



Expert Witness

CAPABILITY STATEMENT

Channoil Energy
2022

CHANNOIL ENERGY IS THE TRADING
NAME OF CHANNOIL CONSULTING LTD.

Introduction

For over 20 years, Channoil has been at the forefront of the global oil and gas advisory industry
 We are internationally recognised for our deep industry expertise and trusted advice

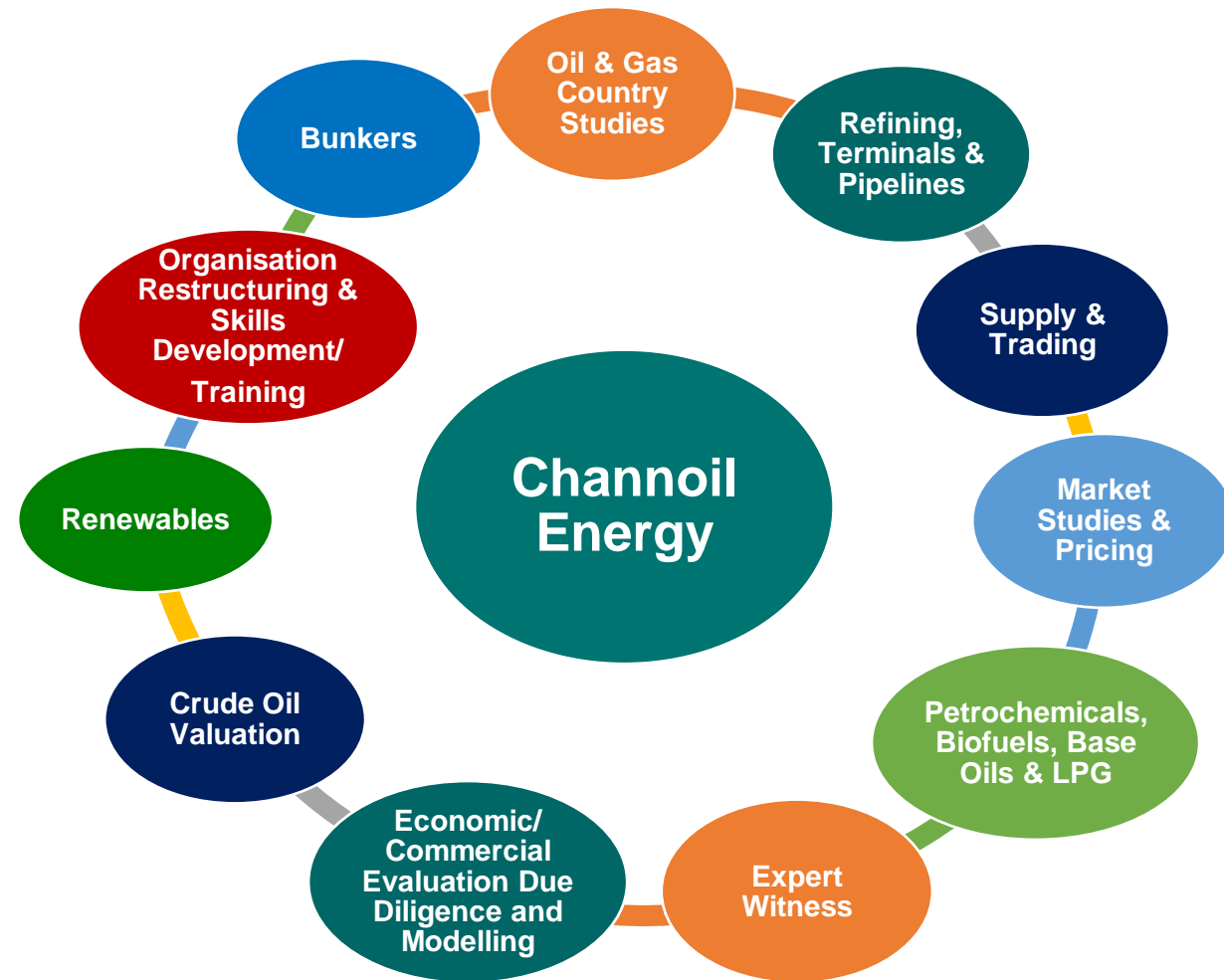
We consult for countries, governments, institutions and companies on all aspects of the mid and downstream oil and gas sectors.

