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11 Hours of Auction For Limetree Bay Carry Auction Price to $50 Million; Former ABR VI Executives Join West Indies Petroleum

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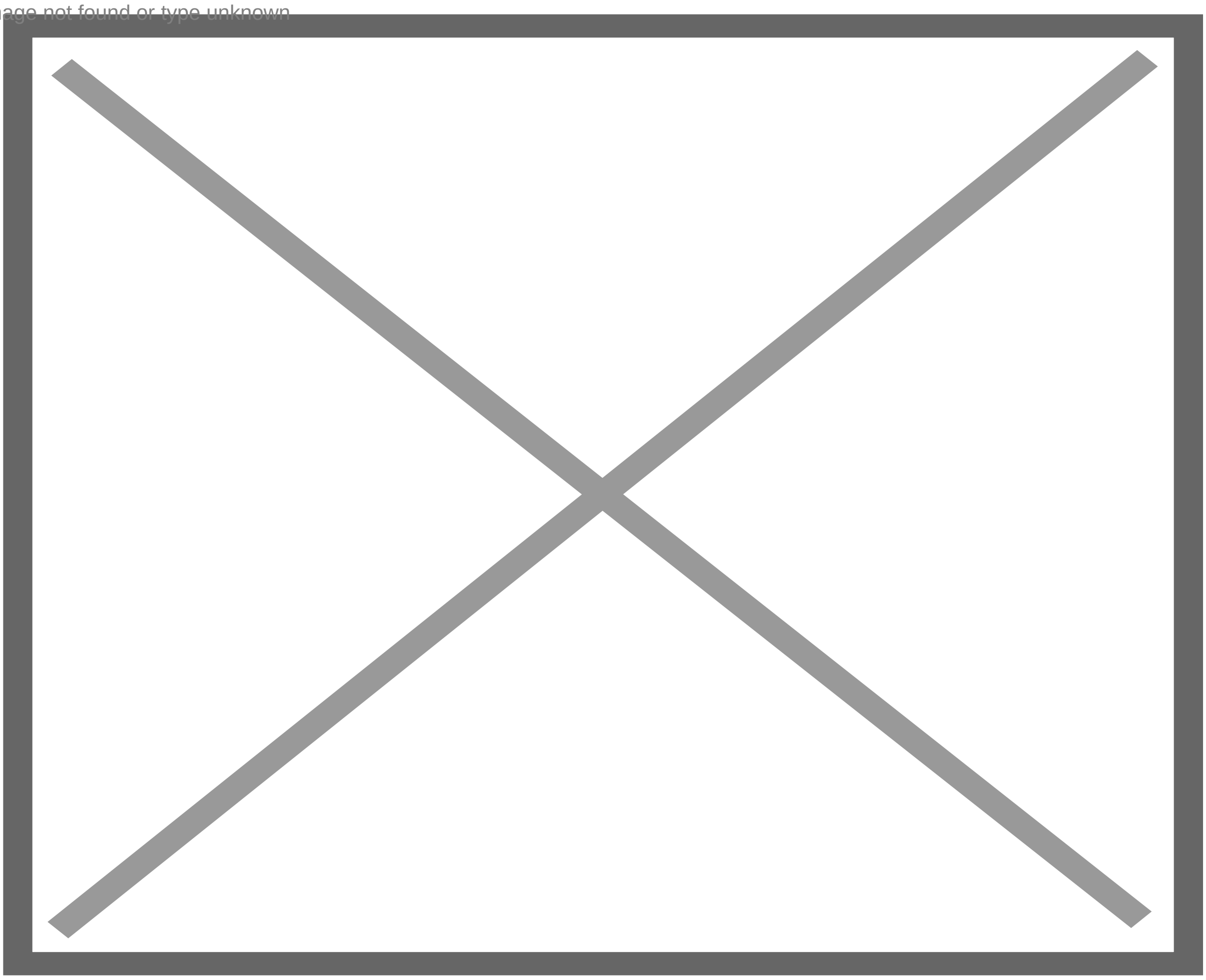

Limetree Bay logo at headquarters on St. Croix. **By. V.I. CONSORTIUM**

An hourslong bidding slugfest for Limetree Bay Refinery Friday was suspended at 11:00 p.m. AST and is set to resume today at 1:00 p.m., with West Indies Petroleum (WIP) being joined by former executives of Atlantic Basin Refining (ABR VI) — a company whose attempt to own and operate the refinery failed after being rejected by the V.I. Legislature Dec. 2014.

The auction started at noon Friday, although actual bidding didn't commence until about 6:00 p.m. Bay Limited, which intended to dismantle the refinery, refused to change its cash bid of $3.9 million and dropped out of the bidding in the first round. The bid then became a nine-round, two-company battle, with West Indies Petroleum ending the night at $50 million, while St. Croix Energy was at $42 million.

Though WIP bid $50 million in cash, the company advised the court that it would not be able to close on the funds until Jan. 21, 2022. WIP did not give an explanation relative to why.

The Unsecured Creditors Committee (UCC), a group of contractors owed over $100 million for unpaid work at the refinery, interviewed executives of both companies, reviewed documents and before the bidding started, the committee indicated that it preferred St. Croix Energy's original bid of $20 million than the $30 million bid from WIP, with the committee suggesting that WIP's plan for possible restart could take up to two years or more, while St. Croix Energy has had a plan for a while that would see the possible restart happening in months. WIP also suggested that future financing would be uncertain. The UCC on multiple occasions, as the bid amount went up, sided with St. Croix Energy, giving a clear indication that the UCC has more confidence in SCE's ability to operate the south shore facility and resume oil refining.

Jaime Leggett, counsel for West Indies Petroleum asked St. Croix Energy during the auction process whether it had any agreements with any of the contractors from the UCC. St. Croix Energy counsel Greg Galardi said the company did not. Galardi then asked West Indies Petroleum what was the company's relationship with Excel Construction, as according to sources the largest shareholder of WIP is David Roberts who owns Excel Construction. Meanwhile, Excel Construction is owed roughly $28 million for work performed at the refinery.

Mr. Leggett originally stated that he would refrain from answering those questions, however, he later stated that David Roberts is not owed money from Limetree Bay Refinery, Excel Construction is.

Jack Thomas, who was an executive of ABR VI during the company's unsuccessful attempt to operate the refinery, has joined WIP. Mr. Thomas is part of the St. Croix Renaissance Group. Thomas Eagan, who was an attorney for ABR VI, has also joined WIP.

During a Dec. 2014 session, senators came out strong against the ABR VI-HOVENSA deal, which had the backing of outgoing governor John P. de Jongh.

The 30th Legislature spoke with almost one voice against the agreement, making known their misgivings with the deal as it stood, and railed against ABR and HOVENSA for not being on the same page on some aspects of the agreement, yet expecting the 30th Legislature to ratify it.

“Why would we lock ourselves into this agreement with some individuals who seem least capable of carrying out what the proposal [says] and what they’re saying on record?" asked then-Senator Positive Nelson. "Because when you compare what they are saying on record, to what the agreement actually says, I do not believe that it is in our best interest and the best interest of St. Croix or the entire Virgin Islands to pass this ABR agreement.”

Messrs. Thomas and Eagan were part of a meeting at Gov't House last Sunday, Governor Albert Bryan has confirmed to the Consortium. David Roberts, the owner of Excel Construction, was also at the meeting.

"Whomever wins will be aided in their effort to get a permit," said Mr. Bryan. "The government has already begun the work in paving a road to a safe restart with the EPA."

Would WIP Restart Oil Refining? Concerns Abound

The Environmental Protection Agency has 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.

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 today, 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 have not been provided.