PRESS RELEASE
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LUKOIL AND RF EMERCOM HOLD TRAINING EXERCISES AT VARANDEY OIL EXPORT TERMINAL

The Varandey oil export terminal located in the Barents Sea hosted international integrated training exercises aimed at tanker accident and oil spill management today.

The training exercises were organized under the interagency RF EMERCOM program and All-Russia Political Party "United Russia" project titled "Development of Security Systems to Implement Economic and Infrastructure Projects".

The training exercises were aimed at improving interaction between the state structures and relevant LUKOIL services in the course of tanker accident and oil spill management at the regional level, the assessment of the personnel's qualification and also the efficiency and technical capabilities of the available equipment.

Pursuant to the agenda of the training exercises, a shuttle tanker with the deadweight of 70,000 tons loaded with crude oil collided, as it were, with a supply vessel in the vicinity of the fixed offshore ice-resistant offloading terminal of the Varandey terminal. A fire broke out on board the oil tanker as a result of the collision, several persons were injured and three members of the crew were found overboard. The first tank was also depressurized, which resulted in an oil spill of about 800 tons.

To extinguish the fire, an icebreaker and a harbor tug were immediately sent to the damaged vessel. In the meantime a Mi-8 helicopter rescued those in the water, deplaned the rescuers on board the oil tanker and evacuated those injured from the tanker.

After deplaning the rescuers and delivering the injured persons to the medical sanitary station of the Varandey terminal, the helicopter crew set off to investigate the oil spill.

The tanker crew together with the rescuers , the icebreaker and the harbor tug crew extinguished the fire and contained further oil spill.

Airplane investigation and computer modeling results suggested that oil booms

should be deployed to contain and eliminate the oil spill. Two boats for the oil boom assembly, four oil-spill boats, one tug boat and five skimmers participated in this operation.

As a result of prompt measures, the oil spill in the vicinity of the offshore oil offloading terminal was liquidated. 550 tons of oil-contaminated water was collected into special containers. However, part of the oil spill reached the shore due to unfavorable weather conditions. Therefore, extra forces and resources were deployed to protect and decontaminate the coast. According to the agenda of the training exercises, within a five-day period a 5 km-long and 5-meter wide coastal area was decontaminated while 3 thousand tons of oily soil was collected and transported to the landfill.

'Our Company attaches great importance to the environmental safety of its oil and gas facilities and, above all, of its offshore facilities, which operate in accordance with the "zero discharge" principle. In spite of the fact that the Varandey terminal as a whole, and its offshore section, in particular, are perfect facilities, also from the point of view of environmental protection, LUKOIL regards support of its environment-oriented infrastructure as a top priority. For this very reason in July of 2007, long before this unique facility started to operate, we, together with EMERCOM, organized command post training exercises to liquidate an oil spill in the vicinity of the terminal. These training exercises were clear evidence that the Company had acquired sufficient experience and capabilities to safely operate the terminal in the Arctic conditions. Today, four months after the offloading of the first tanker, we decided to test our emergency preparedness in practice. Results of the training exercises in realistic conditions confirm that both the Company's employees and equipment, EMERCOM subdivisions and other specialized organizations are able to ensure sustainable environmental protection in the vicinity of the Varandey terminal', Anatoly Barkov, OAO LUKOIL Vice President, said.