PRESS RELEASE
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LUKOIL-PERMNEFTEORGSINTEZ LAUNCHES A NEW SULFURIC ACID PRODUCTION FACILITY

Today in Perm LUKOIL-Permnefteorgsintez OOO (the Perm refinery) has launched a new sulfuric acid production unit. The launch of the new unit is one of the stages of the refinery upgrade under the Federal Fuel and Energy program.

A state-of-the-art unit for hydrogen sulfide utilization into sulfuric acid was designed in accordance with the technology of Halder Topsoe of Denmark in combination of the most recent achievements of the Russian and foreign technology. Technology and equipment suppliers were chosen through a tender procedure. The bulk of the equipment was manufactured domestically at the Ruzayev chemical engineering equipment plant, Southern-Kama mechanical plant, Belgorod power engineering plant. Other suppliers include Zulzer of Switzerland, Fiac of Germany, Flender of Germany, Alup of Italy. An automated control system of US Fisher Rosemount will ensure operational reliability and efficiency of the unit. The capital expenditure for the construction of the unit amount to RUB155m.

The launch of the sulfuric acid production unit is another effort made by LUKOIL on the way to improve environmental performance in the region of its operations and proves the Company's commitment to the 1979 International Convention on reduction of sulfur dioxide atmospheric discharge. The hydrogen sulfide utilization technology will allow to significantly decrease harmful (oxide of sulfur and hydrogen dioxides) atmospheric and waste discharge.

The new unit allows to process up to 24,000 tons of hydrogen dioxide per year and manufacture 65,000 tons of advanced 98% sulfuric acid and is one of the few profit-making environmental facilities. The estimated payback period of the unit is 5-6 years.

"The launch of the new unit is a continuation of the Company's technological upgrade policy," said LUKOIL President Vagit Alekperov at the ceremony. "This is another step to improve production organization and management of the Perm refinery and the Company in general."

In 1999, the Perm refinery plans to process 10.4 million tons of crude oil. The refining depth is 78.8%.

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The Perm refinery produces unleaded gasoline only, the share of premium gasoline totals 50%. About one third of the total amount of diesel fuel is produced with sulfur content less 0.05%.

The refinery produces a wide range of high-quality all-season motor oils in conformity with the API standards. In addition to a wide range of mineral oils, the Perm refinery started producing LUKOIL Lux semi-synthetic oil and the first synthetic oil in Russia - LUKOIL Synthetic. In November 1999, LUKOIL Lux was declared a winner of the contest organized by the State Quality Control Committee of Russia "100 best products of Russia".