

No. 209/ME dated 21.01.2013

To: L.I. Tikhomirov
General Director
OOO Parma-Telecom

Re: Work of OOO Parma-Telecom on creating of the Integrated Information System (IIS)

Dear Mr. Tikhomirov,

The Integrated Information System (LME IIS) Project was successfully executed in LUKOIL Mid-East Ltd. during the period from August 2010 to December 2012. The Project objective is to provide management of the oil company during the early phase of the West Qurna-2 field development.

The strategic target of the LME IIS Project is to provide the Company's executives and employees with the efficient tool for prompt management decision-making both at the operational and strategical levels based on the diversified analysis of the information aggregated by business streams.

OOO Parma-Telecom was subcontracted by the general contractor LUKOIL Technology Services GmbH for implementation of all Project execution stages.

The IIS LME Project was executed simultaneously with establishment of the oil and gas field operating company (LUKOIL Mid-East Ltd) and simultaneously with preparation of the field construction plan, which imposed additional high requirements to the project contractors.

Solutions of the SAP, OpenText, Microsoft and Oracle vendors were used to develop the LME IIS. These solutions are standard for petroleum industry and are adopted as the corporate standard of LUKOIL Overseas Holding Group of Companies.

The LME IIS Project covers all activities of the Company for the oil and gas construction phase and mainly these related to management of capital projects, development drilling and exploration:

Planning and control processes:

- PL – Corporate Planning

Main processes:

- PD - Engineering and Technological Support of Oil and Gas Production
- ST - Hydrocarbon Marketing, Sales and Transportation Management
- FA - Engineering and Technology Support of Capital Construction and Field Infrastructure Development Projects

Auxiliary processes:

- FM - Finance Management
- LG - Legal Support of Business
- PO - Management of Procurement of Goods, Work and Services
- HR – HR Management
- RI - Information Management
- AC - Accounting and Bookkeeping
- SY - Development and Support of Information Systems and Technologies
- CS - Corporate Service Management

Multi-language support of the systems and solutions is provided with account of requirements of international stakeholders of the field development project.

Provided IT infrastructure and hardware and software system consider high requirements to speed, robustness and security of the systems. Remote mobile control capability is provided.

Project execution summary:

- The LME IIS is implemented within the Company's defined schedule and allocated budget.
- Execution of the project considers the sequence for input of business functions of newly established LUKOIL Mid-East Ltd. that provided the significant support to scheduled development of the Company.
- Key management processes of the Company are provided and automated at the early phase of the field development and construction. Execution of the Company's ambitious operational targets and plans is provided with quality information support and IT resources.
- Regulations for business processes are developed and approved during the Project execution with account of the international practice and as per the corporate methodology adopted by LUKOIL Oil Company (over 500 regulatory and methodological documents in English and Russian are developed) Standardization of investment and business processes of the Company is provided.
- Over 100 business processes are designed and implemented within the LME IIS Project as per the approved Regulations. Total amount of the LME IIS users is over 1,000 people.
- Reports generated in the LME IIS comply with legal requirements of the Company's operations area and Ministry of Oil of Republic of Iraq.
- The Company's employees have the opportunity work in the common information space with LUKOIL Overseas Holding and have remote access to the LME IIS information resources from any place in the world.
- Implemented solutions comply with the information security requirements.

High quality level of works performed by OOO Parma-Telecom consultants, their awareness of the present-day solutions, profound competence in petroleum industry and knowledge of LUKOIL Overseas Holding specifics and targets shall be noted. Expertise of the subcontractor ensured high quality reflection of business processes in the implemented system settings and developed project and regulatory documentation.

Our Company would like to express gratitude to OOO Parma-Telecom for highly detailed functional and technical study of objectives and also for professional approach to execution of the project as a whole.

Sincerely,

Iskander Nasyrov
Managing Director

