PRESS RELEASE
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LUKOIL AND ARKTIKSHELFNEFTEGAZ STUDY WAYS OF COOPERATION

Yesterday, Ravil Maganov, First Vice-president of LUKOIL, and Boris Kutychkin, ZAO Arktikshelfneftegaz Director General, signed Protocol of intentions on possible joint participation of the companies in building an infrastructure for export of oil from the fields being in the use of the Parties.

In the near future LUKOIL intends to build Varandeisky offshore fixed sleet proof oil export terminal within the bounds of the Medynsko-Varandeisky license area of Arktikshelfneftegaz and develop an oil export offshore transportation-process system comparable by its content and technical parameters with that of Arktikshelfneftegaz.

Arktikshelfneftegaz holds licenses for petroleum exploration and hydrocarbons production in the Medynsko-Varandeisky, Pomorsky and Kolokolmorsky license areas of the Barents Sea shelf, and it has been working over a conceptual model of upgrade, development and operating of those fields.

Based on the signed Protocol of intentions, the following issues may be subject for the Parties' consideration:

• Coordination of the location of the Varandeisky offshore terminal and routing of the subsea and onshore pipelines based on the location of the fields in the Arktikshelfneftegaz license areas and facilities for their development;

• Study of the issues related to the joint operation of the oil export offshore transportation-process system and possible cooperation for building a transportation infrastructure for exploration and development of the Arktikshelfneftegaz fields, based on the selected conceptual model of their development;

• Working out and coordination of the environment, production, process and navigation safety systems;

• Approaching/purchase of the required auxiliary fleet (ice-breakers, towboats, support boats etc), oil spill response facilities.

"Cooperation of our companies seems to be very prospective, considering the fact

that LUKOIL and Arktikshelfneftegaz have vast experiences in the oil and gas fields development and transportation infrastructure construction" Ravil Maganov, OAO LUKOIL First Vice-president, said.