PRESS RELEASE
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OAO LUKOIL COMPLETES BITECH ASSETS RESTRUCTURING

LUKOIL's Board has made a decision to sell off a "LUKOIL Overseas Holding LTD." share in projects in Sakhalin and Morocco. By doing so LUKOIL completes the process of Bitech Petroleum Corporation (initially bought by LUKOIL Overseas Holding LTD. in the beginning of July, 2001) assets restructuring.

At the moment of committing the deal Bitech, through its subsidiary companies, possessed E&P licenses for the perspective blocks and deposits in Komi Republic (Russian Federation), Egypt, Colombia, Morocco and Tunisia and participated in the JV that developed Dzhimdan block in Sakhalin.

ZAO Bitech Silur projects in Komi Republic created a basis for a new oil production company which was founded in the South of the Republic and subsequently joined ZAO LUKOIL-Perm group.

Based on the results of an economic analysis conducted, the deposits in Sakhalin and Morocco were recognized as economically ineffective and their further development could have had an adversary affect on Company's financial activity and investment appeal. That is why the Board has decided to stop the development of Dzhimdan block in Sakhalin, Fez Nord, Volubilis Est and Oued Sebou Quest blocks in Morocco.

The future of the sea block Chebba Marin in Tunisia will be discussed later.

It was decided to put more efforts on E&P activities conducted by ZAO LUKOIL-Perm group at prospective blocks in Komi Republic. Chipalo block in Colombia and Western Esh El-Malahha block are also considered highly prospective, especially the Egypt project, which is the most effective project in terms of profitability and production growth. A number of discoveries made may increase the production level in the current year up to 7,000 barrels per day, which is the highest figure for the international companies working in Egypt.

Vice President of OAO LUKOIL Leonid Fedun by commenting on the Board's decision noted: "The sale of assets is targeted on an increase of the financial and production results of our international oil and gas projects. We intend to concentrate on the most effective projects which provide maximum profitability".

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“This decision was made after an in-depth evaluation of all Bitech projects”, — stressed LUKOIL Overseas Holding Ltd. President Andrei Kuziaev. “The Company will continue to develop deposits in the Komi Republic through the newly formed company OOO Parma-oil. The Egypt and Colombia projects will be developed in accordance with the international oil and gas production increase plan. We shall be aiming on balanced assets portfolio to promote the growth of Company’s value”,— Andrei Kuziaev sighted.