HOVENSA ENVIRONMENTAL RESPONSE TRUST

MARCH 30, 2018

PROJECT NO: 16-102
VIA US MAIL

CERTIFIED MAIL NO. 7015 1520 0001 6043 0775
RETURN RECEIPT REQUESTED

Mr. Donald G. Frankel
Senior Counsel
Environmental Enforcement Section
Department of Justice
One Gateway Center
Suite 616
Newton, MA 02458

CERTIFIED MAIL NO. 7015 1520 0001 6043 0751
RETURN RECEIPT REQUESTED

Claude Walker, ESQ.
Attorney General
Department of Justice
Office of the Attorney General
334-38 Kronprindsens Gade
GERS Building, 2nd Floor
St. Thomas, Virgin Islands 00802

CERTIFIED MAIL NO. 7015 1520 0001 6043 0768
RETURN RECEIPT REQUESTED

Ms. Carol Stein
U.S. Environmental Protection Agency – Region 2
290 Broadway
New York, NY 10007-1866

RE: Hurricane Maria Impact, Recovery Budget Revision 1
Bankruptcy Case No. 1: 15-bk-10003-MFW; EPA ID No. VID980536080

Dear Mr. Frankel, Mr. Walker, Ms. Stein:

Thank you for the expedient review and approval of the original Hurricane Maria recovery budget submitted on November 6, 2017 via certified US Postal Service. St. Croix was affected by Major Hurricane Maria on September 19 and 20, 2017 whose outer eyewall passed over the southwestern portion of St. Croix and the HOVENSA Environmental Response Trust (ERT) sustained extensive losses as a result of the Category 5 Hurricane. Additional assessments have occurred since the original Hurricane Maria recovery budget was developed and necessitate two changes to the budget: 1) Fencing repairs around Estate Pearl, which is deeded to the Government of the Virgin Islands, will not be performed by the ERT resulting in an $193,958 decrease to the budget and, 2) The insurance claims for vehicles have been processed and the fleet of vehicles reevaluated resulting in a requested increase of $180,000 to the budget. The total change on the Hurricane Maria recovery budget is a decrease of $13,958.

During the initial assessment of fencing damage resulting from Hurricane Maria, the ERT included the fencing around the perimeter of Estate Pearl. Estate Pearl deeded to the Government of the Virgin

1 Estate Hope
Christiansted, USVI 00820-5652
T: (714) 388-1800
F: (714) 388-1839

Islands. Upon further evaluation, the ERT determined the cost to repair the fencing far exceeded the value of the equipment the ERT operates in Estate Pearl. The estimated cost of fencing repairs for Estate Pearl is $194,458 and the approximate cost of remediation equipment in Estate Pearl is $20,000. Further, the majority of the equipment in Estate Pearl (well casings and piping) is inconspicuous and does not carry a high risk for theft. The items at potential high risk for theft include one solar panel and one battery; these items have a combined estimated value of approximately $5,000. During a February 7, 2018, meeting between the United States Environmental Protection Agency (EPA) and the ERT, EPA agreed the best use of funds would be the purchase of Global Positioning System (GPS) tracking devices for the battery and the solar panel. At a cost of $500 or less, the use of tracking devices on the remediation equipment will save nearly $194,000 in the Hurricane Maria recovery budget. Additionally, the ERT has met with the United States Virgin Islands Department of Property & Procurement who indicated the repair of fencing around Estate Pearl is in their hurricane recovery scope of work. Furthermore, Limetree Bay Terminals, LLC has a guaranteed option to purchase Estate Pearl from the Virgin Islands and until that option expires, the future use and ownership of Estate Pearl remains unknown. All facts considered, the utilization of GPS tracking devices on certain pieces of remediation equipment in Estate Pearl is the current preferred option as it provides the least impact to the finite funding available to the ERT.

Damage to the ERT's fleet of vehicles is more extensive than originally estimated during the initial assessment conducted in the wake of Hurricane Maria. Insurance claims have been processed and five of the vehicles have been designated as a total loss by the insurance company. A sixth vehicle that was not deemed a total loss by the insurance company has had repeated mechanical issues since the storm and is no longer a reliable vehicle. Based on the combined feedback from the insurance company and additional observations since the initial storm damage assessment, the ERT has determined that in order to maintain a fleet of reliable vehicles used to perform daily operational and compliance tasks across the nearly 2,000 acre Site, six vehicles require replacement. The Hurricane Maria budget submitted in November 2017 included $62,760 for replacement of one vehicle and repair of five vehicles. The ERT is requesting an increase of $180,000 in expenditures to cover the cost of replacement of six vehicles. The estimated expenditures for light duty vehicles are included in line item "4 – Corrective Action / Remediation / Hydrocarbon Recovery" of the attached **Table 1**. With this request, line item 4 increases from $346,920 of additional budget to $526,920 of additional budget. As noted in the November 6, 2017, letter, the ERT is taking this opportunity to reduce the fleet of light duty vehicles from ten to eight vehicles, meaning two additional vehicles that sustained damage will not be repaired and will instead be sold "as is." Importantly, the settlement from the insurance company for the light duty vehicles, which is not included in the attached estimated expenditure budget, is in the amount of $60,432.31 and will be deposited to the ERT accounts for use for future expenditures. All monies received from the sale of damaged vehicles will also be deposited into the ERT accounts.

