PRESS RELEASE
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OAO LUKOIL'S PROVED RESERVES EXCEED 20 BILLION BARRELS OF OIL EQUIVALENT

OAO LUKOIL has completed an evaluation and independent audit of its oil and gas reserves as at January 1, 2004. In terms of proved oil and gas reserves the Company continues to hold leading positions in the world: it is ranked first among Russian oil companies and second among international oil and gas majors after ExxonMobil.

According to the data audited by Miller and Lents (USA), LUKOIL's proved reserves as at January 1, 2004 are estimated at 20.056 billion barrels of oil equivalent (boe), including 15,977 billion barrels of oil and 24.473 trillion cubic feet of gas. Compared with the reserves as at January1, 2003 proved hydrocarbon reserves increased 4%, including 4.7% growth of oil reserves and 1.3% growth of gas reserves.

OAO LUKOIL Oil and Gas Reserves

As of January 1, 2004	**Oil**	**Gas**	**Oil + gas***
	Million barrels	Billion cubic feet	Million boe
Proved reserves	**15,977**	**24,473**	**20,056**
including			
Developed	10,207	2,914	10,693
Undeveloped	5,770	21,559	9,363
Probable reserves	**7,238**	**14,616**	**9,674**
Possible reserves	**3,326**	**3,548**	**3,917**
Total	**26,540**	**42,637**	**33,647**

***1 barrel of oil equivalent = 6,000 cubic feet of natural gas**

Estimates of Future Cash Flows from Proved Reserves Development

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As of January 1, 2004	Million USD
Future cash flows from sales of oil and gas	274,396
Future production and development cost	154,490
Future undiscounted cash flows (before income tax)	119,906
Effect of discounting (10% p.a.)	76,096
Future discounted net cash flows (before income tax)	43,810

The evaluation of the reserves of OAO LUKOIL was performed in compliance with the US Society of Petroleum Engineers (SPE) requirements. The proved reserves included those volumes which are recoverable up to and past license expiry dates. For other technical and commercial parameters the reserves evaluation was performed in compliance with the US Securities and Exchange Commission (SEC) requirements.

The Company's total reserves in all categories constitute 100% net reserves owned by the consolidated subsidiaries and net share in appropriate reserves of affiliates.

The main factors behind the growth of the reserves are:

· Additions to reserves as a result of exploration activity carried out in the regions where the Company traditionally operates;

· Acquisition of new producing companies (YaNTK, RKM-Oil), purchase of controlling stakes from affiliated companies (LUKOIL-AIK, Tebukneft, Ukhtaneft, Investnafta), increase of the Company's interest in affiliated companies (Volgodeminoil, PermTOTIneft). In 2003 the Company sold its participating interests in upstream companies and projects (Polar Lights, Azeri-Chirag-Gyuneshli);

· Revision of the previous estimates using renewed or updated geological and development information;

· Growth of international and domestic oil prices.

Exploration remains a top priority in the Company's development. In 2003 exploration drilling amounted to 146,000 meters. LUKOIL accounts for 21.3% of the total exploration drilling in Russia. The Company discovered 15 new hydrocarbon fields and 14 reservoirs of oil at the existing properties. The Company's hydrocarbon production has been fully replaced for the last 4 years.

LUKOIL's future activities in the area of exploration and resource base development will be aimed at discovery of highly productive reserves in new regions (Timan Pechora, Caspian offshore, Bolshekhetskaya Depression in Yamalo Nenets Autonomous District), support of the active reserves level in traditional regions where the Company operates and maintaining low cost of hydrocarbon reserves addition.