PRESS RELEASE
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LUKOIL TO SIGN COOPERATION AGREEMENTS WITH THE ADMINISTRATIONS OF KRASNODAR AND STAVROPOL REGIONS

LUKOIL President Vagit Alekperov and Head of Krasnodar region administration Alexander Tkachev signed a cooperation agreement in Krasnodar today. A similar agreement was signed with the administration of Stavropol region by Vagit Alekperov and Governor of Stavropol region Alexander Chernogorov in Stavropol on February 13.

The parties agreed to develop their cooperation in the area of exploration, production, transportation, refining and marketing of crude oil and oil products within Krasnodar and Stavropol regions.

In accordance with the agreements, the Krasnodar administration and the Stavropol government will assist LUKOIL in allocating land properties for constructing oil storage facilities, filling stations and expanding petrochemical capacities. LUKOIL will supply oil products to the local agricultural producers during sowing and harvesting as well as jet fuel for transportation purposes. Besides, the Company will be responsible for taking measures against environmental pollution and preparing and financing environmental protection programs in the regions.

As a supplement to the agreements which set main principles and guidelines for mutual activities, the protocols on supplying 80,000 tons of motor gasoline, 130,000 tons of diesel fuel and 40,000 tons of aviation kerosene to Krasnodar region were signed either. During 2001 the Company will build an oil storage facility with the capacity of 6,000 cubic meters, 3 filling stations and an office building in Krasnodar. LUKOIL will also start preparing project budgeting estimates for constructing an oil storage facility with the capacity of 6,000 cubic meters and 10 retail outlets.

In 2001 LUKOIL will supply 90,000 tons of motor gasoline, 80,000 tons of diesel fuel, 40,000 tons of aviation kerosene to Stavropol region. During this year the Company will build 4 filling station and upgrade 2 oil storage facilities and 6 gasoline stations. In addition to that, LUKOIL will start preparing project budgeting estimates for constructing 6 filling stations, upgrading 2 oil storage facilities and 6 retail outlets.

LUKOIL President Vagit Alekperov stressed that the agreements will contribute to

expansion of the Company's activities in these regions and development of mutually beneficial cooperation.