



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 2  
290 BROADWAY  
NEW YORK, NY 10007-1866

March 22, 2022

*Via Electronic Mail – [JDomike@babstcalland.com](mailto:JDomike@babstcalland.com); [TEagan@rascoklock.com](mailto:TEagan@rascoklock.com)*

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**Re: St. Croix Refinery Permitting Requirements**

Dear Ms. Domike and Mr. Eagan:

The United States Environmental Protection Agency (EPA) is aware that West Indies Petroleum Limited (WIPL) and Port Hamilton Refining and Transportation LLLP (PHRT) purchased the refinery<sup>1</sup> located at 1 Estate Hope, Christiansted, U.S. Virgin Islands that was previously owned by Limetree Bay Refining, LLC (LBR) (the Refinery). WIPL and PHRT have been in communication with EPA regarding efforts to resume operation of the Refinery, and EPA and the U.S. Department of Justice have written to you on February 4, 2022 and March 2, 2022 regarding many of the requirements that EPA expects the Refinery to meet before it can resume operations. As noted in EPA's March 2, 2022 correspondence to you, this letter addresses the topic of permitting requirements applicable to the Refinery under the Clean Air Act Prevention of Significant Deterioration (PSD) program.

EPA is committed to ensuring that operation of the Refinery complies with the law and does not pose public health or environmental threats to the St. Croix community. While EPA does not yet have all the details related to the Refinery's prior operations and future plans, based on the information currently available to EPA there are strong indicators to suggest that the Refinery must obtain a PSD permit prior to startup of Refinery operations. EPA seeks additional information from WIPL and PHRT regarding past and future changes to process and emission units at the Refinery to enable the Agency to evaluate this issue further before making a final determination as to PSD applicability.

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<sup>1</sup> WIPL and PHRT purchased the units associated with the refining operations, while Limetree Bay Terminals, LLC (LBT) still owns and operates the storage tank units and terminals that are co-located with the refining operations.

EPA's PSD regulations provide that "no new major stationary source or major modification . . . shall begin actual construction" without a PSD permit. 40 CFR § 52.21(a)(2)(iii). The PSD regulations "apply to the construction of any new major stationary source or major modification of any existing major stationary source." 40 CFR § 52.21(a)(2)(ii). A major modification is defined as "any physical change in or change in the method of operation of a major stationary source that would result in: a significant emissions increase . . . of a regulated NSR pollutant . . . and a significant net emissions increase of that pollutant from the major stationary source." 40 CFR § 52.21(b)(2)(i).

To determine whether the Refinery needs to obtain a PSD permit, EPA requests that you provide responses to the following questions; EPA may request responses to additional questions and/or request additional documentation as it evaluates your responses:

- 1) Which process units and emissions units at the Refinery did LBR and/or LBT (hereinafter collectively referred to as "Limetree") physically change, beginning in 2018? For each unit, describe details of the changes, including what the change was, why it was made, whether equipment was modified or replaced, the potential to emit for the changed equipment, and the cost of the work.
- 2) For each unit physically changed at the Refinery by Limetree, what was the actual throughput/operating rate achieved during each month the unit operated between October 2020 and May 2021?
- 3) What was the average utilization rate of the Refinery in bbl/month during the period of operation by Limetree in 2021?
- 4) Which process units and emissions units do you plan to operate without making further changes prior to operation? Indicate when you plan to begin operating each such unit.
- 5) Which process units and emissions units do you plan to operate after making changes to those units?
  - a) For each unit, describe the specific changes and the reasons for the changes.
  - b) For each unit that had previously undergone physical changes by Limetree, indicate if, and in what manner, your changes relate to the changes made by Limetree.
  - c) For each unit, what is your timeline for making the change(s) and beginning operation?
  - d) Indicate the expected capacity and potential to emit at each unit for each PSD pollutant.
- 6) What products do you plan to produce in the next five years, when do you plan to begin producing each product, and in what quantities do you plan to produce them?
- 7) For each product listed in your response to question 6, identify the process units and emissions units that will be used to produce the product.
- 8) Provide a detailed timeline for your plans for the startup of the Refinery, expanding upon your January 20, 2022 "Proposal to the USEPA and USDOJ for the Restart of Limetree Bay Refinery Operations." If you plan to start up the Refinery in phases, please provide a detailed timeline for, and a list of actions in, each phase.
- 9) How did changes made by Limetree affect the emissions profile at the Refinery? How will changes you intend to make affect the emissions profile at the Refinery?

Please provide, as soon as possible, your responses to these inquiries, along with your PSD

applicability analysis for the proposed changes to, and startup of, the Refinery, and all information relevant to, and in support of, your analysis. Upon receipt of this information, EPA will continue its review.

