

PRESS RELEASE  
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LUKOIL EXPANSION IN PERM REGION

Vagit Alekperov, President of OAO LUKOIL and Oleg Chirkunov, Governor of the Perm Region, took part in the official opening of the second stage of oil packaging terminal at OOO LUKOIL-Permnefteorgsintez (the Perm Refinery) in Perm today.

The design capacity of the terminal is up to 140 thousand tons of motor oils a year. Three process lines of the packaging area ensure production and filling of newly designed 1.4 and 5 liter oil cans.

The new oil complex also includes an automated storage facility for over 4 thousand pallets, shelter for five freight wagons and five dockage facilities for loading of trucks.

Oil is filled in unique heavy-duty three-layer oil cans with multi-level counterfeit protection which features labels that are neither removable nor remountable. Manufacturing date, serial number and shift identity are marked with laser beams on the oil cans.

In 2007, the Perm Refinery manufactured 417 thousand tons of oil, including around 100 thousand tons of packaged oil, half of which was filled in small packages.

In 2007, the LUKOIL Group refineries manufactured 1.12 million tons of motor oils. The Company's other plants blended and packaged 100 thousand tons of oil (including volumes manufactured by other LUKOIL Group refineries).

Vagit Alekperov and Oleg Chirkunov also signed a Protocol on Cooperation between the Company and the Region in 2008.

According to the Protocol signed, this year LUKOIL will spend RUR 750 million, saved upon reduced income tax rate, on construction of social infrastructure in the Region.

At the same time, additional financing of the Company's investment projects in the Region will constitute RUR 750 million, also derived from reduced income tax rate.

The Protocol envisages further construction of the gas pipe lines to supply natural

gas from Kokuyskoye field to Chernushinskiy and Kuyedinskiy areas and associated gas from Magovskoye and Tsepelskoye fields to consumers in the town of Krasnovishersk.

To ensure continuous liquefied gas supplies to its consumers in the Perm Region, LUKOIL will increase supplies of motor propane and butane up to 22 thousand tons.

In return, the administration of the Region will trigger establishment of a regional certification laboratory for crude oil and oil products research. The authorities will also assist in adoption of certain regulations by the Legislative Assembly of the Region, which will promote regional sales of environmentally safe motor fuels.

The Protocol is signed under effective Agreement on economic and social interaction between the Perm Region and OAO LUKOIL.

Summing up the results of cooperation between the Perm Region and LUKOIL in 2007, the Parties stated that interaction facilitated stable development of regional economy, helped improve investment climate and establish favorable conditions for resolving the Region's problems. In 2007 the Company invested RUR 16.4 billion rubles (52% increase) in the Region, including RUR 1.2 billion (19% increase) allocated for environmental protection.