PRESS RELEASE
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LUKOIL/CONOCOPHILLIPS JV HELD PUBLIC HEARINGS ON YUZHNO-HYLCHUIUSKOYE FIELD CONSTRUCTION

OOO Naryanmarneftegaz, a joint venture between LUKOIL (70%) and ConocoPhillips (30%), held today public hearings on the project of Yuzhno-Hylchuiuskoye field construction (Nenets autonomous district of Russia) to be commissioned in 2007.

The field construction project is based on the environmental impact minimization principals specified in the "Policy of OAO "LUKOIL" in the area of safety and environment". The project was designed under ConocoPhillips process standards.

The proposed version of the project provides for a number of progressive environmental activities:

• minimized areas of land allocation, arrangement of wells by clusters, construction of pipeline overpasses for animals;

• application of technologies for permafrost preservation;

• complete utilization of the associated gas and its refining from sulfur compounds to reduce detrimental emissions;

• equipment of the oil storage tanks with special pontoons for decreasing the hydrocarbon emissions into the air;

• utilization of the sewage water for maintaining the strata pressure;

• total automation of the process control.

The part of the investment into the environment and safety within the Yuzhno-Hylchuiuskoye field construction project will exceed 20% out of the total investments. The presented technologies are based on a significant experience of OOO Naryanmarneftegaz activities in the arctic Tundra weather conditions.

The public hearings were participated by representatives of the Nenets autonomous district administration, governmental environmental bodies, public organizations, design institutes and contractors. The proposals received along the hearings will be

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considered by OOO Naryanmarneftegaz during the project implementation.

HSE management systems applied in LUKOIL have been certified for compliance with ISO 14001 international standard and OHSAS 18001 standard.