PRESS RELEASE
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LUKOIL PLANS TO INVEST $300 MILLION IN THE DEVELOPMENT OF BOLSHEKHETSKAYA DEPRESSION IN 2005

LUKOIL-Western Siberia, a 100% subsidiary of OAO LUKOIL, plans to spend around $300 million on the development of Bolshekhetskaya depression fields in Yamalo-Nenetsky Autonomous Region in 2005.

Preparation of Nakhodkinskoye gas field for development together with subsequent completion of its infrastructure will require most of the spending. It is planned that the construction of the field's start–up complex will be completed in April 2005. Forty production wells are to be drilled in the course of the next year. Total development costs in the completion of Nakhodkinskoye field may reach approximately $500 million.

Also, LUKOIL will proceed with seismic prospecting at Khalmerpayutinskoye, Yuzhno-Messoyakhskoye, Pyakyakhinskoye fields. It is expected that drilling of a super deep (5,400 meters) well will be completed at Khalmerpayutinskoye field.

Exploration and hydrocarbon production at the Bolshekhetskaya depression area are conducted by Yamalneftegazdobycha and Nakhodkaneftegaz companies – both are the subsidiaries of LUKOIL-Western Siberia. The companies have licenses for five fields with aggregate reserves totaling 920 billion cubic meters of gas, 70 million tons of oil and 38 million tons of condensate. The expected production volumes in this area will be up to 2 million tons of oil, 2 million tons of condensate and around 25 billion cubic meters of gas.

LUKOIL's total investment in the development of oil/gas condensate fields in Yamalo-Nenetsky Autonomous Region may reach $5 billion.

As announced earlier, LUKOIL and Gazprom signed an agreement on gas deliveries from Nakhodkinskoye field. The parties, in particular, agreed that LUKOIL will sell up to 0.75 billion cubic meters of gas to Gazprom in the fourth quarter of 2005 and up to 8 billion cubic meters in 2006. In its turn, Gazprom committed to pay for and transport gas via Russia's Unified Gas Supply System. The Document also defines the price formula for the gas purchased by Gazprom from Nakhodkinskoye field at the metering unit of Yamburgskaya compressor station.

In 2003 LUKOIL produced 5.7 billion cubic meters of gas, including 1.3 billion cubic meters of natural gas.

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