PRESS RELEASE
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LUKOIL AND BASHNEFT ESTABLISH JOINT VENTURE TO EXPLORE AND DEVELOP LICENSE BLOCKS IN NENETS AUTONOMOUS OKRUG

OAO LUKOIL and OAO ANK Bashneft have signed a Participants' Agreement in OOO Oil Company VOSTOK-NAO.

The VOSTOK NAO Joint Venture (with LUKOIL and Bashneft each controlling a 50% stake) was set up to conduct geologic studies, exploration and production of raw hydrocarbons at the company's license blocks in the Nenets Autonomous Okrug.

As part of the Participants' Agreement, Bashneft will transfer to the joint venture the rights of subsoil use at the Vostochno-Padimeyskiy, Nyarioyakhskiy, Savatinskiy, Sabriyaginskiy and Yangereyskiy license blocks, while OOO LUKOIL-Komi will likewise transfer the subsoil-use rights at the Verkhneyangareyskiy and Severo-Yareyyaginskiy blocks.

Given acquisition costs for the rights to exploration and production of oil at the above license blocks by the JV participants, LUKOIL-Komi will make a monetary contribution to the additional paid-in capital of OOO Oil Company VOSTOK-NAO.

The joint program of geologic exploration of the sites till 2017 provides for 1,100 linear kilometers of 2D seismic and 2,300 square kilometers of 3D seismic, thus requiring about RUR 5 billion's worth of investments. Wildcat drilling is scheduled for 2016. The decision on commercial development of the blocks is expected to be made in 2018 upon completion of the first stage of the geologic exploration.

The JV Participants' Agreement also provides for transportation of the produced oil via the LUKOIL-owned Varandey terminal on the Barents sea coast.

The JV is incorporated in the Nenets Autonomous Okrug. Petr Oboronkov, General Director of OOO LUKOIL-Komi, has been assigned to the equivalent position at VOSTOK-NAO. Dmitry Dedanin, a Bashneft representative, has been appointed the JV Financial Director.

"I am quite sure that the new cooperative relations of LUKOIL and Bashneft will be as fruitful as our joint venture established for the development of the Trebs and

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Titov fields," LUKOIL President Vagit Alekperov said. "Our experience proves that both companies focus on mutually beneficial cooperation in the interests of their shareholders and the development of Russia's fuel and energy complex."

Aleksander Korsik, President of Bashneft, added: "We are welcoming the promotion of our cooperative relations with LUKOIL, whose efficiency is proved by successful cooperative development of the Roman Trebs and Anatoly Titov fields in the Nenets Autonomous Okrug. Establishment of the new joint venture is fully compliant with our strategy focused on the resource base expansion; it will enable the company to share geological risks and benefit from the additional economic effect as the project is implemented, also due to the minimization of the costs of infrastructure construction."