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Restart Hope Lives on as Limetree Bay Refinery Receives $20 Million From St. Croix Energy, the Only Qualified Bidder

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Limetree Bay Refinery **By. ERNICE GILBERT/ VI CONSORTIUM**

ST. CROIX — Hope for the restart of the Limetree Bay Refinery became more pronounced late Sunday, as the south shore facility received a stalking horse bid of $20 million from St. Croix Energy, whose aim is to restart the refinery.

According to documents filed in Texas bankruptcy court Sunday, St. Croix Energy has been named the stalking horse bidder and is currently the only qualified firm bidding on the facility. A stalking horse agreement is a bid for a bankrupt firm or its assets that is arranged in advance of an auction to act as an effective reserve bid.

The opening bid from St. Croix Energy, received on Oct. 25, was $11.5 million. "However, over the last few days, the parties have negotiated a significant increase in the amount being offered by the stalking horse bidder," according to court documents. On Saturday, a bid with an executed asset agreement from St. Croix Energy for $20 million, or $8.5 million more than the company's original bid, was agreed upon. The $20 million bid is "for all or substantially all of the debtors' assets on a "going-concern" basis," according to court documents, the debtor being the Limetree Bay Refinery.

A court hearing has been scheduled for Monday where Judge David Jones, the chief bankruptcy judge for the Southern District in Houston, Texas, will determine whether to grant St. Croix Energy an increase in the total allowable amount of bid protections of 5 percent, up from the original 3 percent, "which would result in reimbursement of expenses of $1 million payable on the closing of a sale," according to court documents.

If St. Croix Energy, currently the presumptive bid winner, secures the auction that is set to take place on Thursday, it would still face a number of obstacles before oil refining resumes at Limetree Bay. From settlement agreements signed with St. Croix residents affected by the massive May 12 flare incident that resulted in an indefinite halt of refining, to hardened oil still sitting in pipelines, and navigating substantial Environmental Protection Agency obstacles.

The company had commenced oil refining on February 1 after a costly yearlong delay exacerbated by the global Covid-19 pandemic. The refinery was shutdown since 2012 prior to the February restart, and was revived after investors aligned with EIG and ArcLight Capital poured roughly $4 billion into the restart effort.

In a release issued early Oct., St. Croix Energy said, "We are 100 percent committed — not just to the sustainable, economic growth of St. Croix, but also to the environment and to the Virgin Islands as a whole, since most of the partners live here."

"The St. Croix Energy team firmly believes that we can develop the appropriate strategic partnerships to operate the refinery in an EPA-compliant way, and in a manner that will protect the community and provide employment for many of our neighbors here in the Virgin Islands. While others may be driven solely by profit, our partners live on St. Croix and are therefore interested in what is best for the territory and being good fiduciaries of the natural resources of the Virgin Islands, which is ultimately an environmentally safe restart," the company further stated.

The firm said it is comprised of "businessmen with deep roots in the Virgin Islands, along with industry professionals that have decades of experience in the refining, marketing, and renewable fuels sectors."