and a wholly-owned subsidiary of PDVSA.

"Pipelines" means the pipelines and the pumping stations specified in Schedule 2.1(c) to the Asset Purchase and Contribution Agreement.

"Pre-Closing Environmental Liabilities and Costs" means any (i) Environmental Claims arising from or relating to acts, events, Releases or exposures to Chemical Substances occurring or existing prior to or as of the Effective Time, (ii) Environmental Cleanup Liabilities arising from or relating to Releases occurring or existing prior to or as of the Effective Time at, on or migrating from the Assets, (iii) Environmental Compliance Costs and (iv) the Scheduled Liabilities; provided, however, that Pre-Closing Environmental Liabilities and Costs shall not include claims to the extent that they arise from or relate to acts, events, Releases or exposures to Chemical Substances occurring or existing prior to or as of the Effective Time for third party property damage, for personal injury or death, which shall constitute Retained Liabilities. Where claims arise from acts, events, claims, Releases or exposures to Chemical Substances occurring in part before and in part following the Effective Time, such claims shall constitute in part Pre-Closing Environmental Liabilities and Costs (or Retained Liabilities as appropriate) and in part Assumed Liabilities each in proportion to the extent of exposure or occurrence relating to the period prior to and following the Effective Time. For the purposes of determining whether matters involving the actual, threatened or alleged Release of, exposure to or contamination by Chemical Substances are Pre-Closing Environmental Liabilities and Costs, the relevant event or occurrence shall be deemed to be the Release of, exposure to or contamination by the Chemical Substance and not the onset or discovery of any alleged physical, chemical or biological response thereto. Except as otherwise provided in Section 10.12 of the Asset Purchase and Contribution Agreement, and notwithstanding clauses (i), (ii), (iii) or (iv) above, Pre-Closing Environmental Liabilities and Costs and other Retained Liabilities arising under Environmental, Health and Safety Laws shall not include Liability or Damages to the extent arising from (x) any Capital Upgrade after the Effective Time, (y) any accident, fire, explosion, collapse, mechanical failure, casualty, acute injury or Release of any Chemical Substance that occurs after the Effective Time, and (z) any Liability arising under any Environmental Health and Safety Law that would not have arisen but for a change in an Environmental Health and Safety Law that takes place after the Effective Time. Notwithstanding anything else contained in the Asset Purchase and Contribution Agreement, (I) matters subject to clauses (x) and (z) shall be Assumed Liabilities of the Company and (II) matters subject to clause (y) shall be Assumed Liabilities of the Company except to the extent they are caused by a breach by HOVIC of its representations and warranties in the Asset Purchase and Contribution Agreement (except those set out in Section 3.18 of that Agreement).

"Pre-Closing Grievance" has the meaning specified in Section 9.9(b) of the Asset Purchase and Contribution Agreement.

"Prior VI Obligations" means all amounts to be paid by HOVIC to the Government of the U.S. Virgin Islands in respect of Property Taxes pursuant to numbered paragraph 4(ii) of the Restated Second Extension and Amendment Agreement, dated July 27, 1990, to the Concession Agreement.

"Proceeding" and "Proceedings" shall have the meanings specified in Section 3.8 of the Asset Purchase and Contribution Agreement.

"Product Sales Agreements" means the product sales agreements to be entered into by the Company and the purchasers identified therein, substantially in the form of Exhibit O to the Asset Purchase and Contribution Agreement.

"Profits" and "Losses" mean, for each Allocation Year, an amount equal to the Company's taxable income or loss for such Allocation Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from U.S. Virgin Islands income tax (including income exempt under the Concession Agreement) and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (ii) or (iii) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the Asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits and Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for U.S. Virgin Islands income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 4.3 or Section 4.4 of the Company Agreement shall not be taken into account in computing Profits or Losses.

The amounts of items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 4.3 and 4.4 of the Company Agreement shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

"Property" means all assets and property owned by the Company and any improvements thereto, including cash, real property, personal property and intangible property.

"Property Taxes" means any and all ad valorem taxes, real property taxes, personal property taxes, and similar obligations.

"Proposed Amendment" shall have the meaning specified in Section 5.6(a) of the Asset Purchase and Contribution Agreement.

"Proposed Budget" has the meaning specified in Section 6.12(a) of the Company Agreement.

"Proposed Business Plan" has the meaning specified in Section 6.12(a) of the Company Agreement.

"Qualified Bid" means with respect to the Coker Project other than the Related Coker Facilities, each of the lump-sum bid of Bechtel International, Inc. and the lump-sum bid of Foster Wheeler USA Corporation, each dated October 5, 1998, and included in the Coker Project EPC Proposals, and with respect to the Related Coker Facilities, a bid from a Qualified Bidder for the engineering, procurement and construction required for the Related Coker Facilities.

"Qualified Bidder" means a contractor listed on Schedule 7.8 to the Company Agreement (or such other contractor as may be selected by mutual agreement of HOVIC and PDVSA V.I.).

"Qualified Plan" has the meaning specified in Section 3.13(a) of the Asset Purchase and Contribution Agreement.

"Qualified Purchaser" means a Person that (i) is organized under the law of a U.S. state, or any U.S. territory or possession, (ii) has as one of its principal lines of business, either directly or on a consolidated basis with all entities directly or indirectly controlling such Person, the oil, energy and/or petrochemicals business and (iii) has (or whose obligations under the Company Agreement will be guaranteed by a Person which has) a long-term debt rating of at least investment grade by Standard & Poor's Ratings Group or Moody's Investors Service, or, if neither of such entities have issued long-term debt ratings with respect to such Persons, creditworthiness consistent with such investment grade debt ratings.

"RCRA" means the Resource Conservation and Recovery Act.

"Real Property Assets" means the real or immovable property (including the docks and related facilities) listed on Schedule 2.1(a) to the Asset Purchase and Contribution Agreement, and any appurtenances related thereto.

"Real Property Conveyances" means the assignments and assumptions of leases and contracts required to be recorded in connection with the transfer of Real Property Assets.

"Redirected Distributions" has the meaning specified in Section 3.5(b) of the Company Agreement.

"Refinery" means the crude oil refining facilities used by HOVIC in St. Croix, U.S. Virgin Islands prior to and at the Effective Time and such facilities as used by the Company after the Effective Time (including the coker to be constructed and the improvements to be made pursuant to the Coker Project), as the context requires.

"Refinery Business" means the business conducted by HOVIC using the Assets prior to and at the Effective Time and by the Company after the Effective Time, as the context requires.

"Regulations" means the U.S. Federal Income Tax Regulations, as amended, including Temporary Regulations, promulgated under the Code as in effect in the U.S. Virgin Islands under the so-called "Mirror Code" legislative provisions.

"Regulatory Allocations" has the meaning specified in Section 4.4 of the Company Agreement.

"Related Agreements" means the Asset Purchase and Contribution Agreement, the Company Agreement, the Real Property Conveyances, the Crude Oil Supply Agreements, the Services Agreement, the Product Sales Agreements, the Intellectual Property Rights License Agreement, the Bareboat Charter Agreements, the PDVSA APCA Guarantee, the Hess APCA Guarantee, the PDVSA Related Agreements Guarantee, the Hess Related Agreements Guarantee, the Security Agreement, the Note and the Contingency Amount Note, each to be entered into by

the parties listed therein; provided, however, that for purposes of any of the Related Agreements, the term "Related Agreements" shall not include such Related Agreement.

"Related Coker Facilities" means the coke storage and loading facilities and the offsite facilities in connection with the Coker Project.

"Release" means any release, spill, emission (permitted or otherwise), leaking, pumping, injection, deposit, disposal, dumping, discharge (permitted or otherwise), dispersal, leaching, escaping, emanation or migration of any Chemical Substance in, into or onto the Environment, including the uncontrolled movement of any Chemical Substance through or in the Environment, or the abandonment or discarding of barrels, containers or other receptacles containing any Chemical Substance, exposure of any type in any workplace, any release as defined under CERCLA or any other Environmental, Health and Safety Law, and any deleterious or noxious noise or odor emission.

"Remedial Work" means any investigation, monitoring, clean-up, containment, restoration, remedial or removal work relating to Chemical Substances that is required by any Authority, judicial order or decree pursuant to any Environmental Health and Safety Law.

"Representatives" has the meaning specified in Section 6.1(b) of the Company Agreement.

"Restricted Amount" has the meaning specified in Section 5.7 of the Company Agreement

"Restricted Information" means (a) all information and materials relating to the financial, tax and marketing affairs of the Company which are disclosed to a Member in connection with the Company Business or otherwise, and (b) Intellectual Property available to the Company pursuant to (x) a third-party license agreement that does not permit sub-licensing or disclosure by the Company or (y) the Intellectual Property Rights License Agreement.

"Restricted Period" has the meaning specified in Section 8.1 of the Company Agreement.

"Retained Liabilities" means all Liabilities associated with the Assets or the Refinery Business other than the Assumed Liabilities.

"Retained Subsidiaries" means the subsidiaries of HOVIC specified in Schedule 3.19 to the Asset Purchase and Contribution Agreement.

"Returns" means any and all returns, statements, forms and reports for Taxes.

"Sale Materials" has the meaning specified in Section 8.2(g) of the Company Agreement.

"Scheduled Liabilities" means the matters specified in Schedule 2.4 to the Asset Purchase and Contribution Agreement.

"Secretary" has the meaning specified in Section 6.4(a) of the Company Agreement.

"Security Agreement" means the Pledge and Security Agreement of PDVSA V.I. in favor of HOVIC relating to PDVSA V.I.'s interest in the Company, substantially in the form of Exhibit C to the Asset Purchase and Contribution Agreement.

"Selling Member's Price" has the meaning specified in Section 8.2(d) of the Company Agreement.

"Selling Member" has the meaning specified in Section 8.2(d) of the Company Agreement.

"Selling Member Offer Notice" has the meaning specified in Section 8.2(d) of the Company Agreement.

"Senior Deadlock Committee" has the meaning specified in Section 6.11(b) of the Company Agreement.

"Services Agreement" means the services agreement to be entered into between the Company and Hess, substantially in the form of Exhibit N to the Asset Purchase and Contribution Agreement.

"Shared Contracts" means the Contracts to which HOVIC or one or more of its Affiliates is a party as of the Effective Time and which relate partly to the Refinery Business and partly to the businesses of HOVIC's Affiliates, including without limitation those material to the Refinery Business which are specified in Schedule 8.4 to the Asset Purchase and Contribution Agreement.

"Spare Parts, Supplies, Catalysts and Precious Metals" means (i) HOVIC's inventories of materials and supplies, and spare parts and other items used in or useful to the Refinery Business, wherever located, as of the Effective Time and (ii) HOVIC's catalysts and precious metals stored at the Facilities or elsewhere as of the Effective Time for future use in the Refinery Business.

"Special Permitted Encumbrances" has the meaning specified in the definition of Permitted Encumbrances.

"Storage Agreement" shall have the meaning specified in Section 7.9 of the Company Agreement.

"Subject Member" has the meaning specified in Section 8.4(a) of the Company Agreement.

"SWMUs" means solid waste management units as specified in Section 3004(u) of RCRA.

"Tax Committee" means a committee that shall consist of one representative appointed by each Member, which shall act in accordance with the following guidelines: (i) the Tax Committee shall meet at least twice annually; (ii) at least one representative or tax advisor who is knowledgeable in U.S. federal income taxation matters shall attend each meeting on behalf of each Member; and (iii) the Tax Committee shall act by unanimous agreement.

"Tax Matters Partner" has the meaning specified in Section 7.3(c) of the Company Agreement.

"Taxes" means any income, sales, use, excise, stock, stamp, document, filing, recording, registration, authorization and similar taxes, fees and charges, and Property Taxes, including any interest or penalties attributable thereto, imposed by any Authority.

"Third Party Personnel" means any Person not employed by HOVIC who provides, or who has provided, services to HOVIC pursuant to any Contract between HOVIC and the employer of such Person under which, during the preceding twelve (12) month period, HOVIC purchased services at a cost in excess of $200,000.

"Transfer" has the meaning specified in Section 8.1 of the Company Agreement.

"Transferred Employees" shall have the meaning specified in Section 9.1(a) of the Asset Purchase and Contribution Agreement.

"Voluntary Bankruptcy" means, with respect to any Person, an admission in writing by such Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors; the filing of any petition or answer by such Person seeking to adjudicate it bankrupt or insolvent, or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of such Person or its debts under any Legal Requirement relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for such Person or for any substantial part of its property; or corporate action taken by such Person to authorize any of the actions set forth above.

"Waste" means any Chemical Substance, if, when and to the extent that such Chemical Substance has become defined or subject to regulation as a solid, industrial or hazardous waste under any Environmental, Health and Safety Law.

EXHIBIT 10.1

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

of

HOVENSA L.L.C.

between

PDVSA V.I., INC.

and

HESS OIL VIRGIN ISLANDS CORP.

Dated as of October 30, 1998

TABLE OF CONTENTS

ARTICLE VIII

TRANSFERS AND RESIGNATIONS

ARTICLE IX

DISSOLUTION

ARTICLE X

INDEMNIFICATION

ARTICLE XI

MISCELLANEOUS

v

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

HOVENSA L.L.C.

This Amended and Restated Limited Liability Company Agreement (the "Agreement") of HOVENSA L.L.C. is made and entered into, effective as of October 30, 1998, by and among PDVSA V.I., Inc., a U.S. Virgin Islands corporation ("PDVSA V.I."), Hess Oil Virgin Islands Corp., a U.S. Virgin Islands corporation, ("HOVIC") and HOVENSA L.L.C., a U.S. Virgin Islands limited liability company (the "Company"). PDVSA V.I. and HOVIC are referred to herein individually as a "Member" and, collectively, as the "Members."

WITNESSETH:

WHEREAS, the Company was formed as a limited liability company pursuant to the provisions of the Act on June 30, 1998;

WHEREAS, the Members desire to continue the Company, and to have the Company own and operate the Refinery;

WHEREAS, the Members desire that the Company undertake and complete the Coker Project; and

WHEREAS, PDVSA V.I., HOVIC and the Company have entered into the Asset Purchase and Contribution Agreement, pursuant to which PDVSA V.I. will purchase from HOVIC an undivided interest in certain assets relating to the Refinery and both PDVSA V.I. and HOVIC will contribute (or cause to be contributed) to the Company each of their respective interests in such assets.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Definitions; Usage. Unless the context shall otherwise require, terms used herein and not defined herein shall have the meanings assigned to them in the Glossary attached hereto, which is hereby incorporated in the terms of this Agreement.

