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Exploration & Discoveries

Lukoil spuds 1st of 9 gas exploration wells in Saudi Arabia

(1/26/2006 - OGI: Moscow) Lukoil reported today that its joint venture operating company in Saudi Arabia, Luksar, has commenced exploratory drilling for deep gas in the onshore Block A contract area. Lukoil and Saudi Aramco established Luksar in March 2004 following Lukoil's successful bid for the project to explore for gas condensate, and in the event of a commercial discovery, organize the gas and gas condensate production. Luksar is 80% owned by Lukoil and 20% by Aramco. Its production agreement is for 40 years, including the first exploration period of five years.

The company said that the total cost of its Block A gas exploration project is approximately US\$215 million, which includes both 2D and 3D seismic surveys and the drilling of nine exploratory wells on the 29,928 sq km block, which is located in the eastern part of the Rub al-Khali Basin to the south from Ghawar, the largest oil field in Saudi Arabia and in the world.



Luksar has already completed reinterpretation of more than 8,000 km

of seismic data and has carried out 2D, 3D, and 3D-Sparse surveys over about 1,800 sq km of the area, which was shot on the joint venture's behalf by WesternGeco. That data has also been processed and interpreted.



Drilling in Rub al-Khali.

The first exploration well is located in the dome of the Tukhman structure. It has a targeted total depth of approximately 5,000 meters (16,405 ft). The well design was developed and the environmental impact assessment was completed last year and the drilling rig contract was given to Pool Arabia, a Saudi company, which is an entity within the international Nabors Drilling group. The estimated period of drilling is nine months. The well construction contractors include local companies (GENTAS, Saleh & Abdulaziz Abahsain, Hajjan, and King Fahd University of Petroleum & Minerals), as well as a large group of international companies including Schlumberger, Weatherford, Baker Hughes, Varel International, Medbit, Reed Hycalog, Halliburton, and Smith Bits.

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[WesternGeco shooting Saudi seismic for Lukoil](#)

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