PRESS RELEASE
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LUKOIL AND BASHNEFT TO DEVELOP TWO JOINT VENTURES IN NENETS AUTONOMOUS OKRUG

The joint venture of OAO LUKOIL and OAO ANK Bashneft, OOO Oil Company VOSTOK-NAO (LUKOIL, 50%, and Bashneft, 50%), has presented its development outlook in the Nenets Autonomous Okrug, in Naryan-Mar today. The corporate partners signed the JV establishment agreement last March.

The companies also presented the current status and outlook of another joint venture owned by OAO LUKOIL and OAO ANK Bashneft, namely OOO Bashneft-Polyus (LUKOIL, 25.1%, and Bashneft, 74.9%), the license holder for the Trebs and Titov fields. It took a mere two and a half years (2011-2013) to develop an appropriate infrastructure and commence production at those fields, an unprecedented schedule for such projects. The 2013 production output was nearly 300,000 tons of oil.

Later that day, Igor Koshin, acting Governor of the Nenets Autonomous Okrug, and Vladimir Nesterenko, General Director of OOO Bashneft-Polyus, signed a 2014 protocol to the Cooperation Agreement. The ceremony was attended by Azat Shamsuarov, Senior Vice President for Oil and Gas Production of OAO LUKOIL, and Mikhail Stavsky, First Vice President for Exploration and Production of OAO ANK Bashneft.

The protocol provides that this year's budgeting of infrastructural and social projects in the Nenets Autonomous Okrug, as well as of the sporting, cultural, educational, healthcare and welfare activities there, will be at the expense of OOO Bashneft-Polyus charity funds to the tune of RUR 43 million.

"I welcome the decision by Bashneft and LUKOIL to integrate their resources and experience for the development of the Timan-Pechora underground resources," Mr. Koshin said. "The Vostok-NAO joint venture is an opportunity to start the development of new fields and enhance the production output, which will have a beneficial effect on the regional budget. The vast investments into Vostok NAO made by LUKOIL and Bashneft in order to implement a large-scale program of geologic exploration in the Nenets Okrug will give additional momentum to the development of this territorial entity with the economy based on the oil and gas industry. LUKOIL is one of few privately-owned companies who accomplish missions at the national level. It has been our reliable partner during the 15 years

LUKOIL has been operating in the area. As for Bashneft, it began operations here only recently but has already earned its reputation as a responsible company."

"LUKOIL and Bashneft have set great production objectives. We are quite satisfied with the results of our cooperation over the past two years as part of the Bashneft-Polyus joint venture," Azat Shamsuarov, Senior Vice President for Oil and Gas Production of OAO LUKOIL, said. "Establishment of the second joint venture, OOO Oil Company VOSTOK-NAO, has become a logical step in our cooperation. We believe in the resource potential of the Nenets Autonomous Okrug, the fields being part of the assets owned by both joint ventures. It goes without saying that underlying the production activities of our joint ventures is also the social component. Investments in the development of the fuel-and-energy complex of the region are also investments in the development of the social and economic infrastructure of the region, new jobs and charitable projects."

"We are satisfied with the high level of interaction with OAO LUKOIL as part of the Trebs and Titov field-development project and we believe the new JV, VOSTOK NAO, is also up and coming," Mr. Stavsky commented. "I am sure that efficient cooperation with our partner will further serve the interests of our companies, the okrug and the country as a whole."