PRESS RELEASE
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# NEW PRODUCTION FACILITIES PUT INTO OPERATION AT LUKOIL VOLGOGRADNEFTEPERERABOTKA

Today at Lukoil Volgogradneftepererabotka (Volgograd) three new production facilities: KM-3 motor oil production complex and state-of-the-art motor oil and bitumen packaging lines were put into operation. Volgograd Region Governor Nikolai Maksiuta and LUKOIL President Vagit Alekperov took active part in the event.

Commissioning the upgraded KM-3 complex enables the Volgograd refinery to be the first in Russia to launch production of the high quality lubricant bases under Chevron license. This in turn will allow producing wider range of motor and transmission oils of premium quality. Furthermore the company will be able to discontinue purchase of expensive imported synthetic bases and increase efficiency of lubricants exports. The annual throughput of the complex is 25,000 tons.

Setting into operation a new lubricants production and packaging line is in accordance with the company's plans aimed at increasing output of packaged oils and introducing newly designed canisters. Traxel (Germany) was chosen as the equipment supplier. The annual line capacity is 6,000 tons.

Construction bitumen packaging facility will manufacture 30-40 kg bitumen blocks in an up to date and consumer-convenient package. The necessary equipment was supplied by Sandvik (Sweden). The annual throughput of the facility is up to 65,000 tons.

All facilities were commissioned under the complex Volgograd refinery upgrade program developed up to 2010. Investments into the refinery are to reach RUB800m this year.

Implementation of the complex refinery upgrade program will enable to increase petroleum refining depth up to 95%, increase output of high quality oil products produced in conformity with the European standards and improve environmental situation in the region.

"Commissioning of new production facilities at Volgograd refinery will promote further quality and competitiveness improvement of oil products produced by the refinery as well as strengthening of the company's leading position in this segment

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of the Russian market," said LUKOIL President Vagit Alekperov.

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In 2001 8.3 million tons of petroleum were processed at the Volgograd refinery. Refining depth is 79.8%. The company produces A-76, AI-92, AI-95 unleaded gasoline, jet and diesel fuel, lubricants, fuel oil, coke, bitumen, lube additives.