

## **Press Conference Background**

### **Gazprom in Eastern Russia, Entry into Asia-Pacific Markets**

**June 17, 2009**

The Development Program for an integrated gas production, transportation and supply system in Eastern Siberia and the Far East, taking into account potential gas exports to China and other Asia-Pacific countries was approved at the meeting of the State Commission for Fuel & Energy Sector and Mineral Resource Base Replenishment in June 2007 and adopted by the Order of the Russian Federation Industry and Energy Ministry in September 2007.

Gazprom was appointed by the Russian Federation Government as the Program coordinator.

In pursuance of the Gazprom Board of Directors decisions, dated April 27, 2006, and September 30, 2008, the Company is taking efforts aimed at developing the gas industry in Eastern Russia as part of the Program execution.

The Russian Federation Government adopted the decision to award Gazprom the right for the prospective areas and fields offshore Sakhalin (first of all, the Kirinsky, Vostochno-Odoptinsky and Ayashsky blocks of the Sakhalin III project) and the area in the Sea of Okhotsk offshore Kamchatka.

In September 2008 Gazprom obtained subsurface licenses for the Chayanda oil, gas and condensate field and Kirinskoye gas and condensate field on a sole source basis. Both fields demand follow-up exploration.

As of May 2009 Gazprom and its subsidiaries and affiliates owned 45 licenses for prospecting, exploration and production of hydrocarbon feedstock in Eastern Siberia and the Far East.

Exploration works are underway in the Krasnoyarsk Krai and Irkutsk Oblast. In 2008 the Chikanskoye gas and condensate field was brought into pilot operation in the Irkutsk Oblast. The project for developing the oil fringes of the Sobinskoye oil, gas and condensate field in the Krasnoyarsk Krai is in progress.

Between 2009 and 2011 it is projected to drill 254.2 thousand meters of rock, perform 2D seismic survey of 15 thousand linear kilometers and 3D seismic survey of 5.5 thousand linear kilometers as well as to add 513.4 million tons of fuel equivalent (including 392.5 billion cubic meters of gas) to the Company's resource base.

On May 11, 2009 the Russian Federation Government adopted the Decree No. 645-r prescribing that starting from 2010 the profits intended for the Russian Federation in the form of regular payments (royalties) for hydrocarbon production are to be collected and the share of profit production in kind (natural gas) is to be taken under the Sakhalin I and Sakhalin II production sharing agreements for the purpose of arranging gas supplies to the Far Eastern Federal Okrug. Gas will be delivered via the authorized organization, identified according to the established procedure,

under the condition of providing the said organization with technological capacities to receive the Russian share of gas into the gas transportation systems (GTS) of the Far Eastern Federal Okrug. In this context, designing of the necessary infrastructure has been underway since the Decree was adopted. The infrastructure is aimed to receive gas of the Russian party on account of royalty payments and profit production from the Sakhalin I and Sakhalin II projects into the Sakhalin – Khabarovsk – Vladivostok GTS.

Agreements in principle have been reached with NK Rosneft to optimize and develop gas transportation capacities in the Far East.

In pursuance of the assignments by the Russian Government and the decisions by Gazprom Board of Directors, the Company is implementing the Sakhalin – Khabarovsk – Vladivostok GTS that will receive the above mentioned gas. The preset deadline for the commissioning of the GTS first start-up complex is scheduled for the third quarter of 2011. The engineering operations have been completed and the project entered into the construction stage.

Bringing the GTS to the nominal capacity is connected to the creation of gas liquefaction/compression capacities and gasochemical facilities in the vicinity of Vladivostok.

During the visit of the Russian Premier V.V. Putin to Japan in May 2009, Gazprom and the Japanese consortium composed of the Natural Resources and Energy Agency of Japan, Itochu Corporation and Japex signed the Memorandum of Understanding stipulating joint investigation of natural gas utilization opportunities in the vicinity of Vladivostok and sea-borne

transportation of LNG/compressed gas to potential consumers in Asia-Pacific including Japan.

According to the Russian Government and President's assignment, Gazprom is executing the Kamchatka Krai Gasification Project. At the first stage it is projected to commission by 2010 the gas pipeline from the Sobolevo settlement to Petropavlovsk-Kamchatsky and the Kshuuskoye gas and condensate field. The deadline is clearly outlined. The project is being implemented on schedule. Over 50 per cent of line pipes have been constructed and installed.

The General Scheme of Gas Supply to and Gasification of the Irkutsk Oblast prioritizes gas trunkline projects to supply gas from the Chikanskoye gas and condensate field to Irkutsk, Angarsk, Sayansk and Bratsk.

In 2010 a reservoir development plan will be prepared for the Chayanda oil, gas and condensate field. The investment rationale for the Chayanda field development and gas transportation is in progress.

Pursuant to the Agreement among Gazprom, the Natural Resources and Energy Agency under the Economy, Trade and Industry Ministry of Japan and Itochu, the Investment Rationale is being developed for the creation of gas processing and chemical facilities to be fed with feedstock resources from the Sobinskoye oil and gas condensate field.

The General Scheme of Gas Supply to and Gasification of the Irkutsk Oblast offers good opportunities for developing gas processing facilities in

the Oblast.

Gazprom entered into Gasification Accords with nine Eastern Siberian and Far Eastern regions. Cooperation Agreements have been signed with eleven constituents out of fifteen.

The General Scheme of Gas Supply to and Gasification of the Far Eastern Federal District has been developed, the Schemes for the Kamchatka Krai, Sakhalin Oblast, Primorsky, Khabarovsk and Krasnoyarsk Krai and the Republic of Sakha (Yakutia) are nearing completion, while the Scheme for the Irkutsk Oblast has been updated.

Gasification activities for eastern regions are accounted for in the Gazprom Gasification Program.