PRESS RELEASE
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LUKOIL PLEDGES COOPERATION WITH PERM REGION

Vagit Alekperov, OAO LUKOIL President, and Oleg Chirkunov, Governor of the Perm Region, signed a cooperation agreement between the Company and the Perm Region in Perm today.

According to the agreement, the parties will work together to create favorable conditions for the development of the raw-material base, for geological exploration works and for the application of new technologies to enhance oil recovery. The cooperation schemes will also include exploration of hydrocarbons, production, treatment and transportation of oil and gas, and also processing of hydrocarbon materials and transportation of the end product.

Specifically, the agreement provides for the development and implementation of a program to provide gas supply for the regional settlements. The program provides for construction of inter-settlement gas pipelines at the expense of the Company and its subsidiaries, whereas construction of gas-distribution pipelines and the transfer of the municipal boiler rooms to gas will be financed by the regional and local budgets.

In view of the seasonal demand for petroleum products, LUKOIL will also ensure a constant supply of gasoline, diesel fuel and engine oil to the small-scale wholesale and retail outlets of its petroleum-product supply network. The Company will maintain a competitive retail price level for engine fuels and oils in the region and also ensure faultless supplies of petroleum products and bitumens for road construction.

The agreement will be effective until December 31, 2015.

Vagit Alekperov and Oleg Chirkunov also signed a protocol on the execution of the previous economic and social-cooperation agreement between the Perm Region and OAO LUKOIL from 2006 through 2010.

Under the document, during this period LUKOIL subsidiaries paid RUR 48.675 billion in taxes to the budget of the Perm Region (188% as against the period of 2001-2005), including profit tax in the amount of RUR 35.725 billion (255% as against 2001-2005).

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

Within the reporting period, the Company’s total investments in the environmental measures in the region came to RUR 9.8 billion (586.6% as against 2001-2005).

Annual contests of social and cultural projects have been held in OOO LUKOIL-PERM's activity area. Nine hundred and thirty-three grants totaling RUR 111 million (258% as against 2001-2005) were allocated to these events in 2006-2010.