Special insight for our consultancy work comes through established industry relationships and strong market contacts, providing up-to-date knowledge of international and domestic oil and gas markets.

We have built a focused, responsive, multi-disciplinary practice tailored to the industry's rapidly changing demands and regulation.

Our senior team comprises **Charles Daly, Dermot Campbell, Steve Roberts, Mark Waddington and Vincent Couffon**. Each team member has more than 30 years experience in all aspects of the downstream oil business, gained working for major oil companies and financial advisory service providers worldwide.

Supporting senior management is a highly-skilled team of Associate Consultants, professional individuals and companies with international experience and specialist knowledge of the global oil industry.



Expert Witness

- Channoil has provided advisory and expert witness reports and testimony in mid and downstream oil and gas matters in arbitration and litigation cases primarily in EMEA.
- Our expertise is from the wellhead, through trading and supply, shipping, refining, terminal, to the consumer. We cover disputes across the mid and downstream sectors that range from contractual issues, crude and product specifications, pricing and timing disagreements and asset valuations. Each member of the team has over 20 years of mid and downstream experience and includes a number of individuals who are highly experienced in expert work and testimony.
- Channoil's experts are experienced in distilling complex technical matters to present and produce reports that are clear and understandable. This is particularly important in the preparation of expert reports or where there is expert witness testimony.
- In recent years we have been appointed to advise on several supply/trading crude and product specification, contract and non-delivery disputes as well as advisory work on biofuels and fuel rebates, examples of which are highlighted below.

Expert experience across the spectrum

Our experts are recognised for their extensive knowledge of their specialities as well as their ability to present and defend their views:

The core competencies:

- From well head to the petrol pump
- Valuation of crude oil and products
- Refining and shipping
- Crude oil and products trading
- Markets and pricing
- Derivatives and hedging modalities
- Biofuels and renewable energy
- Transportation and logistics including shipping and oil terminals
- Design and construction faults and compensation for delays
- Oil and gas land valuation and rates and taxes disputes

Expert Witness Credentials



Summary of recent expert witness cases handled by Channoil Energy

| | Description | Year |
|-------------------------------|--|---------|
| Testimony | Quantum of Hydrotreated Vacuum Gasoil contract | 2021 |
| Report and Tribunal testimony | Valuation of a stream of cargoes of Russian Crude oil following non delivery | 2021 |
| Report | Valuation of damage to a refinery and quantum on costs of disruption resulting from a contaminated cargoes of Russian Crude Oil with Organic Chlorides | 2020 |
| Report | Advisory on a Biodiesel feedstock dispute | 2020 |
| Testimony | Marketability and quantum on an atmospheric residue cargo | 2020 |
| Report | Advice on biodiesel cargo trading practice | 2020 |
| Testimony | Quantum on crude oil with high organic chlorides | 2020 |
| Testimony | Quantum on an off specification fuel oil cargo | 2020 |
| Testimony | Quantum on refining operational losses due to crude oil quality dispute | 2019/20 |
| Testimony | Valuation and income assessment of an oil refinery asset | 2019 |
| Testimony | Terminal construction dispute - Buncefield redevelopment | 2018 |
| Testimony | Quantum on a naphtha cargo dispute | 2018 |
| Quantum and testimony | Quality advice on a cargo of atmospheric residue feedstock | 2017 |
| Testimony | Arbitration on a diesel product quality dispute | 2017 |
| Report | Advice on oil trading practice in relation to a contract dispute | 2016 |
| Testimony | Rating revaluation - oil refinery | 2015 |
| Report | Product cargo dispute | 2014 |
| Report | Biodiesel cargo dispute | 2014 |

