PRESS RELEASE
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LUKOIL STARTS PRODUCTON DRILLING AT YU. KORCHAGIN FIELD IN THE CASPIAN SEA

Vagit Alekperov, OAO LUKOIL President, and Igor Sechin, Deputy Chairman of the RF Government, today visited the fixed offshore ice-resistant platform (FOIRP) at Yu. Korchagin field, located in the Russian sector of theCaspian Sea.

The two officials witnessed the signing of a deed transferring the platform's drilling unit to the contracting organization, OOO "BKE Shelf", whose specialists will be drilling technical and production wells.

The offshore platform was assembled at the field in the third quarter of 2009. A drilling unit with the capacity of 560 tons for drilling wells up to 7,400 meters deep was assembled on the platform. In total, 26 production wells, three water injection wells and one gas injection well are scheduled to be drilled at the field.

The living quarters designed to accommodate 105 people were constructed on a separate jacket. It also comprises a helideck and rescue equipment. The living quarters and the production platform are connected by a 74.2-meter crossover bridge.

Commercial oil production is scheduled to begin in March of 2010.

The oil produced at Yu. Korchagin field will be transported via a sub-sea pipeline 58 kilometers long and 300 millimeters in diameter to an offshore terminal comprising a floating storage unit and a single-buoy mooring. The floating storage unit is an oil tanker with a double bottom and double boards, a boiler room, living quarters and a helideck. The unit's deadweight is 28,000 tons. Shuttle tankers with deadweights between 6 thousand and 12 thousand tons will be used for further oil export and transportation to the refineries.

The field is located 180 kilometers off Astrakhan and 240 kilometers away from Makhachkala. The sea depth at the field location is 11-13 meters. The field's recoverable reserves are estimated at 28.8 million tons of oil and 63.3 billion cubic meters of gas. The maximum annual production level is 2.5 million tons of oil and 1 billion cubic meters of gas. The total expenses for the field construction came to RUR 27 billion in 2008 prices.

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