PRESS RELEASE
FEBRUARY 12, 2007

LUKSAR DISCOVERED HYDROCARBONS IN SAUDI ARABIA

Followed the results of deep exploration drilling on Tukhman structure, Contract area Block A in the Kingdom of Saudi Arabia LUKSAR discovered hydrocarbon accumulations.

LUKOIL Saudi Arabia Energy Ltd. (LUKSAR) was established on March 01, 2004 with eqiuty participation of LUKOIL Overseas (80%) and its National partner, Saudi Aramco (20%). The office of LUKSAR is based in Al-Khobar (Eastern Province of Saudi Arabia). The term of Agreement between the Government of Saudi Arabia and LUKSAR for exploration periods and production period shall not exceed 40 years from the effective date March 07, 2004.

The Contract area is located in the northern part of Rub Al-Khali, south of Al-Ghawar, which is a major oil field not only in Saudi Arabia but also on a global level. Total area of the Block A is approximately 30,000 square kilometers.

LUKSAR was officially admitted to begin its operations on this area in March 2004 following outcomes of international tender. Purpose of the exploration works in Contract area, is to find non-associated gas and field condensate and – if commercial discovery take place – LUKSAR shall undertake development and production operations.

Starting from the signing date and until drilling stage LUKSAR reprocessed more than 8,000 kilometers of vintage seismic data, conducted 755 square km 3D seismic, 1,700 km 2D seismic and 3,340 square km 3D-Sparse seismic acquisition works, and subsequently all obtained data were properly processed and successfully interpreted.

The first exploration well was spudded in January 2006, and it was drilled on a domed area of Tukhman structure, located in the central portion of the Contract area. TVD of this well is about 5,000 m.

At the present time LUKSAR begins detailed appraisal of the discovery to further evaluate the composition and potential of the said discovery which is expected in 2008.

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