PRESS RELEASE
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MEETING BETWEEN ISLAM KARIMOV AND VAGIT ALEKPEROV

A meeting between Islam Karimov, President of the Republic of Uzbekistan and Vagit Alekperov, President of LUKOIL was held in Moscow today. The meeting was organized in the framework of Mr. Karimov's visit to Russia on Mr. Putin's invitation.

The current status of the prospective Kandym-Khauzak-Shadi production project was discussed. As a result of the meeting an agreement on preparing basic documents for projects was concluded.

The Kandym-Khauzak-Shadi project with LUKOIL and Uzbekneftegas National Holding Company's participation is one of the first projects implemented in accordance with the Uzbek law on "Production Sharing Agreements", passed in 2001.

UzLITIneftegas Institute, a subsidiary of Uzbekneftegas, did the feasibility study. It is planned that the Kandym-Khauzak-Shadi PSA will be signed this summer, so that field operations can be started in 2004.

Total gas reserves of Bukharo-Khivinsky Region are estimated at 280 billion cubic meters of ABC1 gas and 8 million tons of C1 gas condensate. The largest of the fields to be developed under the project is Kandym field with gas reserves exceeding 150 billion cubic meters of gas.

Investments into Kandym-Khauzak-Shadi project will amount to $1 billion. The project's annual production peak is expected to reach 8.8 billion cubic meters of gas while the annual figure for Stage 1 of the project implementation will be 2-2,5 billion cubic meters.

The project envisages construction of a modern gas-chemical complex with an annual capacity of 6 billion cubic meters of gas and sulfur storage facilities. Also, 240 production wells are to be drilled. Moreover, 1500 km of pipelines of various diameter and purpose, two compressor stations, gathering facilities, shift camps, HV power lines, separate 40 km-long railroad and roads are to be constructed under the project.

Large-scale operations like this will mean mass employment of people and service

companies, as well as opening of professional educational and training centers.

“LUKOIL Overseas”, LUKOIL’s downstream operator, opened a representative office in Tashkent in February of 2003. An operating company responsible for the implementation of the project will be established in Uzbekistan after the PSA is signed.