The Virgin Islands Consortium

HOVENSA Says It Will Completely Shut Down Refinery In Mid-December If ABR VI Deal With Gov't Fails

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Adding even more pressure to a Senate body that was given under two weeks to ratify the far-reaching, 98-page ABR VI Operating Agreement sent to it by Governor John de Jongh on October 30, HOVENSA has informed the Virgin Islands Government that it is losing money on the oil storage operation it's currently running, and will completely shut down the refinery beginning mid-December--laying off the remaining 150 people currently employed--if the 30th Legislature fails to ratify the Agreement.

Attorney General Vincent Frazer first revealed the news at Wednesday's hearing on St. Thomas, where Governor de Jongh had called a Special Session for the Senate to consider approval of the Agreement. HOVENSA said its parent company would stop subsidizing the oil refinery, leaving it without cash come December. Frazer's information came from a letter sent by attorney George Dudley, who has represented HOVENSA in the past.

Senator Shawn-Michael Malone asked David Herr from the firm Duff and Phelps, who is one of the Governor's refinery advisors, how much money HOVENSA was currently making running the refinery as an oil storage facility. Herr said HOVENSA was bringing in anywhere from $150 million to $170 million a year.

The Fourth Amendment Agreement, which was established so HOVENSA could operate as an oil storage facility while its owners searched for a buyer, gives HOVENSA until 2019 to run the plant as such.

Governor de Jongh, receiving notice of the refinery's recent letter, told the Senate in a recently released statement that now more than ever it has to act. The Governor was also adamant that the 30th Legislature take action on ratifying the Agreement, and not the incoming 31st.

"There are approximately two months left before a new Legislature is seated and it is my hope that the members of the 30th Legislature will give serious priority to taking action on this agreement. I look forward to working with the Chairman of the Senate Finance Committee and the other lawmakers towards the full Senate’s consideration and approval of the proposed agreement," de Jongh said.

A Special Session will be held at the end of November or early December; however, it is not yet clear if the Senate will add the Operating Agreement to its agenda, as it now sits in the Finance Committee, chaired by Senator Clifford Graham of St. Thomas.