

PRESS RELEASE
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FIRST STAGE OF COKE CALCINATION UNIT COMMISSIONED AT VOLGOGRAD REFINERY

First stage of the coke calcination unit was commissioned today at OOO LUKOIL-Volgogradneftepererabotka in Volgograd.

The commissioning ceremony was attended by Vagit Alekperov, President of OAO "LUKOIL", Nikolay Maksyuta, Governor of the Volgograd Oblast, and Evgeny Ishchenko, Mayor of Volgograd.

The facility was built under the general framework of refinery development until the year 2014. The first stage of the facility required 18 mln. USD of capital investments. The unit's annual capacity of 100 thous. tons of raw coke will be employed for production of output directly used by the aluminum industry. Previously, oil coke produced by the refinery was sent as raw material to slate processing plants for calcination.

Introduction of the calcination process at OOO LUKOIL-Volgogradneftepererabotka will improve the quality of coke, reduce calcined coke against raw coke transportation costs by 20%, and decrease thermal power consumption through steam generation at the facility.

The start of the second stage of the facility is planned for the year 2009, to raise overall capacity to 280 thous. tons per year and provide calcination for all produced coke. The commissioning of the new facility marks the launch of the Coke Production Upgrade Program at OOO LUKOIL-Volgogradneftepererabotka which will be followed by reconstruction of the existing delayed coking facility and installation of a new unit.

«The purpose of reconstruction and upgrading of the Volgograd refinery is to raise refining volumes and increase conversion ratio, improve environmental safety of the production process and reach international product quality standards», said V.Yu. Alekperov, President of OAO "LUKOIL", at the commissioning ceremony.

On the same day, V. Alekperov, N. Maksyuta and E. Ishchenko participated in the opening ceremony of a LUKOIL-Nizhnevolzhsknefteprodukt service station.

This is one of LUKOIL's first multifuel service stations in Volgograd which offers

not only liquid motor fuels but also LPG filling options. The service station features the state-of-the art Assol-M automatic management system for record keeping of oil products and related merchandise which provides precise on-line collection and processing of data for flexible sales analysis. For customer convenience, the service station accepts non-cash payments, fuel and bonus cards.

The service station is equipped in compliance with all fire and environmental safety requirements and has a modern video surveillance system. LUKOIL now has 126 service stations in the Volgograd Oblast including the newly commissioned station.