



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

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340-774-0001

August 8, 2017

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

I write to request that the Limetree Bay Refinery Restart Project (“Refinery Project”), the Terminal Expansion Project (the “Terminal Project”), and the Single-point Mooring Buoy Project (the “Buoy Project”; together, the “Projects”) on St. Croix, U.S. Virgin Islands, be designated “high priority” infrastructure projects pursuant to your Executive Order of January 24, 2017, “Expediting Environmental Reviews and Approvals for High Priority Infrastructure Projects” (E.O. 13766). The expedited regulatory approval process conferred by such a designation is necessary to allow the Projects to go forward, for the benefit of the Nation’s energy independence and the economic resurgence of the Virgin Islands of the United States.

The Limetree Bay refinery was once among the largest oil refineries in the world, generating peak production of more than 600,000 barrels of crude oil per day and employing more than 3000 persons. It was the largest private employer in the U.S. Virgin Islands, and was the engine for the creation of the Territory’s once-thriving middle class. Refining operations were idled in early 2012, a casualty of unfavorable market conditions. In early 2016, the facility was purchased by Limetree Bay Terminals, LLC (“Limetree Bay”), which is controlled by Boston-based energy private equity firm ArcLight Capital Partners. Since the acquisition, Limetree Bay has undertaken considerable investment to re-purpose the ship docks and petroleum storage capacity at the refinery facility as an independent terminal storage operation. During this period, the petroleum processing units have been maintained in idle status pending active commercial discussions and technical analysis regarding the resumption of refining operations.

The revived Limetree Bay oil storage terminal has been an important success for America’s energy infrastructure, and is illustrative of the benefits that the Projects can provide. In an idled status as recently as early 2016, the facility now has the ability to store more than 26 million barrels of crude oil and refined products in newly refurbished tanks and associated infrastructure. This has generated tanker traffic to and from the facility in excess of forty ships per month. By the end of this year, its new owners will have invested more than \$200 million in capital expenditures into

the facility and the operation currently employs more than 730 people. The new owners have also committed tens of millions of dollars into environmental remediation, cleaning up the soil and water on the south side of St. Croix. This infusion of investment and employment has helped to revive a struggling St. Croix economy—all without the restart of the petroleum refining operations that historically provided the bulk of the economic, employment, and infrastructure benefits of the facility.

The re-commercialization of the facility has created an opportunity to advance the Projects, which are independent of each other. If executed, the Projects would represent a major step forward in the Nation's quest for a robust and dominant domestic energy industry:

- The Refinery Project is targeted to permit the facility to resume refining operations within two years, adding approximately 150,000 barrels per day of refining capacity to the Nation's petroleum infrastructure. The immediate impetus for the renewed production is the adoption by the International Maritime Organization of new maritime fuel sulfur content standards, which will reduce the maximum allowable levels of sulfur and other pollutants in marine fuels used on the open seas from 3.5% by weight today to 0.5% by weight in 2020. As the U.S. Energy Information Administration has explained, a major challenge presented by the new restrictions is "to increase the supply of low sulfur blendstocks to the bunker fuel market." See U.S. Energy Information Administration, "Tighter Marine Fuel Sulfur Limits Will Spark Changes By Both Refiners and Vessel Operators," November 30, 2016.¹ The Limetree Bay refinery is ideally suited to produce those low sulfur fuels for maritime use, and the Limetree Bay storage facility—which sits in a strategically critical location near the shipping lanes used by vessels crossing the Panama Canal—is ideally suited to store and dispense those fuels.
- The Terminal Project would entail the construction of new facilities on the site to approximately double the crude oil storage capacity at Limetree Bay (an additional 10 to 15 million barrels) and provide for a second offshore crude loading system (in addition to the Buoy Project) to accommodate additional marine traffic related to the new storage. The project is driven by interest from a major customer, which would use the additional capacity as part of its global supply chain; this customer is today one of the largest buyers of exported U.S. crude oil. Expanding Limetree Bay's storage and infrastructure capacity would facilitate more of this activity.
- The Buoy Project involves the construction of an offshore single-point mooring buoy to accommodate increased traffic from large, modern crude tankers.

If successfully permitted and commercialized, the Projects' economic benefits would be substantial. Restarting the refinery, expanding the storage facility, and adding a crude loading/unloading buoy will require more than \$1.35 billion in capital investment and will generate over 900 direct jobs during the construction phase and 620 permanent, full-time, direct jobs. This infusion of new capital investment and the creation of substantial numbers of new well-paying

¹ Available at <https://www.eia.gov/todayinenergy/detail.php?id=28952>.

jobs will materially improve the economic prospects of the U.S. Virgin Islands in general and St. Croix in particular. In addition, by increasing the production of low sulfur fuels and storage capacity for such fuels, the Projects may reduce maritime transportation costs.

If the Territory is to achieve these benefits, time is of the essence. The refinery must be returned to operation in time to service the fuel needs of maritime vessels when the new sulfur content standards go into effect in 2020. The expansion of the storage facility is driven by strong customer demand that must be satisfied quickly lest customers opt to store fuel in competing facilities outside the United States. The construction of a single-point mooring buoy project is a commitment under Limetree's anchor lease, and the completion timetable is critical to our largest customer. The size and complexity of the Projects require that they begin immediately, as soon as engineering studies are complete. Regulatory delays could ruin the prospects for both projects, depriving the United States and the U.S. Virgin Islands of a major economic and strategic benefit.

In short, the Refinery Project, the Terminal Project, and the Buoy Project are win-win-wins for America. They would increase domestic refining, storage, and trans-loading capacity and further reduce America's dependence on foreign fuels. In addition, the Projects would provide a market for domestic crude oil production and create an American port of call for large numbers of U.S. and international merchant vessels in need of low-sulfur, low-polluting maritime fuel. These Projects would also generate significant numbers of good jobs and economic investment in a U.S. territory struggling for economic growth and fiscal balance. And the Projects would have relatively low environmental impact on our pristine environment, which is important to our health and the health of millions of US citizens who vacation here each year. The Projects are an important step toward revitalizing our national infrastructure, and merit designation as "high priority" projects under your Executive Order.

The initial engineering for the Buoy Project is complete, and the project is currently under review by the U.S. Army Corps of Engineers. The Refinery Project and the Terminal Project are now in the engineering phase, and will be subject to regulatory review by the U.S. Environmental Protection Agency, the U.S. Army Corps of Engineers, the U.S. Coast Guard, and the U.S. Fish & Wildlife Service. The Projects would greatly benefit from the expedited environmental reviews and approvals contemplated by the Executive Order. Mr. President, on behalf of the people of the Virgin Islands of the United States, I am respectfully asking for your assistance in securing high priority status for these most important projects that will grow the economy of this US Territory.

Sincerely,



Kenneth E. Mapp
Governor

cc: Chairman
White House Council on Environmental Quality
1776 I St., NW
Washington, DC 20006