

PRESS RELEASE  
FEBRUARY 07, 2012

PRESS SERVICE STATEMENT

The OAO LUKOIL would like to announce that the Board of technical enquiry into the causes of the fire outbreak at the Stavrolen petrochemical facility and the ensuing breakdown of an ethylene-producing unit on December 15, 2011, completed its work on February 4, 2012.

The Board's report says that most probably the fire was caused by the unsealing of connecting elements in the assembly for separation of the propane-propylene fraction. The unsealing, in its turn, was caused by corrosion and structural changes that had occurred while the equipment was in use.

By preliminary estimates, the damaged and destroyed property is worth almost 812 million rubles.

According to the time schedule of manufacture and delivery of the new equipment, ethylene unit operation is expected to resume no later than on April 1, 2012.

Recovery operations will not impair the timeline of the gas chemical facility construction project at Stavrolen's production site.

The Company is now looking at the possibility of organizing supplies of propylene in order to renew the production of polypropylene before the end of February 2012.

As was reported earlier, as a result of the fire 9 people suffered mild burns of open skin areas. The Company management decided to give houseroom to the injured persons in a dwelling house for Stavrolen personnel which is under construction now. The construction is expected to be completed in May 2012.

No excess permissible concentrations of harmful substances have been detected. This is supported by the data against 13 pollution indices obtained from the ambient air monitoring station, located 400 meters away from the sanitary protection border of the plant in close proximity to the city's inhabited areas. Moreover, Stavrolen's own experts use ultraviolet gas sensors to ensure continuous monitoring and measuring of the concentration of 38 major impurities in ambient air in parts per billion by volume. Air samples are taken at production sites, at the sanitary protection zone border and in the housing areas of Budyonnovsk and Chkalovsky.

Field monitoring has taken place as well. The fixed monitoring station, located in the central part of Budyonnovsk, detected no excess maximum permissible concentrations of harmful substances within the city limits. No concentrations of harmful substances, exceeding maximum permissible levels or in amounts affecting health, have been detected by state laboratories of the Stavropol Region Hygiene and Epidemiology Centre in Budyonnovsk (Federal Service for Consumer Rights and Welfare Supervision), the Southern Federal District Lab Analysis and Technical Measurements Centre (Federal Service for Supervision of Natural Resources), FSBI Stavropol Regional Hydrometeorology and Environmental Monitoring Centre. The company Biosfera estimated the ecological damage at close to 6 thousand rubles.