

The Virgin Islands Consortium

St. Croix Not Ready For Amount Of Jobs Sinopec Will Bring; Oil Refining At Limetree Bay A Great Possibility, Mapp Says

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ST. THOMAS, GOVERNMENT HOUSE -- Governor Kenneth Mapp on Tuesday revealed details of his China delegation trip that he says will transform the economy of St. Croix in the coming years, estimating that Sinopec -- a leading AA-rated Chinese state oil company traded in Hong Kong, Shanghai and New York worth about \$1.5 trillion, through its stake in the former HOVENSA refinery with ArcLight Partners, LLC -- will bring hundreds of jobs to the Big Island through major investments in the south shore facility, including a substantial increase in oil storage and, importantly, oil refining.

"This morning I want to be measured to the people of the Virgin Islands as I announce that Sinopec has advised me that they're going to make major, significant investments in the U.S. Virgin Islands," Mr. Mapp began. He then revealed that Sinopec wants to increase the current oil storage capacity at the former HOVENSA site from its current 13 million barrels to "north of 50 million barrels" in 2-3 years, which would include the building of new storage tanks and other important work that calls for substantial additional manpower.

Sinopec is currently reviewing the oil refining units at the refinery, the governor revealed, to determine its ability to function, "and literally to determine whether we can turn them on." Mr. Mapp carefully noted, however, that his remarks were not to be construed as an announcement that refining at Limetree bay was definitive.

"It is the company's intention that some level of refining will be necessary at the St. Croix refinery. I do not want to be construed as announcing today that the company has made a decision to turn on the refinery," he said. "But for all intents and from all our discussions, and all of their plans having to do with blending of crude, and the storage of crude -- that there is a great possibility that the south shore refinery will, in fact, be restarted."

The governor said Sinopec no longer wanted to use Very Large Crude Carriers (V.V.L.C.C.) at Limetree Bay, which holds 1 million barrels of crude oil; the firm wants to raise the stakes and instead use Ultra Large Crude Carriers, capable of holding 2 million barrels of oil. Through the operating agreement signed between the Government of the Virgin Islands and ArcLight Partners, ArcLight has committed to build a buoy system to facilitate major oil tanks. The project includes dredging the south shore, which currently is 50 feet deep, to 70 feet deep -- enabling the accommodation of the ultra crude carriers.

Mr. Mapp said the delegation spent four days with Sinopec officials, and the firm gave a detailed presentation as to where they acquire their crude oil, what and where they plan to ship the oil stored at Limetree Bay.

"I want to be clear to the people of the Virgin Islands that the significant amount of jobs to our economy, the number of jobs to be created, the revenues to be derived by the local government will be significant," he said. The governor said the level of employment needed will be beyond what the territory can manage. He said vocational training must be escalated so that locals could take advantage of some of the incoming positions. The governor said he intends to accomplish this by teaming up with the Department of Education. He also indicated the potential of reduced crime as young men, many of them currently with little to no job opportunities, will be able to take advantage of the employment influx.

But the governor was not specific as to when these opportunities, though great, would become an actuality. Pressed by a Consortium reporter, he spoke of employment he'd already mentioned in the past, including work that would come online once ArcLight starts the process of bringing the remaining 17 storage terminals online. He also suggested that that process could commence as early as September, when ArcLight plans on hosting a grand opening ceremony. And he said more job opportunities would be available once the buoy project starts -- more potential work already announced at previous events.

The governor finally came around, however, admitting that the promises made today would not be fully realized in the near term. "I have no specific date to give you, but I can tell you [Sinopec's] commitment is to get this process in full gear within the next few years," he said.

Senator Kurt Vialet, who was present for a portion of the press conference, told The Consortium that he was pleased with the governor's remarks, and remains optimistic on the outlook of St. Croix and the greater Virgin Islands. Mr. Vialet was specifically encouraged with the announcement of more-than-expected oil storage, which he says would boost the territory's bottom line.

"We have a great possibility that as a result of the deal, we could be collecting between forty to fifty million dollars a year. And that is good because we were just getting a flat rate from HOVENSA of \$14 million, which was in lieu of taxes. So I think this is a good opportunity," he said.

The Mapp administration has a lot of work to do, though, if it is to build a strong relationship with its Chinese partners. Mr. Mapp, in his closing remarks today, said United States Ambassador to China Max Baucus gave the delegation pertinent advice: The Chinese love getting to know personally the people they do business with; it's part of their culture. If the Mapp administration is to take advantage of this reality, multiple trips must be made to China for nurturing purposes.

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