1.2 Interpretation. In this Agreement and in the Schedules, Exhibits, Annexes and Appendices hereto:

(a) the Table of Contents and headings are for convenience only and shall not affect the interpretation of this Agreement;

(b) unless otherwise specified, references to Articles, Sections, clauses, Schedules, Exhibits, Annexes and Appendices are references to Articles, Sections and clauses of, and Schedules, Exhibits, Annexes and Appendices to, this Agreement;

(c) references to any document or agreement, including this Agreement, shall be deemed to include references to such document or agreement as amended, supplemented or replaced from time to time in accordance with its terms and (where applicable) subject to compliance with the requirements set forth therein; and

(d) references to any Party to this Agreement or any other document or agreement shall include its successors and permitted assigns.

ARTICLE II

ORGANIZATION

2.1 Formation of the Company. PDVSA V.I. and HOVIC have formed and established the Company as a limited liability company under the Act. Effective as of the Closing, the rights, duties and liabilities of the Members as such shall be as provided in this Agreement and, except as herein otherwise expressly provided, in the Act.

2.2 Name. The name of the Company shall be HOVENSA L.L.C., under which all business affairs of the Company shall be conducted, except that the Executive Committee may (i) change the name of the Company or (ii) elect to conduct the business of the Company under another name; provided that any such name shall contain the words "limited liability company," the abbreviation "L.L.C." or the designation "LLC". The Company shall not include in its name, nor use in connection with its operations, any name, trademark, service mark, logo or advertising slogan of any Member without the express written consent of both Members.

2.3 Purposes. (a) The Company is formed for the object and purpose of, and the nature of the business to be conducted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing. In furtherance of its purpose, (i) the Company shall have and may exercise all of the powers now or hereafter conferred by the Act and the other laws of the U.S. Virgin Islands on limited liability companies formed under the Act and (ii) the Company shall have the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or for the protection and benefit of the Company.

(b) Without limiting the permissible scope of the Company's activities for purposes of the Act, the Members have agreed that the initial business of the Company shall consist of the following activities:

(i) own and operate the Assets and the Refinery Business,

(ii) construct a coker with an approximate minimum capacity of 45,000 barrels per day and related facilities substantially in accordance with the Coker Project EPC Proposals and make such improvements to the Refinery as are necessary to allow the Refinery to process heavy sour crude oil in a deep conversion mode (the coker, related facilities and improvements collectively, the "Coker Project"),

(iii) enter into long-term crude supply agreements for the purchase of certain crude oil from Petromar and to purchase other feedstocks as may be required in operating the Refinery Business, and

(iv) market and sell the products produced by the Refinery Business (collectively, the "Company Business").

2.4 Principal Place of Business. The Company's principal place of business shall be located in St. Croix, U.S. Virgin Islands, or such other location as the Executive Committee may from time to time determine. The Company may have such other places of business as the Executive Committee may determine to be appropriate.

2.5 Registered Office; Filings. The Company shall maintain a registered office at the offices of 1 Estate Hope, St. Croix, U.S. Virgin Islands 00850, or at such other location as the Executive Committee may from time to time determine. The Company shall maintain a registered agent for service of process in the U.S. Virgin Islands. The Executive Committee shall cause to be executed, filed and published all such certificates, notices, statements or other instruments required under the laws of any jurisdiction.

2.6 Ownership of Property. The Interest of each Member shall be personal property for all purposes. All Property and interests in Property owned by the Company shall be deemed owned by the Company as an entity, and no Member individually shall have any ownership of such Property or interest in Property except as a Member in the Company.

2.7 Liability of Members. No Member shall have any personal liability whatsoever in its capacity as a Member for the debts, liabilities, contracts or other obligations of the Company, except to the extent of Capital Contributions paid to the Company by such Member or as otherwise provided in the Act. Except as otherwise provided by this Agreement or applicable law, each Member shall be liable only to make the Capital Contributions specified in Sections 3.2 and 3.3, and shall not be required to make any other contributions or to lend or advance funds to the Company for any purpose.

2.8 Term. The Company was formed upon the filing of the Certificate with the office of the Lieutenant Governor of the U.S. Virgin Islands on June 30, 1998, and shall exist in perpetuity until its termination pursuant to this Agreement.

ARTICLE III

COMPANY CAPITAL

3.1 Percentage Interests. (a) Upon the terms and subject to the conditions of this Agreement, the relative Interests of PDVSA V.I. and HOVIC in the Company will, upon execution of this Agreement, be equal to their Percentage Interests.

(b) The Interest of PDVSA V.I. is subject to a Lien to secure the payment in full of amounts due under the Note and the Contingency Amount Note, all as more fully provided in the Security Agreement.

3.2 Capital Contributions. Upon the terms and subject to the conditions of this Agreement and the Asset Purchase and Contribution Agreement, each of PDVSA V.I. and HOVIC shall contribute to the Company the assets and liabilities required to be contributed to the Company pursuant to Section 2.2 of the Asset Purchase and Contribution Agreement.

3.3 Additional Contributions. If at any time the Members unanimously determine that the Company requires additional capital and that such additional capital cannot or should not be obtained through third-party debt financing, (i) the Members shall authorize the Executive Committee to make one or more capital calls up to an aggregate amount specified by the Members, (ii) the Executive Committee shall, as it deems appropriate, notify the Members in writing of the amount of additional capital required at any given time and (iii) each Member shall within thirty (30) days of such notice make a capital contribution (an "Additional Contribution") to the capital of the Company in an amount equal to the required additional capital multiplied by such Member's Percentage Interest in the Company; provided, however, that it is the Members' current expectation that additional capital contributions to the Company by the Members will not be required and provided, further, that Additional Contributions shall not be Distributable Cash. All Additional Contributions shall be made in cash unless the Members mutually agree otherwise.

3.4 Defaulting Member. If a Member (a "Defaulting Member") fails to make any Capital Contribution required pursuant to Section 3.2 or 3.3 and such default continues unremedied for five (5) Business Days after the Executive Committee or one of the non-defaulting Members notifies the Defaulting Member of such failure, such failure shall be deemed to constitute an "Investment Default". The amount of an Investment Default (the "Default Amount") shall accrue interest at the Default Rate, as in effect from time to time, payable quarterly by the Defaulting Member to the Advancing Member or the Company, as the case may be, from the date of the Investment Default until the date the Default Amount and any accrued and unpaid interest is paid in full or converted to a Capital Contribution pursuant to Section 3.7(d).

3.5 Advances by a Non-Defaulting Member. (a) Upon the occurrence of an Investment Default, a non-defaulting Member (the "Advancing Member") may send the Executive Committee and the Defaulting Member a notice (the "Advancing Notice") that it intends to advance all or a portion of the Default Amount as a loan. The Advancing Member

shall advance to the Company (within ten (10) Business Days after the delivery of the Advancing Notice to the Executive Committee and the Defaulting Member) the entire amount indicated in the Advancing Notice (the "Advance Amount") if the Defaulting Member has not cured the Investment Default within five (5) Business Days after the delivery of the Advancing Notice by the Advancing Member.

(b) With regard to each advance in respect of an Investment Default, an Advancing Member shall be entitled to take all (or its pro rata portion if there is more than one Advancing Member) of the Defaulting Member's share of Distributions (such Distributions otherwise due to the Defaulting Member and paid to an Advancing Member are referred to hereinafter as "Redirected Distributions") until the net aggregate Redirected Distributions received by such Advancing Member equals (A) its Advance Amount, plus (B) two hundred fifty percent (250%) of its Advance Amount (the "Default Premium"), plus (C) interest on its Advance Amount at the Default Rate accruing from the date of the advance until the date on which such Advancing Member has recovered all amounts owing to it in respect of such advance. Any Redirected Distributions shall be applied first against accrued interest on the Advance Amount, second against any Default Premium and third against the Advance Amount, with any excess being remitted to the Defaulting Member. If any Advancing Member has advanced multiple Advance Amounts on different dates, the Redirected Distributions received by such Member shall be applied first against accrued interest on each Advance Amount, second against any Default Premium on such Advance Amount and third against the Advance Amounts in each case in the order in which such Advance Amounts were advanced, with the excess being remitted to the Defaulting Member.

(c) Subject to Section 3.7(d), for Capital Account purposes, an Advance Amount shall be considered a loan from the Advancing Member to the Defaulting Member followed by a contribution by the Defaulting Member of the Advance Amount to the Company. For Distribution and Capital Account purposes, a Redirected Distribution shall be considered a Distribution to the Defaulting Member followed by the Defaulting Member's payment of that amount to the Advancing Member in respect of the aforementioned loan.

3.6 Cure of an Investment Default. To cure an Investment Default, the Defaulting Member shall pay (i) to each Advancing Member in the manner set forth in Section 3.5(b), an amount equal to (A) its Advance Amount, plus (B) the Default Premium, plus (C) interest on its Advance Amount at the Default Rate from the date of the advance to the date of repayment, in each case to the extent not previously recovered by such Advancing Member pursuant to Section 3.5(b), and (ii) to the Company, an amount equal to (A) the Default Amount, to the extent not advanced by the non-defaulting Members, plus (B) interest on such amount at the Default Rate from the date of default to the date of the repayment, in each case to the extent not recovered by the Company pursuant to Section 3.7(a). All such payments to the Company shall be applied first against accrued interest on the Default Amount and second against the Default Amount.

3.7 Suspension of Rights; Change in Percentage Interest. (a) For so long as an Investment Default has occurred and is continuing, the Defaulting Member shall not be entitled

to any Distributions and the Distributions to which the Defaulting Member otherwise would have been entitled (i) first, shall be allocated to the Advancing Members pursuant to Section 3.5(b), (ii) second, after all amounts due to Advancing Members under Section 3.5(b) have been paid in full, shall be paid to the Company pursuant to Section 3.6(ii), to be applied first against accrued interest on the Default Amount and then against the Default Amount, and (iii) third, after all amounts due to the Advancing Members under Section 3.5(b) and to the Company under Section 3.6(ii) have been paid in full, any remaining Distributions shall be remitted to the Defaulting Member. For so long as an Investment Default by PVDSA V.I. has occurred and is continuing during the Restricted Period, PDVSA V.I. shall not be entitled to any Distributions and, the Distributions to which PDVSA would have been entitled (i) first, shall be applied to any unpaid amounts due under the Note and Contingency Amount Note, pursuant to Section 5.2, (ii) second, after all unpaid amounts owed with respect to the Note and Contingency Note under Section 5.2 have been paid in full, shall be allocated to the Advancing Members pursuant to Section 3.5(b), (iii) third, after all amounts due to Advancing Members under Section 3.5(b) and with respect to the Note and Contingency Amount Note under Section 5.2 have been paid in full, shall be paid to the Company pursuant to Section 3.6(ii), to be applied first against accrued interest on the Default Amount and then against the Default Amount and (iv) fourth, after all amounts due to Advancing Members under Section 3.5(b), with respect to the Note and Contingency Amount Note under Section 5.2 and to the Company under Section 3.6(ii) have been paid in full, any remaining Distributions shall be remitted to PDVSA V.I.

(b) For so long as a Member is a Defaulting Member or has committed a material breach of Article VIII which remains uncured, such Member's Representatives shall not be entitled to vote, nor shall the vote of such Member's Representatives be required, with respect to any matters requiring a vote of the Executive Committee pursuant to this Agreement; provided, however, that such Member's Representatives shall retain their rights for thirty (30) days under Article VI with respect to the matters set forth in Section 6.3(a)(i), (ii), (iii), (iv) (but only if the assets in question have a Fair Market Value of more than $25,000,000), (v), (vi), (vii), (xviii), (xix) and (xxiii) following which thirty (30) day period such Member's Representatives shall retain their rights under Article VI with respect only to the matters set forth in Section 6.3(a)(i), (vii), (xix) and (xxiii) (but only in connection with a decision to permanently shut down the Refinery).

(c) If an Event of Default occurs under the Note or the Contingency Amount Note, and is continuing, PDVSA V.I.'s Representatives shall not be entitled to vote, nor shall the vote of PDVSA V.I.'s Representatives be required, with respect to any matters requiring a vote of the Executive Committee pursuant to this Agreement; provided, however, that PDVSA's Representatives shall retain their rights under Article VI with respect to the matters set forth in Section 6.3(a)(i), (ii), (iii), (iv) (but only if the assets in question have a Fair Market Value of more than $25,000,000), (v), (vi), (vii), (xviii), (xix) and (xxiii) and, provided further, that if (i) the default giving rise to such Event of Default has continued or is continuing for a period of more than thirty (30) days or (ii) there is at any time prior to the end of such thirty (30) day period a material or anticipatory breach by the seller under either Crude Oil Supply Agreement, PDVSA V.I. shall retain only those rights under Article VI with respect to the matters set forth in

Section 6.3(a)(i), (vii), (xix) and (xxiii) (but only in connection with a decision to permanently shut down the Refinery).

(d) If (i) an Investment Default has occurred and is continuing for a period of more than thirty (30) days or (ii) all amounts payable with respect to the loan made by an Advancing Member under Section 3.5(b) have not been repaid in full within twelve (12) months of the payment by an Advancing Member of an Advance Amount to the Company, then such Advancing Member may, on ten (10) days notice (the "Contribution Notice") to the Executive Committee and the Defaulting Member, elect to (A) have any Advancing Amount paid by it after the date of such notice treated as a capital contribution to the Company rather than a loan to the Defaulting Member or (B) assign to the Company, as consideration for a capital contribution, all of its right, title and interest in and to the outstanding portion of any Advance Amount previously made as a loan (including all outstanding principal and interest, but excluding Default Premium) as specified in such Contribution Notice, whereupon (1) such Advance Amount (including all interest but excluding Default Premium accrued thereon) and the corresponding loan deemed to have been made by the Advancing Member to the Defaulting Member under Section 3.5(c) shall be canceled and (2) an amount equal to the principal of and interest (but excluding Default Premium) accrued on such Advance Amount shall be credited, for book and tax purposes, to the Capital Account of the Advancing Member assigning such Advance Amount, and an amount equal to the principal and interest (but excluding Default Premium) accrued on such Advance Amount shall be debited from the Capital Account of the Defaulting Member. Upon such election, the Advancing Member shall have its Percentage Interest increased to reflect the payment of such capital contribution and the Defaulting Member's Percentage Interest shall be reduced as provided in Section 3.7(f).

