PRESS RELEASE
JANUARY 31, 2010

LUKOIL SIGNS DEVELOPMENT AND PRODUCTION AGREEMENT AT THE IRAQI WEST QURNA-2 FIELD

Vagit Alekperov, OAO LUKOIL President, signed a development and production agreement at the Iraqi West Qurna-2 field in Baghdad today.

As was reported earlier, OAO LUKOIL and Norway's Statoil, acting together as a consortium, emerged victorious in the bidding for the development of this field held in December 2009. The winning bids of LUKOIL and Statoil were: a remuneration fee of USD 1.15 per barrel of oil at the production level of 1.8 million barrels per day.

The agreement was ratified by the Iraqi Cabinet of Ministers.

The agreement will last 20 years with the possibility of a five-year extension.

The parties to the agreement are: Iraq's state-owned South Oil Company and the contracting consortium formed by the Iraqi state-owned North Oil Company (25%), OAO LUKOIL (56.25%) and Norway's Statoil ASA (18.75%).

Drilling operations will start at the West Qurna-2 field in 2011, with production beginning before the end of 2012. The target production level of over 90 million tons of oil per year is expected to be reached in 2017. The development plan of the West Qurna-2 field calls for additional seismic work, drilling of more than five hundred wells.

According to preliminary estimates, LUKOIL's investments in the West Qurna-2 field are expected to come to about USD 300 million in 2010 and to USD 4.5 billion during the next four to five years.

The West Qurna-2 field, with its recoverable reserves of about 13 billion barrels, is located in the southern part of Iraq, 65 kilometers to the north-west of Basra, a major seaport. The field was discovered in 1973. Geologic exploration (2D seismic and drilling of exploratory wells) was conducted by the Soviet Union's geological and service organizations.

The information in the press release is based on the preliminary data that may be specified and adjusted in the process of implementation of the agreement. Thus, the

data above may differ from the overall financial and production indicators. The data regarding the reserves and other significant project-related conditions have not yet been reviewed by independent auditors of the Company. In case such auditing is conducted in the future, and amendments will have to be introduced into the reporting statement based on the auditing results, the Company is not claiming these amendments will be insignificant.