PRESS RELEASE
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OAO LUKOIL HAS TOTAL RESERVES OF 23 BILLION BARRELS OF OIL AND 6.6 TRILLION CUBIC FEET OF GAS

An engineering company, Miller and Lents (USA), has completed an independent evaluation of oil and gas reserves of OAO LUKOIL in Russia and abroad as of January 1, 2000.

The estimated combined reserves (proved, probable and possible) of LUKOIL include 23 billion barrels of oil and 6.6 trillion cubic feet of gas. Proved reserves, those that are technologically recoverable and commercial reserves as of the date of the evaluation were estimated at 13.5 billion barrels of oil and 3.9 trillion cubic feet of gas. The future discounted net cash flow (before income tax) amounted to USD36.8bn.

The evaluation was conducted under the requirements of the US SPE (US Society of Petroleum Engineers). The reserve evaluation was based upon the constant price, expenses, effective tax rates as of the end of 1999. In particular, the evaluation used the netback price of USD12.66 per barrel of oil and USD0.31 per 1,000 cubic feet of gas, and lifting costs (including the 1999 inflation rate) of USD2.7 per barrel of oil equivalent.

The total reserves of the Company include the evaluated properties in the Tyumen region, Urals, Volga region, Kaliningrad region, Timan Pechora (Republic of Komi and Arkhangelsk region) and international projects with LUKOIL's involvement (the Tengiz, Karachaganak, Kumkol fields in Kazakhstan, Azeri in Azerbaijan, Meleya in Egypt). The evaluated properties also included the West Qurna field in Iraq, whose conditionally proved reserves may amount to 2.4 billion barrels of oil. However, given the acting UN sanctions against the Republic of Iraq and uncertainty when these sanctions will be lifted, the Iraqi properties were estimated separately and were not included in the total reserve evaluation of LUKOIL.

West Siberia where over 60% of the Company's reserves is concentrated remains the main resource region for LUKOIL. A share of reserves in the European and northern regions of Russia significantly increased (one third of the total reserves of the Company is located here). This resulted from acquisitions of OAO KomiTEK and OAO Arkhangelskgeoldobycha, which own significant amounts of undeveloped reserves and prospective oil and gas resources. The role of LUKOIL's international reserves base is increasing (around 5%, excluding West Qurna field in Iraq). LUKOIL's main international properties are located in Kazakhstan and Azerbaijan. Efficiency and volume of reserves in these regions will increase significantly after the first stage of the Caspian Pipeline will be brought to operation in 2001.

The Company's current production levels can be maintained by proven reserves within 28 years on average. Besides, the independent evaluation results prove a high comparability of

the estimated recoverable oil and gas reserves of commercial categories under the Russian and foreign methodologies.

It is worth noting that an increase in LUKOIL's oil and gas reserves is achieved through new acquisitions and through exploration. The Company is widely involved in exploration and exploration drilling both in traditional and in new regions of Russia, CIS countries and far abroad. The average annual drilling by LUKOIL subsidiaries and affiliated companies amounts to around 300,000 meters, some 100 wells are put to operation.

In 2000 the Company discovered 2 major oil and gas fields in the northern Caspian zone. The estimated recoverable reserves with a high degree of probability may exceed 0.3 billion tons of oil and gas (some 2.2 billion barrels). These properties were not included in this evaluation.

The Timan Pechora oil and gas province, the Caspian offshore, the Saratov, Kaliningrad regions of Russia and a few international areas remain the most promising regions in terms of maximization of the Company's hydrocarbon reserves.

ESTIMATES OF LUKOIL'S OIL AND GAS RESERVES

Crude oil and gas condensate, in million barrels

As of January 1, 2000	West Siberia		European Russia		International		LUKOIL WORLDWIDE	
Categories of reserves	*gross*	*net*	*gross*	*net*	*gross*	*net*	*gross*	*net*
Proved developed	5,158	5,059	3,191	2,665	2,252	187	10,601	7,911
Proved undeveloped	3,531	3,378	2,622	1,848	3,922	361	10,075	5,587
Total proved reserves	8,689	8,437	5,813	4,513	6,174	548	20,676	13,498
Probable	4, 456	4,25	1,406	1,064	3,534	258	9,396	5,572
Possible	2,066	1,898	2,672	1,626	6,698	375	11,436	3,899

Natural gas, in billion cubic feet

As of January 1, 2000	West Siberia		European Russia		International		LUKOIL WORLDWIDE	
Categories of reserves	*gross*	*net*	*gross*	*net*	*gross*	*net*	*gross*	*net*
Proved developed	772	759	554	418	5,232	472	6,558	1,649
Proved undeveloped	513	509	709	439	11,629	1,311	12,851	2,259
Total proved reserves	1,285	1,268	1,263	857	16,861	1,783	19,409	3,908
Probable	680	659	420	295	4,265	310	5,365	1,264
Possible	271	266	1,545	913	6,356	205	8,172	1,384

Estimates of future cash flows from net proved oil and gas reserves, in million US dollars

As of January 1, 2000	West Siberia	European Russia	International	LUKOIL WORLDWIDE
Future cash inflows from sales of oil and gas	98,663	65,791	7,660	172,114
Future operating and development expenses	(39,980)	(26,179)	(4,028)	(70,187)
Future undiscounted cash flows *	58,683	39,612	3,632	101,927
Effect of discounting (discount rate - 10%)	(36,927)	(25,749)	(2,412)	(65,088)

Future discounted net cash flows*	21,756	13,863	1,220	36,839

* before income tax

Notes: Gross reserves relate to all fields where LUKOIL is involved in development. Net reserves are those volumes attributable to net interests of LUKOIL (after deduction of minority and other participants' interests in development of the fields).