PRESS RELEASE
DECEMBER 24, 2012

LUKOIL AND EURASIA DRILLING COMPANY LTD. SIGN MEMORANDUM OF UNDERSTANDING

Ravil Maganov, LUKOIL First Executive Vice President, and Aleksandr Dzhaparidze, CEO of EURASIA DRILLING COMPANY Ltd. (EDC), signed a Memorandum of Understanding between the companies.

As part of the document, EDC will provide LUKOIL with the drilling capacities that are required for the project aimed at additional exploration and development of scavenger oil fields, including low-permeability reservoirs.

In order to achieve the Memorandum objectives, the parties will establish a joint Working Group that will develop lists of scavenger oil fields, related project implementation deadlines, requirements for equipment, completion techniques, an organizational flow chart for the facilities, lists of engaged service companies and the target goal for investments.

The LUKOIL proven oil reserves in Russia totaled 1.75 billion tons as of the beginning of this year. In terms of their recovery complexity, 62% of the reserves belong to the hard-to-recover category, a huge potential for production enhancement.

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