PRESS RELEASE
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FIRE OUTBREAK AT STAVROLEN COMPLEX BROUGHT UNDER CONTROL; NO HEALTH THREAT TO POPULATION POSED

OAO LUKOIL Press Service would like to announce that the main source of the fire outbreak that took place on February 26, 2014 at 12:35 p.m. in the gas separation section, workshop No. 2 (separation of pyrolysis gas and benzene production) at the ethylene manufacturing Stavrolen petrochemical enterprise (Budennovsk, Stavropol Region) was contained within an hour, and all fire was fully contained by 4:12 p.m.

OAO LUKOIL First Vice President Vladimir Nekrasov arrived at the site yesterday and remarked that, “No threat is posed to the health of the enterprise employees, the residents of Budennovsk or other neighboring settlements. We intend to initiate the incident response plan and conduct repair operations in the near future.”

The Commission, led by representatives of the state supervisory authorities, is about to investigate the incident and assess the nature and scope of the damage, as well as a timeline for the resumption of production. The company is preparing for repair operations. Currently, the production process at the enterprise has been suspended.

The property of the enterprise is insured in the amount of RUR 53,965 million. In addition, an agreement on civil liability insurance for the owner of a hazardous facility against infliction of damage due to a potential accident, an agreement on compulsory civil liability insurance for the owner of a hazardous facility against infliction of damage due to a potential accident, and an agreement on civil liability insurance of enterprises that include sources of increased hazard risk, are in full force and effect.

OAO LUKOIL Press Service would like to emphasize the fact that the residents of Budennovsk need not worry about their health. The incident resulted in hydrocarbon catching fire, which is decomposed into water and carbon dioxide during combustion. Carbon dioxide is neither a toxic nor an explosive substance.

The fire outbreak did not cause oil spills, land contamination, or the exceeding of the maximum permissible concentrations of harmful substances. No threat was posed to the environment or health of the employees or the Budennovsk population either.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com

This fact is confirmed by the data provided by the stationary atmospheric air control station located at a 400-meter distance from the border of the sanitary protection zone of the enterprise in the immediate vicinity of the residential area of Budennovsk. The atmospheric air monitoring is conducted based on 13 criteria. In addition, company specialists conduct continuous monitoring by means of an ultraviolet open path gas detector, which simultaneously estimates the concentration of 38 major pollutants in the air within an accuracy of parts per billion. The air samples are taken automatically along the perimeter of the enterprise. According to the data provided by the stationary control station located in the center of Budennovsk, no cases of excess MPC have been registered in the city.

The company's environmental lab has taken samples to gauge the content of saturated, unsaturated and aromatic hydrocarbons in the atmospheric air, as well as that of carbon oxide, nitrogen oxide and sulfur dioxide at the work site, along the Mineralnye Vody-Neftekumsk federal highway, in Budennovsk in the vicinity of the Surb-Arutyun church, in residential districts No. 1 (in the vicinity of the kindergarten) and No. 8 (near residential building No. 19).

The environmental monitoring of the atmospheric air was also conducted by the departmental labs of the Center of Hygiene and Epidemiology of the Stavropol Region in the Budennovsky District under the Federal Service for Supervision of Consumer Rights Protection and Human Well-Being, the Center for Lab Analysis and Industrial Gauging of the Southern Federal District under the Federal Service for the Supervision of Natural Resources. None of the departmental labs have detected concentrations of pollutants that would pose a threat to human health.

According to the latest information, eighteen people were injured due to the incident. Medical assistance was provided to ten of them at the enterprise's medical unit. Eight men in good to fair condition have been taken to the hospital. Compensation shall be paid to all of those injured.

OAO LUKOIL Press Service will utilize mass media to regularly update the Budennovsk population of the response measures taken and the environmental conditions.