PRESS RELEASE
NOVEMBER 11, 2010

LUKOIL STARTS CHLORINE AND CAUSTIC SODA PRODUCTION AT KARPATNEFTEKHIM

Vagit Alekperov, OAO LUKOIL President, and Viktor Yanukovich, President of Ukraine, participated today in a festive ceremony dedicated to the commissioning of a chlorine and caustic soda production unit at Karpatneftekhim, a LUKOIL Group enterprise, in Kalush, Ukraine.

The new unit will allow the Company to produce 200,000 tons of commercial caustic soda and about 180,000 tons of gaseous chlorine annually through the course of the electromembrane process introduced by UHDE, a German engineering company.

Production of gaseous chlorine will fully satisfy Karpatneftekhim's demand for this kind of raw material used to produce suspended polyvinyl chloride, whose production is scheduled for December, 2010.

The chlorine and caustic soda production unit will also make gaseous hydrogen, which will be used at the site in the fuel system of the olefine production unit.

The investments in the construction project of the chlorine and caustic soda production unit came to over USD 150 million. The construction of the new production unit took about two years.

"The new chemical production unit will allow us to produce the products compliant with global quality standards, to considerably enhance our performance efficiency, to reduce the consumption of energy resources 1.5-fold and to secure high technological and environmental safety standards of the production process," Vagit Alekperov, OAO LUKOIL President, said.

As previously reported, in August, 2010 Karpatneftekhim commissioned an ethylene and polyethylene production unit with an annual capacity of 250,000 and 100,000 tons, respectively.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com