PRESS RELEASE
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LUKOIL AND STATOIL WIN TENDER TO DEVELOP WEST QURNA-2 FIELD IN IRAQ

The Minister of Oil of the Republic of Iraq Hussein al-Shahristani announced today in Bagdad that a consortium consisting of LUKOIL and Norway's Statoil won the tender to develop the major West Qurna-2 oilfield. The recoverable reserves of the field are estimated at 12.9 billion barrels.

LUKOIL and Statoil shares in the consortium are 85% and 15% respectively.

LUKOIL and Statoil submitted most competitive bids with a remuneration fee of USD 1.15 per barrel for each barrel extracted over the production level of 1.8 million barrels per day.

According to the tender terms, the consortium will be joined by Iraqi state company with a 25% interest, bringing LUKOIL and Statoil shares to 63.75% and 11.25% respectively.

"We have been struggling for this project over these years trying to stick to the word given to our shareholders. We tried hard to achieve this deserved victory and intend to meet all the obligations in connection with the development of West Qurna-2 to the benefit of the Iraqi people and our shareholders. This project has a strategic importance for our company," Vagit Alekperov, President of OAO LUKOIL, said.

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