cc to HPL
ESW

EXXON COMPANY, U.S.A.
POST OFFICE BOX 1512 • HOUSTON, TEXAS 77001 "STANSHIP HOUSTON"

MARINE DEPARTMENT

O. R. MENTON
GENERAL MANAGER

B. J. WERSTAK
ENGINEERING & PLANNING MANAGER

J. M. BURKE
PROJECT MANAGER
AVONDALE VLCC CONTRACT

May 11, 1978

Mr. G. Guy Via, Jr.
Vice-President Ship Repair Sales
Newport News Shipbuilding
4101 Washington Avenue
Newport News, VA 23607

Dear Guy:

As you know, our tug-barge conversion contract required that the price of any contract cost changes be agreed upon in writing in advance of the performance of the work. However, many necessary items of work were authorized, undertaken, and completed with no cost information being provided by the shipyard. Also, no arrangements were made to perform the work on a time and materials basis. While we have been assured many times that prices would be furnished very soon, we still have not received them for any changes beyond those covered in our November 4, 1977, letter on this subject.

It is clear that the applicable portions of the contract have not been followed for this work and are considered null and void. Due to this, it will now be necessary to settle the costs of these work items through negotiations or whatever other means are appropriate.

Our objective is to settle the outstanding cost changes and close out the contract as quickly as possible. Therefore, please advise us in writing when you intend to take action on this matter and submit prices for the work in question. We anticipate that it will require considerable review to settle the contract after receiving your costs, and this process should begin without further delay.

Sincerely,

W. N. Ekstrand

W. N. Ekstrand

WNE:bjc

bcc: B. J. Werstak
H. J. Borgen
P. J. Grossweiler
C. D. Edelen
R. H. Nicholas