8/15/18

Limetree Bay/HOVENSA St. Croix Fact Sheet

BACKGROUND

From 1965 until 2015, HOVENSA, a joint venture between Hess Oil Virgin Islands Corporation (HOVIC) and the national oil company of Venezuela, Petroleos de Venezuela, S.A., operated a petroleum refinery and marine terminal on the island of St. Croix in the USVI. The facility's maximum design capacity was 545,000 barrels of crude oil per day.

- The Hovensa refinery and terminal is located at Limetree Bay, St. Croix, USVI and covers 1,500 acres in the south-central coast of St. Croix. Land use north, east and west of the site is varied including commercial, residential and some light agriculture. The Caribbean Sea forms the southern border of the facility.
- The USVI government owns a portion of the land located within the refinery boundaries.
- In February 2012, HOVENSA idled all refinery and processing operations at the facility, but marine terminal operations including oil storage operations, continued until February 2015 and distribution of oil within the USVI from this facility continued until May 2015. **Prior to idling, the HOVENSA refinery was one of the ten largest refineries in the world.**
- HOVENSA filed for Chapter 11 bankruptcy on September 15, 2015, and its above ground assets were later sold to Limetree Bay Terminals LLC (LBT). **An estimated 2,000 jobs were lost in 2012 as a result of the refinery's shutdown, placing a severe strain on the already struggling USVI economy.**
- LBT currently operates a portion of the former facility as an oil storage marine terminal.
- LBT would like to restart portions of the refinery to:
    - allow for the production of low sulfur fuel for maritime use (as required by MARPOL, effective January 2020);
    - facilitate production of renewable biodiesel to qualify under the Renewable Fuel Standards (RFS);
    - construct a single-point mooring (SPM) buoy to accommodate larger crude tankers;
    - expand terminal storage (adding 10-15 million barrels storage capacity); and
    - **generate 900 construction jobs and over 600 permanent jobs at the facility.**
- **The Virgin Islands Legislature has recently approved restart of portions of the refinery**. Numerous senators at the VI legislative hearings, held prior to the approval, expressed concerns about any weakening of environmental protections that might result from restart.

AIR

- Before LBT can restart and operate the refinery, LBT is expected to assume responsibility for a Consent Decree (CD) HOVENSA entered into in June of 2011;
- In 2017, EPA, the USVI, and LBT had nearly finalized CD modification terms that would transfer CD obligations to LBT and accommodate the idled status of the refinery (including restart provisions), but the negotiation was stalled due to the hurricanes and a number of permit-related requests that LBT directed to OAR.
- The federal permit-related questions were answered in an April 5, 2018 letter to LBT from Bill Wehrum of OAR. The letter provided a determination that the restart would not be a reactivation, that the biodiesel project would be a separate project, and that the SPM would be a modification to an existing unit.
    - The letter did not determine PSD applicability. LBT continues to be subject to PSD and must comply with the PSD permit that was issued to HOVENSA.
    - LBT must obtain USVI construction permits for all these projects, and comply with USVI Title V operating permit requirements.
- **Enforcement/Investigatory / Ex. 7(a)**

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WATER

- On November 8, 2017 the US Army Corps of Engineers (USACE) published a public notice regarding a Clean Water Act (CWA) Section 404 permit application to install a Single Point Mooring (SPM) and an underwater pipeline system for the direct offshore transfer of bulk fuel from very large bulk carriers to existing facilities at LBT.
- Construction will include extensive excavation of the marine floor and placing concrete mats over the pipelines, which could result in impacts to coral reefs.
- EPA has advised the USACE of concerns that include relocation of an estimated 2,215 coral colonies (including some listed as endangered species) without a complete environmental assessment and a suitable alternatives analysis.
- EPA believes that additional information is required to determine the extent of environmental impacts that may result from the construction of the SPM at LBT.
- USACE has requested that LBT provide additional data to fully evaluate possible impacts.
- EPA will continue working with USACE once the applicant provides all the requested information.
- In May 2018, the USACE initiated Endangered Species Act (ESA) Section 7 Formal Consultation with the National Marine Fisheries Service (NMFS), Essential Fish Habitat Magnuson-Stevens Act Consultation with NMFS; and ESA Section 7 Informal Consultation with the US Fish and Wildlife Service, as part of the USACE's CWA Section 404 permit.

RCRA

- The facility is also subject to RCRA permitting and remediation requirements. The long-term management of hazardous waste disposal units at this site and legacy contamination are being addressed under the facility's 1999 RCRA Operating Permit.
- RCRA involvement is just for the former HOVENSA facility's permitted units and for legacy releases from HOVENSA. RCRA is not involved in LBT's activities, and EPA does not anticipate that the proposed restarting of the LBT refinery would impact the continued remediation of these past releases; which are being addressed through the HOVENSA Environmental Response Trust (ERT) which was established pursuant to HOVENSA's bankruptcy plan and approved by the USVI legislature.
- LBT does however, own and operate a waste water treatment plant that is used for treatment of groundwater and wastewater.

Other Considerations:

- St. Croix received a significant amount of rain and flooding from Hurricane Maria, and the USVI considers the restart of the facility a crucial part of its recovery.
- Community Concerns –The residents near the facility (EJ communities) have been exposed to high levels of air emissions, and would like to see that any re-start is subject to strict compliance requirements.
- EPA is working with the USVI, which is a party to the Consent Decree, to balance the need to address the environmental issues raised by restarting the refinery and the USVI's economic development.