PRESS RELEASE
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LUKOIL AND REPUBLIC OF KALMYKIA FORGE COOPERATION

Vagit Alekperov, OAO LUKOIL President, and Aleksey Orlov, Head of the Republic of Kalmykia, signed a cooperation agreement between the company and the republic, in Elista today.

The agreement details cooperation between the parties to further develop and enhance efficiency of Kalmykia's fuel-and-energy complex.

For its part, LUKOIL will take necessary measures to ensure implementation of the geological-exploration program at Tsekertinsk subsoil plot as part of its participation in ZAO KalmTatneft.

In addition, the company intends to create and register (for tax purposes) a separate business unit to implement a project aimed at construction and/or operation of head onshore facilities and an oil-and-gas pipeline transportation system from the North Caspian fields.

The government of the Republic of Kalmykia, as part of the existing legislation, will assist the company in obtaining timely approvals and permits from regulatory and inspection authorities for allotted land plots and ongoing projects, and in ensuring the best possible technical conditions to connect to external utility lines for the construction of production and technical facilities, pipelines, tank farms and filling stations.

In pursuit of its social responsibility commitments, the company will look into the opportunity to participate and implement a project aimed at restoring biological resources in the Republic of Kalmykia.

The agreement is valid from the day it is signed through December 31, 2018.

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