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, 2005. 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.

According to the data audited by Miller and Lents (USA), LUKOIL's proved reserves as at January 1, 2005 are estimated at 20.07 billion barrels of oil equivalent (boe), including 15.97 billion barrels of oil and 24.60 trillion cubic feet of gas.

For five years on end the Company has completely compensated the hydrocarbons production with the reserves additions. LUKOIL had 3.5% growth of the proved reserves in 2004 taking into account the hydrocarbons production. Discounting the production, the annual Company's proved reserves growth was 0.1%

OAO LUKOIL Oil and Gas Reserves

As of January 1, 2005	**Oil**	**Gas**	**Oil + gas***
	Million barrels	Billion cubic feet	Million boe
Proved reserves	**15,972**	**24,598**	**20,072**
including			
Developed	10,651	4,958	11,477
Undeveloped	5,321	19,640	8,595
Probable reserves	**7,424**	**15,537**	**10,013**
Possible reserves	**3,269**	**5,103**	**4,119**
Total	**26,665**	**45,238**	**34,204**

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

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Estimates of Future Cash Flows from Proved Reserves Development

As of January 1, 2005	**Million USD**
Future cash flows from sales of oil and gas	308,108
Future production and development cost	171,186
Future undiscounted cash flows (before income tax)	136,922
Effect of discounting (10% p.a.)	87,373
Future discounted net cash flows (before income tax)	49,549

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.

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;

· Commencement of the PSA related to Kandymskaya group of fields, areas of Hausak, Shady and Kungradsky in Uzbekistan;

· Increase of the share in the Agreement on exploration, development and production sharing for the Shakh-Deniz field in Azerbadjan as well as increase of the share in the Concession agreement under license for development of the Meleya field in Egypt as a consequence of acquisition of 50% share in the LUKAgip N.V. joint venture;

· 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. The approved Strategic development program of LUKOIL Group for 2005-2014 provides for complete compensation of the hydrocarbons production with the reserves additions at the competitive cost level.