(e) If a Member has committed a material breach of Article VIII which remains uncured, or the circumstances described in clauses (i) or (ii) of the proviso to Section 3.7(c) have occurred and are continuing, the consent of the breaching Member or PDVSA V.I. (as the case may be) shall not be required in order for the Members to authorize the Executive Committee to call for Additional Contributions pursuant to Section 3.3 and such breaching Member's or PDVSA V.I's (as the case may be) vote shall not be required in order for the Executive Committee to notify Members of a call for Additional Contributions. If, under such circumstances, the Executive Committee makes a call for Additional Contributions and the breaching Member or PDVSA V.I. (as the case may be) fails to meet such call within (30) days of the Executive Committee notice contemplated by Section 3.3, the non-Defaulting Member shall make all or a portion of the Defaulting Member's Additional Contribution; provided, however, that under such circumstances the non-Defaulting Member may not make an Advancing Notice. Upon such contribution, the non-Defaulting Member's Percentage Interest shall be increased to reflect the payment of such capital contribution and the Defaulting Member's Percentage Interest shall be reduced as provided in Section 3.7(f).

(f) Upon delivery of a Contribution Notice pursuant to Section 3.7(d), or the payment by the non-defaulting Member to the Company of all or a portion of the Defaulting Member's Additional Contribution pursuant to Section 3.7(d) or (e), the Advancing Member's Percentage Interest shall be adjusted by increasing the Percentage Interest of such Advancing

Member (and making a corresponding reduction in the Percentage Interest of the Defaulting Member) to a new percentage the amount of which shall be calculated to equal a fraction, the numerator of which is X and the denominator of which is Y, where (i) X equals the sum of (1) the Capital Account of the Advancing Member as of the Effective Time and (2) the aggregate amount contributed by the Advancing Member in respect of all requests for Additional Contributions under Section 3.3 or Section 3.7(e) prior to such date and (3) the aggregate amount of (and accrued interest, if any, on) the Advance Amount so paid or assigned to the Company and any Advance Amount and accrued interest thereon previously paid or assigned to the Company by the Advancing Member making such payment or assignment (in the case of capital contributions and Advance Amount, deflated to January 1, 1999 dollars based on the Implicit GDP Price Deflater published quarterly by the U.S. Department of Commerce) and (ii) Y equals the sum of (1) the Capital Accounts of the Members as of the Effective Time and (2) the amounts, if any, contributed by each of the Defaulting Member and by the Advancing Member in respect of all requests for Additional Contributions under Section 3.3 or Section 3.7(e) prior to such date and (3) the aggregate principal amount of (and accrued interest, if any, on) the Advance Amount so paid or assigned to the Company and any Advance Amount and accrued interest thereon previously assigned to the Company by either Member (in the case of capital contributions and Advance Amount, deflated to January 1, 1999 dollars based on the Implicit GDP Price Deflater published quarterly by the U.S. Department of Commerce).

ARTICLE IV

ALLOCATIONS

4.1 Profits. After giving effect to the special allocations set forth in Sections 4.3 and 4.4, Profits for any Allocation Year shall be allocated to the Members in proportion to their Percentage Interests.

4.2 Losses. After giving effect to the special allocations set forth in Sections 4.3 and 4.4 and subject to Section 4.5, Losses for any Allocation Year shall be allocated to the Members in proportion to their Percentage Interests.

4.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this Article IV, if there is a net decrease in Company Minimum Gain during any Allocation Year, each Member shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 4.3(a) is intended to comply with the minimum gain chargeback

requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this Article IV, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse debt during any Allocation Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 4.3(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Member as quickly as possible, provided that an allocation pursuant to this Section 4.3(c) shall be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for this Article IV have been tentatively made as if this Section 4.3(c) were not in this Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Allocation Year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 4.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IV have been made as if Section 4.3(c) and this Section 4.3(d) were not in the Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Members in proportion to their respective Percentage Interests.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of such Member's interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis of the asset) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Allocations Relating to Taxable Issuance of Company Interests. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of Interests by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member shall be equal to the net amount that would have been allocated to each Member if the Issuance Items had not been realized.

4.4 Curative Allocations. The allocations set forth in Sections 4.3(a), 4.3(b), 4.3(c), 4.3(d), 4.3(e), 4.3(f), 4.3(g) and 4.5 (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 4.4. Therefore, notwithstanding any other provision of this Article IV (other than the Regulatory Allocations), the Tax Committee shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Sections 4.1, 4.2, and 4.3(h).

4.5 Loss Limitation. Losses allocated pursuant to Section 4.2 shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Allocation Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 4.2, the limitations set forth in this Section 4.5 shall be applied on a Member by Member basis and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such Member's Capital Accounts so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

4.6 Other Allocation Rules. (a) Profits, Losses and any other items of income, gain, loss or deduction shall be allocated to the Members pursuant to this Article IV as of the last day of each Fiscal Year, provided that, Profits, Losses and such other items shall also be

allocated at such times as the Gross Asset Values of Company Property are adjusted pursuant to the definition of "Gross Asset Value" in Article I.

(b) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Tax Committee, using any permissible method under Code Section 706 and the Regulations thereunder.

(c) The Members are aware of the income tax consequences of the allocations made by this Article IV and hereby agree to be bound by the provisions of this Article IV in reporting their shares of Company income and loss for income tax purposes. Nothing herein will limit the right of the Members to file a notice of inconsistent treatment under Section 6222(b) of the Code.

(d) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' interests in Company profits are in proportion to their Percentage Interests.

(e) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Tax Committee shall endeavor to treat Distributions pursuant to Section 5.1 as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would not cause or increase an Adjusted Capital Account Deficit for any Member.

4.7 Tax Allocation; Code Section 704(c). (a) For U.S. Virgin Islands income tax purposes, items of income, gain, loss, deduction and credit shall be allocated to the Members in accordance with the allocations of the corresponding items under this Article IV, except that, in accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for U.S. Virgin Islands income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value) using the traditional method with curative allocations pursuant to the Regulations under Section 704(c) of the Code. In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for U.S. Virgin Islands income tax purposes and its Gross Asset Value in the same manner as under Section 704(c) of the Code. Any elections or other decisions relating to such allocations shall be made by the Tax Committee in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 4.7 are solely for purposes of U.S. Virgin Islands income taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE V

DISTRIBUTIONS

5.1 Distributions. (a) Subject to Section 5.1(b) and Section 5.7, Distributions for each Distribution Period shall be equal to the amount of Distributable Cash calculated with respect to such Distribution Period pursuant to the Distribution Protocol. Distributions shall be made to the Members in accordance with their Percentage Interests as follows: the first Distribution shall be made in respect of the period commencing on the Closing Date and ending six months after the last day of the calendar quarter in which the Closing Date falls (the "Initial Period"). Subsequent distributions (other than Liquidation Distributions) shall be made in respect of each subsequent six (6) month period (each, together with the Initial Period, a "Distribution Period"). All Distributions (other than Liquidation Distributions) shall be made forty-five (45) days (or, if such day is not a Business Day, on the Business Day immediately preceding such day) after the end of the relevant Distribution Period (each a "Distribution Date").

(b) The Executive Committee may make such other Distributions as it deems necessary and appropriate.

(c) PDVSA V.I.'s right to receive Distributions as a Member of the Company is pledged to HOVIC as security for the payment in full of amounts due under the Note and the Contingency Amount Note, all as more fully provided in the Security Agreement.

5.2 Certain PDVSA V.I. Distributions Directed to HOVIC. Notwithstanding Section 5.1, so long as the Note or the Contingency Amount Note is outstanding, all unpaid amounts due under the Note or the Contingency Amount Note on or prior to such Distribution Date (up to but not exceeding an amount equal to PDVSA V.I.'s share of the relevant Distribution) shall be paid directly to HOVIC, with any excess paid to PDVSA V.I. For Distribution and Capital Account purposes, any such payment shall be considered a Distribution to PDVSA V.I. followed by PDVSA V.I.'s payment of that amount to HOVIC in respect of the Note or the Contingency Amount Note, as appropriate. All payments in respect of the Note and the Contingency Amount Note pursuant to this Section 5.2 shall be paid in the following order of priority: (i) expenses due under the Note, (ii) interest due under the Note, (iii) principal of the Note, (iv) expenses due under the Contingency Amount Note, (v) interest due under the Contingency Amount Note, and (vi) principal of the Contingency Amount Note.

5.3 No Priority. Except as otherwise provided in this Agreement, there shall be no priority of one or more of the Members over the other Members as to any Distributions.

5.4 Form of Distributions. Except as agreed to by the Members, all Distributions shall be made by wire transfer of immediately available funds.

5.5 Distributions Upon Liquidation. Notwithstanding the foregoing provisions of Article V, distributions in liquidation of the Company shall be made in accordance with Section 9.2(a).

5.6 Restricted Distributions. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to any Member on account of its Interest in the Company if such distribution would violate Section 1406 of the Act or other applicable law.

5.7 Third Party Restrictions on Certain Cash Distributions. The parties recognize that financing agreements entered into with third parties, (e.g., for working capital or the Coker Project) may restrict the level of Distributions otherwise required by Section 5.1, and that accordingly, payments on the Contingency Amount Note may be less than would otherwise be the case under the terms of this Agreement and the Contingency Amount Note. In the event and during the period such restrictions apply, (a) the Company shall maintain a notional account representing an amount equal to two (2) times the amount of Excess Distributions calculated pursuant to the Contingency Amount Note that would have been paid absent such third-party restrictions (such amount of Excess Distributions, the "Restricted Amount") plus interest on the Restricted Amount at a rate equal to the average rate earned by the Company on its cash and cash equivalents during the period during which such Excess Distribution would have been made but for such third-party restriction (the "Notional Account Rate") and (b) interest under the Contingency Amount Note with respect to the Restricted Amount shall accrue at the Notional Account Rate rather than the Note Rate. Whenever there is a balance in such account and, under the terms of any applicable third party agreement, all or a portion of such balance represented by such notional account may be paid out to Members, the Company shall pay an amount representing the amount available in such account to Members in accordance with their Percentage Interests in the Company, as soon as practicable, provided that so long as any amount is payable in respect of the Contingency Amount Note as provided in this Section 5.7, the amount otherwise payable to PDVSA V.I. (up to but not exceeding an amount equal to PDVSA V.I.'s then obligation on the Contingency Amount Note) shall be paid directly to HOVIC (including interest thereon at the Notional Account Rate as provided in clause (b) above). For Distribution and Capital Account purposes, the portion of any such payment allocable to PDVSA V.I. and paid directly to HOVIC shall be considered a Distribution to PDVSA V.I. followed by PDVSA V.I.'s payment of that amount to HOVIC in respect of the Contingency Amount Note. Such amount payable in respect of the Contingency Amount Note shall be applied first to expenses due under the Contingency Amount Note, second to interest on the Contingency Amount Note and, third, to principal of the Contingency Amount Note. The foregoing provision shall apply notwithstanding the maturity of the Contingency Amount Note. If the notional account has a positive balance on the maturity date of the Contingency Amount Note, such amount shall then be fixed and thereafter such fixed amount (plus interest accrued thereon at a rate equal to the Notional Account Rate) shall be payable to the Members by the Company as a Distribution as soon as permitted pursuant to such restrictions, provided, however, that the amount otherwise payable to PDVSA V.I. shall be paid to HOVIC whenever permitted by such third party agreement or by virtue of termination of such third party agreement, notwithstanding the maturity of the Contingency Amount Note. For Distribution and Capital Account purposes, the portion of any such payment allocable to PDVSA V.I. and paid directly to HOVIC shall be considered a Distribution to PDVSA V.I. followed by PDVSA V.I.'s payment of that amount to HOVIC.

ARTICLE VI

MANAGEMENT AND OPERATION OF THE COMPANY

6.1 Executive Committee. (a) The power and authority to manage the Company's business shall be vested in the Members. To facilitate the management of the Company by the Members, a committee of the Members (the "Executive Committee") is hereby established. The Members agree to exercise their authority to manage the Company's business only through action of the Executive Committee. Except as otherwise provided by this Agreement, the Executive Committee shall have the full right and authority (acting on behalf of the Members) to manage the business and affairs of the Company. Except as otherwise provided in this Agreement (including Sections 3.7, 6.1(b) and 6.3(b)), decisions of the Executive Committee shall require the approval of at least two (2) of PDVSA V.I.'s Representatives and two (2) of HOVIC's Representatives at a validly constituted meeting of the Executive Committee. Unless authorized in writing by the Executive Committee or in a Related Agreement, no Member or Representative, and no officer, employee or agent of any Member, shall directly or indirectly act as agent of the Company for any purpose, engage in any transaction, make any commitment, enter into any contract or incur any obligation in the name of the Company or in any other way hold itself out as acting for or on behalf of the Company. Any attempted action in contravention of the preceding sentence shall be null and void ab initio, and not binding upon the Company, unless ratified or authorized in writing by the Executive Committee.

(b) The Executive Committee shall consist of six (6) individuals (the "Representatives"), appointed to act as representatives of their appointing Members. PDVSA V.I. shall have the right to appoint three (3) Representatives, and HOVIC shall have the right to appoint three (3) Representatives; provided, however, that if any Member's Percentage Interest shall be increased pursuant to Section 3.5(f) to 66 2/3% or greater and for so long as its Percentage Interest continues to be more than 66 2/3%, (i) such Member shall be entitled to appoint an additional representative to the Executive Committee and (ii) all decisions of the Executive Committee during the period that such Member's additional representative serves on the Executive Committee (other than with respect to the matters set forth in Section 6.3(a)(i), (vii), (xix) and (xxiii) (but only in connection with a decision to permanently shut down the Refinery)) shall require a simple majority vote of those entitled to vote on the Executive Committee without the requirement of approval by at least two Representatives appointed by each Member. Each Member shall have the right to remove or replace one or more of its appointed Representatives at any time and in its sole discretion. If a Representative is dismissed, dies, resigns, or becomes disabled or incapacitated, the Member that appointed such Representative shall promptly appoint a replacement. The names and addresses of the initial Representatives to be appointed by the Members pursuant to this Section shall be notified to the Company and the other Members on the date hereof.

(c) Each Representative shall be the agent of the Member that designated such Representative. Accordingly, to the fullest extent permitted by law, (i) each Representative shall act (or refrain from acting) with respect to the business and affairs of the Company solely in

accordance with the instructions of the Member that designated such Representative and (ii) no Representative shall owe (or be deemed to owe) any duty (fiduciary or otherwise) to the Company or to any Member other than the Member that designated such Representative. In connection with the determination of any and all matters presented to the Executive Committee, the Company and each Member waive, to the fullest extent permitted by law and to the extent provided in this Agreement, any claim or cause of action against the other Member or any Representative appointed by the other Member that could be asserted for breach of fiduciary duty or duty of loyalty.

6.2 Officers of the Company.

(a) The day-to-day operations of the Company shall be the responsibility of the chief operating officer, who shall be assisted by the deputy chief operating officer. The initial chief operating officer and deputy chief operating officer are listed on Schedule 6.2(a) (the "Initial Officers"). The chief operating officer shall have authority to appoint the other members of senior management of the Company, whose appointment shall be subject to the approval of the Executive Committee. In addition, the Executive Committee may, from time to time, designate one or more Persons to be officers of the Company.

