PRESS RELEASE
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LUKOIL AND BASHNEFT SET UP JOINT VENTURE TO DEVELOP R.TREBS AND A.TITOV FIELDS

OAO LUKOIL and OAO ANK Bashneft (principal shareholder - Sistema JSFC), signed an agreement in Moscow today to establish a joint venture and stipulate conditions for the development of two fields named after Roman Trebs and Anatoly Titov.

According to the agreement, OAO LUKOIL will purchase 25.1% of an ANK Bashneft subsidiary, while the license and subsoil use rights for R.Trebs and A.Titov fields will be re-issued in favor of this subsidiary. In its turn, the joint venture will purchase from OAO LUKOIL 29 exploration wells located in the license area.

The parties also agreed to transport the oil from R.Trebs and A.Titov fields via the Varandey Oil Export Terminal owned by OAO LUKOIL to the Barents Sea coast, where the crude will be loaded into tankers.

The parties will consider supplying the produced associated petroleum gas to the energy centre of the Yuzhnoye-Khylchuyu field, which is developed by OOO Naryanmarneftegaz (a joint-venture of OAO LUKOIL - 70% and ConocoPhillips - 30%). The associated petroleum gas will be used for generation of electric power to support the activities of the production units at R.Trebs and A.Titov fields.

In February of 2011, OAO ANK Bashneft obtained a license for a federal-level site of subsurface resources, including R.Trebs and A.Titov oil fields, for a term of 25 years. The license area, 2,151 square kilometers in size, is located in the Nenets Autonomous District. The total recoverable oil reserves of commercial categories (C1+C2) located within the license areas of R.Trebs and A.Titov fields, as booked in the state balance sheet, reach 140.1 million tons.

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