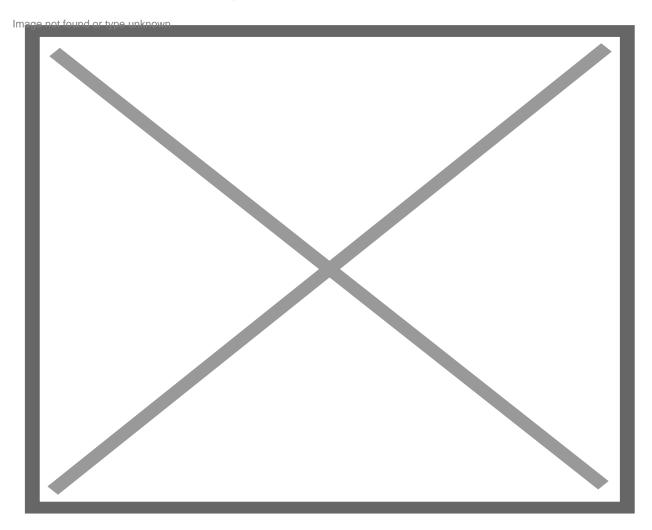
As Jan. 21 Deadline Approaches, Financial Documents Raise Questions About West Indies Petroleum's Ability to Close Limetree Bay Auction Sale

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

As West Indies Petroleum prepares to close on the Limetree Bay Refining, LLC asset, which has a deadline of January 21, 2022, new concerns about WIPL's financial health have surfaced courtesy financial documents reviewed by the Consortium.

It remains to be seen whether WIPL has the wherewithal to finance operations and to effectively maintain the asset for a restart while it goes through the Environmental Protection Agency's 12-18 months Prevention of Significant Deterioration (PSD) permitting process as stipulated in the letter to the bankruptcy court submitted by the EPA.

Limetree Bay's investment banker stated during the Dec. 6 auction sale hearing that WIPL was in sound financial condition. And Governor Albert Bryan on Dec. 13 told the Consortium he had met with principles of the company on Sunday, Dec. 12. "It was a meet and greet," Mr. Bryan said on Dec. 13 of the meeting. "They intend to open the refinery. Whomever wins will be aided in their effort to get a permit. The government has already begun the work in paving a road to a safe restart with the EPA."

He added, "They seem financially credible and adequately experienced to make a bid. The courts will decide."

However, after reviewing the audited financial documents, a few things were clear.

First, the company has significantly more debt than assets. WIPL also has much more debt than equity and its debt-to-equity ratio is in an extremely risky category. The company's profit margins are very low and therefore it is not making much profit as a percentage of its revenue. Indeed, WIPL lost approximately \$161,000 last year. WIPL also has a very low return on assets meaning its income is very low relative to its assets. Debt-to-asset ratio is also in a very poor category. The documents also show that the company defaulted on all of its loans and breaches of covenants for loans causing it to be payable on demand.

WIPL CEO Charles Chambers said at the sale hearing on Dec. 21 that the company was in the process of raising the \$62 million necessary to close on the Limetree Bay asset by the closing date of Dec. 21. At the Dec. 21 hearing, WIPL said that Excel Construction owner, David Roberts, would provide 30 percent of the funding and that WIPL and three of its shareholders would supply 70 percent of the \$62 million final auction sale price. This means the company and three of its shareholders — Mr. Chambers, Gordon Shirley and Tarik Felix — will have to come up with \$43.4 million to close the sale, while having ongoing liquidity for roughly two years while it awaits the EPA's PSD permitting process.

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 possibly the next two years it is expected to take WIPL to obtain the necessary permitting to operate.

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