(b) The chief operating officer and the deputy chief operating officer shall be elected by the Executive Committee, in accordance with its normal quorum and voting requirements (or, in the case of the Initial Officers, appointed by the Members), and shall hold office for a term of two years; provided, however, that the term of any chief operating officer or deputy chief operating officer holding office prior to the completion of the Coker Project shall have a term lasting until the later of (i) the second anniversary of the date such chief operating officer is elected or (ii) the completion of the Coker Project. If, during any chief operating officer's or deputy chief operating officer's term, either Member notifies the other Member that it desires to dismiss the chief operating officer, the deputy chief operating officer or any individual performing substantially the same functions, the Members will, unless the other Member agrees to such dismissal (in which case the chief operating officer, the deputy chief operating officer or such individual shall be dismissed), consult and attempt to remedy the problems giving rise to such Member's desire to dismiss the chief operating officer, the deputy chief operating officer or such individual. At any time following the date six (6) months after such notice, the notifying Member may unilaterally effect the dismissal of the chief operating officer, the deputy chief operating officer or such individual by notice to him and such other Member.

(c) If the chief operating officer or deputy chief operating officer is dismissed, dies, resigns, or becomes disabled or incapacitated, the Executive Committee shall, as promptly as practicable, elect a new chief operating officer or deputy chief operating officer; provided, however, that during any period that there is no chief operating officer, the day-to-day operations of the Company shall be the responsibility of such other individual as the Executive Committee shall designate or failing such designation the deputy chief operating officer.

(d) Notwithstanding Section 6.2(b), if any chief operating officer identified on Schedule 6.2(a) or subsequently elected pursuant to this Section 6.2 is an employee or former

employee of any Member or an Affiliate of any Member, then the other Member shall have the right to appoint the deputy chief operating officer subject to the consent of the first Member (which consent shall not be unreasonably withheld). The deputy chief operating officer shall serve at the direction of the Executive Committee; provided, however, that in addition to reporting to and assisting the chief operating officer, the deputy chief operating officer shall have significant line management responsibilities as specified by the Executive Committee.

(e) Any officer of the Company elected, approved or designated by the Executive Committee shall have such authority and perform such duties as the Executive Committee may, from time to time, delegate to them. The Executive Committee may assign titles to particular officers, and, unless the Executive Committee decides otherwise, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office for a corporation organized under the General Corporation Law of the U.S. Virgin Islands, subject to any specific delegation of authority and duties made to such officer by the Executive Committee pursuant to this Section 6.2. Each officer shall hold office for the term for which such officer is designated or until his successor shall be duly designated and shall qualify, or until his death, resignation or removal as provided in this Agreement. Any Person may hold any number of offices. Any officer of the Company may be removed as such, with or without cause, by the chief operating officer subject to the approval of the Executive Committee or by the Executive Committee in each case whenever in their judgment the best interests of the Company will be served thereby.

6.3 Certain Specified Matters Requiring Executive Committee Approval. (a) Subject to Sections 3.7 and 6.3(b), the approval by the Executive Committee at a validly constituted meeting thereof shall be required to cause or permit the Company to do any of the following ("Fundamental Decisions"):

(i) amend its Certificate;

(ii) request that the Members make Additional Contributions pursuant to Section 3.3;

(iii) make any material change in the nature of its business, including with respect to the Coker Project;

(iv) sell, lease or dispose of assets (other than refined petroleum products and byproducts) having a value in excess of $2,500,000 (or such other amount as may be determined by the Executive Committee), if authorized in an Annual Budget, or $500,000 (or such other amount as may be determined by the Executive Committee), if not authorized in an Annual Budget, except in each case in connection with a liquidation in accordance with Article IX;

(v) enter into any agreement or group of agreements with a single purchaser for the sale of refined products with a term longer than

12 months or that contemplate sales in excess of $40,000,000 (or such other amount as may be determined by the Executive Committee), except in connection with a liquidation in accordance with Article IX;

(vi) create any subsidiary or Affiliate of the Company or enter into any joint venture or partnership with, or invest in (other than by way of an Eligible Investment), another Person;

(vii) merge with or into, or consolidate with or convert into, another Person or sell, lease, exchange or alienate all or substantially all of the assets of the Company;

(viii) adopt any Business Plan or Annual Budget or amend any Business Plan or Annual Budget in any material respect;

(ix) obtain, amend, modify or terminate any material permit, government approval or other similar right, other than as required by any applicable Authority;

(x) make, amend or modify any appropriation or make any capital expenditure (or group of related expenditures) involving in excess of $2,500,000 (or such other amount as may be determined by the Executive Committee), if authorized in an Annual Budget, or $500,000 or such other amount as may be determined by the Executive Committee, if not authorized in an Annual Budget;

(xi) enter into, amend, modify or terminate (x) any raw materials purchase agreement or commodities transaction or group of agreements or transactions with a single counterparty pursuant to which the Company's commitments can reasonably be expected to exceed $120,000,000 (or such other amount as may be determined by the Executive Committee) or that is for a term longer than 12 months, or (y) any lease, or any purchase of materials and supplies, pursuant to which its commitments can reasonably be expected to exceed $2,500,000 (or such other amount as may be determined by the Executive Committee), if authorized in an Annual Budget, or $500,000, if (or such other amount as may be determined by the Executive Committee), if not authorized in an Annual Budget;

(xii) commence or settle any litigation, arbitration or administrative proceeding brought by or on behalf of, or against, it involving any claims or payments in excess of $250,000 net of insurance proceeds (or such other amount as may be determined by the

Executive Committee) or which may result in a material change in the Company's administrative, procurement, hiring or accounting practices or procedures; provided, however, that the consent of a Representative shall not be required in connection with any such litigation, arbitration or administrative proceeding in which the Member which appointed such Representative or any of its Affiliates is a party adverse to the Company;

(xiii) fix the salary and other compensation of the chief operating officer or the Company's officers, or enter into, materially amend or terminate any employee benefit plan relating to Company employees;

(xiv) adopt, or make material changes to, policies and practices regarding procurement and contracting, internal control, delegation of authority, cash management, treasury or human resources or accounting principles;

(xv) appoint or dismiss any of its officers or the chief operating officer (other than dismissals made in accordance with Section 6.2(b)), or adopt any significant policies or instructions for the chief operating officer;

(xvi) appoint, dismiss or replace its independent auditors or external accounting and tax consultants;

(xvii) enter into any arrangements for the borrowing of money, or issue any evidence of Indebtedness (including any guarantee of the Indebtedness of another) for any term or for any amount, repay any Indebtedness before its stated maturity (except for mandatory prepayments) or permit the encumbrance of any of its Property with any material Lien other than Permitted Encumbrances;

(xviii) amend, modify or terminate any material provision of either of the Crude Oil Supply Agreements or the Product Sales Agreement;

(xix) dissolve, liquidate or take any action that constitutes a Voluntary Bankruptcy, except in accordance with this Agreement;

(xx) sell or otherwise dispose of an Eligible Investment at a loss which exceeds $50,000;

(xxi) enter into any contract or commitment or take any other action or series of actions which constitute a material deviation from the Annual Budget or Business Plan;

(xxii) enter into, amend, modify in a material way or terminate any collective bargaining agreement, or other agreement which has a direct impact on the individuals employed in the operations of the Company including, without limitation, any agreement with the unions representing the Company's employees;

(xxiii) shut down, cease production, or materially reduce or restrict production levels, of the Refinery for a period in excess of 48 hours other than in the ordinary course of business or because of an Event of Force Majeure;

(xxiv) admit any Person as a member of the Company under the Act;

(xxv) issue or purchase any interest in the Company;

(xxvi) take any other action or make any determination as specified by this Agreement or the Executive Committee as requiring Executive Committee approval;

(xxvii) amend, modify, or withdraw any material portion of the application by HOVIC for a RCRA Part B Operating Permit as such application pertains to the Refinery's surface impoundments, or to otherwise terminate or modify currently planned changes to such surface impoundments so that such surface impoundments comply with minimum technology requirements for surface impoundments which receive hazardous waste contained in 42 USC 3004(o) or 3005(j); or

(xxviii) adopt, amend or modify any Annual Refinery Program.

(b) Notwithstanding the provisions of Sections 3.7, 6.1, 6.3(a) and 6.4, no action shall be taken by the Company, the Members, the officers of the Company, the Executive Committee or the Managing Representatives with respect to the Company's entry into, or amendment, modification, extension or termination of, or the waiver, compromise, assertion or enforcement of any claim or right with respect to, any contract or other arrangement between the Company and a Member or between the Company and an Affiliate of a Member (or any director or officer of a Member or Affiliate of a Member), whether or not the other Member (or any director or officer of the other Member or Affiliate of the other Member) is also a party thereto, without the consent of the other Member (or the unanimous consent of the Representatives appointed by the other Member); provided, however, that for so long as any Member is (or is deemed to be) a Defaulting Member or has committed any other Material Breach which remains uncured, such Member's consent shall only be required to the extent that the relevant contract or arrangement is not within the ordinary course of the Company's Business and requires payment of more than $10,000,000 by or to the Company. The Representatives of the Member having, or whose Affiliate has, a direct interest in the matter shall not be permitted to vote with respect to any such action and the presence of the other Members entitled to vote thereon (or of the

Representatives appointed by such other Members) shall be sufficient to constitute a quorum for any vote with respect to such action. Any such action shall be taken in good faith and, to the extent reasonably practicable, following consultation with the other Members.

(c) Notwithstanding any provision of this Agreement to the contrary, no action by the Executive Committee or any Member shall be required in order to authorize the Company to enter into and perform any of the Related Agreements nor shall any action be required in order to authorize the Company to renew any Related Agreement; provided that such renewal shall be pursuant to an automatic renewal provision under the terms of such Related Agreement or shall be on terms no less favorable to the Company than those prevailing prior to such renewal. Each Related Agreement shall, for purposes of this Agreement, be deemed to be on an Arm's-length Basis.

6.4 Meetings of the Executive Committee; Quorum. (a) The Executive Committee shall hold regular meetings not less than four (4) times per year, unless the Executive Committee otherwise agrees. Special meetings of the Executive Committee may be held at any time and shall be called by the secretary of the Executive Committee (the "Secretary"), who shall be appointed in accordance with Section 6.4(e), at the written request of any Representative. Meetings of the Executive Committee shall be held at such locations as the Executive Committee shall determine from time to time. Any business may be transacted, and any Company action may be taken, at any regular or special meeting of the Executive Committee at which a quorum is present, whether such business or proposed action was stated in the notice of such meeting or not.

(b) Meetings, whether regular or special, shall be convened by the Executive Committee by a written notice from the Secretary (or, if the Secretary fails or refuses to make such written notice, by either Managing Representative) sent to all Representatives at least ten (10) days prior to the date of the meeting, at their last address as formally notified to the Company and as indicated in the records of the Company. However, if any Representative notifies the Secretary in writing within three (3) days of receipt of such notice that he shall be unable to attend such meeting, and requests that the meeting be rescheduled, then the Secretary shall reschedule such meeting to the next available date mutually agreeable to the Representatives, but in no event later than fourteen (14) days following the originally scheduled date. The notice of an Executive Committee meeting shall include the date, time and venue, and agenda for the meeting. An Executive Committee meeting shall be considered duly constituted, even if a notice of such meeting has not been delivered, if a quorum is present, and all Representatives that are present agree on the matters to be submitted for consideration at such a meeting or sign a written waiver of notice.

(c) Any action required or permitted to be taken at any meeting of the Executive Committee may be taken without a meeting if all of the Representatives entitled to vote consent to such action in writing, and the writing or writings are filed with the minutes of the proceedings of the Executive Committee. Representatives may participate in a meeting of the Executive Committee by means of a conference telephone or similar communications equipment by means

of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

(d) Subject to Sections 3.7 and 6.3(b), a meeting of the Executive Committee, whether regular or special, will be considered validly constituted and a quorum shall exist when at least two (2) of the Representatives appointed by PDVSA V.I. and at least two (2) of the Representatives appointed by HOVIC are present.

(e) The Executive Committee may elect to appoint two (2) managing Representatives (the "Managing Representatives") to oversee the business and affairs of the Executive Committee (including, without limitation, through the exercise of any rights or authorities assigned to a Managing Representative in any agreement entered into by the Company). If the Executive Committee so elects, one Managing Representative shall be selected by a majority of the Representatives appointed by PDVSA V.I., and one shall be selected by a majority of the Representatives appointed by HOVIC. If Managing Representatives have been appointed, Executive Committee meetings shall be chaired alternately by each Managing Representative. An individual chosen by the Executive Committee shall serve as Secretary of the Executive Committee meetings, and shall draw up the minutes of each meeting, which shall include the names of all those present, the matters considered and the decisions taken. The minutes shall be signed by all Representatives present at the meeting (or, if Managing Representatives have been appointed, by both Managing Representatives) and shall be entered into the minute book of the Company.

6.5 Compensation, Reimbursement and Expenses. (a) Except as otherwise provided in this Agreement or a written agreement entered into between a Member and the Company, no Member or Representative shall receive any compensation for services rendered to or on behalf of the Company, nor shall any Member receive any interest with respect to its Capital Contributions or the balance in its Capital Account or be reimbursed for any expenses incurred by such Member on behalf of the Company.

(b) Expenses incurred by a Representative in connection with attending Executive Committee meetings and related activities shall be borne by the Member that appointed such Representative.

6.6 Operating Restrictions. All Property in the form of cash shall be invested for the benefit of the Company in Eligible Investments, unless otherwise approved by the Executive Committee. No such cash shall be commingled with the funds of any other Person, including the Members.

6.7 Operations Advisory Committee. To assist in resolving issues that arise during operations of the Refinery, an operations advisory committee (the "Operations Advisory Committee") composed of an equal number of designees of PDVSA V.I. and HOVIC (who may or may not be Representatives) will be established. The Company will provide to the Operations Advisory Committee all information necessary for such committee to be kept fully informed concerning the operations of the Refinery. The Operations Advisory Committee

will meet at least monthly and will report to the Executive Committee. The Operations Advisory Committee will be subject to such rules and procedures as may be adopted from time to time by the Executive Committee.

