

PRESS RELEASE
DECEMBER 17, 2004

LUKOIL MANAGEMENT COMMITTEE DISCUSS DEVELOPMENT OF AIR
BUNKERAGE

The Management Committee of OAO LUKOIL has reviewed the Development Concept of Air Bunkerage Business. Bunkerage development is a part of the LUKOIL Group Strategic Development Program for 2004-2014.

The Concept envisages an expansion of aircraft fuel sales market and creation of a huge corporate network of bunkering stations.

Last November the Company put in operation a new complex located at Volgograd airport. A bunker station comprises two tanks with a capacity of 2,000 cubic meters each. Aircraft fuel can be delivered to the bunkering stations from Volgograd refinery both by railroad and petroleum-product pipeline.

In 2003 LUKOIL-owned domestic refineries produced 1.63 million tons of aircraft fuel of various brands which equals around 25% of Russia's overall production while the Company's international refineries produced 220 thousand tons. "LUKOIL-Air Bunkerage Company" is a special entity responsible for aircraft fueling in more than 20 airports across Russia.

LUKOIL is Russia's only oil company that produces JET A-1 in accordance with IATA standards. In April 2004 LUKOIL was the first among Russian oil companies to fuel a Lufthansa aircraft with JET A-1 produced by "LUKOIL-Nizhegorodnefteorgsintez" refinery in Kstovo.

In the second half of 2005, LUKOIL plans to start production of JET A-1 at "LUKOIL-Permnefteorgsintez" refinery. In the third quarter of 2005, LUKOIL plans to start production of JET A-1 at "LUKOIL-Volgogradneftepererabotka" refinery. Arrangements are being made to launch JET A-1 production at "LUKOIL-Ukhtaneftepererabotka" refinery.