PRESS RELEASE
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LUKOIL DISCOVERED MAJOR FIELD IN CASPIAN SEA

LUKOIL opened a major multilayer oil and gas condensate field in the Severny licensed area, in the northern part of the Caspian sea. The field was discovered with the first exploration well in Yuzhno-Rakushechnaya structure, 220 km from Astrakhan.

The primary well gave inflow of light water-free low sulfur oil with over 800 tons per day flow rate at 0.2 MPa depression. Such flow rates in Russia are only known at few wells (average flow rate in Russia is 10.5 tons per day).

The reserves of the new field under the “probable” and “possible” categories are estimated to be 600 million barrels of oil and 1.2 trillion cubic feet of gas. Completion of exploration, preparation and approval of the design documentation for the development of the field will allow to upgrade the reserves in to the “proved” category.

The new field is the first predominantly oil field within the licensed areas of LUKOIL in the Northern Caspian. 75% of the total reserves of the field is oil, while all the other fields opened by the Company in the Caspian region are mostly gas fields.

The oil reserves of the new field considerably exceed those of the adjacent field after Yu. Korchagin which is prepared for development, and favorably differ from the latter by the main geological parameters. The new field surpasses the previously opened fields in the Caspian region in its oil production potential.

Preliminary calculations show that the maximum oil production rate at the new field will exceed 5 million tons and the accumulated production will be around 80 million tons (with the extraction ratio of 0.5).

The new field and the field after Yu. Korchagin set foundation for future vast off-shore oil production infrastructure with reliable crude material base and annual production rate of around 8 million tons.

The new field is the major oil field which was ever opened in Russia for the last 10 years and allows LUKOIL to essentially increase efficiency of the expensive works in the Caspian sea.

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The new field was give the name of Vladimir Filanovsky, famous oil man who made a great contribution into the development of the national oil industry.