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Backup Bidder Looking to Dismantle Refinery Calls For Delay of Final Sale, Alleges St. Croix Energy's Bid Was Slanted

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Limetree Bay Refinery on St. Croix. By. ERNICE GILBERT/ V.I. CONSORTIUM

St. Croix Energy's winning bid in November for the Limetree Bay Refinery was tilted from the outset, a bidder whose offering was rejected has alleged in a Wednesday filing asking the bankruptcy court in Texas handling the matter to delay the Dec. 7 sale.

St. Croix Energy [won the bid on Nov. 18](#) in a deal valued at roughly \$33 million. But Bay Ltd. has contended that its combined bid with Sabin Metal Corporation amounted to "far higher" than the St. Croix Energy offering.

"Based on Bay's participation in the sale process and the debtors' lack of engagement before and after the auction, Bay's perception is the sale process was tilted from the start, and throughout, to benefit St. Croix [Energy] for reasons Bay cannot understand," reads the filing in U.S. Bankruptcy Court for the Southern District of Texas, Houston Division, calling for the delay.

Bay Ltd. is a Texas-based contractor, and Sabin Metal Corporation is based in New York. Combined, their bid is up to \$39 million. "The St. Croix bid smacks of nothing more than a disguised dismantlement bid, and in a head-to-head with Bay and Sabin, it falls far short," Bay Ltd. said in the filing.

Bay Ltd. does not hide its intention to dismantle the refinery, but it says the plan would actually benefit St. Croix, providing work for up to three years as part of the dismantling process while addressing decadeslong environmental concerns.

"Bay also wants it known that its bid is also in the interests of the Island itself, which while not a restart option for a perennially troubled refinery that sits idle and represents decades of pollution issues, involves a valuable opportunity for the island and its people," the company said in its filing.

It added, "In addition to facilitating eventual fixes for longstanding pollution and environmental concerns, the straightforward dismantlement of the plant by Bay will entail that Bay employs many from the Island to facilitate the decommissioning work that will span approximately three years.

"While perhaps not a 'value concern' in the strict sense for this bankruptcy, it should be considered that Bay's bid opens up new opportunities for the Island and will facilitate the resolution of longstanding federal and state concerns over the site, and the need to address—with the starting point being the removal of the twin refinery complexes."

According to court documents, Bay Ltd.'s bid included \$3.2 million in cash and up to 55 percent of net proceeds of the equipment it manages to sell as part of the dismantling, "not to exceed \$21.56 million" over the course of three years.

Sabin's bid offered no cash upfront. Instead, the company says it believes it would be able to pay \$15 million to the debtor (Limetree Bay Refinery) over a period of 5-8 months from the sale of the catalysts at the refinery — the heating metal used in the crude units.

St. Croix Energy won with a bid value of \$33 million. This includes \$20 million in cash at closing and the payment of expenses over a minimum of three months of at least \$13 million in cash to remove the oil that's currently in the refinery and prepare the facility for restart pending negotiations with the Environmental Protection Agency.

The final sale hearing is set for 4:00 p.m. Central time on Dec. 7.