Example Expert Witness Experience

Here are some examples of specific expert witness and advisory cases where Channoil has been retained

Expert Witness: Dispute between refineries and port authorities

The Humber Oil Terminal Trust HOTT

- This organisation runs the Humber Oil Jetty that supplies the two Humber oil refineries, Conoco and Total-owned.
- A dispute arose when Associated British Ports refused to renew the 40 year lease on the jetty.
- Channoil were approached to advise HOTT on the operability of the refineries and to demonstrate the absolute necessity of running the jetties.
- The outcome was a settlement that both parties could live with and we were congratulated by the Refinery owners on the quality of our report and evidence.

Expert Witness: Condensate change of field quality

A dispute arose between a trading company and a condensate producer. The dispute related to a contract for the delivery of cargoes for a period of one year. The contract quality was limited to five specification points, whereas typical historic field data was specified in the contract. The trading company had relied on the historic typical qualities coming from the production.

Subsequent to contract signature, a new stream was introduced into the condensate stream resulting in a higher sulphur content. The buyer was not made aware of this change prior to the next cargo loading and was unable to utilise the condensate as previously.

The producer claimed the sulphur content specification had been met and based their arguments on the wording in the used the Shell GT & Cs to justify his right to change the material up to the limit of the specification. The definition of 'as usually produced from the field' required clarification.

Channoil gave expert evidence on the issue of quality for naturally-occurring crude oil and condensate fields. A settlement for compensation was satisfactorily agreed.

Expert Witness: Product contract dispute

Channoil provided evidence in the Commercial Court relating to the valuation of a cargo of oil product. Loading of the cargo was delayed by the seller - an oil refiner - at a time when the market was falling, leading to a loss in market value.

The contract provided for pricing on the basis of Platts daily price assessments over a set pricing period, irrespective of the Bill of Lading (B/L) date. The seller argued that the pricing terms meant the buyer was not exposed to price risk from the B/L changing and that the seller's liability, if any, should be limited to demurrage, if incurred.

The buyer argued that since he was denied the opportunity to sell on the day his tanker was due, the set pricing period was irrelevant. The buyer claimed loss of value based on the difference between Platts quotations for the expected B/L and the actual B/L date.

The use of a spread of dates for cargo valuation, as opposed to a single date, was accepted as an important principle by the Judge who ruled that a fairer way to determine quantum would be to take the average of Platts prices for the B/L date and the two days following the B/L date. The ruling was based on the UK Sale of Goods Act.

Expert Witness: Major Oil Refiner

The major refiner suffered part damage and disruption of its supply logistics following arrival of two cargoes of crude oil contaminated by organic chlorides.

Channoil was instructed to carry out a study of the damage caused and the quantum of costs associated with the shutdown of the particular units and the operational consequences arising from processing the contaminated crude oil.

We were able to bring a pragmatic and knowledge based analysis to bear on the cases that were subsequently amicably settled by claimant receiving a substantial sum.

Expert Witness: Breach of contract

There have been a number of cases of breach of contract during the Covid-19 pandemic. The reasons are manifest, but most relate to disincentives due to price volatility. These included:

- Report and testimony regarding a contractual dispute. The claimant suffered losses due to the need to cover on going contracted sales, as a result of being supplied crude oil containing abnormally high levels of organic chlorides.
- Report and testimony on of valuation of losses and damages incurred due to non-delivery of monthly crude parcels.

Advisory: Fuel rebates

A Taxation Authority needed advice as to how to set a formula for rebating liquids returned from Vapour Recovery Units (VRU) and returned to stock, having already paid excise.

We were able to benchmark best practise and derive a formula that would work for both the revenue and the oil companies affected.

Our advice has now set the standard for tax treatment in such cases.



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