Given that Section 3.2 of the February 17, 2016 ERT Agreement specifies the Trustee shall obtain additional approval when the expenditures will exceed the approved budget by more than ten percent, the United States Department of Justice (USDOJ) and Virgin Islands Attorney General (VI AG) approval is not required for the $193,958 decrease in budget line 28 (Security). Budget line 28 was $194,458 in the November 2017 submittal and has been revised to $500 in the attached **Table 1**.

The ERT respectfully requests EPA's approval of budget line 4 (Corrective Action / Remediation / Hydrocarbon Recovery) which includes an increase of expenditures for vehicles and will allow the ERT to replace six of the light duty vehicles required for daily work at the Site. If additional information is required, please contact Carey Guilbeau at (340) 692-3179.

Sincerely,

Roberto Puga, P.G.
Principal of Project Navigator Ltd., solely in its capacity as Trustee for the HOVENSA Environmental Response Trust

Enclosure

cc: Mr. Nidal Azzam, EPA Region 2
Ms. Amy Chester, EPA Region 2
Mr. William Sawyer, EPA Region 2
Ms. Flaire Mills, EPA Region 2
Mr. Jim Casey, EPA Region 2
Mr. Norman Williams, VIDPNR
Ms. Mary Koks, Munsch Hardt Kopf & Harr
Mr. David Bennett, GES

Section Chief
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Ben Franklin Station
Washington, DC 20044-7611
Ref: DOJ No. 90-5-2-1-08229/2

Chief, Special Projects Branch
Emergency and Remedial Response Division
EPA Region 2
290 Broadway
New York, NY 10007

Chief, Waste and Toxic Substances Branch
Office of Regional Counsel
EPA Region 2

290 Broadway
New York, NY 10007

Chief, Hazardous Waste Programs Branch
Clean Air and Sustainability Division
EPA Region 2
290 Broadway
New York, NY 10007

Dawn L. Henry, Esq.
45 Mars Hill
Frederiksted, Virgin Islands 00840

Table 1, Revision 1
HOVENSA Environmental Response Trust
Hurricane Maria Recovery Assessment
September 2017

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) - (F)
Approval Authority	ERT Account	ERT Agreement Wind Down Estimate Line Items		Total Estimated Hurricane Maria Recovery Cost	Expenditures Included in Routine Budget	Additional Budget
EPA	Remediation	1	PRPP - OWS Testing & Repair	$ 3,688	$ 3,688	$ -
EPA	Remediation	2	Scrap Metal / Recycle Yard Management	$ 74,803	$ -	$ 74,803
EPA	Remediation	3	Asbestos Landfill	$ 35,629	$ -	$ 35,629
EPA	Remediation	4	Corrective Action / Remediation / Hydrocarbon Recovery	$ 594,120	$ 67,200	$ 526,920
EPA	Remediation	5	Landfarm 1 Post-Closure	$ 68,490	$ 1,000	$ 67,490
EPA	Remediation	6	Landfarm 2 & 3 / RCRA Permit	$ 119,580	$ 53,000	$ 66,580
DPNR	Remediation	7	TPDES	$ -	$ -	$ -
EPA	Remediation	8	WWT (Primary & Secondary)	$ 43,750	$ 43,750	$ -
US DOJ/VI AG	Administrative	9	Data & Records Management & Retention	$ -	$ -	$ -
DPNR	Remediation	10a	Consent Decree - VI TSEP[2]	$ -	$ -	$ -
EPA		10b	Consent Decree - WAPA Project[2]	$ -	$ -	$ -
DPNR	Remediation	a	Air Permitting / Title V	$ -	$ -	$ -
EPA	Remediation	Lines 12 - 24	Tier II, TRI / EI, TSCA, BWON, GHGs, CEMs, Boiler MACT, LDAR, Refinery MACTs, Regional Haze, SO2 non-attainment, SOCMI-HON, Tank Requirements	$ -	$ -	$ -
EPA / DPNR	Remediation	Line 25	Potable Water / SDWA	$ -	$ -	$ -
US DOJ/VI AG	Administrative	26	Utilities: Electric	$ -	$ -	$ -
US DOJ/VI AG	Administrative	27	Utilities: Compressed Air & Water	$ 1,042	$ 1,042	$ -
US DOJ/VI AG	Administrative	28	Security	$ 500	$ -	$ 500
US DOJ/VI AG	Administrative	29	Business Operating Expenses	$ 62,885	$ -	$ 62,885
DPNR	Remediation	30	PLL Insurance Premium	$ -	$ -	$ -
US DOJ/VI AG	Administrative	31	Fees for Trust and Trustee	$ 3,000	$ -	$ 3,000
DPNR	Remediation	N/A	Marine Impact Study	$ -	$ -	$ -
			Estimated Total	**$ 1,007,486**	**$ 169,680**	**$ 837,807**

Notes:

* Column G is the amount of additional budget the ERT is seeking approval for. This estimated additional budget is required to complete the clean-up and recovery tasks resulting from Hurricane Maria.
* All Hurricane Maria related expenses will settle to the ERT account (i.e. the ERT "bucket").
* Revision 1 changes (3/29/18) are in blue