

The Virgin Islands Consortium

A Tentative Deal With British Petroleum To Restart Refining At Former HOVENSA Refinery Has Been Reached, Sources Say

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ST. CROIX -- A grin was all that Governor Kenneth Mapp offered to The Consortium at Government House here on Monday when asked to confirm information the publication had gathered relative a deal between his administration, British Petroleum, and the owners of the Limetree Bay facility on the south shore of St. Croix -- the former HOVENSA refinery that was shuttered in 2012 and years later [transformed into an oil storage facility](#) under the ownership of ArcLight Partners, LLC.

But Mr. Mapp has hinted in the past of [a major development](#) that would see billions -- not millions -- of private sector investment on St. Croix. And in the past five days, three government officials with intimate knowledge of the dealings, have told The Consortium that a deal had been struck between British Petroleum, the Government of the Virgin Islands and Limetree Bay that would see the eventual restart of oil refining on St. Croix -- a development that would add well over a thousand jobs upon the already over 800 people currently employed at Limetree Bay.

All those who spoke with The Consortium in the last five days expected anonymity from the publication to speak freely on highly sensitive and private dealings. Among them was a senator who said lawmakers were told to expect legislation related to the deal this month, as any new agreement must go through the Senate. This senator, a St. Croix lawmaker, was leaning towards approving any measure "that produces jobs and protects the environment." During carnival activities in St. Thomas in April, two other St. Croix senators breezily told this publication that the restart of the oil refinery by British Petroleum would bring no less than 1,500 jobs to the Big Island, adding that it was not if the deal happens, but when.

Among the sources was a well placed Mapp administration person, who further verified the recent agreement by stating that a deal had been reached. This person said the actual restart of oil refining is projected to begin in late 2019 into 2020, and that the administration had outside firms working on the agreement.

Even at the oil storage terminal itself, a top official, who worked for years at HOVENSA, left when it shuttered and has since return to the south shore facility, said in a recent meeting that turnaround -- a period that sees an influx of workers to prepare for refining -- would include no less than 1,200 workers and was slated to begin anytime, according to someone who works at the refinery and was privy to the conversation. An oilfield housing camp, also known as a "man camp," is expected to be built near Limetree Bay to house workers. And people in the know on the south shore have been advising local food vendors to prepare their operations for the inevitable demand for food.

The restart of oil refining was not the only big development on the south shore. According to a St. Croix senator, Limetree Bay hopes to drastically increase its oil storage capacity -- information already made known by the company. The additional storage capacity will be facilitated by the expansion of its marine terminal to accommodate very large crude carriers, known as VLCCs.

If Mr. Mapp is able to announce an oil-refining deal at the Limetree Bay facility with a venerable firm with deep pockets like British Petroleum, it would be boon for the U.S. Virgin Islands, which has long struggled to regain its footing following the U.S.'s Great Recession that began in December 2007 and lasted into 2010, and the closure of HOVENSA in 2012. The latter event damaged not only St. Croix's economy, but the entire territory's ability to sustain itself.

The announcement would also be a boost for the Mapp administration coming during an election year, and would bolster the governor's case for reelection. Yet, Mr. Mapp, although giving a lot of hints, has been tight-lipped about the developments. Earlier this year this reporter attempted to pry information from the governor related to the deal, but he said he didn't want to hamper the agreement before it happened.

That was earlier this year. Now, according to multiple, well placed sources, a deal has been reached, and it's only a matter of time before the territory's leader divulge the information to the public.

Feature Image: An aerial shot of the former HOVENSA Refinery, now Limetree Bay Terminals, LLC. (Credit: Ernice Gilbert, VIC)

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