LUKOIL

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WEST QURNA-2 FIELD: LUKOIL SIGNS SUPPLEMENT AGREEMENT TO SERVICE CONTRACT

Vagit Alekperov, OAO LUKOIL President, and the authorized representatives of the Iraqi state-owned companies, North Oil Company and South Oil Company, signed a Supplement Agreement to the Development and Production Service Contract related to Iraq's West Qurna-2 field, in Baghdad today.

The Supplement Agreement puts on record the transfer to LUKOIL of Norwegian Statoil's participation interest of 18.75% in the project.

The Parties also agreed to reduce the project's target production level from 1.8 million barrels per day to 1.2 million, to extend the period of target production level maintenance from 13 to 19.5 years and to prolong the total validity of the contract from 20 to 25 years.

The new fundamental indicators will be taken into consideration during preparation of the final Development Plan for West Qurna-2 Field, to be presented for review to the Iraqi party in the first quarter of the current year.

"The modified provisions of the project provide for realization of LUKOIL's production and economic targets, while the risks emerging in the course of implementation of the project are considerably reduced," Mr. Alekperov said.

Press Centre PJSC "LUKOIL"
Phone: +7 (495) 627-16-77
E-mail: media@lukoil.com
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