PRESS RELEASE
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LUKOIL AND SNF SAS AGREE ON COOPERATION

LUKOIL and the French SNF SAS have agreed on the principal conditions to proceed with acrylamide and polyacrylamide production at Saratovorgsintez production site, a petrochemical enterprise, member of LUKOIL Group.

SNF SAS has planned a two-stage implementation for this project:

Stage 1: Establish 50,000 tons of acrylamide production and 30,000 tons of polyacrylamide production per year. Production is scheduled to begin in the first quarter of 2016.

Stage 2: Expand acrylamide production to 60,000 tons per year.

In case of a favorable market situation, SNF SAS will consider increasing the polyacrylamide production volume up to 100,000 tons per year.

Saratovorgsintez, the largest East European acrylonitrile manufacturer, will supply the acrylonitrile feedstock to the production facilities, up to 20,000 tons per year in the first stage.

LUKOIL believes the polyacrylamide manufactured by SNF SAS at the Saratovorgsintez production site may be utilized for its chemical technologies aimed at oil recovery enhancement.

Thus, project implementation will result in localized acrylonitrile consumption and additional use of the underused infrastructure facilities of the petrochemical enterprise, and in import substitution of considerable chemical agent volumes.

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