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COMP/M.6635 - LUKOIL / ISAB REFINERY

SECTION 1.2

Description of the concentration

1. The Commission has received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 (the “**EC Merger Regulation**”). OAO LUKOIL (“**LUKOIL**”) has entered into agreements with ERG SpA (“**ERG**”) to acquire, upon satisfaction of certain closing conditions, additional interests in ISAB S.r.l. (“**ISAB**”) which owns and operates the ISAB oil refinery complex in Priolo, Sicily (the “**Refinery**”).
2. At present, LUKOIL owns 60% of ISAB, while ERG owns the remaining 40%. LUKOIL will, through its indirect wholly owned subsidiary LUKOIL Europe Holdings B.V., acquire sole control of ISAB and the Refinery from ERG by increasing its interest in ISAB from 60% to 80% during 2012. LUKOIL also expects to increase its ownership of ISAB to 100% in a second, separate acquisition from ERG if ERG exercises its option to put the remaining 20% interest in ISAB to LUKOIL in late 2013 or 2014.
3. LUKOIL is a Russian company active in oil and gas exploration and production, the production and sale of refined petroleum products and the operation of petrol stations. It operates in Russia, Central Asia, Northern and Western Africa, South America, Eastern and Western Europe and the United States of America.
4. ISAB and the Refinery operate to refine crude petroleum into refined petroleum products which are distributed by LUKOIL and ERG.
5. The notified concentration does not give rise to any affected markets within the meaning of the EC Merger Regulation.