

Judge Approves Reopening of Limetree Bay Auction as Jamaica-Based Firm Offers \$30 Million in Upfront Cash

Business / **Published On December 07, 2021 05:48 AM /**

Ernice Gilbert **December 07, 2021**

Image not found or type unknown



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

Judge David Jones, the chief bankruptcy judge for the Southern District in Houston, Texas has ordered the auction for the Limetree Bay Refinery be reopened to allow West Indies Petroleum — which on Friday signaled its intention to be part of the bidding process with a offering of \$30 million — to participate. Limetree Bay [on Monday filed a motion](#) for the auction to be reopened.

Limetree Bay attorney Elizabeth Green explained to the judge that West Indies Petroleum, a Jamaica-based firm which specializes in bunker services and oil storage, was originally part of the auction, but its chief executive had fallen ill and needed emergency attention in the days before

the auction was set to take place and that prevented the company from proceeding at the time.

West Indies Petroleum's \$30 million cash upfront offering is superior to St. Croix Energy's \$20 million in cash upfront.

St. Croix Energy attorney Gregg M. Galardi expressed disappointment in the filing to reopen the auction, noting that SCE had done everything by the books and Tuesday was supposed to be the final sale hearing. Notwithstanding West Indies Petroleum chief executive's illness, Mr. Galardi said St. Croix Energy won the auction on Nov. 18 but the competing bidder waited until the last minute to state its intention.

Also opposing the filing was Bay Ltd.'s attorney, who questioned whether West Indies Petroleum should be allowed in the proceedings as it's a firm based in a foreign country. The attorney also criticized St. Croix Energy and has [stated](#) that the auction was tilted in SCE's favor from the outset. Bay Ltd., which intends to dismantle the refinery and sell its useful parts, has joined with New York-based Sabin Metal Corporation. The companies' combined bid would be up to \$39 million, though only a fraction is in upfront cash.

The other parties involved, including Arena Capital, the debtor-in-possession (DIP) lender along with Goldman Sachs, both with significant investment in the Limetree Bay Refinery, stand to benefit from the increased offering.

The Environmental Protection Agency spoke as a neutral party, pointing to West Indies Petroleum's "clean break" plan that would see it seeking a new agreement with the EPA for restart of the refinery, a process with a 24-month window. The St. Croix Energy agreement would see it continuing operations under the Limetree Bay operating agreement while seeking to rectify compliance issues with the EPA.

In the end, the judge ordered the reopening, which will include only three parties: St. Croix Energy, West Indies Petroleum, and Bay Ltd. The auction has been set for Dec. 17, and a sale hearing for Dec. 21.

Because West Indies Petroleum is a foreign-based firm, the U.S. Dept. of Justice must review the case and may or may not have a decision on its findings before the dates set by the judge. If the U.S. D.O.J. needs more time, the dates will be changed. Whether the U.S. D.O.J. gives clearance to West Indies Petroleum to bid for the Limetree Bay Refinery remains to be seen.

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 refinery over a period of 5-8 months from the sale of the catalysts at the plant — the heating metal used in the crude units.

St. Croix Energy won the Nov. 18 auction 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.