PRESS RELEASE
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LUKOIL AND UDMURTIA GOVERNMENT SIGN COOPERATION AGREEMENT

Today, Vagit Alekperov, President of OAO LUKOIL, and Alexander Volkov, President of the Republic of Udmurtia, have signed in Izhevsk an Agreement for Cooperation between the Government of the Republic of Udmurtia and the Company.

The parties agreed, among other issues, to cooperate in accordance with the laws and regulations of the Russian Federation and the laws and regulations of the Republic of Udmurtia in the following key areas:

- meeting the demand of oil and gas products consumers in the Republic of Udmurtia with supplies of quality products and services compliant with modern standards;

- rational utilization of natural resources and development of the resource base of the Republic of Udmurtia;

- construction of tank storages, filling stations and other facilities in the republic of Udmurtia in accordance with the European standards at the expense of the Company or the LUKOIL Group companies;

- implementation of environment protection activities.

To pursue the implementation of activities in these key areas, the Company intends to undertake the following specific actions:

- examine the possibilities of increasing supplies of oil and gas products at market prices to business entities in the Republic of Udmurtia;

- explore the possibilities for placing manufacturing orders for oil and gas production equipment with organizations based in the Republic of Udmurtia;

- examine the applicability of experience of the fuel and energy companies in the Republic of Udmurtia regarding implementation of advanced technologies and high performance oil and gas production methods as well as participation in development of new technologies for the oil and gas sector;

- support the organization and optimization of refining of hydrocarbons produced in the Republic of Udmurtia.

To increase the effectiveness of cooperation, the Parties intend to jointly participate in the developing and implementing of programs for improvement of the oil and gas supplies infrastructure in the Republic of Udmurtia, including the optimization of transportation of oil products produced by OOO LUKOIL Permnefteorgsintez via the Perm-Andreevka trunk pipeline. The Agreement also provides for cooperation in joint elaboration of an integrated program for oil and gas fields development in the Republic of Udmurtia.