

The Virgin Islands Consortium

Mapp Asks Senate For \$1 Million For Suit Against HOVENSA, Says 'It's Time To Turn Page'

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Hess Oil wants to leave and, frankly speaking, the people of the Virgin Islands aren't interested in forcing them to stay. In other words, as we say on the Big Island, it's time to turn a page.

During Kenneth Mapp's first State of the Union Address in St. Thomas on Monday night, the eighth governor of the U.S. Virgin Islands spoke on a myriad of difficult realities facing the territory; however, one of the most glaring matters was that of the now-shuttered HOVENSA refinery, where he revealed that earlier on Monday, the Mapp administration filed action for foreclosure to seize the refinery's assets at Estate Hope on the South Shore of St. Croix.

As he'd done when first announcing the move against HOVENSA [two weeks ago](#), the governor again spoke of the effects of the refinery's closure, stating that the "territory has been severely injured by it," and that "no one in the territory has gone unscathed by this closure."

The governor also said the relationship with the company, for the most part, has been good, but recent events have led to the two parties coming to contradicting conclusions, forcing the Government of the Virgin Islands to take action.

"According to Hess, market forces have brought us to this point where we must part company," Mapp said. "And, let us assume for the purposes of this discussion that the closure was solely driven by market forces. Hess Oil wants to leave and, frankly speaking, the people of the Virgin Islands aren't interested in forcing them to stay. In other words, as we say on the Big Island, it's time to turn a page. However, there must be an orderly exit, with Hess Oil fulfilling its obligations to the territory."

The governor then spoke of a promise Hess Oil made pursuant to a settlement agreement to pay \$43.5 million the company was supposed to make by Dec. 31, 2014. That payment was in consideration for the environmental damages Hess Oil caused to the territory's ecosystem, totaling more than \$800 million, Mapp pointed out.

The governor added that while Hess Oil paid an initial sum of \$3.5 million, "this august body, acting on the good faith and our relationship with Hess Oil, ratified this settlement agreement and deferred 50 percent of the \$14 million due annually from Hess Oil as its payment in lieu of property taxes," he said.

The current deferred amount now totals \$14 million, Mapp explained. However, the refinery's owners initially refused to pay the sum, he said, leaving his administration with no other option but to take action against the company. If the money is recovered, it will aid in the administration's efforts to steer clear from financial ruin.

"So our sixth initiative to stave off financial collapse is to collect from Hess Oil all of the current monies that are due and owing to this territory," Mapp said.

He continued, "Mr. Timothy Goodell, senior vice president of Hess Oil, called and spoke with me last Friday on behalf of the 2015 state of the company to assure me and to restate the company's intention to make good on Hess' obligations to the territory.

"I thanked Mr. Goodell for his thoughts, expressed our continued willingness to cooperate in a sale, and I expressed to him the importance of the territory protecting its interests from the looming threat of a bankruptcy action that may be filed by Hess Oil," the governor said.

Mapp then asked the 31st Legislature for its financial assistance, and said the Virgin Islands should diversify its economy so as not to become mired in a similar situation in the future.

"Accordingly, I am asking you, the members of the 31st Legislature, for your help. Later this week, I will submit a bill for your consideration to authorize and appropriate an initial \$1 million to begin the process of retaining legal counsel to pursue our claims against Hess Oil, arising out of our concession and settlement agreements.

"If we are to take any lessons away from the current dispute with Hess Oil, that lesson is that we, as a territory, must work harder and invest more resources in truly diversifying our economy," the governor said.

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