

The Virgin Islands Consortium

Judge Approves Sale Of HOVENSA To ArcLight

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Ernice Gilbert **December 01, 2015**



ST. CROIX -- U.S. Bankruptcy Judge Mary Walrath on Monday approved the sale of HOVENSA to ArcLight Partners, LLC, the government's choice to reopen and run the oil storage facility. The deal would see the creation of only 80 jobs and calls for \$200 million in cash, if ratified by the 31st Legislature.

Governor Kenneth Mapp is expected to announce the whirlwind agreement today at Government House in St. Thomas. There, the territory's leader is also expected to take the veil off a deal between the Government of the Virgin Islands, HESS and PDVSA, that's said to include a settlement of the GVI's lawsuit against the owners of the now-shuttered refinery, as well as the operating agreement with ArcLight.

According to information released during a prolonged hearing in Delaware on Monday, the agreement sees ArcLight purchasing the facility's asphalt plant for \$6 million. Mr. Mapp, speaking last Tuesday on talk radio with Liston Davis on AM 1000, suggested that ArcLight would consider limited oil refining in the future, but there were no guarantees given that the company would expend resources to restart refining.

Monday's decision came after the Official Committee of Unsecured Creditors in HOVENSA's Chapter 11 case withdrew its objection to the sale last weekend. According to a source with direct involvement with the proceedings, who requested anonymity to speak freely, the withdrawal came after HOVENSA made more money available to the creditors. The deal was expected to go through because the judge said on November 19, that she was not opposed to the parties coming together and working out their differences.

And the approval potential ends Buckeye Partners and, to a lesser extent, Monarch Energy Partners' gambit, with their only hope being a Senate disapproval of the operating agreement.

The Consortium will be present at Government House today to bring full coverage of Mr. Mapp's remarks.