

LUKoil to Close Refinery Friday

By [The Moscow Times](#)

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SOFIA — LUKoil's Bulgarian refinery is cutting operations to halt completely Friday, and any restart would take at least 1 1/2 months, an executive said.

"We have started actions to finally halt operations at the refinery. In the next 30 hours it will shut down completely," Valentin Zlatev, executive director of LUKoil Bulgaria, told a news conference Thursday.

Bulgaria has revoked the tax fuel depot licenses of the 142,000-barrels-per-day Neftochim refinery over its failure to install proper product metering and link it to the customs authorities in line with regulations, effectively blocking its operations and sales.

The refinery, on the Black Sea port of Burgas, is still processing crude that has already been loaded, but it is banned from taking any new volumes and cannot supply end products to markets.

It has yet to decide whether to appeal the revocation of its licenses or to apply for new ones,

Zlatev said.

LUKoil Neftochim Burgas is one of the Balkan country's biggest taxpayers and sells about 50 percent of its output on the local market and has hoped the government will allow it to complete the installation of proper metering by the end of the year.

But a scheduled meeting between LUKoil Bulgaria's management and government officials earlier Thursday was canceled, with the finance ministry issuing a statement that the revocation of licenses stays in power.

Zlatev said the refinery is willing to abide by the new rules and has already invested \$16 million in new equipment.

"LUKoil has always backed the government's efforts to make the market of fuels more transparent. Unfortunately, the deadline for introducing the new meters has been unrealistic from the start," he said.

Zlatev said the company will suffer millions in losses because of the halt, but declined to elaborate.

LUKoil, which acquired the refinery in 1999, has since invested \$2.3 billion and paid the state budget over 20 billion levs (\$14.7 billion) in taxes and excise duties, he said.

Some commentators have linked the government move to strip LUKoil of its licenses to the rising tensions between European Union member Bulgaria and Russia on major energy projects.

Last week, Russia's Atomstroieksport said it would take Bulgaria to an arbitration court for 58 million euros (\$84 million) over delayed payments for its work on the 2,000-megawatt nuclear Belene plant. Bulgaria threatened that it will file a counter claim.

Bulgaria has also indicated it will not allow the trans-Balkan oil pipeline aimed to pump Russian crude through the Black Sea port of Burgas to Alexandroupolis on the Aegean to be carried out.

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