PRESS RELEASE
SEPTEMBER 30, 2005

LUKOIL REACHES THE FINAL AGREEMENT FOR ACQUISITION OF THE CONTROLLING BLOCK OF SHARES OF NELSON RESOURCES LIMITED

LUKOIL Overseas Holding Ltd., a 100% subsidiary of LUKOIL has made an offer to acquire 100% of the share capital of Nelson Resources Limited for US$2 billion.

In addition, LUKOIL now reached an agreement with the shareholders of Nelson Resources Limited, holding in aggregate approximately 65% of the outstanding shares of Nelson Resources Limited, to purchase their shares at the offer price.

This price represents a premium of 27.5% to the six-month average trading price of Nelson Resources Limited. In order to treat all shareholders equally, LUKOIL has entered into negotiations with Nelson with a view to extending the offer to minority shareholders at the same price.

LUKOIL intends to immediately start to work closely with the Kazakh authorities to secure all necessary approvals to consummate this transaction.

LUKOIL's President, Vagit Alekperov said: "We are satisfied with the agreement with Nelson's principal shareholders to acquire the controlling block of shares. Kazakhstan is a key market for our overseas expansion. Acquisition of Nelson will greatly complement our own assets in the Caspian Region".

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Nelson Resources Limited takes part in the hydrocarbon production projects in the western part of the Republic of Kazakhstan in the fields of Alibekmola, Kozhasai, Karakuduk, North Buzachi and Arman. Nelson Resources Limited is a cooperator at the majority of these projects. Apart from that, the company is also a participant of the option agreement on two exploration blocks in the Kazakhstan sector of the Caspian Sea – South Zhambai and South Zaburunye.

The proven and probable reserves of Nelson Resources Limited amount to 269.6 mmbbl

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