PRESS RELEASE
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LUKOIL AND CONOCO MOVE CLOSER TO DEVELOPING MAJOR RESERVES IN RUSSIA

Today the Northern Territories has passed the third and final reading by the Russian Duma to be included on the Law on the List of fields eligible for development under production sharing agreements.

The Northern Territories are a 1.2 million-acre block area located in the Timan-Pechora oil and gas province in Russia, above the Arctic Circle. The block, which includes the giant Yuzhno-Khykchuyu field, will be developed jointly by LUKOIL, AGD and Conoco. Conoco holds a 40-percent participation interest in the project.

«This is a significant achievement toward our goal of joint development of the oil and gas reserves in the Northern Territories. Passage by the Duma gives us a formal right to begin negotiations on a production sharing agreement with the State,» - said John Capps, President, Conoco International Petroleum Company.

«We believe that the development of the Northern Territories project is the key to opening the door for development of the Timan-Pechora oil and gas province,»- LUKOIL President Vagit Alekperov said. «This project has significant benefits for all parties involved, and primarily for the Russian economy.»

The three readings in the Lower Chamber of Russian Parliament complete one of the most important stages in the project's approval. However, approval from the Federation Council and the President are also needed.

«We are eager to continue working with the Russian Government and LUKOIL on this important project,» - Conoco President and CEO Archie Dunham said from Houston. «Conoco was an early investor in the Russian oil industry through Polar Lights - the first Russian-American joint-venture company to develop a new oil field in Russia in 1992. The long-term development of the Northern Territories would be a significant «next step» for Conoco in this important oil and gas producing region of the world.»

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