

Press Release

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**Rudolf Meroni: *Ventbunkers* can not accept the
Lukoil / Litasco blackmailing tactics**

The Chairman of the *Ventbunkers* (VBU) Supervisory Board Dr. Rudolf Meroni informs that *Litasco* (a subsidiary of LUKOIL) tries to force VBU into signing a new service agreement for 2011 by refusing to lift its fuel oil stored in the VBU tank facilities. This action is causing chaos in the Latvian railway system and millions of damages for *Litasco* and others. The fuel oil export via Latvia is seriously disrupted.

Litasco, which sent the fuel oil to VBU for bunkering and transshipment, has made a bogus claim against VBU that the quality of the fuel oil does not meet their

customer's specifications. "Obviously such an argumentation is absurd. Before Litasco ships a product to *Ventbunkers* it is their responsibility to know exactly what their client is expecting and what the specifications are. Our responsibility is to move *Litasco's* product from point A to point B. Once it is discharged and stored in the *Ventbunkers* facilities it is too late to make any changes. The only purpose of Litasco's action is to block the *Ventbunkers* Terminal", commented Alvis Haze, Members of the *Ventbunkers* Management Board.

On the 24th of December 2010, under the orders of *Litasco*, the tanker M/v Celtic Sea waiting outside Ventspils port refused to enter the port to be loaded with *Litasco's* fuel oil. This coincides with the date a new agreement was signed by *Ventbunkers*, with a major competitor of *Litasco*, for the use of the *Ventbunkers* terminal in 2011. It is clearly understood that *Litasco* refuses the unloading of the terminal as a leverage point to illegally force VBU to extend their expired contract.

Rudolf Meroni: "*Litasco* knows very well that if they do not take delivery of their fuel oil, it creates a chaotic situation to VBU, Latvian Railway and to *Ventbunkers'* new client. Refineries may have to reduce

their production. It could even affect the price of fuel oil in Europe. Everything is at a standstill and it is costing everybody large sums of money.

Ventbunkers examines its contractual rights to react against *Litasco's* breaches of contract."

A condition in the General Terms of the Agreement between the companies' states that VBU has the right to sell the product after 3 days if a client defaults and refuses to accept delivery. A public sale may be announced for the fuel oil in the reservoirs and this could be followed by a second public sale of the fuel oil still in the railcar tankers. However, at this time it is planned to discharge *Litasco's* product and store it for them offshore in ships.

According to Aivars Gobins, *Ventbunkers* Media Director, *Ventbunkers* has a number of unresolved issues with *Litasco*, which could also be related to this latest predicament. "*Litasco* has still not revealed the details of a secret arrangement they concluded in January 2010 with an illegitimate management temporarily registered in the Register of Enterprises based on falsified documents, nor have they disclosed the bank account to which they allege having paid more than to 20 million Euros for services rendered by *Ventbunkers*." This scheme of doubtful

legality was orchestrated by the Latvian lawyer Martins Kveps for some *Ventbunkers* minority shareholders.

The *Lukoil* subsidiary *Litasco* refuses to take delivery of its own fuel oil (valued at 50 million USD) stored in *Ventbunkers* Terminal reservoirs. The only purpose of this action is to block the *Ventbunkers* terminal and to create a huge chaos in the Latvian Railway system.

Since December 23, 2010, 120,000 thousand metric tons of fuel oil are waiting to be lifted by *Litasco* in the *Ventbunkers* Terminal facilities. Another 1700 rail tank cars equaling 100'000 mt of fuel oil have crossed the Latvian boarder from Russia and Belorussia and are now displaced all across the country causing a huge chaos for the Latvian Railway. At this time demurrage penalties are accruing at the rate of \$100,000 USD per day.

Ventbunkers press service

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