PRESS RELEASE
JULY 17, 2001

LUKOIL OIL COMPANY TO ACQUIRE BITECH PETROLEUM CORPORATION IN AGREED TRANSACTION

Commenting on the transaction, Mr. Andrei Kuziaev, President of Lukoil Overseas said:

"The acquisition of Bitech represents another important step towards strengthening Lukoil's leading position in the Timan Pechora oil basin and demonstrating Lukoil's strong commitment to its strategy of developing the oil and gas resources in that region. The acquisition of a controlling stake in Parma-Oil company by LUKOIL-Perm was the latest new project in this direction. In addition, the acquisition of Bitech will contribute towards Lukoil Overseas' objective of building a sizeable exploration and production business outside Russia in coming years."

Mr. Nicholas Gay, Bitech's President and CEO commented that:

"This transaction, a conventional corporate acquisition in western capital markets, may well be seen in future years as a watershed for the development of the Russian oil business. Although today's sale represents the end of an era for Bitech, we are confident that our efforts in recent years have created a valuable new addition to Lukoil's business, both inside and outside of Russia."

Lukoil Overseas is being advised by Dresdner Kleinwort Wasserstein Limited and Bitech is being advised by Peters & Co. Limited.

Summary information regarding the acquisition of Bitech is available at www.lukoil.com

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Statements in this press release may contain forward-looking statements including expectations of future production and capital expenditures. Information concerning reserves may also be deemed to be forward-looking statements as such estimates involve the implied assessment that the resources described can be profitably produced in future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. Additional information on these and other factors which could affect Bitech's operations or financial results are included in Bitech's 2000 Annual Report under the heading "Management's Discussion and Analysis - Business Risks" and in Bitech's other reports on file with Canadian securities regulatory authorities.

This announcement is issued jointly by Lukoil Overseas and Bitech and the Directors of Lukoil Overseas and Bitech are the persons responsible for the information contained in this announcement. The contents, which has been issued by, and is the joint responsibility of Lukoil Overseas and Bitech, have been approved by Dresdner Kleinwort Wasserstein Limited, which is regulated in the UK by The Securities and Futures Authority, solely for the purposes of Section 57 of the Financial Services Act 1986 in the UK. Dresdner Kleinwort Wasserstein Limited is acting for Lukoil Overseas and no one else in relation to the offer and will not be responsible to anyone other than Lukoil Overseas for providing the protections afforded to its customers or for providing advice in relation to the offer or any other matters referred to herein.