PRESS RELEASE
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NURSULTAN NAZARBAYEV AND VAGIT ALEKPEROV DISCUSS LUKOIL PROJECTS IN KAZAKHSTAN

The President of the Republic of Kazakhstan, Nursultan Nazarbayev, and LUKOIL President, Vagit Alekperov, held a working meeting today in Astana, the capital of the Republic of Kazakhstan, at which they discussed current and future LUKOIL activities in Kazakhstan.

The meeting was particularly concerned with expansion of LUKOIL's activities in the Republic in view of the state program for Caspian Region Development, recently adopted by the Government of Kazakhstan.

LUKOIL is the largest Russian investor in Kazakhstan. The company has invested more than US$ 1.5 billion in the Republic's economy over the last 8 years.

LUKOIL is currently participating in 7 oil & gas projects in Kazakhstan. These include production projects for development of the giant western Kazakhstan fields of Tengiz (LUKOIL is part of the Tengizchevroil international consortium via the LUKarco joint venture), and Karachaganak (LUKOIL is a member of the KPO consortium), as well as the Kumkol field in the Kyzylorda Region of south-west Kazakhstan (LUKOIL is a partner in the Turgay Petroleum joint venture). LUKOIL is also a member of the Caspian Pipeline Consortium via LUKarco.

In addition, LUKOIL is implementing 2 promising geological survey projects in the Russian sector of the Caspian Sea, at the Khvalynskaya structure (jointly with the Kazakhstan state oil and gas company, KazMunaiGas) and the Centralnaya structure (jointly with KazMunaiGas and Gazprom). KazMunaiGas is also LUKOIL's partner in preparatory work for the Dostyk offshore project in the Kazakhstan sector of the Caspian Sea.

Finally, LUKOIL is using dealer agreements to expand its trademark in wholesale and retail distribution within Kazakhstan.

LUKOIL is energetically pursuing all its current Kazakhstan projects, and the list of LUKOIL projects in Kazakhstan will be extended in the future. Oil production of projects with LUKOIL involvement increased by 30% y-o-y in nine months of 2003 and the following major production facilities were commissioned: the Karachaganak Processing Complex and two pipelines (Karachaganak–Bolshoi

Chagan–Atyrau and Kumkol–Jusaly).

LUKOIL is reducing operating costs of its Kazakhstan projects, as well as increasing efficiency of investments and improving management systems.

Assessing results of the Astana meeting, LUKOIL President Vagit Alekperov said: “We consider Kazakhstan as a key strategic region for Company activities, and all the necessary conditions for efficient investments in the oil and gas sector in Kazakhstan have been put in place”.