6.8 Secondment of Personnel. Subject to the reasonable approval of the chief operating officer, each Member shall be permitted at any given time to have seconded up to fifteen (15) management or professional personnel to the Company on a full time basis. Subject to the requirements of the Company, the number of such secondees may be adjusted by action of the Executive Committee. If the chief operating officer determines, in his reasonable judgment, that any individual designated for secondment or already seconded to the Company is not suitable for employment, the chief operating officer may refuse to accept such individual, or require the Member who has seconded such individual to the Company to withdraw and replace such individual, as the case may be, or to take such other steps as he may deem necessary or expedient. The Company may require secondees to sign an appropriate confidentiality agreement to protect confidential and proprietary information from disclosure to others; provided, however, that no such agreement shall restrict the right of a secondee to make disclosures to the Member seconding such secondee or, subject to Section 7.5, its Affiliates. Personnel identified by the seconding Member as being on short-term secondment shall not be or be deemed to be regular employees of the Company and shall not accrue or be eligible for any benefit plans of the Company, and shall continue to be compensated by the Member who seconded them, provided that such Member shall be reimbursed by the Company at the same level, including normal fringe benefit and reasonable overhead costs, as if such seconded personnel had been employed by the Company. Personnel identified by the seconding Member as being on long-term secondment shall become regular employees of and be compensated by the Company and shall accrue and be eligible for any benefit plans of the Company. Seconded personnel will, during the term of secondment, perform in accordance with the direction of the chief operating officer.

6.9 Liability of the Executive Committee, etc. . Neither the Executive Committee, any Representative, the Operations Advisory Committee or any member of the Operations Advisory Committee shall be liable, responsible or accountable for damages or otherwise to the Company or any Member for any act or failure to act on behalf of the Company within the scope of the authority conferred on it by this Agreement or by applicable law, unless such act or omission involved fraud or a knowing violation of the law, or was the result of willful misconduct or gross negligence.

6.10 Duties. To the extent that, at law or in equity, a Member, a Representative or an officer of the Company has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any Member, such Person shall not be liable to the Company or to any Member for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they eliminate or restrict the duties and liabilities of a Member, a Representative or an officer of the Company otherwise existing at law or in equity, are agreed by the Members to replace, to the fullest extent permitted by law, such other duties and liabilities of such Member, Representative or officer.

6.11 Deadlock of Executive Committee. (a) If the Executive Committee, after a reasonable period of discussion at a duly constituted meeting or meetings, is unable to resolve any issue before it, the resolution of which is necessary for the continued long-range economic and strategic operation of the Refinery Business or the completion of the Coker Project in a commercially reasonable manner, (i) a Special Meeting of the Executive Committee to further consider the issue shall be scheduled, (ii) consideration of the matter shall be suspended until such Special Meeting and (iii) the matter shall be referred to a special committee (the "Deadlock Committee") which shall be composed of one (1) Representative appointed by each of PDVSA V.I. and HOVIC (or, if Managing Representatives have been appointed, the Managing Representatives) and which shall meet within seven (7) days to discuss the matter. The Deadlock Committee shall consider ways in which the deadlock can be resolved and/or develop alternatives that the Executive Committee can consider. At the Special Meeting to discuss the issue, the Deadlock Committee shall make a report to the Executive Committee and the Executive Committee shall again consider the matter; provided, however, that the Executive Committee shall not be bound by the findings of the Deadlock Committee.

(b) If the Executive Committee, after a reasonable period of discussion at a Special Meeting called pursuant to Section 6.11(a), is unable to resolve the issue that necessitated such meeting, (i) a subsequent Special Meeting to further consider the issue shall be scheduled, (ii) consideration of the matter shall be suspended until such Special Meeting and (iii) the chief executive officer of Hess and the President of the Manufactura y Mercadeo division of PDVSA Petroleo y Gas, S.A. (the "Senior Deadlock Committee") shall meet within twenty (20) days to discuss the matter. At the subsequent Special Meeting to discuss the issue, the Senior Deadlock Committee shall make a report to the Executive Committee and the Executive Committee shall adopt any proposal agreed to by both members of the Senior Deadlock Committee.

(c) During any period in which a deadlock continues, the Members through the Executive Committee shall continue to conduct the Refinery Business in good faith and to the best of their abilities consistent with past practices, the Annual Budget and the current Business Plan.

6.12 Budget; Business Plan; Annual Refinery Program. (a) The chief operating officer shall submit annually to the Executive Committee at least ninety (90) days prior to the start of each Fiscal Year after the first full Fiscal Year (i) a proposed budget (the "Proposed Budget") for the forthcoming Fiscal Year including a projected income statement which shall show in reasonable detail the revenues and expenses projected for the Company for the forthcoming Fiscal Year and a projected cash flow statement which shall show in reasonable detail the receipts and disbursements projected for the Company for the forthcoming Fiscal Year and the amount of any projected corresponding cash deficiency or surplus, and any contemplated incurrence of indebtedness of the Company, (ii) a proposed Business Plan (the "Proposed Business Plan") for the Fiscal Year covered by the Proposed Budget and the succeeding four Fiscal Years in substantially the same or greater detail as the Initial Business Plan and (iii) a capital budget which, for each year, shall include any capital projects included in the previous year's capital budget but not yet completed. Such Proposed Budget and Proposed Business Plan shall be prepared on a basis consistent with the Company's audited financial statements. If such

Proposed Budget or such Proposed Business Plan is approved by the Executive Committee pursuant to Section 6.3(a), then such Proposed Budget or such Proposed Business Plan, as the case may be, shall be considered adopted and shall constitute the "Approved Annual Budget" or the "Approved Business Plan," as the case may be, for all purposes of this Agreement and shall supersede any previous Annual Budget or Business Plan, as the case may be. If a Proposed Budget or Proposed Business Plan is not approved by the Executive Committee pursuant to Section 6.3(a), then the Members shall cause their Representatives to cooperate in good faith and confer with the chief operating officer and other senior officers of the Company for the purpose of attempting to arrive at a Proposed Budget or Proposed Business Plan, as the case may be, that will be approved by the Executive Committee pursuant to Section 6.3(a).

(b) If, notwithstanding the foregoing procedures, on January 1 of any Fiscal Year no Proposed Budget for such Fiscal Year has been approved by the Executive Committee pursuant to Section 6.3(a), then the Annual Budget for the prior Fiscal Year, adjusted (without duplication) to reflect increases or decreases resulting from the following events, shall govern until such time as the Executive Committee approves a new Proposed Budget:

(i) the operation of escalation or de-escalation provisions in Contracts in effect at the time of approval of the prior Fiscal Year's Annual Budget solely as a result of the passage of time or the occurrence of events beyond the control of the Company to the extent such Contracts are still in effect;

(ii) elections made in any prior Fiscal Year under Contracts contemplated by the Annual Budget for the prior Fiscal Year regardless of which party to such Contracts makes such election;

(iii) increases or decreases in expenses attributable to the annualized effect of employee additions or reductions during the prior Fiscal Year contemplated by the Annual Budget for the prior Fiscal Year;

(iv) changes in interest expense attributable to any indebtedness of the Company;

(v) increases in operating and overhead expenses in an amount equal to (A) the total of operating and overhead expenses reflected in the Annual Budget for the prior Fiscal Year multiplied by (B) the increase in the Consumer Price Index for the prior Fiscal Year;

(vi) the anticipated incurrence of costs during such Fiscal Year for any legal, accounting and other professional fees or disbursements in connection with events or changes not contemplated at the time of preparation of the Annual Budget for the prior Fiscal Year;

(vii) decreases in expense attributable to non-recurring items reflected in the prior Fiscal Year's Annual Budget;

(viii) increases in expenses attributable to the effects of Fundamental Decisions made in the prior Fiscal Year and not otherwise provided for above;

(ix) the anticipated incurrence of costs during such Fiscal Year to comply with any Legal Requirements not contemplated at the time of preparation of the Annual Budget for the prior Fiscal Year; and

(x) such other adjustments as may be unanimously agreed by the Executive Committee.

Any budget established pursuant to this Section 6.12(b) is herein referred to as a "Default Budget". In the event that the Executive Committee is unable to unanimously agree on the application of any adjustment to be made pursuant to clauses (i) through (ix) above, such adjustment shall be conclusively determined by the Appraiser.

(c) If a Proposed Business Plan is submitted for approval pursuant to Section 6.12(a) and is not approved in accordance with Section 6.12(a), the initial Business Plan or the Business Plan most recently approved by the Executive Committee pursuant to Section 6.12(a) shall remain in effect as the Approved Business Plan; provided that, if a Proposed Budget is approved pursuant to Section 6.12(a) and the corresponding Proposed Business Plan is not so approved, the Approved Business Plan then in effect shall be deemed to be amended so that the Fiscal Year therein corresponding to the Fiscal Year for which such Annual Budget has been approved shall be consistent with such Annual Budget.

(d) Not later than October 31 of each year (the "Allocation Date"), the Executive Committee will establish the volume of each category of refined petroleum products to be produced by the Company during the following calendar year (the "Annual Refinery Program"), in accordance with the provisions of Exhibit B.

(e) The Refinery Business shall be conducted in accordance with the Business Plan, the Annual Budget and the Annual Refinery Program then in effect and the policies, strategies and standards established by the Executive Committee. The Executive Committee and the officers and employees of the Company shall implement such Business Plan, Annual Budget and Annual Refinery Program.

6.13 Marketing. Unless otherwise agreed by the Executive Committee in connection with the approval of any Annual Budget or Business Plan, the quantities of the Products identified in Schedule 6.13 shall be reserved for sale by the Company to third parties on both a term basis and a spot basis. In addition, the Company shall in all cases have the exclusive right to market and sell all coke and sulfur products produced at the Refinery.

6.14 Employment Policy. The Company shall comply with the provisions of the Concession Amendment, including with respect to employment matters.

ARTICLE VII

CERTAIN OTHER AGREEMENTS OF THE MEMBERS

7.1 Ratification and Authorization. Except as otherwise provided in Section 10.1(c), all actions taken in good faith by or on behalf of the Company in furtherance of the interests of the Company prior to the date of the execution of this Agreement are hereby expressly authorized, approved, ratified and confirmed in all respects.

7.2 Reasonable Best Efforts. Subject to the terms and conditions of this Agreement, each Member shall, and shall cause the Company to, use its reasonable best efforts to take or cause to be taken all actions and to do or cause to be done all things necessary or desirable in order to consummate the transactions and fulfill all obligations contemplated by or set forth in this Agreement.

7.3 Company Records; Tax Matters. (a) The Members acknowledge that the books and records of the Company shall be kept in accordance with GAAP at the offices of the Company in the U.S. Virgin Islands.

(b) The Members intend that the Company will be classified as a partnership for U.S. Virgin Islands and any other applicable income tax purposes. To the extent necessary, the Company will make any election necessary to obtain treatment consistent with the foregoing.

(c) The Company shall elect pursuant to Section 6231(a)(1)(B)(ii) of the Code to apply the provisions of Subtitle F, Chapter 63, Subchapter C of the Code to the Company. The Members agree that HOVIC is hereby appointed as the initial "Tax Matters Partner" of the Company, as such term is defined in Section 6231(a)(7) of the Code (or in similar provisions under other applicable law) and shall serve in such capacity through the first two full taxable years of the Company. Thereafter, at any time during the first 60 days of a taxable year, PDVSA V.I., by written notice to HOVIC, may elect to be the Tax Matters Partner for the current taxable year and the next succeeding taxable year. Thereafter, the Tax Committee shall select one of the Members to serve as the Tax Matters Partner for a specified term. If the Tax Committee cannot agree as to which Member shall be the Tax Matters Partner, the Members shall alternate serving as Tax Matters Partner for a term of two taxable years each, beginning with the Member that has not served as Tax Matters Partner for the most recent taxable year. In the event of any change of Tax Matters Partner, (i) the Member serving as Tax Matters Partner for a given taxable year shall (unless such Member ceases to be a Member) continue as Tax Matters Partner with respect to all matters concerning that year, (ii) except as otherwise provided in the Services Agreement, if the Member serving as Tax Matters Partner for the immediately preceding two taxable years has also been responsible for tax administration and other tax compliance functions, such Member may, or, upon the request of the other Member, shall, relegate the tax administration and other tax compliance functions to the new Tax Matters Partner, by giving notice of such decision within 15 days of the selection of a new Tax Matters Partner and (iii) if there is a change in the Tax Matters Partner under this section, the Members will cooperate to ensure that such change is effective under the applicable regulations of Section 6231 of the Code; provided that such Member shall cooperate fully with the new Tax Matters Partner, including (without limitation)

sharing of working papers and other internal documents necessary to ensure a smooth transition of functions. The Tax Matters Partner (i) shall take such action as may be necessary to cause each other Member to become a "notice partner" within the meaning of Section 6223 of the Code, (ii) may not take any action contemplated by Sections 6222 through 6232 of the Code without the express consent of the other Members, and (iii) shall be subject to the instructions and control of the Tax Committee with respect to any and all actions contemplated under this Agreement. The Tax Matters Partner shall notify the Tax Committee, within ten (10) Business Days after it receives (i) any notice from the Internal Revenue Service (or any foreign tax authority), of any administrative proceedings with respect to an examination of, or proposed adjustments to, Company items or (ii) any notice from any state or local tax authority of any material matter with respect to the Company. Any other Member may notify the Tax Matters Partner of such Member's intention to represent itself, or to cause independent tax counsel or accountants to represent it, in connection with any such examination, proceeding or proposed adjustment. In the event that any other Member notifies the Tax Matters Partner of its intention to represent itself, or to cause independent tax counsel or accountants to represent it, in connection with any such examination, proceeding or proposed adjustment, the Tax Matters Partner agrees, upon request, to supply such Member and its tax counsel or accountants with copies of all written communications received by the Tax Matters Partner with respect thereto, together with such other information as may be reasonably requested in connection herewith. The Tax Matters Partner further agrees, in the event of such separate representation, to cooperate with such Member and its tax counsel or accountants in connection with such separate representation. The Tax Matters Partner shall notify the Tax Committee prior to submitting a request for administrative adjustment on behalf of the Company.

(d) The Tax Matters Partner is hereby irrevocably authorized and instructed by all other Members to take, and shall take, such action as may be required under the Code and the Regulations issued thereunder (or under other applicable law) to cause the Company to be taxable as a partnership for U.S. Virgin Islands income tax purposes.

(e) The Tax Committee shall be responsible for the preparation and filing of any income tax returns of the Company.

(f) The Tax Matters Partner shall not be liable, responsible or accountable for damages or otherwise to the Company or any other Member for any act or failure to act in its capacity as Tax Matters Partner on behalf of the Company or another Member unless such act or omission constitutes fraud, willful misconduct or gross negligence.

(g) If a Member intends to file a notice of inconsistent treatment under Section 6222(b) of the Code, such Member shall, thirty (30) days prior to the filing of such notice, notify the Tax Committee Members of such intent and the manner in which such Member's intended treatment of a partnership item may be inconsistent with the treatment of that item by the Company.

