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Texas Bankruptcy Court Rejects Ocean Point's Bid to Shift Refinery Dispute Jurisdiction

Port Hamilton wins jurisdictional battle as Texas court defers ownership dispute over refinery land back to the Virgin Islands courts for resolution

Business / **Published On September 17, 2024 11:15 AM /**

Staff Consortium **September 17, 2024**

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The oil refinery and oil terminal facility on the south shore of St. Croix. By. ERNICE GILBERT, V.I. CONSORTIUM

The Texas bankruptcy court which oversaw the auction of the Limetree Bay Refinery facility on St. Croix has abstained “from hearing any argument between Ocean Point and the Purchaser relating to underlying ownership rights of any assets or shared services systems.”

The ruling comes amid a bid by Port Hamilton Refining and Transportation to have themselves declared the full, free, and clear owner of all buildings and other improvements on the land the refinery sits on.

Port Hamilton launched a “[quiet title](#)” action for the refinery property in the Superior Court in February of this year, claiming that Limetree Bay Terminals, now doing business as Ocean Point Terminals, had been meddling with equipment and blocking access to Port Hamilton’s buildings. According to the complaint filed by PHRT attorneys, Ocean Point is making unfounded claims of ownership about “certain assets that sit on land that was transferred to Port Hamilton during the [sale](#) of the bankrupt Limetree Bay Refinery at [auction](#).” As a result, Port Hamilton is seeking to settle the dispute by asking the courts to declare it the owner of the land and its improvements free and clear, removing any other party’s claims.

Ocean Point removed the case from the V.I. Superior Court to the U.S. District Court of the Virgin Islands and then sought to transfer the case to the Texas bankruptcy court for it to decide the case. Simultaneously, Ocean Point filed a motion in the bankruptcy court arguing that that court should interpret its prior order authorizing the sale of the refinery assets to Port Hamilton in a manner that would give Ocean Point an undivided ownership interest in portions of the refinery assets.

Monday’s ruling from bankruptcy court judge Christopher Lopez makes clear that the sale order issued by that court in December 2021 was limited to only the undivided interest of shared services systems owned by Limetree Bay Refining and did not decide any issue of Ocean Point’s ownership of the refinery assets. The court abstained from those issues and deferred to the Virgin Islands courts to rule on them.

The order “did not authorize the debtors to sell any of Ocean Point’s interest in any asset,” including above-ground refinery assets, Judge Lopez found. “Thus, any claim by Port Hamilton that it owns Ocean Point’s interest in an asset because of the asset purchase agreement or the sale order is incorrect.”

Conversely, any claim by Ocean Point “that the Sale Order found, ordered, or decreed that Ocean Point held an interest in any property, including any above-ground assets, is also incorrect,” Judge Lopez ruled. These claims will be adjudicated in the V.I. District Court, where the quiet title action now resides after being transferred from the Superior Court.

What the Judge's Ruling Means and What Comes Next:

Judge Lopez's ruling essentially means that neither Port Hamilton nor Ocean Point can definitively claim ownership of the above-ground assets based on the sale order from the bankruptcy auction. The ruling clarified that the sale order did not explicitly transfer ownership of these disputed assets to Port Hamilton, nor did it affirm Ocean Point's interest in them. As a result, the question of ownership remains unresolved.

The next step in this ongoing legal battle will occur in the V.I. District Court, where the quiet title action is now pending. However, Port Hamilton has asked that court to return the case to the Superior Court arguing that the case does not belong in the District Court and even if it does, that court should also abstain in favor of the Superior Court.

Whichever court ultimately ends up with the case will be tasked with determining the rightful ownership of the contested assets. The outcome of this case will finally provide a resolution to the dispute between Port Hamilton and Ocean Point, establishing who holds the clear title to the refinery's land and its improvements.

