PRESS RELEASE
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LUKOIL LAUNCHES PRODUCTION AT WEST QURNA-2 OIL FIELD IN IRAQ

LUKOIL has started commercial production at the West Qurna-2 oil field in Iraq today. The official ceremony was attended by Hussain al-Shahristani, Deputy Prime Minister of Iraq, Arkady Dvorkovich, Deputy Prime Minister of the Russian Federation, Vagit Alekperov, President of OAO LUKOIL, members of the Iraqi Government, Basra province authorities and representatives of major contractors.

During the ceremony Mr. Alekperov announced that LUKOIL had reached the target production level of 120 thousand barrels per day (kbpd) on March 28, 2014.

According to the Service Contract between LUKOIL and the Iraqi Government, the company must maintain that level of production for the next 90 days to begin receiving a return on its investments.

West Qurna-2 – one of the largest oil fields in the world – is located in southern Iraq, 65 kilometers from the town of Basra. The field has 35 billion barrels of estimated geological oil reserves in two main formations – Mishrif and Yamama.

The project is being implemented in three phases: Mishrif Early Oil (with a target production level of up to 400 kbpd), Mishrif Full Field Development (up to 550 kbpd) and Yamama Formation Development (up to 1.2 million barrels per day (mmbpd)). The production plateau will then be maintained at 1.2 mmbpd for 19.5 years.

The Development and Production Service Contract for the West Qurna-2 field was signed on January 31, 2010. The stakeholders are the South Oil Company of the Ministry of Oil of Iraq (on behalf of the state) and a consortium of contractors comprising LUKOIL (75%) and the Iraqi North Oil Company (25%).

The first field development phase – Early Oil – was launched in record time. The following main production facilities have been completed in the Contract Area since April 2012: a 400 kbpd capacity Central Processing Facility (CPF), 48 development wells, 5 well pads, a 126 MW capacity Gas Turbine Power Plant (GTPP), Euphrates water intake, an over 100 km long export pipeline to the Tuba Tank Farm, additional tanks at Tuba Tank Farm with total capacity of 198,000 m3, a field camp, access roads and additional flow lines.

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“The start of production at West Qurna-2 is strategically important for LUKOIL. Starting up the field on a tight schedule and reaching the target production level underscores LUKOIL’s ability to independently and efficiently manage the implementation of complex large-scale projects and reinforces our position as a global energy company”, said Vagit Alekperov, President of LUKOIL.