PRESS RELEASE
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LUKOIL PLANS TO BOOST ITS CASPIAN REGION OPERATIONS

Today Vagit Alekperov, President of OAO LUKOIL, delivered a speech at the 11th plenary session of the Foreign Investors Council chaired by Nursultan Nazarbayev, President of Kazakhstan.

Speaking at the session, Vagit Alekperov in particular revealed the Company's plan to considerably increase the number of its projects in the Caspian Region. In this Region the Company intends to extract hydrocarbons equaling up to 18 % of its overall production by 2020. For this purpose the Company's development plan envisages up to $13 billion funding. As of today LUKOIL has invested over $1.5 billion in Kazakhstan's economy.

The Company is now actively realizing the agreements on Tyub-Karagan and Atashski offshore projects signed on 9 January, 2004 in the presence of Russia's and Kazakhstan's Presidents. The environmental impact survey pertaining to these projects has been already completed and the offshore seismic research at Tyub-Karagan will start in June this year. The drilling of the first exploratory well is planned for 2005.

Moreover, LUKOIL and KazMunaiGaz continue to jointly develop Khvalynskoye field and Tsentralnaya structure in accordance with the intergovernmental Agreements on the Caspian Sea National Sectors between Russia and Kazakhstan.

Summing up the results of the session Vagit Alekperov noted that Kazakhstan very much like Russia plays a key role in the Caspian region due to its unique economic and geographical position as well as its gigantic hydrocarbon potential. "And it really is a good sign that Kazakhstan leaders contribute very much to quicker integration as well as most favorable legal, economic, ecological, social and cultural environment in the Region. Nowadays it is vitally important to employ the whole of the existing potential of economic diplomacy in order to secure the most efficient conditions and instruments of cooperation, beneficial for people of all the Caspian region countries,"- said Vagit Alekperov.

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