PRESS RELEASE
MAY 29, 2008

LUKOIL AND GAZPROM DISCOVER LARGE FIELD IN RUSSIA'S SECTOR OF THE CASPIAN

A major oil-and-gas-condensate field has been discovered at Tsentralnaya structure in the Caspian by OOO TsentrKaspneftegas (a joint venture of OAO LUKOIL and OAO Gazprom).

The oil-bearing structure where the discovery occurred is situated in the central part of the middle Caspian on the border between Russia and Kazakhstan within Russia's sector of the sea 150 kilometers to the East of the city of Makhach-Kala.

The very first exploration well hit hydrocarbons.

During testing, the well produced a commercial open flow of sweet crude. The borehole survey continues. A 3D seismic study is to be conducted to delineate the discovered reservoir.

OOO TsentrKaspneftegaz was established on a parity basis by OAO LUKOIL and OAO Gazprom in June 2003 in the framework of the Protocol to the Agreement between Russia and Kazakhstan on the Demarcation of the Northern Caspian Sea Bottom signed by the presidents of Russia and Kazakhstan in May 2002.

That Agreement placed Tsentralnaya structure under the Russian jurisdiction, whereas the development of commercial reserves, should they be discovered there, was to be conducted by Russia and Kazakhstan on a parity basis.

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