PRESS RELEASE
JUNE 05, 2014

LUKOIL SIGNS ADDENDUM TO WEST QURNA-2 CONTRACT IN IRAQ

Today in Baghdad, LUKOIL President Vagit Alekperov and authorized representatives of the South and North Oil Companies of Iraq in the presence of the Minister of Oil of Iraq H.E. Abdul Kareem Luaibi signed an addendum to the contract for development and production of oil in the West Qurna-2 field.

According to the addendum the scope of work for the West Qurna-2 project will include the Tuba-Fao pipeline construction and will provide for changes in the procedure of the project investors' costs recovery. Changes concerning the cost recovery will allow investors to recover their costs within a shorter period of time, in the same year when respective costs were incurred.

The Tuba-Fao Project provides for the construction of two pipelines, up to 120 km each, between the existing Tuba Tank Farm, and the Fao Tank Farm, the main export hub in Iraq located on the of the Persian Gulf coast. Pre-FEED (preinvestment study) has already been completed for the Tuba-Fao Project, which foresees a direct connection of the pipeline to single-point mooring facilities and upgrading the pumping systems of the Tuba Tank Farm.

"The Iraqi export system requires upgrading to accommodate growing production due to a number of licensing rounds conducted in recent years. The construction of the Tuba-Fao Pipeline will provide for a direct connection between the West Qurna-2 field and the country's largest export terminal, creating opportunities for further production growth from the field", LUKOIL President Vagit Alekperov said.

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