PRESS RELEASE
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LUKOIL OBTAINS A NEW ICE-GOING TANKER

Today the Admiralty shipyards in St. Petersburg have launched the second ice-going tanker named "Magas" built for LUKOIL. In total 5 vessels of the same class will be built for the Company at the Admiralty shipyards.

The tankers are designated for operating in rigorous Arctic climate and allow to ship 4 different types of cargo at a time, including crude oil and gas condensate. The tanker is equipped with automated navigation control systems and state-of-the-art hull systems that allow only 1-2 crew members to operate the tanker. The double-hulled vessel can ram an ice coat 0.5 meter thick at a speed of 1.5-2 knots. The tanker is 155 meters long and 24 meters wide, the draft is 9 meters. The speed is 15.4 knots. Deadweight is 20,000 tons. The crew consists of 24 members. The autonomous navigation may last 60 days. The navigation range is 8,000 miles and there are no restrictions for the navigation area. Other 5 ice-going tankers were built at the MTF Schiffwerft GmbH shipyards in Wismar (Germany). In addition to that, the construction of the river-sea class tankers is in progress in Volgograd. By the end of 2001, 10 vessels will be built there.

LUKOIL also operates a few leased tankers - the "Langepas", "Urai" and "Kogalym". Including sea-going crafts owned by LUKOIL's subsidiaries, today the Company controls over 70 vessels of different types with the total carrying capacity over 1 million tons.

LUKOIL contributes to the Northern Shipment federal program. In particular, 4 tankers of the Company shipped over 150,000 tons of cargo to northern consumers during the 1999 navigation.

The financing of ice-going tankers construction and transportation of cargo under the Northern Shipment program is accommodated with involvement of the Moskovskii Delovoi Mir Bank (MDM Bank) which extended a credit line facility to LUKOIL Arctic Tanker, a subsidiary of LUKOIL. Today the bank has funded 2 tranches worth $26m. Cooperation of LUKOIL and MDM Bank proves the emergence of large domestic financial institutions which are interested in the development of the national production.

"LUKOIL's ice-going tankers will contribute to revival of regular navigation on the North Sea Route," LUKOIL President Vagit Alekperov said at the launching

ceremony.