PRESS RELEASE
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LUKOIL, GAZPROM NEFT AND TATNEFT JOINT VENTURE TO DEVELOP HARD-TO-RECOVER RESERVES IN VOLGA-URAL REGION

LUKOIL, Gazprom Neft and Tatneft have closed a deal to set up a joint venture to explore and produce hard-to-recover hydrocarbons in the Orenburg Region.

Partners agreed to share technologies and innovations to develop conventional oil reserves and work upon economically viable technologies for commercial development of hard-to-recover reserves at two license areas in the Volga-Ural region.

The assets portfolio of the newly established joint venture – *New Oil Production Technologies LLC* – where each party holds a one-third interest, includes the Savitsky and Zhuravlyovsky license areas.

The 900 square kilometers Savitsky license area, located in Buzuluk and Grachyovka Districts, Orenburg Region, is distinguished by low exploration maturity. As of today, the first exploratory and appraisal well of six wildcat and exploratory wells with horizontal completion, envisaged by the geological exploration program, has been drilled at the license area. The partners are now busy with geophysical surveys, including sampling and analysis of cores and fluids, scientific researches and field non-seismic studies. The 3-D seismic survey covered over 880 square kilometers.

Located in Buzuluk District, Orenburg Region, the Zhuravlyovsky license area borders with the Savitsky license area and covers around 123 square kilometers. The license area features the currently suspended Zhuravlyovskoye field. According to the State Register of Reserves, remaining reserves of this field, discovered in 1965, are around 2.5 million tons of oil. The license area might contain deposits of hard-to-recover hydrocarbons, too.

Geological exploration of the Zhuravlyovsky license area for 2020 – 2023 includes a 3-D seismic survey of 118 square kilometers, drilling of one exploratory well for conventional reserves and one appraisal well with horizontal completion for unconventional reserves.

As soon as integrated data, obtained through geological exploration of the two license areas, are summarized and reserves are proven, the parties will present a

pilot plan of the asset development, expected to commence in 2024.

Information:
Involved in the development of hard-to-recover reserves since the day of its establishment, LUKOIL continues to increase the share of low permeability reservoirs and high viscosity oil in its production profile, successfully developing these reserves at the Imilor field in Western Siberia, the Usinskoye and Yarega fields in the Komi Republic.
In 2019 alone, advanced technologies allowed LUKOIL to increase production at key fields with highly viscous oil and low permeability reservoirs by 20%.