PRESS RELEASE
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LUKOIL AND SOCAR LAUNCH ZYKH-GOVSANY PROJECT

Vagit Alekperov, President of LUKOIL, and Natik Aliyev, President of the State Oil Company of Azerbaijani Republic (SOCAR), have signed an Agreement on main principles and conditions of rehabilitation, prospecting and production sharing for the oil block including the Zykh and Govsany fields in Azerbaijan.

The agreement stipulates equal equity participation of the parties. The preliminary feasibility study prepared by the Azerbaijani Research Institute Gipromorneftegaz estimates the residual oil reserves of the oil fields in the amount of up to 20 million tons. The oil fields are located in the Southern part of the Apsheron peninsula. The total license area is 128 square kilometers, including 52 square kilometers of rehabilitation area.

The first stage of the project implementation includes an additional G&G survey and interpretation of newly acquired data. Then two exploration and appraisal wells are to be drilled at the license area. Recoverable reserves volumes will be adjusted on the basis of drilling. The estimated total capital expenditures are over USD250m.

Deputy Minister for Energy of the Russian Federation Vladimir Stanev and Charge D'Affaires Ad Interim of Russia in the Azerbaijani Republic Alexander Prischepov attended the signing ceremony. While speaking at the ceremony, the Russian diplomat noted that this Agreement was a further step to continue development of economic cooperation between Russia and Azerbaijan.

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