PRESS RELEASE
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LUKOIL DEVELOPS COOPERATION WITH VOLGOGRAD REGION

Vagit Alekperov, OAO LUKOIL President, and Anatoly Brovko, Head of the Administration of the Volgograd Region, signed a cooperation agreement today between the Company and the Region in Volgograd.

Specifically, the document sets forth a plan of cooperation between the parties in the areas of exploration, production, refining, transportation and marketing of oil, gas and petroleum products, as well as in the generation, transportation and marketing of electric power.

Under the Agreement, LUKOIL will work to modernize the Volgograd refinery, including the construction of a diesel-fuel hydro-treating unit with an annual capacity of three million tons in 2011, reconstruction of a coke-production unit accompanied by the commissioning of a new unit with an annual capacity of one million tons of stock in 2011 and construction of an advanced oil-processing complex by 2014. Implementation of a program designed to enhance production and environmental safety is also part of the modernization process.

LUKOIL affiliates will ensure an uninterrupted supply of heat and electric power to the region's consumers in accordance with the legislation and agreements already concluded, with the contractors duly fulfilling their obligations.

The administration of the region will engage LUKOIL affiliates in the planning and implementation of integrated programs of regional power-industry development, including those aimed at enhancing the share of joint power-heat and electric-power generation, and also centralized heat supply.

The parties will also sign a Supplement Agreement pertaining to the power-industry sector.

LUKOIL and its affiliates will participate in various programs aimed at the social and economic development of the Volgograd region.

The new agreement will be valid through December 31, 2015. The former agreements between LUKOIL and the Volgograd region, on social and economic cooperation (December 2005) and interaction in the development of retail markets of heat and electric power (June 2009), have ceased to be effective.

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