

PRESS RELEASE
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LUKOIL STARTS LARGE-TONNAGE OIL EXPORT THROUGH VARANDEY TERMINAL

LUKOIL effected today the first large-tonnage oil shipment to a reinforced ice-breaking tanker (DWT 70,000 tons) through the fixed offshore ice resistant oil terminal (FOIROT) of the Varandey oil export terminal located in the coastal zone of the Barents Sea in the Nenets Autonomous District.

Thus, the Company has successfully implemented the large-scale project aimed at construction of an oil export terminal with the capacity of up to 12 million tons of oil per annum (240,000 barrels/per day) .

The Varandey oil export terminal is designed for offshore export of the oil extracted by LUKOIL in Timan-Pechora oil and gas province. The tanker 'Vasily Dinkov', loaded today at the Varandey oil export terminal (VOET) FOIROT, will deliver the oil to the Canadian port of Come By Chance.

The VOET comprises the following facilities :

- onshore tank farm with the total rated capacity of 325 thousand cubic meters.
- fixed offshore ice resistant oil terminal located 22 km offshore. The shipment terminal is a structure with the height of over 50 meters and the total weight of over 11 thousand tons which comprises a substructure with living quarters, a mooring cargo handling system (MCHS) with a jib and a helicopter platform. The FOIROT was constructed by OOO LUKOIL-Kaliningradmorneft steelworks, a fabrication facility for metal structures used in construction.
- two underwater pipelines, 820 mm in diameter, connecting the onshore tank battery and the FOIROT.
- oil metering station, auxiliary tanks, pumping station, power supply facilities, shift camp and other production facilities.

An auxiliary ice-breaker and an icebreaking tug will be on duty in the vicinity of the FOIROT. 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.

‘Our Company has created a unique sea export system which makes it possible to transport large quantities of oil to polar regions; it is unrivalled in the world. This new Russian transportation corridor exports oil at a minimum cost, while preserving its quality, via the shortest sea route to the European and North American markets. Besides, the infrastructure we have been able to establish helps develop new fields in Timan-Pechora oil and gas province’, Vagit Alekperov, OAO LUKOIL President and CEO, said.