PRESS RELEASE
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LUKOIL AND MINISTRY OF RAILWAYS PROMOTE COOPERATION IN THE REALM OF OIL PRODUCT TRANSPORTATION

Today Vagit Alekperov, LUKOIL President, and Gennady Fadeyev, Minister of Railways of the Russian Federation, signed an Agreement on oil product railway transportation to the "LUKOIL –II" terminal under construction near Vysotsk in Leningrad region.

The agreement provides for cooperation between LUKOIL and Ministry of Railways in upgrading of the existing and construction of new transportation infrastructure that will enable the company to expand transportation capacities of the Vysotsk terminal significantly.

In 2003-2004 oil product transportation volumes are to reach 5.0 million tons a year and by 2005 an increase up to 10.0-12.0 million tons is expected.

Under the agreement, LUKOIL is to provide for construction of petroleum and petrochemical products terminal transportation equipped with engineering rail facilities at the Island of Vysotsky. The Ministry of Railways from its part will contribute to the expansion of transportation capacity of the existing railway connection between St. Petersburg and Vysotsk.

The design capacity of the Vysotsk petroleum product terminal is 10.75 million tons. The terminal intended for exports of petroleum products supplied by the Perm, Nizhny Novgorod and Ukhta refineries to West European markets and USA will be able to accept tankers with deadweight up to 70,000 tons.

According to the statement Vagit Alekperov, LUKOIL President, and Gennady Fadeyev, Minister of Railways, made after the official meeting, the agreement will stimulate investments into development of transportation infrastructure of Leningrad region by companies interested in Russian Baltic ports as export outlets.

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