PRESS RELEASE
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LUKOIL STARTS CONSTRUCTION OF SUBSEA PIPELINES IN THE CASPIAN SEA

OOO LUKOIL-Nizhnevolzhskneft (a wholly-owned LUKOIL subsidiary) and Bumi Armada Caspian (subdivision of Malaysia's Bumi Armada Berhard) signed a contract in Astrakhan today to construct subsea pipelines at the Vladimir Filanovsky field located in the Northern Caspian Sea.

Specifically, the contract sets out the laying of oil and gas pipelines on the sea floor to connect the V. Filanovsky and Yu. Korchagin fields. Each pipeline will be about 40 kilometers long. The pipelines will be equipped with band anodes, three-layer insulation based on extruded polypropylene, and solid concrete ballasting coating.

Bumi Armada will also lay 7 starting sections of the infield pipelines, one kilometer each, at the riser block assembly point at the V. Filanovsky field. These pipelines can be used for further infrastructure development of the field.

The first pipeline construction stage is to be completed by the end of 2014 and the second stage in the summer of 2015.

Overall, the infrastructure development project for the V. Filanovsky field includes more than 330 kilometers of subsea and 350 kilometers of onshore pipelines.

Recoverable oil reserves of the C1+C2 categories at the V. Filanovsky field come to 153.1 million tons, and category C1+C2 gas reserves total 32.2 billion cubic meters. The field commissioning is scheduled for the end of 2015.

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