

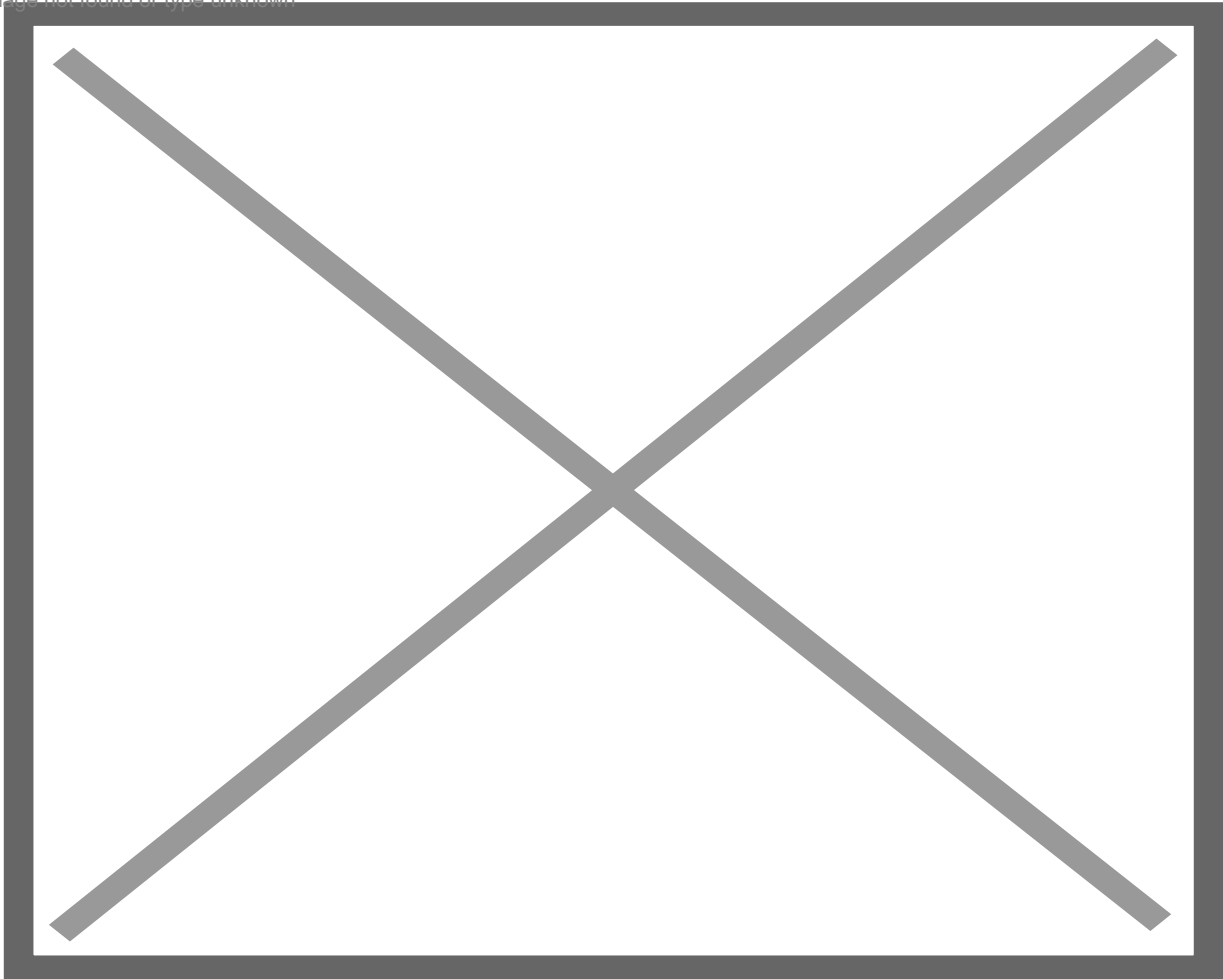
logo not found or type unknown

As Second Limetree Bay Auction Draws Near, Concerns Over West Indies Petroleum's Ability to Reopen Refinery if it Wins Bid

Business / **Published On December 14, 2021 01:56 PM /**

Staff Consortium **December 14, 2021**

Image not found or type unknown



Nighttime shot of the Limetree Bay Refinery headquarters on St. Croix. By. ERNICE GILBERT/ V.I. CONSORTIUM

When Limetree Bay Refinery on Dec. 6 made its case before David Jones, the chief bankruptcy judge for the Southern District in Houston, Texas on behalf of West Indies Petroleum asking the judge to reopen the Limetree Bay auction, the Environmental Protection Agency said it preferred WIP's strategy to reopen, as the company said it would seek a PSD, or prevention of significant deterioration permit in its quest to restart the refinery.

West Indies Petroleum, a Jamaican-based firm which specializes in bunker services and oil storage, has offered the debtor, Limetree Bay, \$30 million in cash up front, a much more superior deal to St. Croix Energy's (SCE) \$20 million cash offering. On Friday, the companies will go head-to-head in a final battle for Limetree Bay, and the bid is expected to exceed WIP's \$30 million offering.

The PSD permit requires a minimum of 11-18 months that includes inspections, planning and other aspects of permit approval. The EPA prefers this strategy, though it would mean that the Limetree Bay Refinery would not be in operation for a minimum of a year, and the process could last much longer with no guarantee that WIP would be granted the PSD permit.

On the other hand, the St. Croix Energy strategy would see it continuing operations under the Limetree Bay operating agreement while seeking to rectify compliance issues with the EPA — a strategy the EPA admitted at the Dec. 6 hearing it would rather not entertain, though the federal agency would have to engage SCE's plan of action.

If WIP is successful on Friday, in the 11-18 timeframe the refinery would be idled waiting on the PSD process, the company would have carrying cost of owning the asset to preserve it for a potential restart.

Meanwhile, Limetree Bay Terminals, LLC recently hired its own chief restructuring firm, namely Alvarez & Marsal, an action that suggests liquidity issues at the terminal. Alvarez & Marsal is a global professional services firm notable for its work in turnaround management and performance improvement of a number of large, high-profile businesses both in the US and abroad.

With the intertwined nature of the refining and terminals business relationship, it remains unclear whether the terminal operation would be able to survive without a permanent refining partner operating at the facility for the next 18 to 24 months it would take WIP to obtain the necessary permitting to operate, if the Jamaica-based firm wins the bid.

As of Dec. 6, WIP had held no discussions with the EPA. The Consortium on Monday asked West Indies Petroleum a number of questions regarding its stated intent to restart refining at Limetree Bay, including whether the firm had engaged the EPA. However, responses were not provided at time of publishing.