

THE 2019 CLAY AWARDS

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MERGERS & ACQUISITIONS

Sealing the first-of-its-kind deal for biofuels business brings environmental benefits



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World Energy LLC buys interests in AltAir Paramount LLC

Partner Jon L. Benjamin led the San Francisco-based Farella Braun + Martel LLP team that advised Boston-based biofuel supplier World Energy LLC in its \$72 million acquisition of assets from Delek US Holdings Inc.

The transaction included renewable jet and diesel producer AltAir Paramount, its Paramount Petroleum refinery assets, as well as an adjacent tank farm and most of Delek's California pipeline assets.

This deal marks the first time a biofuels enterprise has acquired a well-known petroleum refinery.

The deal called for acquisition of older

petroleum-based assets, such as a refinery dating back to the 1920s and much of the seller's long-operational pipeline assets, so it was Benjamin's job to review existing environmental due diligence materials. He then brought in specialized consultants in areas where due diligence had not been sufficient. There were other interested buyers, Benjamin said, so these consultants helped his client understand environmental risks that it would need to stay on top of if it ultimately was the successful buyer.

"In a deal like this, there's an early go, no go decision that the client has to make before committing a lot of money to the deal struc-

ture and negotiation phases to come," Benjamin said.

When World Energy ultimately committed to that next phase, Benjamin brought mergers and acquisitions clean technology partner David Stoll, and his associate Greg LeSaint, onto the deal team.

Benjamin's team later brought other subject matter specialists from Farella's clean technology group to assist.

California has, logistically, been constrained in being able to move alternative fuels to certain parts of the state, Benjamin said, so by buying this facility, World Energy was able to use existing structures to its benefit.

"The rail storage, so you could ship it by rail; the pipelines so you could ship it to, let's say, Long Beach and then you could take it out by tanker; or you could move it into trucks at a truck farm," Benjamin explained. "So it was a way of trying to break a bottleneck and get alternative fuels to a wider segment of the state."

Bringing a very complicated and difficult transaction over the finish line with a small team is one of the best experiences he had with the deal, Benjamin said.

Helping AltAir further reduce the carbon footprint of the aviation sector and other markets and bring alternative fuels to much more of the California market are some of his other favorite aspects of the deal.

"To help our client meet these big-picture objectives was fascinating and very satisfying work for me as an environmental lawyer and our M&A team," Benjamin said.

In October 2018, World Energy announced plans to invest \$350 million over the next two years to complete the conversion of its Paramount facility into one of the cleanest fuel refineries in the world.

"It's clear that the environmental benefits of the deal we helped consummate, particularly the significant future reductions in greenhouse gases in the aviation and other sectors, will continue to grow," Benjamin said.

— Skylar Dubelko