PRESS RELEASE
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LUK-SINTEZ OIL LTD. ACQUIRED A CONTROLLING INTEREST OF ODESSA OIL REFINERY

LUK-Sintez Oil Ltd. acquired a controlling interest (51.9%) of the Odessa oil refinery.

LUK-Sintez Oil Ltd. is a joint venture of LUKOIL International GmbH (60%) and a British company Sintez (40%). LUKOIL International GmbH is a 100% owned subsidiary of LUKOIL Oil Company.

Participation in the share capital of the Odessa refinery will allow to considerably expand petroleum products markets in Ukraine and other CIS countries and to actively utilize its capacities for processing of crude extracted in Kazakhstan and Azerbaijan.

The refinery (throughput capacity is 3.8 million tons a year) specializes in production of motor gasoline, diesel fuel, fuel oil, oil bitumen, liquefied gas and ranks forth in Ukraine in terms of oil refining volumes. Crude is supplied to the refinery via the Kremenchug-Snegirevka-Odessa oil pipeline. In 1998, the Odessa refinery produced 294,400 tons of motor gasoline, 594,600 tons diesel fuel, 2,200 tons of aviation kerosene, 31,900 tons of oil bitumen. The refinery employs 1,126 people. In the course of refinery upgrade diesel fuel and jet fuel purification units were built in 1994.

According to investment provisions of the bidding, LUK-Sintez Oil Ltd. is obliged to invest USD1.2 million in the refurbishment of the Odessa refinery and to supply 2.4 million tons of oil annually.

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