PRESS RELEASE
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LUKOIL BEGINS EXPORTING OIL FROM YU. KORCHAGIN FIELD

Today LUKOIL loaded the first tanker with the oil produced from Yuri Korchagin field, located in the Russian sector of the Northern Caspian Sea.

The Caspian Stream tanker with a deadweight of about 8,000 tons will transport the oil to Makhachkala. Then the first oil batch will be pumped to the port of Novorossiysk via the OAO Transneft pipeline system.

The tankers are expected to be loaded once every ten days.

On September 23, 2010 the Russian Federation Government's Subcommittee on the Customs and Tariffs Policy approved the proposal to introduce preferential duties for oil exports from the Northern Caspian fields. The duties are expected to go into effect in 2011.

As reported earlier, oil production at Yu. Korchagin field began in April of 2010.

Yu. Korchagin field was discovered by LUKOIL in the year 2000. Hydrocarbon reserves in the 3P (proved, probable and possible) categories exceed 270 million barrels of oil equivalent. The maximum annual production rates are 2.5 million tons of oil and 1 billion cubic meters of gas.

The oil extracted at the field with the help of an offshore ice-resistant fixed platform is transported via a sub-sea 60 kilometer-long pipeline with a 300-millimeter diameter to the floating storage unit with a deadweight of 28,000 tons secured to a single-buoy mooring. To ensure year-round tanker loading without icebreaker assistance, the floating storage unit is located in the Caspian area which is not covered with ice even in winter.

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