PRESS RELEASE
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LUKOIL OPTIMIZES SUBSIDIARY MANAGEMENT STRUCTURE

LUKOIL Management Committee decided to transfer 100% of OOO LUKOIL-Perm charter capital from LUKOIL Overseas Holding to the parent Company.

In addition to that, 54% of LUKARCO B.V. directly owned by LUKOIL, are to be transferred to LUKOIL Overseas Holding Ltd.

This exchange of assets is aimed at optimizing LUKOIL's subsidiary structure and foreign projects management. The transfer will take place before July 1, 2006.

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OOO LUKOIL-Perm is involved in exploration and production of oil and gas in 23 administrative regions of Prikamye. LUKOIL-Perm, its subsidiaries and joint ventures operate 127 oil and gas fields. By the beginning of 2005 their proven and audited reserves totaled 2.13 bln barrels of oil and 667 bln cubic feet of gas. In 2005 LUKOL-Perm and its affiliates produced over 10.3 mln tons of oil and 909 mln cub meters.

LUKARCO B.V., a joint venture set up together with British Petroleum, holds a 12.5% share in the Caspian Pipeline Consortium and 5% in the development of Tengiz, a large oil and gas field in the West of Kazakhstan. In 2005 oil production of the field reached 13.6 mln tons, whereas gas output totaled 3.4 bln cubic meters.

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