PRESS RELEASE
FEBRUARY 13, 2004

LUKOIL STARTS DEVELOPMENT DRILLING AT NAKHODKINSKOYE GAS FIELD

OOO LUKOIL-Western Siberia, a 100% subsidiary of OAO LUKOIL, started development drilling at Nakhodkinskoye gas field located in the Bolshekhetskaya Depression, Yamalo-Nenets Autonomous District.

The first well is designed to have a depth of 1,148 meters and a daily flow rate of 480,000 cubic meters of gas. As part of the start-up complex it is planned to drill 27 wells at eight multiple well platforms in the near future. A total of 62 wells is to be drilled at the field.

The overall gas reserves of Nakhodkinskoye field are estimated at 275.3 billion cubic meters.

OAO Kurgankhimmash is now manufacturing equipment for a complex gas treatment unit. It is planned that the start-up complex of the unit will be put in operation in late 2005. It is then when the first cubic meters of gas will be produced. Nakhodkinskoye gas field will reach its designed annual capacity of 10 billion cubic meters in 2007. Also, the construction of a 120-km long pipeline is now underway from Nakhodkinskoye field and Yamburgskaya compressor station.

LUKOIL's overall investments in the development of oil and gas and condensate fields in the Yamalo-Nenets District are expected to reach approximately USD 5 billion, including almost USD 3 billion to fund the development of the Bolshekhetskaya Depression fields.

Before implementing its gas projects LUKOIL had provided for the sale of its products. In October 2003, LUKOIL and Gazprom signed an agreement on gas deliveries from Nakhodkinskoye field. Under the agreement, LUKOIL will sell to Gazprom 0.75 billion cubic meters of natural gas from Nakhodkinskoye field in the fourth quarter of 2005 and 8 billion cubic meters of natural gas in 2006. Gazprom undertook to pay for and transport gas through Russia's Unified Gas-Supply System. Gas price is set at the level of not lower than USD 22.5 per thousand cubic meters (VAT excluded).

Development of the gas sector is one of the Company's priorities. In 2002, the Company worked out the "Concept of LUKOIL's Activities in the Gas-Energy

Sector" and the "Program of LUKOIL's Investments in the Construction of Gas-gathering Facilities for 2002-2005". In 2003 LUKOIL produced 5.5 billion cubic meters of gas, 8% up on the previous year. It is expected that the Company's gas production will reach 40.0 billion cubic meters by 2013.

"The start-up of development drilling operations at Nakhodkinskoye field is a milestone in the Company's evolution. This makes us not just an oil company but an oil and gas company as well," Vagit Alekperov, President of LUKOIL, said.