This information should be sent electronically to:

Suilin Chan  
Chief, Permitting Section  
Air Programs Branch  
Air and Radiation Division  
U.S. Environmental Protection Agency, Region 2  
290 Broadway  
New York, NY 10007  
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and

Joseph Siegel  
Air Branch  
Office of Regional Counsel  
U.S. Environmental Protection Agency, Region 2  
290 Broadway  
New York, NY 10007  
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You may choose to assert a business confidentiality claim covering all or part of the information submitted. For EPA to consider a claim of business confidentiality for one or more of the documents submitted by you, a cover sheet, stamped or typed legend, or other suitable form of notice must be placed on or enclosed with the document, with language such as “trade secret,” “proprietary,” or “company confidential.” Portions of non-confidential documents for which you seek confidential treatment should be clearly identified and may be submitted separately to facilitate identification and handling by EPA. For each confidentiality claim, the date or occurrence of any event after which the information can be released should be indicated, if applicable. If no confidentiality claim accompanies the information received by EPA, it may be made available to the public without further notice to you. EPA will disclose information covered by a confidentiality claim only to the extent allowed by, and in accordance with, the procedures set forth in EPA’s public information regulations, 40 CFR § 2.201, *et seq.*

The strong indicators that suggest the Refinery must obtain a PSD permit prior to startup of Refinery operations include the following information. The Refinery was shut down by HOVENSA in February 2012. Information currently available to EPA indicates that HOVENSA’s initial intention was to convert the facility<sup>2</sup> to an oil storage terminal. According to a July 12, 2013 letter from Governor John P. de Jongh, Jr. to the USVI legislature, at the urging of the Governor, HOVENSA instead sought to find a buyer. It took nearly four years after the

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<sup>2</sup> The “facility” references both the Refinery and LBT.

shutdown, and a bankruptcy proceeding, before HOVENSA did so. LBT then purchased the facility with the option to rehabilitate and start up the Refinery, and thereafter transferred most of the Refinery's assets to LBR. After about three years of evaluation and planning, and about three years of intensive physical rehabilitation of the Refinery, and spending approximately \$4.1 billion<sup>3</sup> using over 4,000 workers,<sup>4</sup> Limetree was unable to start up the Refinery in compliance with CAA requirements, as several unsuccessful startup attempts by Limetree resulted in significant violations of Limetree's Title V permit and NSPS Subpart Ja requirements. In addition, following Limetree's startup attempts, EPA determined that the Refinery presented an imminent and substantial endangerment to public health or welfare or the environment on St. Croix, necessitating EPA's issuance of a CAA Section 303 Order on May 14, 2021. Subsequently, on July 12, 2021, the Department of Justice filed a complaint in federal court under Section 303 of the Clean Air Act. In the interim, LBR announced in June 2021 that it would not restart. The Refinery then ended up in a second bankruptcy proceeding. It is now an additional nine months since LBR's June 2021 announcement that it would not restart. Given this history, to protect the health of the residents of St. Croix who have experienced manifold health and environmental impacts over decades, including those from the Refinery, it is important to ensure that further operation of the Refinery is conducted in compliance with all applicable CAA requirements, including the PSD permitting requirements.

Because a PSD permit may be required prior to startup of the Refinery operations or of any Refinery unit(s), EPA strongly recommends that you not proceed with any such actions while EPA continues to evaluate PSD applicability. In addition, as EPA has made clear, it is very important to avoid any recurrence of the incidents that took place at the Refinery in the first half of 2021. EPA thus wants to work with you to ensure that the Refinery is operated safely and properly under EPA regulations and protects both the health of the local community and the environment.

If you have any questions about this letter, please contact Joseph Siegel of the EPA Region 2 Office of Regional Counsel at 212-637-3208 or [siegel.joseph@epa.gov](mailto:siegel.joseph@epa.gov).

Sincerely,

Liliana Villatora  
Chief, Air Branch, Office of Regional Counsel  
EPA Region 2

cc: Hon. Jean-Pierre Oriol, Commissioner, VIDPNR

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<sup>3</sup> *In re: Limetree Services, LLC*, Case No. 21-32351, U.S. Bankruptcy Court, Southern District of Texas, Declaration of Mark Shapiro, Senior Managing Director for GlassRatner Advisory & Capital Group LLC, Chief Restructuring Officer for Limetree (July 13, 2021).

<sup>4</sup> Statement of Bob Weldzius, Senior Vice President of refining at Limetree Refinery, EPA Public Hearing Transcript, Plantwide Applicability Limit Public Hearing, Nov. 8, 2019.