PRESS RELEASE
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LUKOIL AND NATIONAL PETROLEUM COMPANY OF VENEZUELA PDVSA SIGNED MEMORANDUM OF UNDERSTANDING

Hugo Chavez Frias, President of the Bolivarian Republic of Venezuela, OAO LUKOIL and National Petroleum Company Petroleos de Venezuela S.A. (PDVSA) signed a Memorandum of Understanding (MoU) in the Kremlin today. The MoU was signed during the official visit of the President of Venezuela to Russia.

The MoU was signed by Vagit Alekperov, President of LUKOIL, and Ali Rodriguez Araque, Minister of Foreign Affairs of Venezuela, who used to be the head of PDVSA till the middle of November of 2004.

The document reflects PDVSA`s willingness to provide for LUKOIL's consideration new upstream projects in the so-called "heavy oil belt of Orinoco" in the Gulf of Venezuela (Maracaibo lake) as well as rehabilitation, enhanced oil recovery and productivity projects on depleted fields, for possible joint participation.

In accordance with the MoU, the parties will discuss an issue related to purchase of crude oil and oil products by LUKOIL from PDVSA by way of both one off transactions and long-term agreements. PDVSA will also provide for LUKOIL's consideration proposals on possible cooperation in the area of oil refining.

The parties expressed their intention to exchange personnel on a regular basis for the purposes of training, re-training and professional development in various areas.

LUKOIL and PDVSA arranged the first Russia-Venezuela oil and gas workshop which was held earlier this week in Moscow. Speaking at the workshop Ali Rodriguez Araque reported on Venezuela plans to increase hydrocarbon reserves and production. This coincides with LUKOIL's plans to invest in development of Venezuela oil and gas industry.

"Participation in oil and gas projects in Venezuela is an important direction in the Company's development, including supplies of oil to North American market and oil products for LUKOIL retail chain in the USA," Vagit Alekperov said after the MoU signing.

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