PRESS RELEASE
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LUKOIL APPROVES HYDROCARBON PROVEN RESERVES ESTIMATION POLICY

The Management of LUKOIL has approved the Company's Policy regulating the estimation of oil, gas and condensate proven reserves. The Policy fully meets the international standards.

The Policy determines the SPE principles as binding in evaluating and auditing the Company's oil, gas and condensate proven reserves. The data is used to prepare regular financial statements in accordance with US GAAP.

In addition to the SPE Report, the Company intends to start producing another one, that to SEC requirements.

Proven oil and gas reserves are defined as certain amounts of crude, natural gas and gas condensate, identified and assessed by means of geological and engineering calculations made with reasonable accuracy, which may be extracted in future from spotted locations under current economic and technical conditions.

An issued license for subsoil use, a PSA or a service agreement is obligatory for the reserves to be recognized as proven. A field development plan along with a long-term production plan and an E&P investment program are also mandatory. The development plans are updated on an annual basis as the long-term production plan and the E&P investment program are being prepared.

To recognize the reserves as proven the Company needs to monitor market outlets and obtain a hydrocarbon sales agreement or a confirmed access to a well-developed hydrocarbon market.

The Company's reports on oil and gas reserves are subject to mandatory audit by an external auditor. Miller and Lents (USA) has been auditing LUKOIL's reserves since 1996. According to the auditor's data, the Company's proven hydrocarbon reserves totaled 20.07 billion barrels of oil equivalent including 15.97 barrels of oil and 24.60 trillion cubic feet of gas as of January1, 2005.

LUKOIL, therefore, still retains its leading positions in the international scale in terms of proven oil and gas reserves, ranking No. 1 among Russian oil companies and second among largest private oil and gas companies worldwide.

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“It is obvious that evaluation and audit of hydrocarbon proven reserves conducted in accordance with the internationally accepted standards will mean reliable and accurate data to ensure more efficient corporate governance and better transparency,” Leonid Fedun, Vice-President of LUKOIL said.