PRESS RELEASE
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LUKARCO EXPECTS LARGE RESERVES AT D-222

LUKARCO, being a joint venture between LUKOIL (54%) and Atlantic Richfield Co. of US (46%), in accordance with the 1998-1999 Work Plan conducted a 2D seismic survey at the D-222 prospective oil block in the Caspian Sea. To further understanding of the structure and optimize drilling locations for the first exploration wells, a 3D seismic survey was conducted in the central part of the structure.

The preliminary analysis of the G&G data suggests the presence of a major structural closure, possibly the largest ever discovered in the Caspian offshore. This allows to assume that the pays in the D-222 may have attractive reservoir parameters.

Besides, the closeness to the shore and a well developed hydrocarbon-producing infrastructure of the Azerbaijan Republic is contributory to the prospecting attractiveness of the D-222 block.

Exploration drilling at water depths ranging from 500m to 700m is required to make a final evaluation of the D-222 prospect.

Currently LUKARCO and the State Oil Company of the Azerbaijan Republic (SOCAR) are taking steps to coordinate further plans for investigation of the D-222 prospect. LUKARKO owns 60% in D-222 project.

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