PRESS RELEASE
DECEMBER 20, 2011

LUKOIL INITIATES ELECTRIC POWER SALES IN THE BULGARIAN MARKET

LUKOIL Energy & Gas Bulgaria EOOD, a wholly-owned LUKOIL subsidiary, has started supplying electric power to the Bulgarian market at a preferential rate.

The preferential rate could only be granted after the thermal power plant (TPP) of LUKOIL Energy & Gas Bulgaria EOOD had switched to the combined mode of generation of electric power and heat (cogeneration) encouraged by Bulgaria's legislation. The preferential rate granted to the TPP is double the average market value of electric power.

The market launch of the TPP will not affect the economics of LUKOIL Neftochim Bourgas AD because it purchases electricity at average market prices. Besides, as allowed for in the design, the TPP and LUKOIL Neftochim Bourgas AD rely on the existing technological hookup between them, this enabling the TPP to retain its status of a reserve electric power source for the refinery.

As per the design, a new outdoor switchgear (110 kV) was constructed and new highly accurate electric power- metering stations installed.

This way the Company continues introducing LUKOIL Group's power stations to foreign markets, thus stimulating the use of efficient technologies of cogeneration.

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