PRESS RELEASE
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LUKOIL COMPLETES THE SALE OF ITS DRILLING COMPANY

Today Leonid Fedoun, Vice-President of OAO LUKOIL, and Martin Hansen, CFO of Eurasia Drilling Company Limited (EDC) signed a sale and purchase agreement in respect of LUKOIL's 100% stake in the charter capital of OOO LUKOIL-Bureniye. The transaction is subject to customary closing conditions and the receipt of required consents and approvals and is expected to close prior to the end of this year.

The transaction value is US$130 million including EDC's assumption of over US$60 million of OOO LUKOIL-Bureniye's indebtedness. EDC will invest a minimum of US$75 million toward the upgrade of the production capacity of the target company.

EDC will also provide drilling services to the LUKOIL Group in the amount of at least 6.5 mln. meters over a five year period.

Leonid Fedoun, Vice-President of OAO LUKOIL, said "Successful completion of this transaction is yet another stage of the Company's program to reduce production costs and optimize its portfolio. We are determined to actively promote the Company's restructuring process by divestiture of non-core assets. In addition, we expect that the new owners of the drilling company, with their vast oil industry service expertise, will increase the efficiency of the drilling operations".

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