PRESS RELEASE
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LUKOIL HAS BEEN GRANTED THE RIGHT FOR THE EXPLORATION AND DEVELOPMENT OF THE NATURAL GAS FIELDS IN SAUDI ARABIA

Basing on the results of an open tender, OAO LUKOIL has been granted the right to conclude an agreement with the government of Saudi Arabia for the exploration and development of natural gas and gas condensate deposits in Block A in the Kingdom of Saudi Arabia.

The tender was organized by the Ministry of Oil and Mineral Resources of the Kingdom of Saudi Arabia (MOMR). Three blocks were tendered. According to the Company's opinion, Block A, located in the center of the country, is most promising in terms of possibility of successful discovery of natural gas and gas condensate deposits.

To implement the project, a joint company with the State oil company Saudi Aramco's participation, will be established within a month; LUKOIL will hold an 80% interest in this company.

On behalf of LUKOIL, the project will be implemented by LUKOIL Overseas, a subsidiary specializing in international upstream projects. After the tender results were announced, Ali I. Al-Naimi, Minister of Oil and Mineral Resources of Saudi Arabia and Andrey Kuzyaev, President of LUKOIL Overseas acting on behalf of LUKOIL, signed the tender award acceptance agreement.

It is expected that a contract (concession agreement) between the Government of Saudi Arabia and the producing company on the exploration and development of natural gas and gas condensate deposits of Block A for a period of 40 years will be signed in March 2004.

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