PRESS RELEASE
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LUKOIL HAS COMMAND AND STAFF TRAINING ON OIL SPILL RESPONSE IN VARANDEY OIL EXPORT TERMINAL AREA

Yesterday LUKOIL had a command and staff training on oil spill response in the vicinity of Varandey Oil Export Terminal ('VOET').

Main goals of the training are: VOET staff drills for regional oil spill containment and response, estimation of the terminal equipment and opportunities for attracting regional forces and facilities in compliance with the Regional Emergency Oil Spill Response Plan in the Western sector of the Arctic.

Among other things, the participants faced research tasks which included analysis of operation conditions and peculiarities of emergency oil spills response under Arctic conditions, cleaning management of oil contaminated coastline, feasibility study of the coastline and water area cleaning under ice conditions.

Representatives of the Russian Marine and River Fleet, EMERCOM of Russia, State Maritime Administration of Russia, Research Institute of Marine Fleet, ZAO Tranzas, estimation and analysis group, attended the training.

According to the training scenario, a tanker loaded with crude oil, crashed near the fixed offshore ice-resistant offloading terminal, which is part of VOET. As the result of the accident, the tanker had a hull damage at the waterline and an oil spill. Oil spill in the sea may amount to 1,500 tons.

In conformity with the Oil Spill Response Plan, the following steps are to be taken:

- Deployment of VOET for oil spill containment within a specified time frame, development of forces and facilities for oil spill response offshore, deployment of onshore forces in the area of probable oil spill at the coast;

- Deployment of regional forces and facilities and their participation in the operation according to Regional Emergency Oil Spill Response Plan in the Western sector of the Arctic;

- Engagement of forces and facilities of oil companies operating in the Barents Sea;

- Engagement of forces and facilities from Norway according to the Agreement of

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1994 between the Government of the Russian Federation and the Government of the Kingdom of Norway on cooperation in oil pollution control in the Barents Sea;

- Deployment of EMERCOM of Russia forces in the area of probable oil spill at the coast;

- Coast protection activities and coastline cleaning operations according to the results of forecasted oil spill at the coast;

- Monitoring oil pollution at each operation stage;

- Acceptance of collected oily mixture and its delivery to an onshore reception center;

- Collection, storage and management (transportation) of liquid and solid waste collected during coast protection activities and coastline cleaning operations.

Anatoly Barkov, Vice-President of OAO LUKOIL summarized the results of the command and staff training, saying, 'Varandey Oil Export Terminal is a unique production facility, constructed in accordance with the most advanced technologies and state-of-the-art environmental techniques. It is located at the Barents Sea coast, in the permafrost area. Natural climatic conditions of the area urged the Company to guarantee prevention of any environmental impact. The training held today proved that LUKOIL has the experience and opportunities for safe terminal operation under Arctic conditions'.

VOET is used for sea export of oil produced by LUKOIL in the northern part of the Nenets Autonomous District. The Company is currently increasing throughput capacity of the terminal to 12 mln tn per year. The plan is to export oil via the shortest route including to the North American market after the terminal's capacity has been increased.

The upgraded VOET is to be commissioned during the fourth quarter of 2007.