

logo not found or type unknown

# Refinery Owners Fail to Pay Debt of \$5.6 Million to Limetree Bay Terminals and Are Cut Off From Services as Fight Between Two Entities Goes Public

Business / **Published On June 03, 2022 05:51 AM /**

Ernice Gilbert **June 03, 2022**

Image not found or type unknown



**The Limetree Bay Site on the south shore of St. Croix, USVI.**

A fight between West Indies Petroleum/Port Hamilton Refining and Transportation and Limetree Bay Terminals that has been brewing for months, has spilled over into the public's view following a court filing by Limetree Bay Terminals seeking to correct the record regarding alleged statements made by PHRT counsel.

PHRT and West Indies Petroleum are the new owners of the oil refinery on St. Croix after [closing on the sale in January](#).

According to court documents, Limetree Bay Terminals said it sought to comment on claims made by PHRT that LBT had failed to turn over certain assets in its possession that were conveyed to PHRT under the sale order. However, Limetree Bay Terminals says PHRT owes millions of dollars in past due payments, and after multiple attempts to be made whole with little success, it cut off PHRT from certain shared services.

The bitter public spat has affected employees too, with workers from both companies sometimes refusing to help each other in what was once routine collaboration, according to a person with firsthand knowledge of the situation.

According to the filing, Limetree Bay Terminals and the oil refinery had 30 shared services. "For each service, either [the refinery or the terminal] was designated the primary party that was primarily responsible for providing the service, and the other party was designated as the secondary party. Generally, the primary party would submit a monthly invoice to the secondary party for the secondary party's share of costs and expenses for the given service," LBT stated.

However, since the refinery [filed for bankruptcy in 2021](#), LBT said it has "practically provided all the services for the Limetree Bay site due to the debtors' lack of liquidity and operational capabilities caused by the shutdown of the refinery."

LBT said it reached out to PHRT during the sale process in an effort to negotiate the terms of shared services, but PHRT "did not meaningfully engage in such discussions." Because of the failure to reach an agreement, language was included in the sale order noting that LBT was under no obligation to provide the new refinery owners with any goods and services, an action that prevented PHRT from receiving LBT services free of charge, according to the filing.

Following the refinery's sale to PHRT, the two companies came to an agreement on Jan. 23, 2022 as the refinery still needed the services of LBT. The agreement was meant to be temporary as the parties worked on a long-term services contract.

Limetree Bay Terminals said that shortly after executing the temporary contract on Jan. 23, PHRT started falling behind on payments beginning on Feb. 7, particularly for pre-payments for electrical generation fuel. "The Limetree Bay Site has power generation facilities that require fuel and are maintained by LBT. To provide power to the Limetree Bay Site, LBT purchases the necessary fuel and bills PHRT for its share of the fuel based on PHRT's power consumption. The power provided by LBT is critical to maintaining the day-to-day activities of the Refinery operations," said Limetree Bay Terminals.

LBT also provided computer network and email services, housing for PHRT employees, along with support personnel to include regulatory compliance, emergency response, and security to PHRT and billed PHRT for its share of the cost of those services.

"PHRT also failed to pay for these services," Limetree Bay Terminals said.

Following multiple attempts to receive payments from PHRT, the terminal on April 13 notified PHRT that it would cease providing non-critical network services. "As a consequence of this termination of services for nonpayment, LBT significantly reduced PHRT's access to certain network resources, including the SAP system and the other LBT IT systems where the Debtors' books and records are stored," according to the court filing.

Even so, LBT said it has continued providing critical shared services to PHRT in an effort to maintain safe operations, including power. "PHRT has not, however, paid its outstanding balance

for the Shared Services provided by LBT, which is currently over \$5.6 million, which includes \$1.15 million for fuel prepayments," LBT said.

"LBT takes the accusations of PHRT's counsel very seriously. While PHRT has yet to file a pleading seeking relief from the Court as threatened, LBT believes it is important to correct the record on these issues so the Court and others are aware that the situation is not as simple as PHRT would have the Court believe," LBT stated in its filing, seen [here](#). "To the extent PHRT does seek relief from the Court on the matters discussed in this Statement, LBT will respond in due course, and reserves all rights with respect to any relief sought by PHRT."

© Viconsortium 2024