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Limetree Bay to Soon File For Bankruptcy, Bloomberg Says; Company to Seek Financing During Chapter 11

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ST. THOMAS — Limetree Bay Refining could file for bankruptcy as early as this weekend, Bloomberg has reported, with the publication citing people with knowledge of the matter, who further stated, "the refinery on St. Croix has been seeking so-called debtor-in-possession financing that will help fund a restructuring in bankruptcy court."

Bloomberg said its sources were asked not to be identified because the discussions are private.

Debtor-in-possession financing or DIP financing, is a special form of financing provided for companies in financial distress, typically during restructuring under corporate bankruptcy law.

Limetree Bay on June 21 [announced](#) it was suspending its plans to restart the refinery indefinitely due to severe financial constraints. The closure has resulted in hundreds of jobs being lost on St. Croix, and the aftermath of the layoffs is already being felt by businesses. On Friday, the owner of restaurant on the Hess Road said sales have dropped more than 50 percent.

On Sept. 19, Limetree will let go 291 of its employees, making for a devastating reality as the additional layoffs will be upon hundreds already made redundant by Limetree contractors, [including hundreds](#) the weekend before Limetree announced its closure, and [another 100 from Pinnacle](#) soon after the announcement.

Even so, Limetree's plan to seek DIP financing is an encouraging sign that it might emerge out of bankruptcy with the ability to refine oil again — and as a result rehire some employees. It is not known whether the company will be successful with its DIP plans; attempts to reach Limetree Bay Relations Specialist Erica Parsons were unsuccessful.

Limetree Bay owes tens of millions to contractors, according to documents gleaned by the Consortium. Those payments, already mounting and in arrears prior to the EPA order halting refining at the plant for sixty days, became impossible to satisfy once the refinery closed, with investors losing appetite to continue pouring money into the beleaguered facility.

In its June 21 announcement of indefinite shutdown, Limetree Bay Refining said since the temporary suspension of its petroleum refining and processing operations on May 12, it had been working to obtain capital to assist in its restart efforts. "Regrettably, the company has been unable to secure the necessary funding and will be required to reduce the refinery's workforce by approximately 271 employees, effective September 19, 2021," Limetree said.

"This was an extremely difficult decision for us, and we are truly saddened to announce suspension of our restart plans for the refinery," said Jeff Rinker, Limetree Bay CEO. "Our personnel have demonstrated tremendous commitment and dedication in restarting the refinery, and we continue to be proud of their hard work. Unfortunately, this is our only option, given the extreme financial constraints facing the company."

Source: [Bloomberg](#).