PRESS RELEASE
FEBRUARY 12, 2014

LUKOIL CARRIES ON CONSTRUCTION OF A GAS CHEMICAL CLUSTER

Vagit Alekperov, OAO LUKOIL President, and Vladimir Vladimirov, acting Governor of Stavropol Krai, signed a Cooperation Agreement today between the Company and the regional government in Stavropol. The Agreement provides for cooperation between the two parties in the implementation of investment and social projects in the territory of Stavropol Krai.

Vagit Alekperov and Vladimir Vladimirov also visited today the construction site for a new gas processing unit (GPU-1), an integral part of the gas chemical complex (GCC), that will be erected at the manufacturing location of Stavrolen, a LUKOIL Group company. Presently, construction of the foundation is almost finished, and assembly of the GPU-1 core processing equipment has just started. Commissioning of GPU-1 with a capacity of 2 billion cubic meters per year is scheduled for 2015.

The enterprise will upgrade its ethylene unit in 2014. The launch of several units including GPU-2 (capacity 4 billion cubic meters per year), the ethylene unit (capacity 255 thousand tons per year), and the polyethylene unit (capacity 255 thousand tons per year) is scheduled for 2021. The associated petroleum gas (APG) produced at LUKOIL's fields in the Caspian sector will be the main feed for the GCC making it Russia's largest polymer production center. In addition to this, commercial gas from the gas chemical complex will be supplied to Gazprom's transportation system. As part of the project a number of ecological measures will be implemented to improve the environmental situation in Budennovsk district. Specifically, the water supply system will be reconstructed and a railway line will be built to transport the feed bypassing Budennovsk.

LUKOIL's President and the acting Governor of Stavropol Krai also inspected the construction of the combined-cycle gas turbine with a capacity of 135 MW (CCGT-135) located in the immediate vicinity of Stavrolen. CCGT-135 is designed to meet the GCC's demand for electric power and heat. Additionally, a portion of the energy resources will be supplied to other consumers in the region. The main generating equipment of the power island has already been assembled at CCGT-135, including two gas turbine plants, two waste heat boilers, a steam turbine, and a booster compressor station. Associated petroleum gas (APG) produced at LUKOIL's fields in the Caspian sector will be used as fuel for CCGT-135. The launch of CCGT-135 is scheduled for December, 2014. This facility is the final

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

project of five implemented by LUKOIL under the capacity supply agreements. CCGT-110 MW, CCGT-120 MW and CCGT-115 MW in Astrakhan as well as CCGT-410 WM in Krasnodar were commissioned earlier.

“The new gas chemical complex and the power park based on CCGT-135 in Budennovsk will enable us to fulfill the governmental order to maximize associated petroleum gas utilization. In addition, construction of the industrial part to process bulk chemical products to end products very close to the GCC will create thousands of new jobs and will boost economic growth in the whole region,” said Vagit Alekperov, LUKOIL’s President.