PRESS RELEASE
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PRESS OFFICE STATEMENT

Today in St. Petersburg OAO LUKOIL ("LUKOIL" or the "Company") held public hearings on construction of an oil product terminal "LUKOIL-II" on the Island of Vysotsky (Leningrad region). The Company obtained an approval of the Ministry of Natural Resources in charge of St. Petersburg and Leningrad region, which will enable to continue implementation of a promising project aimed at expansion of LUKOIL's export potential.

The terminal with the design capacity of 10.75 million tons is expected to be commissioned in September 2003. The Company will ship its products to international markets from the port of Vysotsk in tankers with deadweight of 80,000 tons.

LUKOIL President Vagit Alekperov said at the hearing that the terminal in Vysotsk will be the largest facility of this kind in North-Western District of Russia. The total capital expenditures will exceed US$300m. "We also hope that the approval will help the project documentation to pass other federal expert bodies. This will enable to initiate oil product supplies from Vysotsk at the end of 2003," said Vagit Alekperov.

The project feasibility study was completed in September, 2002. By the beginning of 2003, the Company had conducted land-clearing works at the site of the future facility, launched construction of apartment houses and tank pads, prepared groundwork for rail facilities and built a power line.

LUKOIL President also dwelled on other perspective projects carried out by the Company in the region. "The St. Petersburg market has a significant growth potential and has an extremely advantageous geographic location," stressed Vagit Alekperov. Thus, LUKOIL plans to considerably expand its presence on the regional market of motor fuels. By the year 2005 the Company's share in wholesale supplies is expected to increase from 6.4% to 12.3% and from 7.7% to 22.5% in retail supplies. Before 2005 LUKOIL plans to build an oil storage facility in Gatchin. The Company's retail network will be expanded from 30 to 110 retail outlets in St. Petersburg and Leningrad region and up to 190 retail outlets in North-Western District in general.

Before 2005 the Company's investment in North Western Federal District will reach

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