

The Virgin Islands Consortium

ArcLight Inks Deal With Owners Of HOVENSA For Storage Terminal; Refining Portion Still Up For Sale

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ST. CROIX -- Governor Kenneth Mapp announced at a press conference held at Government House here on Monday that the owners of HOVENSA had reached a deal with a company called [ArcLight Capital Partners, LLC](#) for the sale of the facility's oil storage, racking and docking segments.

Mapp said the principles of the now-shuttered refinery -- HESS Oil and PDVSA -- introduced him and his team to ArcLight as a company with the wherewithal to reopen and maintain the portions of the refinery that it has agreed to purchase.

ArcLight Partners, LLC, according to the governor, is a lean, energy-focused private equity investment firm that has created a Virgin Islands-based company, with the parent firm being based in Boston, Massachusetts.

The company is a 29-person investment team and a 400-person asset management team and affiliates. It has invested approximately \$13 billion in 90 transactions since its inception in 2001. The firm has also owned interest in midstream companies, with its most recent round of financing amounting to \$5.6 billion, according to the governor.

"ArcLight Capital Partners, LLC investment focus is on large to midstream infrastructure in the energy industry. It owns storage terminals, pipelines and processing systems," Mapp said. "It is spread over six affiliated entities in North America, and owns 100 million barrels of storage capacity, 19 terminal facilities and 9 miles of oil pipelines."

Hess Oil revealed the purchase price for the segments of the refinery that ArcLight has agreed to buy as \$190 million. The refinery currently has 13 million of storage capacity available, with the full potential being 30 million barrels -- expected to come online in the future.

The territory's leader told The Consortium that ArcLight has agreed to employ 70 workers at 13 million barrels capacity, with that number rising as new storage comes available. This means at max storage availability, ArcLight would hire 350 workers; however it was not immediately clear how quickly the remaining storage space would come online. ArcLight said it would hire more people while improving the facility's infrastructure.

The facility will house finished crude products, including gasoline, jet fuel, propane and liquid propane gas, Mapp said. ArcLight is also ready to purchase some of the oil currently stored in HOVENSA and make it available to companies within the territory.

"The remaining assets of the refinery will remain available for sale and ArcLight does not foreclose any opportunity to purchase it, and Hess has no objection to selling it," Mapp said, referring to the refining capabilities of HOVENSA. It was not clear why ArcLight decided not to purchase the entire facility.

Mapp also told this publication that his administration favors the deal, adding that the owners of HOVENSA would like to complete the agreement, including Senate ratification, by November 30, 2015.

HESS Oil has also agreed to pay the Government of the Virgin Islands the \$40 million it owes for contamination, as per the Fourth Amendment Agreement, and thereafter will place its facility in bankruptcy and implement a [363 bankruptcy sale](#) on those provisions of the assets that ArcLight wishes to purchase -- leaving the government of the Virgin Islands in bankruptcy court to pursue monies due to it, according to the governor.