PRESS RELEASE
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LUKOIL INCREASES ITS SHARE IN THE SHAH DENIZ PROJECT IN THE CASPIAN SEA

PJSC LUKOIL announces conclusion of an agreement on acquiring 15.5% interest in the Shah Deniz natural gas project in the Azerbaijan sector of the Caspian Sea from PETRONAS. The value of the transaction will amount to $2.25 billion, and the completion is subject to fulfilment of conditions precedent, including approval by SOCAR, the State Oil Company of the Azerbaijan Republic.

Following completion of the sale, LUKOIL's interest in the project will increase from 10% to 25.5%. The other parties to the project are bp (operator, 28.8%), TPAO (19%), SOCAR (10%), NICO (10%), and SGC (6.7%).

"Around thousand Russian businesses, including LUKOIL, are involved in implementation of the Action Plan for Development of Key Vectors of Cooperation between Russia and Azerbaijan, which was signed in 2018 during the meeting of the two national leaders. Increasing our share in the Shah Deniz project creates new opportunities for synergy in future-oriented economy sectors of our countries. Over 25 years, LUKOIL accumulated enormous experience in the Caspian region, which we perceive as strategically important, as well as created extensive production and transport infrastructure. We are proud of the confidence placed in our competences by Caspian countries, which are among leaders of oil and gas production, regarding implementation of high priority international projects," said Vagit Alekperov, President of PJSC LUKOIL.

Information:
The Shah Deniz gas condensate field is located in the Azerbaijan sector of the Caspian Sea, 70 kilometres southeast of Baku.
The project is implemented under a PSA; commercial production there began in 2006. In 2020, Shah Deniz consortium extracted 18.1 bcm of gas and 3.6 million tonnes of gas condensate.
In 2018, the second stage of the project was launched, with annual production expected to reach 26 bcm of gas and 5 million tonnes of gas condensate. The gas is sold on the markets of Azerbaijan, Georgia, and Turkey. Since December 2020, it is also delivered to Europe via a pipeline system.

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