PRESS RELEASE
AUGUST 28, 2008

LUKOIL, CONOCOPHILLIPS' YUZHNO KHYLCHUYU FIELD PRODUCTION BEGINS

Today, OAO LUKOIL President Vagit Alekperov and ConocoPhillips Chairman and CEO Jim Mulva participated in a special ceremony on the occasion of the startup of the Yuzhno Khylchuyu (YK) field located in the Nenets Autonomous District.

One of the biggest fields in the north of the Timan Pechora oil and gas province, this field is developed by OOO Naryanmarneftegaz, a LUKOIL and ConocoPhillips Joint Venture (70% and 30%, respectively).

The field was discovered in 1981. Oil quality there surpasses the Russian Urals export blend quality: its density is 35.5 API (Urals, 32.0 API), and sulfur content is 0.71% (Urals, 1.3%).

The first stage comprises 32 development wells, an oil treatment unit, an oil desulfurization unit, a tank farm with the total volume of 40,000 m3, a power supply complex with the rated capacity of 125 MW, and other units.

Startup of the second stage of the YK field is scheduled for December 2008, at which time an additional 32 wells will be put into operation and a high-pressure compressor station and sulfur disposal and storage facilities will be completed.

The design oil production level in the field is expected to reach 7.5 million tons a year (more than 150,000 bbl/d) in 2009.

Oil produced at the field is transported by a 158-km-long oil pipeline (530 mm in diameter) to the Varandey Oil Export Terminal located on the Barents Sea coast, with the capacity of 12 mln tons per year, from where it is delivered, also through a floating storage facility in Kola Bay, by 70,000 ton deadweight tankers, for eventual sale to European and North American markets.

"Commercial production at YK and the link to the new Varandey transportation corridor will intensify the development of resources in the Timan-Pechora Oil and Gas Bearing Province, which will certainly contribute to increased oil production in Russia. The development of the YK field is a graphic example of the mutually rewarding cooperation between LUKOIL and its strategic partner, ConocoPhillips,"

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

said Alekperov.

"The launching of the YK field is a major accomplishment. In less than three years since forming Naryanmarneftegaz with LUKOIL, we have built both producing facilities and a transportation infrastructure. We appreciate our good relationship with LUKOIL and are proud that we work together so well," said Mulva.

LUKOIL is one of the world's leading vertically integrated oil & gas companies. Main activities of the Company are exploration and production of oil & gas, production of petroleum products and petrochemicals, and marketing of these outputs. Most of the Company's exploration and production activity is located in Russia, and its main resource base is in Western Siberia. LUKOIL owns modern refineries, gas processing and petrochemical plants located in Russia, Eastern Europe and near-abroad countries. Most of the Company's production is sold on the international market. LUKOIL petroleum products are sold in Russia, Eastern and Western Europe, near-abroad countries and the USA. For more information, go to www.lukoil.com.

ConocoPhillips is an integrated energy company with interests around the world. Headquartered in Houston, Texas, the company had approximately 33,100 employees and $190 billion of assets as of June 30, 2008. For more information, go to www.conocophillips.com.

#####

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS

OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking. Where, in any forward-looking statement, the company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to, crude oil and natural gas prices; refining and marketing margins; potential failure to achieve, and potential delays in achieving expected reserves or production levels from existing and future oil and gas development projects due to operating hazards, drilling risks, and the inherent uncertainties in interpreting engineering data relating to underground accumulations of oil and gas; unsuccessful exploratory drilling activities; lack of exploration success; potential disruption or unexpected technical difficulties in developing new products and manufacturing processes; potential failure of new products to achieve acceptance in the market; unexpected cost increases or technical difficulties in constructing or modifying company manufacturing or refining facilities; unexpected difficulties in manufacturing, transporting or refining synthetic crude oil; international monetary conditions and exchange controls; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation; general domestic and international economic and political conditions, as well as changes in tax and other laws applicable to our business. Other factors that could cause actual results to differ materially from those described in the forward-looking statements include other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission (SEC). Unless legally required, ConocoPhillips undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.