The Virgin Islands Consortium

Freepoint Commodities Has 20 Percent Stake In HOVENSA

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ST. CROIX -- In a press release issued on Tuesday, Sutherland Asbill & Brennan LLP -- a law firm with global reach known for solving challenging business problems and resolving sophisticated legal issues for many of the world's largest companies -- announced that it represented commodities merchant Freepoint Commodities LLC, in its joint venture with private equity firm ArcLight Capital Partners, LLC, in connection with their agreement to acquire the Hovensa oil storage terminal complex here, from Hess Corp. and Petróleos de Venezuela S.A. (PDVSA).

In its release, Sutherland made known that Freepoint Commodities, based in Stamford, Connecticut, will have a 20-percent stake in the venture, and ArcLight Capital Partners, LLC, based in Boston, will be the majority owner. The lead attorney on the Freepoint joint acquisition was Benjamin G. Clark, a Sutherland Energy and Environmental Partner.

The partner companies plan to invest at least $125 million in capital improvements over the first two years, among other things, to expand the operational storage capacity and add very large crude carrier (VLCC) capabilities to the terminal. Freepoint Commodities also plans to lease two million barrels of fuel oil storage at the location, with Sinopec, a major Chinese state oil firm, agreeing to purchase 75 percent of oil stored at the facility for the next ten years.

According to a description found on Freepoint Commodities website, the company describes itself as a merchant of physical commodities and a financer of upper-and mid-stream commodity-producing assets. The firm also provides physical supply services and related structured solutions for counterparties. Freepoint trades global oil and oil products, global coal, North American gas, North American power, European gas, European power, European emissions metals and concentrates.

If approved by the 31st Legislature before or on December 31, 2015, the agreement will net the Government of the Virgin Islands $800 million over the course of 25 years, and $220 million in cash upon sale, among other benefits.

Correction: December 3, 2015

A previous version of this story, because of a text error, incorrectly stated that the Government of the Virgin Islands would receive $220 upon Senate ratification of the HOVENSA operating agreement between the GVI and ArcLight Capital Partners, LLC. The correct figure is $220 million, and the story has been updated as such.