PRESS RELEASE
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LUKOIL INCREASES CAPACITY OF THE KHARYAGA-USA PIPELINE

President Vagit Alekperov of OAO LUKOIL ('LUKOIL' or 'the Company') and Komi Republic leader Vladimir Torlopov attended the official start-up of a «Usa» oil treatment unit which is part of the pipeline linking Kharyaga and Usa. The launching of the «Usa» unit in the city of Usinsk (Komi Republic) completes the creation of a complex system designed to collect, treat and transport the oil of OOO LUKOIL-Komi. A preliminary water discharge unit at Kharyaga field, «Vozey» booster pumping station №7 and «Usa» oil terminal were put into operation prior to this.

The start-up of these facilities increased the Kharyaga–Usa pipeline's annual capacity from 7 million to 12 million tons.

The increase in the capacity of the 150-kilometer pipeline, together with construction of the oil treatment unit, cost US$150 million.

The upgraded system will ensure the conversion of the produced oil and water mix into commercial crude and its further delivery to OAO Transneft pipeline system. The delivery of the commercial crude will take place at the «Usa» terminal through a custody transfer meter.

All suppliers of crude to the Kharyaga–Usa pipeline, other than LUKOIL, have been notified that the system fully switches over to commercial crude.

Substitution of dehydrated crude for oil and water mix will increase the pipeline carrying capacity and ensure better ecological safety of oil production in accordance with the Company's operational and environmental standards.

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