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LUKOIL'S VARANDEY TERMINAL: ONE YEAR OF SUCCESSFUL OPERATION ON THE RUSSIAN ARCTIC SHELF

Today is exactly one year from the day since the first tanker has been loaded via the fixed ice-resistant offshore export terminal (FOIROT) of the Varandey oil export terminal (VOET) located in the coastal zone of the Barents Sea (Nenets Autonomous District).

The number of tanker loadings over this period came to 73. The terminal's operations are supported by three 70,000 tons DWT ice-breaking tankers especially built by OAO Sovkomflot to operate in the region.

Other vessels used to ensure safe operation of the terminal and tanker loadings under ice conditions include the Toboy auxiliary ice-breaking tug and the Varandey ice-breaker which were built at the Company's request.

The VOET is used to export LUKOIL's crude produced in the Timan-Pechora oil and gas province by sea.

The terminal's overall annual throughput is 12 million tons of crude (240,000 barrels/day).

The onshore tank farm has the capacity of 325,000 cubic meters. The fixed iceresistant offshore export terminal is located 22 km offshore. This is the world's northernmost offshore facility. The FOIROT was built at the steelworks of OOO LUKOIL-Kaliningradmorneft .

The environmental safety system at the FOIROT has three levels of security and is fully automated to ensure complete environmental safety. The FOIROT has been designed to operate in line with the 'zero discharge' principle, which implies that all industrial and domestic waste is accumulated in special containers and transported onshore for utilization.

In October 2008 LUKOIL and the Ministry of Civil Defense and Emergencies held international integrated training exercises on tanker accidents and oil spill response in the area of the Varandey terminal.

Operation of this facility under severe ice conditions of the Barents Sea reveals that

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LUKOIL is able to implement almost any offshore project utilizing to the largest extent possible Russian technologies and yet causing no damage to the environment.