PRESS RELEASE
MARCH 11, 2004

LUKOIL AND THE IRAQI MINISTRY OF OIL SIGN MEMORANDUM OF COOPERATION

On March 10, 2004, negotiations between Vagit Alekperov, President of OAO LUKOIL, and Ibrahim Bahr al-Ulyum, Minister of Oil of Iraq, were held in Baghdad. During the negotiations the parties discussed a wide range of questions related to the bilateral coopration. As a result of the meeting a Memorandum of understanding and cooperation was signed.

According to this document the parties made a decision on the joint training and continuous training of personnel for the oil and gas industry of Iraq. Particularly, in 2004 LUKOIL will organize a 6-year academic course for 40 Iraqi students at the Moscow Gubkin Oil and Gas University. Starting from 2005, the number of students will increase to 100 people per year.

In addition to that, LUKOIL will arrange short-term skills improvement courses for the Ministry employees at the Company's training centers and operating facilities. Within the current year 100 employees of the Ministry will visit Russia for training, and during the years 2005–2010 – 150 people every year.

LUKOIL will also render assistance in the restoration of the technical and material assets of the Ministry of Oil of Iraq.

Moreover, the parties agreed to establish a technical committee for coordination of their activities in the oil and gas sphere.

According to the LUKOIL management, these negotiations evidence strengthening of the Company's positions in Iraq and mark another important stage in a row of comprehensive actions aimed at the recommencement of LUKOIL's activities in Iraq.

"I regard the signing of the memorandum as a positive step in development of our dialog with the Iraqi side. It witnesses the seriousness of our intentions to consolidate long-term cooperation with the Ministry of Oil of Iraq", emphasized LUKOIL President Vagit Alekperov.

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