PRESS RELEASE
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PROVED HYDROCARBON RESERVES OF LUKOIL GROUP GO UP BY 1% TO 17.6 BILLION BARRELS OF OIL EQUIVALENT AND FULLY REPLACE PRODUCTION IN 2014

OAO LUKOIL finished an evaluation and independent audit of its oil and gas reserves as at December 31, 2014. The evaluation was performed in accordance with the US Securities and Exchange Commission (SEC) standards until the economic limit of commercial production is reached.

The audit results by the U.S. firm Miller and Lents suggest that the company's proved hydrocarbon reserves as at December 31, 2014 came to 17.6 billion barrels of oil equivalent, including 13.6 billion barrels of oil and 23.9 trillion cubic feet of gas.*

Replacement of production by proved reserves increment in 2014 came to 121%.

Proved reserves increased due to geological exploration and related discoveries, production drilling in conventional regions covered by the company's presence in Russia and abroad, and totaled 815 million barrels of oil equivalent. The bulk of added proved reserves in the company's international projects was caused by West Qurna-2 field in Iraq, commissioned in March of 2014, and also by additional volumes of the Mishrif formation.

The growth of the proved reserves by 234 million barrels of oil equivalent is mainly related to the company's international assets, primarily to the Azeri project, where LUKOIL Overseas – as part of an international consortium – started implementation of Stage-2, authorized at the end of 2013, of the development of Shakh-Deniz, an offshore gas-condensate field.

The company also completed an estimate of the contingent resources according to the PRMS classification. As at December 31, 2014, the contingent resources of the 3C** category totaled 12.0 billion barrels of oil equivalent. The 1.7-percent shrinkage of the contingent resources, as compared with the year 2013, results from the reclassification of some of the resources as reserves. The shrinkage also reflects improvements in the reservoir management plans at the producing fields, as well the tax benefits granted by the Russian Federation government for hard-to-recover reserves.

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The company management expects that the oil and gas volumes currently classified as contingent reserves will be transferred to the proved reserves pool affected by the nearing commissioning dates, progress in the implementation of the gas-utilization program, completion of pilot operations, and application of new highly efficient techniques which enable cost-effective development of hard-to-recover reserves.

In terms of proved hydrocarbon reserves LUKOIL retains its leading positions among Russian and international companies.

LUKOIL Group Oil and Gas Reserves**

As of December 31, 2014	Oil	Gas	Oil + Gas*
	million barrels	billion cubic feet	million barrels of oil equivalent
Proved reserves	**13,594**	**23,946**	**17,585**
including:			
Developed reserves	8,629	7,724	9,916
Undeveloped reserves	4,965	16,222	7,669
Probable reserves	**5,158**	**9,99**	**6,823**
Possible reserves	**2,922**	**2,72**	**3,375**

Estimates of Future Cash Flow from LUKOIL Group's Reserves Development**

As of December 31, 2014, million USD	Proved	Probable	Possible
Future revenue from sales of oil and gas	913,495	341,429	186,673
Future oil and gas production and development costs	631,207	244,295	149,05
Future non-discounted cash flow before income tax***	282,288	97,134	37,623
Discounting (10%)	156,757	75,934	32,572
Discounted cash flow before income tax***	125,531	21,2	5,051

**Conversion ratio from cubic feet to barrels:*

1 barrel = 6,000 cubic feet

*** the values for OOO Bashneft-Polyus are included as part of LUKOIL's share in the proved reserves and cash flows from the Miller and Lents report for OAO Bashneft in accordance with SEC standards; the values for category 3C probable, possible reserves and contingent resources – as part of the report in accordance with PRMS classification.*

**** income tax is included in the project calculation, where it affects the volumes of reserves*