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October 25, 2024

VIWAPA  
PURCHASING DIVISION  
[contractservices@viwapa.vi](mailto:contractservices@viwapa.vi)

RE: **TANK LEASE PROPOSAL**

TO WHOM IT MAY CONCERN:

We appreciate the invitation to participate for the RFQ-05-25. As part of the analysis for the referenced RFQ, we are proposing the below concept to Lease WAPA fuel tanks in the islands of St. Thomas and St. Croix.

Lessee: Peerless Oil and Chemicals, Inc  
Lessor: VIWAPA  
Tanks:

FUEL STORAGE CAPACITY			
	TANK	BARRELS	GALLONS
RHPP	14	31,905	1,340,010
	15	31,905	1,340,010
ERPP	5	53,104	2,230,368
	6	25,450	1,068,900
	7	35,732	1,500,744

Monthly Rent: To be negotiated based on \$/shell barrel.  
Export: Lessee shall be able to export products using WAPA docks  
Product: Lessee will always maintain product (as per WAPA specifications) to meet WAPA minimum monthly requirements  
Supply to WAPA: If RFQ-05-25 is awarded to Lessee, WAPA would have the option to buy on a day-to-day basis using the negotiating pricing formula. That way, the working capital for WAPA will be at a minimum.

Loading Rack:	We propose the construction of a loading rack at the WAPA sites. Lessee shall be allowed to load trucks for inland deliveries. This loading rack will provide redundancy to the islands fuel needs in case of natural disasters or shortage of fuels from other suppliers importing fuels.
Thruput:	To be negotiated based on a \$/barrel loaded into tank trucks. Part of the thruput fee to be credited to recover the Capital investment.
Vessels and trucks:	TBD, subject to Peerless/VIWAPA approval, not to be unreasonably withheld. Approval/rejection to be agreed within 24 hours
Quantity:	Reconciliation based on tank measurement and truck loading reports.
Quality:	Composite at tanks
Credit:	Cap to be negotiable based on forecasted consumption and Net 30 days after consumption. Standby Letter of Credit from a Bank agreeable by Peerless.
Payment:	Details to be worked out prior to deal confirmation.
Inspection:	50:50, with inspector to be mutually agreed
Laytime:	To be discussed if applicable
Demurrage:	To be discussed if applicable
PT&C's:	Peerless Oil & Chemicals Terms and Conditions for Tank Sales



Pricing Index: **Based on agreed formula.**

Pricing Period: Volume prices based on daily postings.

Governing Law: Any litigation to be seen in the US Federal Court, Puerto Rico District.


USVI import duties, taxes, and fees: To be discussed.

General Contract Terms: To be discussed.

Existing environmental Conditions: To be discussed.

Feel free to contact us at 787-836-1280 or by email at [luiz.vazquez@peerlessoil.com](mailto:luiz.vazquez@peerlessoil.com).

Sincerely,



Luis R. Vázquez  
General Manager