

The Virgin Islands Consortium

Governor Mapp Signs \$1 Million Appropriations Bill For HOVENSA Lawsuit

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Governor Kenneth Mapp has signed into law Bill No. 31-0021, which appropriates \$1 million to pursue legal action against "Hess Oil V.I. Corp., HOVENSA, LLC, Petroleos de Venezuela, PDVSA, VI, Inc., and all related entities" in order to recoup \$40 million the refinery owes the government from a previous court settlement. Furthermore, the money is expected to be used for litigation pertaining to the government's intent to foreclose on the refinery and for other environmental issues at the site.

On March 5, the governor forwarded a proposal to Senate President Neville James seeking authorization and appropriation of \$1 million to retain counsel in the government's intended litigation against Hess Oil "to enforce the rights of the people of

the Virgin Islands pursuant to the concession and Settlement Agreements entered into between Hess Oil, its related entities, and the U.S. Virgin Islands,” according to Government House.

Mapp previously made known his intention to seek funds for the litigation process during his State of the Territory Address on Jan. 26, where he said market conditions forced both parties to take varying paths in their quest for a resolution.

“Our relationship, the territory’s and Hess Oil, for the most part, has been a good one. But according to Hess, market forces have brought us to this point where we must part company,” the governor said during his address.

“And, let us assume for the purposes of this discussion that the closure was solely driven by market forces,” Mapp continued, “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 people of this territory.”

Upon approving the measure, Mapp said the unanimous support of the 31st Legislature is a clear indicator that all branches of government are in lockstep as it relates to the HOVENSA refinery.

"The Senate's unanimous support for this appropriation signals that the leadership of the Territory is in accord with protecting the interest of and pursuing all claims owed to the people of the Virgin Islands," he said. "My Administration will pursue every legal avenue and do all within our authority to bring this matter to an equitable resolution. I thank each member of the body for their resolve."

While speaking at the St. Croix Chamber of Commerce's annual meeting earlier this month, the [governor told an audience of business persons](#) that HOVENSA officials have informed him they have found a buyer for the shuttered refinery.

Mapp, however, said he had other plans, indicating that while he would accept any decision HOVENSA's owners made in selling the refinery, he would like to see the facility, specifically its docking and storage capabilities, be used for economic stimulation and security for the territory.

“The short reality on this matter is we continue to extend our cooperation on HOVENSA’s issue with a sale — some of you may be aware that folks are continuing to fly into the territory [to] look at the facility. Mr. Timothy Goodell, the senior vice president at HESS Oil, had advised me that they believe they have a buyer,” Mapp said, adding, “and that there may be some closing of a sale, but obviously could not warrant that.”

He added: “And for all intents and purposes, while I would like HOVENSA to sell the property, and pay the government what it is owed, I am not stuck in that situation.”

Mapp, who recently visited Washington, DC to attend the 2015 National Governor’s Association Winter Meeting, said his team had prepared a presentation in advance of the trip to present the Obama administration with the possibility of using the shuttered refinery for Department of Defense purposes.

“While I will not be able to speak this morning in great detail, I would like to alert the people of the Virgin Islands that in my meetings with President Obama and the governors, and we set this information up prior to our arrival to make sure that this conversation could take place, we believe that the HOVENSA property, particularly its docking and storage facilities, which sit on land that are leased by the Government of the Virgin Islands to HESS Oil, have significant Department of Defense value, and we made a presentation to the Obama administration on how this value can be used in the territory,” Mapp explained.

The governor said the Obama administration took interest in the presentation and officials invited him back to the White House to further discuss the plans.

“The president did acknowledge our invitation and asked me to standby after our meeting with the governor’s office — they wanted to have a conversation with me, [so] I was brought back to the White House the following day at noon to meet with two of the president’s senior advisors, and participated in a conference call with members of the Department of Defense,” Mapp said.

He continued: “And I will say to you that I can’t make any assurances to the people of the Virgin Islands what the tenor and the depth of those conversations were, but I can say to you that in about fifteen days there will be a full assessment team from the Department of Defense on St. Croix, doing a complete assessment of the property.”

Mapp said his goal is to revitalize the territory’s economy and boost its security.

“My objective is economic activity, jobs and security,” he said. “And to the extent that HOVIC and HOVENSA does what it needs to do in the transference and sale of its property, that’s fine; we will accept whatever monies is due and owed to us.

“We are in a foreclosure arrangement, but this administration is focused on what value activity can take place at that site, jobs that can be created by use of the docking facilities, networking of our assets of the V.I. National Guard, and some participation in the nation’s policy for Homeland Security issues and defense,” the governor said.

Mapp did not disclose the refinery’s buyer; however, it does not appear to be Monarch Energy Partners, a company that has expressed strong interest in purchasing HOVENSA.

[\[Bill No. 31-0021\]](#)