PRESS RELEASE
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CRUDE DEEP REFINING COMPLEX GOES ON STREAM AT LUKOIL REFINERY IN PERM

A complex for deep refining of crude oil went on stream at OOO LUKOIL-Permnefteorгsintez today.

The complex, Russia's first, is also the world's seventh facility of the kind.

The newly introduced complex is designed for the hydrofining and hydrocracking of vacuum distillate mixtures and secondary components for the production of highly refined catalytic-cracking feedstock, low-sulfur and low-aromatics diesel fuel and also naphta needed for anti-knock gasoline production.

More than 10.8 billion rubles have been invested in the construction of the deep-refining complex. Its designed annual capacity is 3.5 million tons of feedstock.

Part of the equipment and materials for the deep-refining complex was manufactured by leading U.S. and European firms, while 60 per cent of the equipment was made in Russia, with more than 90 manufacturers having taken part. Yet another 30 Russian organizations were involved in the construction, engineering, installation and start-up operations. Construction, alone, required the efforts of some 2.5 thousand workers.

ABB Lummus Global, Texaco and Comprimo were the licensor firms that took part in the construction of the complex. OAO VNIPIneft was the general designer of the complex, and ZAO LUKOIL-Neftegazstroi was the general contractor.

The complex consists of three main units: hydrocracking, production of hydrogen and production of elemental sulfur.

The hydrocracking unit together with the diesel-fuel hydrodearomatization block was constructed under Texaco's T-Star technology. The annual production capacities are: 2,133 thousand tons of hydrofined vacuum gasoil, 864 thousand tons of diesel fuel, 293 thousand tons of stable gasoline and 71 thousand tons of kerosene.

The hydrogen production unit, constructed under the ABB Lummus Global technology, turns out 48.3 thousand tons of hydrogen annually.

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The elemental sulfur production unit, built to the basic design of Comprimo (Jacobs Engineering), consists of two blocks (the Claus sulfur block and the SCOT off-gas purification block) and is capable of producing 78 thousand tons of elemental sulfur annually.

The introduction of the new deep-refining complex will result in an incremental production of 1 million tons of motor fuel and will also raise the quality of petroleum products to meet future European standards. This increment in white-product volume would otherwise have come from refining an additional 2.3 million tons of crude oil annually.

The new facilities will also significantly improve the ecology in the vicinity of the refinery. The deep-refining complex will allow to bring sulfur dioxide emissions down to accepted levels. Twelve hundred tons less sulfur dioxide will be emitted into the air due only to the change-over to purified gas and low-sulfur fuel oil burnt in the complex's furnaces. The use of low-sulfur fuels in Perm region, alone, will reduce annual sulfur dioxide emissions from motor transport by 950 tons, whereas the corresponding figure for the whole of Russia will be 2,700 tons. Also, smaller content of benzene in motor fuels will drastically reduce the emissions of aromatic compounds.

The introduction of the new complex is yet another step in implementing the Reconstruction Program of OOO LUKOIL-Permnefteorgsintez for the Period till 2013.

The Perm refinery was put into operation in 1858. Since 1991 the refinery is LUKOIL Group property.

The refinery's installed capacity is 12,045 thousand tons, the depth of refining is 84 per cent. Crude oil primary refining figure for 2003 is 11,034 thousand tons.

Last year, "Premium-95", the unleaded brand of gasoline from the Perm refinery, was acknowledged as one of "Russia's 100 Best Products", which is a national trademark of quality