PRESS RELEASE
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LUKOIL PRESIDENT PURSUES NEGOTIATIONS IN BAGHDAD

Vagit Alekperov, OAO LUKOIL President, met with the leaders of Iraq's Fuel and Energy Complex -- Deputy Prime Minister for Oil Hussain al-Shahristani and Minister of Oil Abdul Karim Luaibi, in Baghdad today.

The parties discussed the progress of the West Qurna-2 field-development project, the Block-10 geologic-exploration project and other promising Iraqi projects in which LUKOIL may be involved.

Construction is soon to be completed of the field's main production facilities: an oil-treatment unit, a gas-turbine power plant, an export pipeline and a tank battery. Twenty-three directional wells have been drilled this year, whereas the infrastructure development of cluster pads and the pre-commissioning and startup operations are still underway.

West Qurna-2 field, located 65 kilometers to the northwest of Basra, a major seaport, is one of the world's largest undeveloped fields with recoverable oil reserves of approximately 14 billion barrels. As previously reported, a supplement agreement to the contract was signed at the beginning of 2013. It states, among other things, the target production level with respect to the project: 1.2 million barrels of oil per day for a period of 19.5 years and extension of the total contract term to 25 years.

The contract on Block-10, located 120 kilometers to the west of Basra, was signed in November of 2012. The operations at the block are being conducted by a consortium formed by LUKOIL Overseas (60%) and Japan's INPEX Corporation (40%). Demining operations are now being conducted in the contract area.

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