PRESS RELEASE
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LUKOIL ACQUIRES NEW HYDROCARBON ASSETS IN UZBEKISTAN

LUKOIL Overseas (OAO LUKOIL's 100% subsidiary) has completed a transaction with ZAO MGNK-SoyuzNefteGaz to acquire 100% of SNG Holdings Ltd. group, one of which is SoyuzNefteGaz Vostok Limited, a signatory to the Production Sharing Agreement (PSA) on the South-Western Gissar and Ustyurt Region fields in the Republic of Uzbekistan.

The transaction amount came to approximately USD 580 million. The National Holding Company Uzbekneftegaz is the second signatory to the PSA as a state authorized body. The PSA was signed on January 23, 2007 for a 36-year period; it came into effect on April 23, 2007.

There are 7 fields in the contract area of the South-Western Gissar (Kashkadarinsky Region), i.e., the gas condensate fields Dzharkuduk-Yangi Kyzylcha, Gumbulak, Amanata, Pachkamar and Adamtash, the oil and gas condensate field Southern Kyzylbayrak, and the oil field Koshkuduk. Southern Kyzylbayrak and Koshkuduk produce a small amount of oil and gas condensate.

The State Committee for Reserves of the Republic of Uzbekistan approved the oil- and gas-in-place (reserves of the C1 category by the Russian classification) of the field group in the amount of 100 billion cubic meters of gas and about 6 million tons of liquid hydrocarbons (oil and gas condensate). Thus, the cost of acquiring the C1 category reserves slightly exceeded USD 0.9 per barrel of oil equivalent. The design output in the contract territory is about 3 billion cubic meters of gas and over 300 thousand tons of liquid hydrocarbons per annum. This level is expected to be attained in 4 years.

CIS Gissar Operating (legal entity of the Republic of Uzbekistan) is the operator who carries out work in the contract area, which in turn is also part of the assets being acquired. The investments required for project implementation are estimated at USD 700 million. By now over USD 70 million has been invested into the project.

The raw materials from the fields of the South-Western Gissar are to be processed by the Shurtan Gas and Chemical Unit and the dry gas produced there is to be exported via OAO Gazprom transportation systems, i.e. via the gas pipe lines Central Asia – Center and Bukhara – Urals. The extracted oil is to be transported to

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the Bukhara and Fergana refineries via the Shurtan terminal. Raw materials and oil and gas products (gasoline, diesel fuel, industrial oils, fuel oil, liquid gas, technical kerosene, etc,) are marketed by the joint marketing company CIS Vostok Marketing Limited on behalf of the PSA participants.

Under the PSA, the license to perform geologic exploration work, including prospect evaluation survey at the Karaumbet and Shumanay investment blocks of the Central Ustyurt (Kara-Kalpak Republic) and follow-up exploration of the contract territory at the South-Western Gissar, was issued for 5 years. Minimum amount of investments into geologic exploration came to approximately USD 22 million.