PRESS RELEASE
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LUKOIL AND GAZPROM NEFT SIGN MEMORANDUM OF UNDERSTANDING AND JOINT VENTURE ESTABLISHMENT

Today in Moscow Vagit Alekperov, President of OAO LUKOIL, and Aleksander Dyukov, Acting President of OAO Gazprom Neft, signed a Memorandum of Understanding between the companies.

Inter alia, the parties agreed upon joint implementation of oil and gas projects in the Russian Federation, which would cover the following:

- acquisition of rights related to subsoil use;

- geological study of jointly acquired reserves;

- exploration and production of hydrocarbons at jointly acquired fields;

- field construction, implementation of infrastructure projects, including construction of new and/or improvement of existing infrastructure facilities;

- transportation and marketing of produced hydrocarbons.

To accomplish this, OAO LUKOIL and OAO Gazprom Neft intend to establish a joint venture in the form of a limited liability company, which is going to hold licenses for the relevant license areas.

The parties will have the following interest in the charter capital of the Joint Venture: OAO LUKOIL will account for 49%, OAO Gazprom Neft will own 51%. The JV is to be managed on a parity basis.

‘The Memorandum of Understanding signed by OAO LUKOIL and Gazprom Neft is an efficient tool of mutually beneficial cooperation of two oil majors which have a high production and financial potential for large project implementation in hydrocarbon reserves development’, said Vagit Alekperov, President of OAO LUKOIL.

OAO Gazprom Neft is OAO Gazprom’s subsidiary.

Cooperation between OAO LUKOIL and OAO Gazprom is based upon General Strategic Partnership Agreement for 2005-2014 signed in March, 2005.

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In June 2003, OAO Gazprom and OAO LUKOIL, on a parity basis, established TsentrKaspneftegaz, a Joint Venture, to develop Tsentralnaya structure in the Caspian Sea jointly with KazMunaiGaz, a Kazakstan company. In October, 2003 OAO Gazprom and OAO LUKOIL signed an agreement to supply LUKOIL's gas from the Nakhodkinskoye gas field at Bolshekhetskaya Depression to the Yamal-Nenets Autonomous District. In 2005 ZAO LUKOIL-Neftechim (OAO LUKOIL's subsidiary) and OAO SIBUR Holding (member of the Gazprom Group), on a parity basis, established Otechestvennye Polimery, a Joint Venture. It owns a majority interest of OAO Polief, which is responsible for running a large petrochemical project in the Republic of Bashkortostan.