

PRESS RELEASE
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LUKOIL STANDS FOR STATE MONITORING OF PETROLEUM PRODUCTS
QUALITY

Vladimir Rakitsky, LUKOIL's Head of Oil Refining and Petrochemicals, spoke at "Alternative Energy Sources for Vehicles and Energy Consuming Sector in Big Cities" international conference in Moscow today.

Covering LUKOIL's strategic plans to improve quality of its motor oils, Mr. Rakitsky mentioned, in particular, that in the past few years the Company has been increasing the share of high-octane gasoline and low-sulfur diesel fuel in its overall production of petroleum products.

For this very purpose a number of facilities were put into operation at LUKOIL refineries in 2004, such as a hydrocracking unit for vacuum gasoil at LUKOIL-Permnefteorgsyntez's T-Star Complex, a continuous recovery catalytic reforming unit at LUKOIL-Nizhegorodnefteorgsyntez, and a light nafta isomerisation unit at LUKOIL-Odessa Refinery. Besides, the upgrade of LUKOIL-Petrotel refinery has been completed. This will help the Company to increase efficiency of oil stock refining and enhance motor oil production whilst upgrading the quality of oils.

The Company produces low-sulfur (sulfur 50 and 10 ppm) diesel fuel, specified as LUKOIL EN 590, which meets the European standard of EN 590:2004 (Euro-4). LUKOIL experts are part of a team that is currently working to determine the National Standard for Diesel Fuel (GOST P) compatible with effective European standards.

"A well-balanced fuel market requires legislative support, including economic incentives for producers of high quality environment-friendly petroleum products. We find it feasible to introduce a regressive excise duty scale which will mean lower excise for better quality. This measure will certainly protect top-quality ecologically safe fuels in the Russian petroleum products market." Vladimir Rakitsky said.