PRESS RELEASE
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LUKOIL STARTS PRODUCTION DRILLING AT WEST QURNA-2 FIELD, IRAQ

LUKOIL Mid-East Ltd. (an operating company of OAO LUKOIL) signed a contract with Baker Hughes for production drilling and well development in the Mishrif formation of the West Qurna-2 field in Iraq.

23 directional production wells will be drilled and developed under the contract. This will allow to start commercial crude oil production under the terms and conditions of the Service Contract for the development and production at the West Qurna-2 field.

This is a turnkey contract under which the contractor provides the full range of services related to well drilling and development and supplies equipment and materials for well construction.

Five cluster slider rigs will be used for drilling to minimize the time for moving the rigs within one cluster pad. The planned depth of individual wells will be more than 4,000 m, depending on vertical deviation.

The launch of operations is scheduled for the 4th quarter of 2011. The entire scope of work is planned to be completed within 2 years.

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