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Judge Approves Sale of Limetree Bay Refinery to Jamaican Firm, Ending Spirited Effort by St. Croix Energy to Pause Transaction

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The Limetree Bay Refinery on the South Shore of St. Croix. By. ERNICE GILBERT/V.I. CONSORTIUM

After more than six hours of hearing arguments from St. Croix Energy, Limetree Bay, and West Indies Petroleum during a motion filed by SCE that sought to adjourn instead of close the auction sale of the refinery in WIPL's favor, Judge David Jones late Tuesday approved the auction that was won Saturday. The auction was held in U.S. Bankruptcy Court for the Southern District of Texas.

The Saturday auction ended with [WIPL's \\$62 million bid](#), which was superior to St. Croix Energy's \$57 million.

A major factor in the judge's decision was the overwhelming support that Saturday's auction result received from many parties involved in the transaction, including the debtor itself, Limetree Bay Refinery. The refinery's attorney, Elizabeth Green testified in support of the sale, stating that Limetree Bay had done its due diligence and that WIPL had already put on the line \$10 million since Saturday's outcome.

Goldman Sachs was also in favor of the sale of the refinery to WIPL, and so too was the Unsecured Creditors Committee, a group of Limetree Bay contractors owed over \$100 million. The UCC's support for the sale to WIPL Tuesday was a major blow to St. Croix Energy, as the committee had supported the sale to St. Croix Energy as recently as Saturday.

SCE [filed the motion Sunday](#) objecting to a number of outcomes, including that it was the original winner after SCE had complied with all the rules. The company also said that notwithstanding West Indies Petroleum's (WIPL) \$62 million cash offering, SCE's own offering was better when considering all factors.

During the Tuesday hearing, Michael O'Hara, managing director of Jefferies LLC, which is the investment banker of Limetree Bay, took the stand defending decisions made relating to the process of WIPL's sudden move to participate after the bid had closed, and Limetree Bay's decision to [file a motion to reopen the auction](#) which resulted in [the auction's reopening](#) and [victorious outcome in WIPL's favor](#).

One of SCE's biggest moments during the hearing was new information that surfaced showing weak financials of West Indies Petroleum. A document that circulated and viewed by the Consortium showed the company was worth roughly \$8 million as of Dec. 2020. Limetree Bay argued that this document was placed under seal by the Supreme Court of Jamaica, which had ruled against two shareholders of the company, one of whom Limetree Bay said provided the sealed document to St. Croix Energy.

Judge David Jones, who saw the 52 page document after it was provided to him by St. Croix Energy, said he wished he hadn't seen it.

When Charles Chambers, WIPL chief executive took the stand, he admitted under questioning from SCE Attorney Gregg Galardi that WIPL didn't have the \$30 million cash on Dec. 5 that it said it had, which was one of the main reasons Judge Jones approved the motion to reopen.

Even so, the judge approved the auction after more than six hours of hearing arguments, as a majority of the stakeholders involved in the matter — Limetree Bay Refinery itself, Goldman Sachs, Jefferies LLC, the Unsecured Creditors Committee and others were in favor of the sale to WIPL.

With Tuesday night's outcome, the big question moving forward is how long it's going to take to see a restart of the Limetree Bay Refinery since WIPL is seeking a PSD, or prevention of significant deterioration permit from the Environmental Protection Agency 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 throughout the auction preferred this strategy over St. Croix Energy's, which would see SCE continuing operations under the Limetree Bay operating

agreement while seeking to rectify compliance issues with the EPA — a strategy the EPA admitted during the Dec. 6 hearing to reopen the bid that it would rather not entertain.

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 is expected to take WIPL to obtain the necessary permitting to operate.

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