PRESS RELEASE
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LUKOIL SPECIALISTS WIN RUSSIAN GOVERNMENT'S SCIENCE AND TECHNOLOGY AWARD

An OAO LUKOIL group of specialists received the Russian government's science and technology award for elaboration and implementation of innovative organizational and methodological solutions and technologies ensuring integrated extraction of the Russian "non-demanded" oil and gas reserves in the development process.

The innovation solutions were successfully implemented by a number of LUKOIL Group companies. For instance, introduction of innovation technologies for sidetrack drilling at marginal wells and application of fracturing techniques in Western Siberia enabled the Company to increase oil production from the Achimov deposits within a seven-year period from 100,000 tons yearly to almost 1 million tons and to increment the reserves twofold. In Perm region, extraction of oil reserves has begun from beneath the deposits of potassium and magnesium salts of the unique Verkhnekamskoye field. This came as a result of implementing a special program combining cutting-edge drilling technologies and safe maintenance techniques for horizontal wells with a significant horizontal displacement. Due to this program, over 110 million tons of previously out-of-reach reserves have become recoverable. Industrial application of steam-assisted gravity drainage for development of high-viscosity oil fields in Timano-Pechora oil and gas province allowed to increase the oil production base by 300 million tons and considerably enhance industrial and environmental safety. Application of the environmentally friendly "zero-discharge" principle and techniques for a multi-stage transportation of the field's products in the Baltic Sea provided for a full development of the highly productive Kravtsovskoye field.

As a result of this program, over 110 million tons of previously inaccessible reserves became part of the development process. Industrial application of the technique for the formation of thermal and gravitation drainage during the development process of high-viscosity oil fields in the Timano-Pechora oil and gas province allowed LUKOIL to increase the oil production base by 300 million tons and considerably enhance industrial and environmental safety. The implementation of environmentally friendly "zero-discharge" techniques and techniques for multi-stage transportation of the field products in the Baltic Sea provided for complete development of the highly productive Kravtsovskoye field.

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The integral economic effect resulting from better organizational and methodological approaches and innovative engineering solutions in the key regions of LUKOIL Group presence came to over RUR 48.2 billion in 2002-2007. The direct economic effect from lower budgetary costs came to RUR 26.6 billion in 2002-2007. The segregated economic effect due to the successful implementation of a program of subsoil use licensing came to RUR 11.9 billion.

Sergey Kukura, OAO LUKOIL First Vice President, Ilya Mandrik, OAO LUKOIL Vice President, Sergey Siryk, Head of OAO LUKOIL Subsoil Use Division, and Grigory Adamov, Deputy Head of OAO LUKOIL Subsoil Use Division, were the individual winners of the government's 2009 science and technology award.