PRESS RELEASE
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LUKOIL AND ROSNANO OUTLINE JOINT PROJECTS

A regularly scheduled meeting of the working group consisting of LUKOIL and ROSNANO state corporation experts was held in Moscow yesterday as part of the implementation of the General Agreement on Strategic Partnership between the two companies signed on October 8, 2009.

The task of the working group is to coordinate project planning and execution aimed at commercializing nanotechnologies and to introduce them into the oil and gas industry, including the LUKOIL Group organizations.

The meeting was held at the OAO RITEK (a wholly owned OAO LUKOIL subsidiary) industrial facility, at which high-performance valve electric drives for well pumps are produced.

Given the relevance of the task to improve operational excellence and, above all, to cut energy consumption in oil production, beginning in 1995, LUKOIL included valve electric drive development as a top priority on its research and development agenda. Currently this equipment is being used at close to 900 wells. Based on the operation results of certain wells at which valve electric drives are installed, as opposed to traditional induction motors, the energy consumption has been decreased by anywhere from 10 to 65 percent. LUKOIL intends to continue financing the research and development aimed at improving this equipment and increasing product variety.

The LUKOIL-ROSNANO working group resolved to continue studying the prospects of applying nanopatterned magnets, developed with ROSNANO participation, to the high-performance valve electric drives. In this alliance, LUKOIL plans to participate in concept design and run testing of the nanopatterned magnets with improved technical features.

The introduction of certain ROSNANO projects is presently being considered -- in particular, the use of multifunctional corrosion-resistant nanocoatings to protect technological equipment in aggressive environments, and desulfurization technologies for associated petroleum gas.

The most promising project on the horizon is the commercialization of a RITIN nanoagent, which has been developed by LUKOIL specialists and is produced at

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Elektrogorsk industrial facilities in the Moscow region. As part of this project, a joint venture is to be set up in order to start large-scale production of the RITIN agent and to create its service infrastructure.

LUKOIL experts will submit their proposals to ROSNANO regarding commercializing the integrated effect technologies for oil reserves to enhance the oil recovery factor.