PRESS RELEASE
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LUKOIL, ITERA AND UZBEKNEFTEGAZ AGREED ON JOINT DEVELOPMENT OF HYDROCARBON FIELDS AND CONDUCTING GEOLOGICAL EXPLORATION IN UZBEKISTAN ON PRODUCTION SHARING TERMS

LUKOIL President Vagit Alekperov, President of International Group of Companies ITERA Igor Makarov, Deputy Prime Minister of the Republic of Uzbekistan Valery Ataev and First Deputy Chairman of National Holding Company Uzbekneftegaz Asror Abidov have signed today in Moscow the Contract on major principles and provisions of the Production Sharing Agreement on developing oil and gas fields in Bukhara-Khivinsky and Gissarsky regions as well as conducting geological exploration in Uzbekistan.

In accordance with the Contract signed today, unless there are any other agreements at the time of signing the PSA, the stakes of the participants will be as follows: LUKOIL - 45%, ITERA - 45%, Uzbekneftegaz - 10%.

The period of the field development will be 25 years and can be extended by another 10 years. Maximum gas production will amount to 8-10 bn cu meters annually. The reserves of the fields under the project equal to 250 bn cu meters of gas and 10 mln tons of liquid hydrocarbons.

Capital expenditure to bring the production from the fields to the project capacity will amount to around 750 mln dollars.

"Today's event is evidence of LUKOIL's another step to achieving its objective - to become not only one of the largest oil companies, but also to position itself adequately on the global gas market", - said Vagit Alekperov, President of LUKOIL.

According to Igor Makarov, President of International Group of Companies ITERA, "documents signed today are the first positive example in CIS, when an oil company and a gas company join their capabilities to develop gas fields, starting their work literally from scratch."

"The signing of the Contract between the Republic of Uzbekistan, Uzbekneftegaz, LUKOIL and ITERA represents the realization of the agreements reached during the visit of Islam Karimov, President of the Republic of Uzbekistan, to Moscow in May 2001", - stated Valery Ataev, Deputy Prime Minister of the Republic of Uzbekistan.

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In his turn, Asror Abidov, First Deputy Chairman of Uzbekneftegaz, reminded of the words of Islam Karimov, President of the Republic of Uzbekistan, who, during his meeting with Vladimir Putin, President of Russian Federation, said: "There are vast energy reserves in Uzbekistan. And it is more convenient for both Uzbekistan and neighbouring countries to develop these reserves in cooperation with strong partners. Therefore, Uzbekistan is in favour of Russia playing a more active role in the regional economy".