(h) If a Member intends to file a request pursuant to Section 6227 of the Code for an administrative adjustment of partnership items, such Member shall, thirty (30) days prior to

the filing of such request, notify the Tax Committee Members of such intent and describe in reasonable detail such request.

(i) The Company shall elect to be treated as a partnership for U.S. federal income tax purposes. HOVIC is hereby authorized to execute and file evidence of such election as may be required by the U.S. Internal Revenue Service, including Form 8832 or any successor form, on the Company's behalf. Such filings shall be submitted to the Tax Committee for its review and comments prior to their filing with the U.S. tax authorities. Nothing in this provision shall constitute or be construed as constituting a submission by Company or any Member to the tax jurisdiction of the United States.

7.4 Reports. (a) As early as practicable, but in no event later than thirty (30) days after the close of each fiscal quarter of the Company, the Company shall deliver to all Members a detailed income statement, a cash flow statement and balance sheet for the Company for such fiscal quarter and as of the end of such fiscal quarter, prepared in accordance with GAAP and certified by the Company as fairly presenting the financial condition and results of operations of the Company at and for the periods indicated therein.

(b) As early as practicable, but in no event later than thirty (30) days after the end of each Fiscal Year, the Company shall deliver to all Members unaudited financial statements for the Company for such year prepared in accordance with GAAP. As early as practicable, but in no event later than seventy-five (75) days after the end of each Fiscal Year, the Company shall deliver to all Members financial statements for the Company for such year prepared in accordance with GAAP, audited by a nationally recognized certified public accounting firm selected by the Executive Committee. The Members acknowledge that the Company may reflect under "push down" accounting the Assets contributed by HOVIC on the Company's financial statements at a value different than that assigned to the Assets contributed by PDVSA VI. In that event, the Members agree that such a presentation for financial statement purposes does not in any way affect the Members respective rights under this Agreement (including without limitation under Articles IV, V and IX hereunder). HOVIC agrees to indemnify and hold harmless PDVSA VI from any Damages arising from the application of such "push down" accounting that would not have been incurred had the Assets contributed by each Member been valued at an equivalent amount. Ernst & Young LLP shall act as the Company's accountants during its first year of operation, subject to annual reappointment by the Executive Committee. Such unaudited and audited financial statements shall include, in addition to an income statement, cash flow statement, balance sheet and related footnotes, one or more schedules setting forth in reasonable detail the basis for the calculation of Profits and Losses and other items of income, gain, losses or deductions (including the calculation of each of the significant components thereof) and the allocation of Profits and Losses and such other items pursuant to Article IV (including the calculation of each of the components thereof).

(c) The Company shall provide each Member with information sufficient to support such Member's determination of its estimated tax payments, at such times and in such manner as reasonably requested by such Member, which may include such Member's share of taxable income, AMT/ACE adjustments, and capital gains and losses. For purposes of the

preceding sentence, a requested time for the provision of information shall be deemed reasonable if such requested time is twelve (12) days after the close of any relevant period, absent unusual circumstances. In the event actual information is not available at the time requested, the Company shall provide reasonable estimates of such information based on the information available at such time. The Tax Committee shall be responsible for delivering to each Member a Form K-1 and such other information with respect to the Company as may be necessary for the preparation of such Member's U.S. Virgin Islands income tax returns, including, without limitation, a statement showing each Member's share of income, loss and credits for such Fiscal Year for U.S. Virgin Islands income tax purposes (A) in draft form, as early as practicable, but in no event later than one hundred eighty (180) days after the end of each Fiscal Year, and comments (if any), must be made within twenty-five (25) days thereafter; and (B) in final form, as early as practicable but not later than twenty five (25) days after the twenty-five (25) day period in (A) above.

7.5 Company Information: Confidentiality. (a) Promptly upon request, the Company shall provide each Member with copies of all Company Information. In addition, each Member shall provide the other Member with copies of any Company Information in its possession. Each of the Members, its Affiliates and their respective directors, officers, employees, consultants, counsel or other representatives who have a need to know such information shall have the right to use (i) all Company Information in connection with the ownership, management, business and operations of the Company and (ii) all Company Information (other than Restricted Information) in connection with its own ordinary course of business, whether conducted alone or through joint venture companies; provided that ordinary course of business shall not include licensing to third parties (other than non-exclusive and non-assignable licenses to such joint venture companies).

(b) From and after the date hereof, except to the extent otherwise agreed in writing by all Members, each Member agrees to (and shall cause its Affiliates, directors, officers, employees, consultants, counsel and other representatives to) keep confidential and not disclose to any other Person or use in any way any Company Information except as contemplated by Section 7.5(a) (i) and (ii); provided, that the foregoing restriction shall not apply to any Company Information that (i) has entered the public domain other than by breach of this Section 7.5; (ii) was in the possession of the Member prior to its disclosure to or acquisition by the Member as demonstrated by documentary evidence; or (iii) was received by the Member from a third party lawfully in possession of that information and whose disclosure of that information was not in breach of any confidential relationship with the Company known to the Member or (iv) that is, in the opinion of counsel to the disclosing party, required to be disclosed in compliance with applicable laws or regulations or order by a court or other regulatory body having competent jurisdiction and in those circumstances the Member who is required to make the disclosure shall give the Company prompt written notice of that disclosure before it occurs so that the Company shall have sufficient opportunity to prevent such disclosure through appropriate legal means.

(c) Notwithstanding the foregoing, a Member may disclose Company Information to any Person with whom such Member enters into bona fide negotiations for the Transfer of all or part of its Interest, or for the financing of any Company activities, or their

respective advisors, so long as (i) the Company Information is limited to such information as the potential assignee, transferee or financier, or any such advisor, requires for purposes of evaluating the proposed transaction, and (ii) the potential assignee, transferee, financier, or any such advisor, agrees in writing to abide by confidentiality restrictions identical to those set forth in this Section.

(d) The obligations of each Member pursuant to Section 7.5 shall continue for so long as such Member retains an Interest and for a period of three (3) years thereafter.

7.6 Insurance. (a) The Executive Committee shall cause the Company to maintain such liability, casualty, property and other insurance, in such amounts, and with such entities, as the Executive Committee may determine. Such insurance shall name the Members as named insureds as to their interests in the Company and provide for a waiver of subrogation with respect to the Members.

(b) Notwithstanding the foregoing, the Executive Committee shall cause the Company to acquire, no later than 30 days after the Closing Date, fifty percent (50%) of the insurance coverage set forth in Schedule 7.6 hereto from Jamestown Insurance Co. Limited, and the remaining fifty percent (50%) of such insurance coverage from PVD Insurance Company.

7.7 Election of LIFO Accounting Method. The Executive Committee shall select (or ratify a prior selection of) the LIFO method of inventory accounting for book purposes. The Tax Committee shall determine the method of inventory accounting for tax purposes.

7.8 Completion of Coker Project. (a) The Company has heretofore received the Coker Project EPC Proposals, including Qualified Bids for the Coker Project other than the Related Coker Facilities. As soon as practicable after the date hereof, the Company shall seek bids for the engineering, permitting, procurement and construction required for the Related Coker Facilities from the Qualified Bidders listed on Schedule 7.8. If one or more Qualified Bids are received by the Company, which when aggregated with the Qualified Bid for the Coker Project other than the Related Coker Facilities are no more than 50% higher than the aggregate amount of the Coker Project EPC Proposals, the Company shall enter into a definitive contract or contracts with (x) one of the Persons who submitted a Qualified Bid for the Coker Project other than the Related Coker Facilities for the engineering, permitting, procurement and construction of the Coker Project other than the Related Coker Facilities and (y) one or more of the Qualified Bidders for the engineering, permitting, procurement and construction of the Related Coker Facilities, provided that in the aggregate such contracts are no more than 50% higher than the aggregate amount of the Coker Project EPC Proposals, and neither the Company nor either of the Members shall take any steps (or omit to take any steps reasonably within its control) that will delay or frustrate the Coker Project (including without limitation by causing its representatives on the Executive Committee to fail to approve the execution of such contract).

(b) The Members agree that the long-range economic and strategic benefits associated with the completion of the Coker Project were the primary reasons for entering into this Agreement and the Related Agreements. Accordingly the Members acknowledge that monetary damages would not be an adequate remedy in the event of a breach of Section 7.8(a)

above and each Member hereby agrees that injunctive relief, including specific performance, is the appropriate remedy in such circumstances; provided, however, that a Member in Material Breach (or PDVSA V.I. if an Event of Default has occurred under the Note or the Contingency Amount Note and is continuing) shall not be entitled to such injunctive relief.

7.9 Storage and Blending Facilities (a) The Parties agree that PDVSA, or a PDVSA Affiliate designated by PDVSA, shall have the option to discharge, blend and reload foreign barrels at the Refinery and shall also have the option to store U.S. originated barrels, non-U.S. originated barrels or refinery production at the Refinery (collectively, the "Blending and Storage Services"). For these purposes, the Company agrees to make available to PDVSA dedicated storage consisting of up to two No. 6 oil tanks, with a capacity of 265 kb shell each, on the basis set forth in a storage agreement (the "Storage Agreement"), to be negotiated in accordance with this Section, and such agreement shall include an undertaking by PDVSA or any relevant PDVSA Affiliate to comply with all applicable laws and, if the storage is on a month-by-month basis, an undertaking by the Company granting PDVSA the right to exercise an option to use the tanks fifteen (15) days before the commencement of any relevant calendar month. The Company shall negotiate with PDVSA or a designated PDVSA Affiliate a fee with respect to each year (the "Fee") for the Blending and Storage Services, which for the first year of the Storage Agreement shall be no greater than $0.15 per Barrel and no less than $0.085 per Barrel. The Fee shall include storage, agitation, blending and inter-tank transfer fees. The Executive Committee shall review and revise the Fee on an annual basis with reference to the current market rate at the time such review takes place. Further details and other terms and conditions of the Storage Agreement shall be negotiated by the Company and PDVSA or a designated PDVSA Affiliate as soon as practicable after the Closing Date, provided that such negotiations shall be completed no later than forty five (45) days therefrom. The negotiations will include, among other matters, such items as whether the Blending and Storage Services will be provided on a month-by-month basis or on an annual basis.

(b) In addition to the foregoing, full or part cargoes assigned to PDVSA or a PDVSA Affiliate under the Product Sales Agreement may be transferred to the dedicated storage tanks. In this case, the inter-tank transfer date will be deemed the bill of lading date for pricing and payment purposes.

ARTICLE VIII

TRANSFERS AND RESIGNATIONS

8.1 Restriction on Transfers of Interests. During the period prior to the payment in full of the Note and the Contingency Amount Note (the "Restricted Period") and except as otherwise provided in this Agreement, the Note, the Contingency Amount Note or the Security Agreement, a Member may not directly or indirectly sell, pledge, grant a security interest in, transfer or assign, distribute or otherwise dispose of ("Transfer") any or all of its Interest without the prior written consent of the other Members, which consent may be withheld with or without cause and without any liability or accountability to any Person. Any purported Transfer by a Member in violation of this Agreement shall be void ab initio, and shall not bind the Company.

8.2 Permitted Transfers of Interests. (a) Notwithstanding the provisions of Section 8.1 and subject to this Section 8.2 at any time:

(i) PDVSA V.I. may Transfer all or any part of its Interest to any direct or indirect wholly-owned subsidiary of PDVSA; provided that PDVSA guarantees the performance by such subsidiary of its obligations in respect of such Interest; and

(ii) HOVIC may Transfer all or any part of its Interest to any direct or indirect wholly-owned subsidiary of Hess; provided that Hess guarantees the performance by such subsidiary of its obligations in respect of such Interest.

(b) If either Member intends to make a Transfer permitted by Section 8.2(a)(i) or (ii), it shall notify the other Member in writing at least sixty (60) days prior to the date of the intended transfer. If the non-transferring Member notifies the transferring Member within forty-five (45) days after receiving such notice, and demonstrates that such transfer would result in adverse tax consequences to such non-transferring Member as a result of the Company being treated as terminated for U.S. federal or U.S. Virgin Islands income tax purposes, the consent of such non-transferring Member shall be required but shall not be unreasonably withheld.

(c) At any time after the Restricted Period, any Member shall have the right to Transfer all (but not less than all) of its Interest to a Qualified Purchaser; provided that such sale is made in compliance with the procedures set forth in Sections 8.2 and 8.3.

(d) A Member intending to Transfer its Interest (the "Selling Member") shall after the end of the Restricted Period (but in any event at least six (6) months prior to the proposed date of such Transfer) deliver a written notice of such fact (the "Selling Member's Offer Notice") to the other Member or Members (the "Offeree Members") which shall (i) set forth the proposed price at which the Selling Member will sell its Interest to the Offeree Members (the "Selling Member's Price") and (ii) describe the other terms and conditions of such sale. If the Offeree Members desire to purchase the Interest so offered, the Offeree Members (pro rata based on their Percentage Interests at such time (unless the Offeree Members agree to a different allocation), provided that in the event that any such Offeree Member does not purchase its pro rata portion of the Interest so offered, the other Offeree Members shall have the pro rata right to purchase all such unpurchased Interest) shall, within three (3) months of the receipt by the Offeree Members of the Selling Member's Offer Notice (the "Offeree Member Response Date"), deliver a written notice (the "Offeree Member's Acceptance Notice") to the Selling Member. The Offeree Member's Acceptance Notice shall set forth an irrevocable commitment by the Offeree Members to purchase the Interest so offered at the Selling Member's Price and on the other terms and conditions set forth in the Selling Member's Offer Notice and in Sections 8.2 and 8.3.

(e) If the Offeree Member's Acceptance Notice sets forth a commitment to purchase the Interest of the Selling Member at the Selling Member's Price, the closing of the purchase contemplated by the Offeree Member's Acceptance Notice shall take place within three months after delivery of the Offeree Member's Acceptance Notice (subject to extension for up to six months if required to satisfy the condition set forth in Section 8.3(a)(iv)).

(f) If the Offeree Members either notify the Selling Member in writing that they have elected not to purchase the Interest of the Selling Member or fail to provide the Offeree Member's Acceptance Notice on or prior to the Offeree Member Response Date, the Selling Member (or, with regard to a Change of Control pursuant to Section 8.4(b), the relevant Affiliate of such Selling Member) shall have three (3) months in which to execute a letter of intent setting forth the terms and conditions of the proposed Transfer or a definitive agreement with any Qualified Purchaser regarding the Transfer to such Qualified Purchaser (subject to the Offeree Member's right of first refusal set forth in Section 8.2(g)) of the Interest of the Selling Member (or with regard to a Change of Control pursuant to Section 8.4(b), the relevant Affiliate of such Selling Member). If the Selling Member (or with regard to a Change of Control pursuant to Section 8.4(b), the relevant Affiliate of such Selling Member) fails to either execute a letter of intent or a definitive Transfer agreement within such period, it shall not again be entitled to invoke the offer procedure set forth in this Section 8.2 during the 18 months following the end of the relevant period.

