

Press Release

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FOR IMMEDIATE RELEASE
17.01.2011

Business ethics *Lukoil* style: *Litasco's* failure to lift fuel oil from *Ventbunkers* terminal creates havoc for the Latvian Railway.

RIGA, LATVIA, 17 JANUARY, 2011: *Litasco's* (a subsidiary of *LUKOIL*) failure to accept delivery of over 120,000 metric tons of its fuel oil stored in *Ventbunkers* (VBU) reservoirs is causing severe problems for VBU and the *Latvian Railway* (LDZ).

Ventbunkers reservoirs are at full capacity and additional 1700-railcar tankers with over 100,000 thousand mt of *Litasco* product have entered the Latvian territory. With nowhere to discharge the fuel oil, the railcar tankers have been dispersed all over Latvian railway stations. An extraordinary meeting was called

by LDZ on January 6, 2011 to implement urgent measures, at any cost, to ensure the rail system continues to operate. Border stations at Rezekne and Daugavpils are backed up and in a critical situation.

Since December 25, 2011, for no real reasons, the trading company *Litasco* has delayed a ship (M/v Celtic Sea) waiting to enter Ventspils port to load their fuel oil from VBU reservoirs. This has led to a near catastrophe for LDZ and VBU, who cannot discharge the oil stored and receive the new shipments waiting on the rails. Loses, due to demurrage, exceed \$100,000 per day. As of January 12, losses accrued are in excess of 1.1 million lats (1.9 million USD).

It is speculated that *Litasco* is intentionally creating this chaos in the Latvian railway system to pressure *Ventbunkers* into extending a service contract that expired in 2010, even though *Litasco* still owes VBU 20 million Euros for services rendered in 2010. The total value of the products not being shipped could exceed \$100 million.

Ventbunkers press service

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