PRESS RELEASE
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LUKOIL EXPANDS TRANSPORTATION INFRASTRUCTURE AROUND VYSOTSK ISLAND TERMINAL

Today Vagit Alekperov, OAO LUKOIL President, and Vladimir Yakunin, President of JSC Russian Railways, have signed a supplement agreement to the agreement on developing railway transportation infrastructure around LUKOIL-II distribution and transfer terminal on Vysotsky island (Leningrad region).

Under the agreement, JSC Russian Railways will have reconstructed Vyborg traction substation, completed electric interlocking of Pikhtovaya railway station, installed automatic block system of the Vyborg-Pikhtovaya haul and performed other works by December 31, 2007, which would allow to increase petroleum cargo supply to the distribution and transfer terminal up to 12 mln tn per year.

In 2005 freight handling capacity for the distribution and transfer terminal had been increased up to 7 mln tn per year, in 2006 it reached 9 mln tn per year.

'Development of the railway transportation infrastructure around LUKOIL-II distribution and transfer terminal is one of the key factors of the terminal's profitability given its unique engineering capacity and favorable geographic location. Therefore, we place a high value on cooperation with OAO Russian Railways which promotes efficient operation of the site', said Vagit Alekperov, OAO LUKOIL President.

In addition to that Vagit Alekperov and Vladimir Yakunin approved a number of joint measures of LUKOIL and Russian Railways for 2007 aimed at increasing of petroleum cargo transportation volumes from Perm refinery, Perm gas processing plant and Volgograd refinery through Osentsy and Tatianka stations

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