(g) Prior to consummating a proposed Transfer of the Interest of the Selling Member (or with regard to a Change of Control pursuant to Section 8.4(b), the ownership interest of the relevant Affiliate of such Selling Member) to any Qualified Purchaser pursuant to Section 8.2(f), the Selling Member shall provide the Offeree Members with a description of the material terms and conditions of the proposed Transfer (including the proposed Transfer price and structure), together with the letter of intent or definitive agreement relating to such proposed sale (collectively, the "Sale Materials"). The Offeree Members shall thereafter have the right to purchase the Interest of such Selling Member, exercisable by delivery of a written notice to the Selling Member within thirty (30) days after receipt by the Offeree Member of the Sale Materials. This right of first refusal to buy the Interest of the Selling Member shall be pro rata between the Offeree Members based on their Percentage Interests at such time (unless the Offeree Members agree to a different allocation), provided that in the event that any Offeree Member does not exercise its right of first refusal with respect to the pro rata portion of the Interest so offered, the other Offeree Member or Members shall have the right to purchase all such unpurchased Interest. The Offeree Members' notice shall set forth an irrevocable commitment by the Offeree Members to purchase the Interest of the Selling Member on the same terms and conditions as set forth in the Sale Materials. The closing of such sale shall take place within 60 days after the delivery of such notice by the Offeree Members or Member, subject to reasonable extension if required to satisfy the condition set forth in Section 8.3(iv). If the Offeree Members or Member fails to deliver such written notice to the Selling Member within such 30-day period, the Selling Member shall be free to consummate its proposed sale to the Qualified Purchaser in accordance with such Sale Materials; provided, however, that, if the Selling Member fails to consummate such transaction within six (6) months after the expiration of such 30-day period (if a definitive agreement relating to the proposed sale has not yet been entered into) or within three (3) months (if such a definitive agreement has been entered into), it shall not again be entitled to invoke the offer procedures set forth in this Section 8.2 during the eighteen (18) months following the end of the relevant period.

(h) Upon the consummation of any purchase and sale to an Offeree Member pursuant to Section 8.2(g), the Selling Member shall deliver the Interest of the Selling Member,

free and clear of all Liens, together with duly executed written instruments of transfer with respect thereto, in form and substance reasonably satisfactory to the purchaser of such Interest, against (i) delivery of the cash portion of the offer price for such Interest by wire transfer, in immediately available funds, to the account of the Selling Member designated for such purpose (such designation to be made at least two Business Days prior to the date of such purchase and sale) and (ii) delivery of any other consideration as required by the definitive agreement for such purchase and sale.

8.3 Conditions to Transfers of Interests. (a) Any Transfer of Interests shall be subject to the satisfaction of the following conditions:

(i) unless otherwise provided in this Agreement, a duly executed and acknowledged written instrument of Transfer shall have been delivered to the Company, which instrument shall specify the Interest being transferred and shall set forth the intention of the transferor that the transferee succeed to the transferor's Interest as a substituted Member in the transferor's place;

(ii) the transferor and the transferee shall have executed, acknowledged and delivered such other instruments as the Executive Committee may deem reasonably necessary or desirable to effect such substitution, including the written acceptance and adoption by the transferee of the provisions of this Agreement;

(iii) the transferee pays or reimburses the Company for any legal, filing and publication costs that the Company incurs in connection with the admission of the transferee as a Member;

(iv) any and all necessary governmental consents have been obtained, including any required approvals under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the Members agreeing to cooperate and to cause their Affiliates to cooperate in the preparation and filing of any and all reports or other submissions required in connection with obtaining such governmental consents and in obtaining any necessary third party approvals); and

(v) the transferee makes customary representations and warranties regarding due execution, due organization, good standing, requisite power, enforceability and absence of conflicts to the Company and the other Members as of the date of the Transfer.

(b) Notwithstanding any other provision of this Agreement, no Transfer by a Member of any of its Interest may be made if it (i) would require filing of a registration statement under, or would violate, any U.S. Virgin Islands, U.S. federal, state or foreign securities laws or regulations, or (ii) would violate any loan documents or other agreements to which the Company is a party or by which the Company is bound.

(c) Any permitted transferee of an Interest in accordance with the provisions of this Agreement (other than in accordance with Section 8.2(c)) shall automatically become a

Member of the Company. Admission of any other Person as a Member of the Company shall require the written consent of all of the Members.

8.4 Change of Control. (a) Any Change of Control with respect to a Member (the "Subject Member") will give rise to the rights in favor of the other Member (the "Non-Subject Member") and restrictions set forth in this Section 8.4.

(b) If, at the time of any proposed transaction occurring after the end of the Restricted Period that would result in a Change of Control, all or substantially all of the assets of the Subject Member (or any parent company of such Subject Member) are directly or indirectly comprised of the Subject Member's Interest, then such Change of Control shall be deemed to be a Transfer and shall be subject in all respects to Sections 8.2(d), 8.2(e), 8.2(f), 8.2(g), 8.2(h) and 8.3.

(c) Promptly after becoming subject to any transaction that would result in a Change of Control that involves the equity interests or voting rights in any company that owns (directly or indirectly) substantial assets in addition to the Subject Member's Interests, the Subject Member shall deliver a notice thereof to the Non-Subject Member, containing the following information:

(i) the name and jurisdiction of organization of the Person that will control the Subject Member upon the consummation of the Change of Control transaction and of the ultimate parent of such Person;

(ii) a summary of the proposed terms of the Change of Control transaction, including, without limitation, all financial terms and conditions, the value of any non-monetary assets proposed to be used as consideration in such transaction and the value allocated to the Subject Member's Interest in such transaction; and

(iii) the proposed date of consummation of the Change of Control transaction.

(d) If a Non-Subject Member objects to the value allocated to the Subject Member's Interest specified in the notice within sixty (60) days of its receipt of such notice, the Non-Subject Member shall have the right to request that the value properly allocable to such interest in the change of control transaction be determined by an investment bank jointly chosen by the Members (or, if the Members cannot agree on an investment bank within fifteen (15) days of such request, an investment bank appointed by the President of the International Chamber of Commerce), which investment bank shall be instructed to deliver its opinion within sixty (60) days of its engagement. The Company shall bear the costs and expenses of such investment bank. The allocated value notified in the notice specified above or, if applicable, determined by the investment bank as set forth above, shall be referred to herein as the "Allocated Value."

(e) Following delivery of the notice specified in Section 8.4(b) or, if applicable, the determination of the Allocated Value by the investment bank selected in accordance with Section 8.4(d), the Non-Subject Member shall have the right, by providing notice to the Subject Member no later than three (3) months after such notice or determination, to acquire the Subject

Member's Interest, for a price equal to the Allocated Value and on the payment terms and other terms and conditions applicable to the notified change of control transaction. Any Transfer by the Subject Member to any other Member effected pursuant to this Section 8.4 shall be exempt from the consent requirements set forth in Section 8.1. The Non-Subject Member may exercise its acquisition rights under this Section 8.4 either directly or by designating another Person to exercise such rights in such Non-Subject Member's stead for a price equal to the Allocated Value and on the payment terms and other terms and conditions applicable to the notified Change of Control transaction.

(f) If the Non-Subject Member elects to purchase the Subject Member's Interest pursuant to Section 8.4(e), the closing of the purchase contemplated thereby shall take place within three months after delivery of an acceptance notice pursuant to Section 8.4(e) (subject to extension for up to six months if required to satisfy the condition set forth in Section 8.3(a)(iv)).

(g) If the Non-Subject Member either notifies the Subject Member in writing that it has elected not to purchase the Interest of the Subject Member or fails to provide an acceptance notice within the time period specified in Section 8.4(e), the Change of Control transaction may be consummated within three (3) months (subject to reasonable extension if required to obtain any necessary governmental consents) in accordance with the terms and conditions described in the notice provided pursuant to Section 8.4(c). If such Change of Control transaction is not consummated within such period, then the Subject Member shall so notify the Non-Subject Member.

8.5 Unauthorized Change of Control. In addition to, and without limitation of any other rights or remedies available under any Related Agreement, if a Change of Control of a Member takes place (a) other than in accordance with the provisions of Section 8.4, (b) prior to the end of the Restricted Period or (c) that would result in any interest in such Member being owned, directly or indirectly, by a Person that is not a Qualified Purchaser, then (without limiting any other rights that the Non-Subject Member may have) (i) the Non-Subject Member shall have the right to request that the Allocated Value be determined by an investment bank chosen in accordance with Section 8.4(d) (except that the fees and expenses of the relevant investment bank shall be borne by the Subject Member), (ii) the Subject Member shall be deemed to have granted to the Non-Subject Member a call option, exercisable for a period of one year from the date upon which the Non-Subject Member first learns of the Change of Control, enabling the Non-Subject Member to purchase the Subject Member's Interest at a price equal to the Allocated Value minus twenty percent (20%), and (iii) the Subject Member shall be deemed to have granted to the Non-Subject Member a put option, exercisable for a period of one year from the date upon which the Non-Subject Member first learns of the Change of Control, enabling the Non-Subject Member to sell the Non-Subject Member's Interest to the Subject Member at a price equal to the Allocated Value plus twenty percent (20%) plus an amount equal to any capital gains tax that might be incurred by the Non-Subject Member as a result of such sale; provided, however, that the Non-Subject Member may not exercise both of such options.

8.6 Resignation. No Member may resign from the Company, other than as a result of a permitted Transfer of all of such Member's Interest or the purchase of all of such Member's Interest by another Member in accordance with this Agreement.

ARTICLE IX

DISSOLUTION

9.1 Dissolution Events. Except as set forth in this Article IX, no Member shall have the right to dissolve the Company. The Company shall not be dissolved by the admission of substituted or new Members pursuant to Article VIII. The Company shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a "Dissolution Event"):

(a) the sale or disposition of all or substantially all of the Property;

(b) unanimous election to that effect by all Members;

(c) the election to that effect by a Member following: (i) the institution by any other Member of bankruptcy proceedings, or (ii) the filing against any other Member of bankruptcy proceedings which are not stayed or withdrawn within one-hundred and twenty (120) days of such institution or filing; or

(d) at any time there are no Members (unless the business of the Company is continued in accordance with the Act).

9.2 Winding-Up. (a) Upon the dissolution of the Company, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and Members. No Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs; provided that, except as otherwise expressly provided herein, all covenants contained in this Agreement and all obligations provided for in this Agreement shall continue until such time as all of the assets or the proceeds from the sale thereof have been distributed pursuant to this Section 9.2(a) and the Company has been terminated. The Executive Committee or any Person elected by the Executive Committee (the Executive Committee or such other Person being referred to herein as the "Liquidator") shall be the "liquidating trustee" of the Company and shall be responsible for overseeing the winding up and dissolution of the Company and shall take full account of the Company's liabilities and Property, and the Property shall be liquidated as promptly as is consistent with obtaining the fair market value thereof, and the proceeds therefrom shall be applied and distributed in the following order, subject to any different requirements of law: (i) first, to the satisfaction of creditors of the Company, including Members who are creditors, to the extent permitted by law, whether by payment or the making of reasonable provision for payment thereof; and (ii) the balance, if any to the Members in accordance with their respective Capital Accounts; provided that, until the end of the Restricted Period, any such distributions to be made to PDVSA V.I. shall be made to HOVIC until HOVIC has received payment in full of all amounts outstanding and unpaid under, first, the Note and,

second, the Contingency Amount Note, including all outstanding principal (including, in the case of the Note, all outstanding principal irrespective of whether such principal is then due and payable) and all accrued and unpaid interest up to and including the date of payment hereunder. For distribution and capital account purposes, any such payment shall be considered a Distribution to PDVSA V.I. followed by PDVSA V.I.'s payment of that amount to HOVIC in respect of, first, the Note or, second, the Contingency Amount Note, as appropriate. The Liquidator shall, as promptly as possible, present to the Members for approval a proposed plan of liquidation containing such detail concerning the disposition of the Property, anticipated revenues from such dispositions, Persons to be engaged to effect such dispositions, and other matters, as shall be reasonably requested. Any such plan of liquidation that is approved by the Liquidator and the Members is called the "Approved Plan of Liquidation." The Liquidator shall effect the liquidation of the Company substantially in accordance with the Approved Plan of Liquidation.

(b) Notwithstanding the provisions of Section 9.2(a) which require liquidation of the Property, but subject to the order of priorities set forth therein, if prior to or following dissolution of the Company the Liquidator determines that an immediate sale of part or all of the Property would be impractical or would cause undue loss to the Members, the Liquidator may defer for a reasonable time the liquidation of any Property except as is necessary to satisfy liabilities of the Company (including to Members in their capacity as creditors) and/or distribute to the Members in lieu of cash, as tenants in common and in accordance with the provisions of Section 9.2(a), undivided interests in such Property as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made subject to such conditions relating to the disposition and management of the Property as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such Property at such time. The Liquidator shall determine the Fair Market Value of any Property distributed in kind.

(c) In the discretion of the Liquidator, a pro rata portion of the Distributions that would otherwise be made to the Members pursuant to this Article IX may be (i) distributed to a trust established for the benefit of the Members for the purposes of liquidating the Property, collecting amounts owed to the Company and paying any contingent, conditional or unmatured liabilities or obligations of the Company, and the assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Liquidator, in the same manner and priority as such assets would have been distributed by the Company to the Members pursuant to Section 9.2(a), or (ii) withheld or escrowed to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to collect the unrealized portion of any installment obligations owed to the Company; provided that such withheld or escrowed amounts shall be distributed to the Members in the manner and order of priority set forth in Section 9.2(a) as soon as practicable.

(d) No value shall be attributed to the firm name of the Company, or to the right of its use, or to the goodwill appertaining to the Company or its business, for any purposes under this Agreement.

(e) All payments made in liquidation of the interest of a Member in the Company shall be made in exchange for the interest of such Member in Property pursuant to Section 736(b)(l) of the Code, including the interest of such Member in Company goodwill.

(f) During the period commencing on the first day of the Fiscal Year during which a Dissolution Event occurs and ending on the date on which all of the assets of the Company have been distributed to the Members pursuant to Section 9.2 (the "Liquidation Period"), the Members shall continue to share Profits, Losses, gain, loss and other items of Company income, gain, loss or deduction in the manner provided in Article IV.

