

The Virgin Islands Consortium

HOVENSA In Sales Process To Sell Refinery Terminal

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ST. CROIX -- As Governor Kenneth Mapp prepares to meet with senators of the 31st Legislature on Monday in what is expected to be a gathering where a wide array of topics are discussed, people with intimate knowledge of HOVENSA's recent dealings, who requested anonymity because they were not authorized to speak, told *VI Consortium* that the refinery's owners were conducting another sales process of the facility located on St. Croix's south shore.

However, unlike the last sales process between Atlantic Basin Refining (ABR) and HOVENSA, in which HOVENSA included the facility's refining capabilities as part of the deal, only the terminal is up for sale.

As part of the agreement, HOVENSA is offering 52 storage tanks that are currently in use -- with the capacity to store 12 million barrels of oil (12 mmbbls), and there are 89 additional tanks that could be brought online after repairs -- with an extra 19 mmbbls, or 19 million barrels of oil storage, these people said.

In relation to infrastructure, the sale includes a gasoline and distillate blending system, power plant, tugs, warehousing, a laboratory, employee housing, foreign waste autoclave, office space and more. The marine facility, which operates 10 docks where crude and refined products are received and shipped is also included in the deal.

While some might be hopeful because of the movement at HOVENSA, concerns remain with this new offering, the most glaring being HOVENSA's decision to sell only the terminal and not the facility's refining capabilities, which, if sold, would benefit only a handful of people -- and not the employment of hundreds to over 1,000 workers that the facility would accommodate if its refining portions were included in the sale.

Nonetheless, the current sales process is wide-ranging, these people said, as HOVENSA's terminal is spread across the refinery, which encompasses over 2,000 acres of land.

Another noteworthy aspect of the current deal is HOVENSA's swiftness: the company's owners, through Lazard -- the firm rehired by HOVENSA to facilitate the sale of the refinery's terminal -- want to sell in 4 weeks. That's 11 months sooner than the last sales process; although it's important to mention that the facility's refining capabilities are not included this time. HOVENSA is also offering site visits to participating companies, these people told *VI Consortium*.

The deal, *VI Consortium* has been told by other sources, has been revealed to some senators of the 31st Legislature who are expected to bring up the matter for discussion during Monday's meeting with the governor. It was not clear who revealed the information to the senators, nor the depth of their knowledge on the current sale.

According to the Fourth Amendment Agreement between HOVENSA and the Government of the Virgin Islands (GVI), signed by former Governor John P. de Jongh after the 30th Legislature on November 8, 2013, passed the measure 8-7, HOVENSA is allowed to operate the facility as an oil storage terminal until August 15, 2019. If HOVENSA is successful in selling the terminal, the new owners would then approach the GVI for a new operating agreement.

The current sales process also stands in contrast to comments made by governor Mapp, who recently said that the owners of HOVENSA had found a buyer.

"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 while speaking at the St. Croix Chamber of Commerce's annual meeting Thursday, March 5 at the Palms at Pelican Cove, adding, "and that there may be some closing of a sale, but obviously could not warrant that."

As for the companies involved in the sales process, *VI Consortium* was not privy to that information.

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