PRESS RELEASE
JULY 21, 2003

REPUBLIC OF KOMI AND LUKOIL DEVELOP COOPERATION

Vladimir Torlopov, Head of Komi Republic, and Vagit Alekperov, President of LUKOIL, signed Protocol No2 to the Cooperation Agreement between the Komi Republic Government and LUKOIL for 2003 in Moscow today.

As a follow-up to the Cooperation Agreement signed in March 2002, the Parties agreed to continue the joint implementation of the «Energy-efficient Economy» Federal Program for 2002-2005 and the Period till 2010 and the Komi Republic Government's Economic Program for 2001-2005.

LUKOIL's obligations for 2003 in the Republic of Komi include the production of not less than 6.6 million tons of crude, 380 million cubic meters of gas and the refining of 3.5 million tons of oil.

The Company will complete the construction of and put into operation the first phase of the «Usa» oil preparation unit, the «Usa» terminal, the gas- preparation and processing block at Usinsk Gas Processing Facility and the oil preparation facility at Vozeyskoye field.

LUKOIL will provide financing for the comprehensive development of Yarega oil-titanium field. The Company will also put up a hydro-dewaxing unit with an annual capacity of 850 thousand tons of feedstock and a sulfur-production block. The Company will complete the modernization of the gas pipeline from Kharyaginskoye oilfield to KS-1. More than 100 million cubic meters of petroleum gas will be supplied to the Pechora Power Station and for the needs of the city of Usinsk.

LUKOIL also committed itself to repair the Ukhta-Voyvozh-Nizhnyaya Omra gas pipeline.

The Parties agreed to repair more than 150 kilometers of pipelines as envisaged in the OOO «LUKOIL-Komi» Ecological Safety Program. Over 40 thousand cubic meters of petroliferous sludge will be processed at Usinskoye and Vozeyskoye fields. It is planned that 156 hectares of oil-contaminated land will be re-cultivated.

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