PRESS RELEASE
FEBRUARY 16, 2005

LUKOIL DECIDED TO WITHDRAW FROM ZYKH-GOVSANY PROJECT IN AZERBAIJAN

LUKOIL Overseas Holding Ltd. (100% LUKOIL subsidiary) withdrew from the Zykh-Govsany project in Azerbaijan.

The decision was mainly reasoned by the fact that the economic performance of the project does not meet the Company's efficiency requirements due to considerable expenses for the environmental reinstatement of the contractual area and highly worked-out deposits.

The withdrawal was agreed with the State Oil Company of Azerbaijan Republic (SOCAR), LUKOIL's partner.

The agreement for the Zykh-Govsany project (50% / 50%) was signed on January 9th, 2001, for a period of 25 years but has never come into force. Under agreement with LUKOIL, SOCAR has been developing the field solely for the recent years.

Currently, LUKOIL is actively involved in Shakh-Deniz (10% share) and D-222 (80% share), two major and prospective projects in Azerbaijan.

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