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LUKOIL AND RUSSIAN RAILWAYS DEVELOP COOPERATION

Vagit Alekperov, President of OAO LUKOIL, and Gennady Fadeyev, President of JSC "Russian Railways", signed an agreement on railway deliveries of oil and oil products to "LUKOIL-II" distribution and transshipment complex at Vysotsky Island, Leningrad region.

Under this Agreement JSC "Russian Railways" shall provide transportation of oil and petroleum products to "LUKOIL-II" complex in the amount of 7 million tons annually starting from January 1, 2005.

Larger shipment volumes became possible after a 1.5-kilometers-long junction road bypassing the city of Viborg was put into operation and after the construction of Pikhtovaya station was completed. The station has four passing sidings to change locomotives. LUKOIL invested 300 million rubles in the construction of the above mentioned facilities. The city of Viborg will definitely benefit from this project in terms of ecological safety since oil and oil products will be carried round about the city.

The Parties agreed to set up a joint working group to design further development of the railroad infrastructure with the purpose of increasing annual volumes of oil and oil products transported to "LUKOIL-II" complex up to 12 million tons.

Also, the heads of the companies signed an agreement which envisages LUKOIL's deliveries (through check points in Zabaykalsk and Naushki) to China of up to 3 million tons of oil through JSC "Russian Railways". The Agreement shall be effective provided the economic environment remains favorable.

"Interaction between LUKOIL and "Russian Railways" is a vivid example of how beneficial cooperation between a private and a state company can be. And Russian economy will only benefit from it," Vagit Alekperov, President of OAO LUKOIL, said.

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