PRESS RELEASE
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OAO LUKOIL AND AK SIBUR SIGN COOPERATION AGREEMENT

OAO LUKOIL President Vagit Alekperov and AK Sibur President Iakov Goldovsky have signed a cooperation agreement.

Given the mutual benefits of an emerging integration and common interest in strategic cooperation, the parties agreed to jointly develop their gas refining and gas and petrochemical capacities.

Entering into partnership, LUKOIL and Sibur will stop all litigation related to some disputed issues. The companies express their readiness to solve all the disputes through reaching mutually acceptable agreements.

In particular, the parties will coordinate their annual production of associated gas in order to ensure the maximum utilization rate of their gas refining capacities located in Langepas, Nyagan and Surgut.

In the near future LUKOIL and Sibur plan to agree commercial terms of purchase and sale of associated gas and liquefied gas. The companies also wish to cooperate in the area of collection and utilization of associated gas at the oil fields operated by LUKOIL in West Siberia. The companies will consider a possibility of joint development and construction of associated gas collecting and transportation facilities for further processing at OAO Sibur-Tyumen.

LUKOIL and Sibur will consider a cost-effectiveness of their involvement in the investment project aimed at upgrading and expanding the Krasnoleninsky gas refinery.

The agreement envisages a creation of an offset system to repay gas refineries' arrears for the previous years to OAO LUKOIL West Siberia before the end of 2000 and streamline the current payments. Sibur expresses its readiness to supply up to 200,000 tons of liquefied gas to LUKOIL annually and to ensure deliveries of natural and dry gas. LUKOIL will ensure associated gas supplies to gas refineries owned by Sibur. The parties also agreed that Sibur would transfer a shareholding in ZAO Permneftegaspererabotka owned by OAO "Permsky GPZ" to LUKOIL. In its turn, LUKOIL will transfer a shareholding in OAO Sibur-Neftochim owned by ZAO Neftochim to Sibur.

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"I'm sure that a cooperation agreement between LUKOIL and Sibur will contribute to advanced development of the domestic oil and gas industry, its improved competitiveness and growth of production and economic potential of the country," said LUKOIL President Vagit Alekperov.