9.3 Negative Capital Accounts. In the event the Company is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), (a) distributions shall be made pursuant to this Article IX to the Members who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Member has a deficit balance in his Capital Account (after giving effect to all contributions, distributions and allocations for all Allocation Years, including the Allocation Year during which such liquidation occurs), such Member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever.

9.4 Rights of the Members. The Members shall look solely to the assets of the Company for the return of their Capital Contributions.

9.5 Notice of Dissolution. If an event of dissolution described in Section 9.1(a) occurs, the Liquidator shall, as soon as practicable, but in no event later than thirty (30) days thereafter, provide written notice thereof to each of the Members. In addition, the Executive Committee shall promptly notify the Members of any imminent event of dissolution of which it is aware.

9.6 Termination of the Company. Upon the completion of the liquidation of the Property as provided in Section 9.2, the Company shall be terminated, a certificate of cancellation shall be filed with the Lieutenant Governor of the U.S. Virgin Islands, all qualifications of the Company as a foreign limited liability company in jurisdictions other than the U.S. Virgin Islands shall be canceled, and such other actions as may be necessary to terminate the Company shall be taken, including without limitation any filings with tax authorities.

9.7 Reasonable Time for Winding-Up. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Company and the liquidation of its Property pursuant to Section 9.2, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between the Members during the period of winding-up and liquidation.

9.8 Contribution to New Company. Notwithstanding any other provision of this Article IX, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Dissolution Event has occurred, the Property shall not be liquidated,

the Company's debts and other liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, solely for U.S. Virgin Islands income tax purposes, the Company shall be deemed to have contributed all of its Property and liabilities to a new limited liability company in exchange for an interest in such new company and, immediately thereafter, the Company will be deemed to liquidate by distributing interests in the new company to the Members.

ARTICLE X

INDEMNIFICATION

10.1 Indemnification. (a) The Company shall, to the fullest extent permitted by Legal Requirements, indemnify, hold harmless and defend each officer and employee of the Company or any of its wholly-owned subsidiaries (and may so indemnify some or all of the officers and employees of any other subsidiary of the Company) against any and all Damages arising from or in connection with or related to this Agreement, any Related Agreement or the Company Business.

(b) The Company shall, to the fullest extent permitted by Legal Requirements, indemnify, hold harmless and defend the Members and their Affiliates and their respective directors, officers, employees, consultants, shareholders, members, agents and representatives, and all successors and assigns of the foregoing, against and from any Damages (including any Damages resulting from a claim asserted by a third party) arising out of the Company Business, except to the extent (i) such Damages are incurred by such indemnified party in its capacity as a party to any agreement with the Company other than this Agreement or (ii) that it is finally judicially determined that such Damages arose out of or were related to actions or omissions of the indemnified Member, its Affiliates or any of their respective officers, directors or employees (acting in their capacities as such) constituting (a) bad faith, fraud, intentional violation of law or intentional misconduct or (b) a Material Breach. The Company shall reimburse any Person entitled to indemnity under this Section for its legal and other expenses incurred in connection with defending any claim (other than a claim by the Company or a Member) with respect to such Damages if such Person shall agree to reimburse promptly the Company for such amounts if it is finally judicially determined that such Person was not entitled to indemnity hereunder.

(c) Each Member hereby agrees, to the fullest extent permitted by Legal Requirements, to indemnify, hold harmless and defend each other Member, its Affiliates or any of their respective officers, directors and employees from and against the indemnifying Member's share of any Damages (calculated in accordance with the indemnifying Member's Percentage Interest at the time any such Damages were incurred) arising out of the Company Business (including any Damages resulting from a claim asserted by a third party), except to the extent (i) such Damages are incurred by such indemnified party in its capacity as a party to any agreement with the Company other than this Agreement or (ii) that it is finally judicially determined that such Damages arose out of or were related to actions or omissions of the indemnified Member, its Affiliates or any of their respective officers, directors and employees (acting in their capacity as such) constituting (a) bad faith, fraud, intentional violation of law or

intentional misconduct or (b) a Material Breach; provided, however, that such indemnified Member, its Affiliates or any of their respective officers, directors and employees shall not be entitled to indemnity under this Section unless (x) the indemnified Member makes a written demand for indemnification from the Company in accordance with Section 10.1(a) and the Company shall fail to satisfy such demand in a manner reasonably satisfactory to the indemnified Member within sixty (60) days of such notice or (y) the Company is insolvent or otherwise unable to satisfy its obligations.

(d) Each Member hereby agrees, to the fullest extent permitted by Legal Requirements, to indemnify, defend and hold harmless the Company and each other Member and its Affiliates and each director, officer and employee of such other Member and its Affiliates from and against any and all Damages arising out of any act of, or any purported assumption of any obligation or responsibility by, such indemnifying Member or its Affiliates, or any of the directors, officers or employees of such indemnifying Member or its Affiliates, in violation of this Agreement.

(e) Promptly after receipt by a Person entitled to indemnification under this Section 10.1 (an "Indemnified Party") of notice of any pending or threatened claim against it (an "Action"), such Indemnified Party shall give notice to the Person to whom the Indemnified Party is entitled to look for indemnification (the "Indemnifying Party") of the commencement thereof, provided that the failure so to notify the Indemnifying Party shall not relieve it of any liability that it may have to any Indemnified Party hereunder, except to the extent the Indemnifying Party demonstrates that it is prejudiced thereby. In case any Action that is subject to indemnification under Section 10.1(a) or (b) is brought against an Indemnified Party and notice is given to the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate therein and, if it so desires, to assume the defense thereof with counsel reasonably satisfactory to such Indemnified Party and, after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party under this Section for any fees of other counsel or any other expenses, in each case subsequently incurred by such Indemnified Party in connection with the defense thereof, other than reasonable costs of investigation. Notwithstanding an Indemnifying Party's election to assume the defense of any such Action that is subject to indemnification under Section 10.1(a) or (b), the Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such Action, and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel if: (i) the use of counsel chosen by the Indemnifying Party to represent the Indemnified Party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such Action include both the Indemnifying Party and the Indemnified Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to assume the defense of such Action on the Indemnified Party's behalf); (iii) the Indemnifying Party shall not have employed counsel to represent the Indemnified Party within a reasonable time after notice of the institution of such Action; or (iv) the Indemnifying Party shall authorize the Indemnified Party to employ separate counsel at the Indemnifying Party's expense. If an Indemnifying Party assumes the defense of such Action, no compromise

or settlement thereof may be effected by the Indemnifying Party without the Indemnified Party's written consent unless (I) there is no finding or admission of any violation of law and no effect on any other claims that may be made against the Indemnified Party or its Affiliate and (II) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party.

(f) In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder which does not involve a claim being asserted by a third party, the Indemnified Party shall as promptly as is practical notify the Indemnifying Party as provided in Section 11.5 of such claim, describing such claim, the amount thereof (if known) and the method of computation of the amount of the claim, all with reasonable particularity. The failure to give any such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that such failure results in actual prejudice to the Indemnifying Party.

10.2 Duration. This Article X and Article XI shall survive the dissolution and winding up of the Company.

ARTICLE XI

MISCELLANEOUS

11.1 Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the U.S. Virgin Islands (without regard to conflict of laws principles).

11.2 Submission to Jurisdiction; Appointment of Agent for Service of Process; Waiver of Objection to Venue. (a) Each Member and the Company hereby irrevocably agrees that any legal action or proceeding against it arising out of or concerning this Agreement shall be brought only in the Supreme Court of the State of New York in and for the County of New York or the U.S. District Court for the Southern District of New York, preserving, however, all rights of removal to a federal court under 28 U.S.C. Section 1441. Each Member and the Company hereby irrevocably designates, appoints and empowers CT Corporation System, with offices currently at 1633 Broadway, New York, New York 10019 as its lawful agent to receive for and on its behalf service of process in the State of New York in any such action or proceeding and irrevocably consents to the service of process outside the territorial jurisdiction of said courts in any such action or proceeding by mailing copies thereof by registered United States mail, postage prepaid, to its address as specified in or pursuant to Section 11.5. Any service made on such agent or its successor shall be effective when delivered regardless of whether notice thereof is given to the affected Member or the Company. If any Person or firm designated as agent hereunder shall no longer serve as agent of such Member to receive service of process in the State of New York, the Member so affected shall be obligated promptly to appoint a successor to so serve; and, unless and until such successor is appointed and the other Members notified of the same in writing, service upon the last designated agent shall be good and effective. Each Member hereby agrees to at all times maintain an agent to receive service of process in the State of New York pursuant to this Section 11.2. The foregoing provisions of this Section 11.2 shall not affect, limit or prevent any Member from serving process in any other manner permitted by law.

(b) Each Member irrevocably waives any objection to the venue of the courts designated in Section 11.2(a) (whether on the basis of forum non conveniens or otherwise), and accepts and submits to the jurisdiction of such courts in connection with any legal action or proceeding against it arising out of or concerning this Agreement.

(c) Each Member hereby agrees that the activities contemplated hereby are commercial in nature. To the extent that any Member has or hereafter may acquire any immunity from jurisdiction of any court, or from attachment in aid of execution or any other legal process (other than prejudgment attachment) in any action or proceeding in any manner arising out of this Agreement with respect to itself or its assets, such Party hereby irrevocably agrees not to invoke such immunity as a defense and irrevocably waives such immunity. Each Member also agrees that any trial arising out of, or in connection with, a claim against it arising out of this Agreement or the transaction contemplated hereby shall be before the court and each Member's right to a trial by jury is hereby waived.

11.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Members and their respective successors and permitted assigns.

11.4 Third Party Rights. This Agreement is not intended to confer any benefits upon, or create any rights in favor of, any Person or entity other than the Members.

11.5 Notices. All notices, demands, instructions, waivers, consents or other communications to be provided pursuant to this Agreement shall be in writing, shall be effective upon receipt, and shall be sent by hand, facsimile, air courier or registered mail, return receipt requested, as follows:

if to PDVSA V.I.:

PDVSA V.I., Inc.
1A Frederiksberg Gade
St. Thomas, U.S. Virgin Islands 00802
Telephone: (340) 774-4422
Facsimile: (340) 776-3860
Attention: George Dudley

with a copy to:

PDVSA Petroleo y Gas, S.A.
Division de Manufatura y Mercadeo
Av. Libertador, Edificio PDVSA
Torre Oeste, La Campina
Caracas 1060-A, Venezuela
Telephone: 58-2-708-3097
Facsimile: 58-2-708-1781
Attn: Consultor Juridico

if to HOVIC:

Hess Oil Virgin Islands Corp.
Kingshill
P.O. Box 127
St. Croix, U.S. Virgin Islands 00851-0127
Attention: Vice-President

with a copy to:

Amerada Hess Corporation
1185 Avenue of the Americas
New York, NY 10036
Attention: General Counsel
Telephone: (212) 536-8576
Fax: (212) 536-8339

or to such other address as hereafter shall be furnished as provided in this Section 11.5 by any of the Members to the other Members.

11.6 Waiver and Amendments. No waiver shall be deemed to have been made by any Member of any of its rights under this Agreement unless the same is in writing and is signed on its behalf by its authorized officer. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the Member granting such waiver in any other respect or at any other time. To be binding, any amendment of this Agreement must be effected by an instrument in writing signed by the Members.

11.7 Headings. The headings contained in this Agreement are for convenience of reference only and shall not in any way affect, the meaning or interpretation of this Agreement.

11.8 Entire Agreement. This Agreement (including the Exhibit hereto, which are hereby incorporated in the terms of this Agreement) sets forth the entire understanding and agreement among the Members as to the matters covered herein and therein and supersedes any prior understanding, agreement or statement (written or oral) of intent, with respect to such matters. Without limiting the generality of the foregoing, this Agreement replaces and supersedes the Limited Liability Company Agreement of the Company dated as of July 2, 1998.

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first herein written above.

PDVSA V.I., INC.

By: /s/ MIGUEL QUINTERO

Name: Miguel Quintero
Title: Vice President

HESS OIL VIRGIN ISLANDS CORP.

By: /s/ JOHN B. HESS

Name: John B. Hess
Title: Chairman of the Board

EXHIBIT A

Distribution Protocol

On or prior to the twentieth (20th) day following the final day of each Distribution Period, the chief operating officer (or such other officer designated by the chief operating officer and responsible for the financial and/or accounting function of the Company) shall prepare and submit to the Executive Committee a Report of Distributable Cash, prepared in accordance with the following description.

"Distributable Cash" in respect of any Distribution Period means an amount equal to the cumulative net income of the Company since inception through such Distribution Period, determined in accordance with U.S. GAAP, plus or minus, on a cumulative basis from inception through such Distribution Period, without duplication, the following items for the Company:

(a) plus, (1) depreciation and amortization (including asset impairment) deducted in calculating net income (other than depreciation and amortization with respect to (i) the Coker Project, and (ii) any other Financed Assets (as defined below) in the same proportion that the Coker Project and such other Financed Assets are financed), (2) turnaround amortization and accruals, and (3) net losses on sales of assets; and minus net gains on sales of assets;

(b) minus, $8,000,000 paid to the U.S. Virgin Islands pursuant to the Concession Amendment (to the extent not taken into account in the determination of net income);

(c) plus, proceeds from sales of assets (except sales in connection with a sale and leaseback or other comparable financing transactions);

(d) minus, cash paid for turnarounds;

(e) minus, $12.5 million for capital expenditures (other than (i) the Coker Project and (ii) Financed Assets) per Distribution Period, regardless of whether or not actually expended (each a "Capex Allowance");

(f) plus, any portion of any Capex Allowance that has not been actually expended within the current Distribution Period and one year after the end of the current Distribution Period in which it arose, taking into account on a cumulative basis all capital expenditures (other than (i) the Coker Project and (ii) other Financed Assets) during such Distribution Period and such year;

(g) minus, Distributable Cash for prior Distribution Periods that has actually been distributed.

As used above, "Financed Assets" means capitalized assets acquired after the Effective Time and financed in whole or in part by specifically associated borrowings from third parties (including without limitation lease financings or vendor credits) as identified and agreed by the Executive Committee.

Only Distributable Cash (as calculated pursuant to the preceding provisions) shall be taken into account for purposes of calculating any Excess Distributions under the Contingency Amount Note; provided, however, that if the Company is prohibited from distributing any or all of such Distributable Cash as a result of the terms of any Indebtedness, the provisions of Section 5.7 shall apply.

On or prior to the thirtieth (30th) day following the end of the Distribution Period, the Executive Committee shall meet to approve the Report of Distributable Cash. The Executive Committee shall declare a distribution in the amount of Distributable Cash, plus any other amount upon which it may agree, subject to Section 1406 of the Act and any requirements or limitations imposed by any indebtedness; provided, however, that such other amount shall not be taken into account for purposes of calculating any Excess Distribution under the Contingency Amount Note.