PRESS RELEASE
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MANAGEMENT COMMITTEE OF LUKOIL RESOLVES TO SELL 100% SHARE IN ZAO "ARKTIKNEFT"

The Management Committee of OAO "LUKOIL" resolves to sell 100% share in ZAO "ARKTIKNEFT" (Kolguev Island, Nenets Autonomous District). The decision was taken within the Strategic Development Program till 2013 regarding reduction of production costs, optimization of assets portfolio and increase of return on investments.

The following assets of ZAO "ARKTIKNEFT" related to the license area of Peschanoozerskoje were put for sale at a public auction:

1. Recoverable reserves of A, B, C1 –type categories equaled 7,454 thous. tons of crude oil and 1,322 mln m³ of associated gas as of January 1, 2004.

2. Recoverable reserves of C2 –type category totaled 4,297 thous. tons of crude oil and 826 mln m³ of associated gas as of January 1, 2004.

3. In 2004 daily oil production reached 220 tons with possible increase of up to 300 tons in 2005.

4. Field infrastructure insuring gathering, treatment, storage and transportation of oil.

5. Production facilities and highly professional personnel for hydrocarbons recovery.

6. Possibility to carry-out oil exploration works in Paleozoic Perm deposits and upper-Carbon, taking into account the results of exploratory drilling and existence of the developed structures, as well as positioning of exploration works in perspective Timano-Pechora Province.

The winner of the auction will be the highest bidder.

Auction participation conditions will be published on August 18, 2004 in the following newspapers: "Vedomosti", "Izvestiya", "Rossiyskaya Gazeta", as well as on the corporate web-site: www.lukoil.ru.

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ZAO “ARKTIKNEFT” was set up in July 1998. It was established to develop oil fields in Nenets Autonomous District. Company’s primary activities include: exploration, overall development and operation of oil and gas fields, development of technical projects for well construction and drilling, oil production and refining. The main product is export crude. In 2003 ZAO “ARKTIKNEFT” drilled 2,755 m, produced 82,500 tons of crude oil, company’s income reached 411,6 mln rubles, net profit totaled 2.87 mln rubles. The company is 602 men strong.