PRESS RELEASE
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LUKOIL PLACED AN ORDER FOR CONSTRUCTION OF SERVICE VESSELS FOR THE VARANDEY TERMINAL

OOO LUKOIL-Kaliningradmorneft, an OAO LUKOIL wholly owned subsidiary, has placed an order for construction of two service vessels to secure year-round operation of Varandey oil export terminal.

An auxiliary ice breaker and an icebreaking tug will be constructed at Singapore Shipyard Keppel Singmarine (Keppel Singmarine Pte Ltd). The total value of the order is $167 million.

The tug will be put into operation in December 2007, while the ice breaker will be commissioned in March 2008.

Vessels are intended to provide safety of the terminal and tankers, render assistance to tankers while maneuvering, during mooring and cargo operations at the terminal under ice conditions. These vessels will perform procurement functions, such as delivery of water, fuel, necessary equipment and waste disposal. Both vessels will be equipped with fire-extinguisher systems to fight fires at the terminal and tankers. Besides, they will be used to store Oil Spill Response Equipment.

The ice breaker will be able to move at the speed of 3 knots per hour in a smooth 1.7 m thick ice field, and the icebreaking tug will provide the same speed in a smooth 1.5 m thick ice field.

The vessels will be constructed according to the rules of sea vessel classification and construction of the Russian Maritime Registry of Shipping. Vessels are designed by Finnish project office ILS Oy. They will run under the flag of the Russian Federation.

As mentioned before, LUKOIL plans to increase dispatch of crude oil from the Varandey terminal up to 12 million tons per year. The terminal will comprise a coastal crude storage with the total capacity of 325 thousand cubic metres, two branches of 22.6 km long sea oil pipeline and a fixed offshore ice resistant offloading terminal.

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