PRESS RELEASE
DECEMBER 20, 2005

LUKOIL AND PERM REGION OUTLINE FIVE-YEAR COOPERATION PROGRAM

Today in Perm Vagit Alekperov, LUKOIL President, and Oleg Chirkunov, Perm region Governor, signed an agreement on economic and social cooperation.

The Agreement stipulates partnership of the parties under the applicable law aimed at creating favorable conditions for development of mineral resources base, also by allocating more funds for exploration and development of hydrocarbon reserves and by increasing oil and gas production. LUKOIL and its subsidiaries also intend to take the necessary measures to utilize associated oil gas in accordance with license agreements most efficiently.

On its part, Perm region executive body intends to facilitate inclusion of the Company's activities aimed at providing nuclear safety at Osinskoye and Gezhskoye oil fields, where underground nuclear explosions took place, into the federal program titled Russia's Nuclear and Radiation Safety.

The Agreement signed today is valid through December 20, 2010. Vagit Alekperov and Oleg Chirkunov also signed a Protocol to this Agreement, with specific projects outlined for 2006.

For instance, the parties have agreed to elaborate gasification alternatives of sites located in Chernushinsky and Kuedinsky districts using natural gas from Kokui field and sites located in Krasnovishersk using natural gas from Magovskoye and Tsepelkoye fields.

Besides, in 2006 LUKOIL will allocate at least 35 mln rubles in financial support for sports and cultural projects in Perm region. LUKOIL will also continue providing financial support for Perm Academic Opera and Ballet Theatre and in 2006 at least 15 mln rubles will be contributed to support the Theatre. LUKOIL subsidiaries in Perm region will continue holding contests for social and cultural projects and will allocate at least 20 mln rubles for these purposes. The Company also intends to allocate 150 mln rubles to complete the second stage construction of Neftyanik sports center and 80 mln rubles to implement participatory construction program aimed at building housing for OOO LUKOIL-Permnefteorgsintez employees.

Head of LUKOIL and Perm region Governor have also signed a Protocol

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com

confirming fulfillment of Cooperation Agreement signed in April 2001 between the Perm region Administration and OAO LUKOIL.

The Protocol points out that the Company's subsidiaries located in the region are bona fide taxpayers which are responsible for most of tax revenue of the regional budget, largest investors contributing significant funds into development of production, processing and rational natural resource use, social and cultural project organizers in municipalities.

For example, the Company paid over 26 bln rubles worth of tax into the Perm region budget from 2001 to 2005. Oil production in the region over the same period rose by 12%. Oil refinery amounted to 11 mln tons per year on average. LUKOIL investment volume into Perm region over the past 4 years came to around 42 bln rubles, including 7.2 bln rubles in 2005. Equipment and services procurement from the local companies came to over 10.2 bln rubles in 2001-2005. The amount of finance spent by the Company for social and charity programs came to over 3.8 bln rubles.