PRESS RELEASE
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LUKOIL AND NALCO ESTABLISH JV TO PRODUCE CHEMICAL REAGENTS

Vagit Alekperov, OAO LUKOIL President, and John Erik Fyrwald, Chairman and CEO of the Nalco Holding Company, signed an agreement today in Kogalym to establish a joint venture on the basis of the Kogalym Chemical Reagent Plant, which is part of OOO LUKOIL-Zapadnaya Sibir property complex.

OOO LUKOIL-Zapadnya Sibir will own 34% of the enterprise, while Nalco will have a 66% stake. The estimated chemical reagent production volumes will increase from 5,900 tons in 2011 to 27,830 tons in 2015.

The joint venture will satisfy the demands of OOO LUKOIL-Zapadnaya Sibir and other regional enterprises for chemical reagents of the premium class which are used to enhance oil recovery and treat downhole equipment and oil.

Under the terms of the agreement, Nalco will ensure modernization of the plant, treatment and storage of chemical reagents at the Kogalym Chemical Reagent Plant, introduction of cutting-edge technologies of production and service, and also development of a new product line based on the data received from pilot runs and laboratory tests. Besides, the Russian technical personnel will undergo in-service training under Nalco’s supervision.

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