

Press Conference Background

Gazprom in Eastern Russia, Entry into Asia-Pacific Markets

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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 (Eastern Gas Program) was approved by the September 2007 Order of the Russian Federation Industry and Energy Ministry. Gazprom was appointed as the Program execution coordinator pursuant to the decision by the Russian Government.

New gas production centers will be established in Eastern Russia: the Krasnoyarsk, Irkutsk, Yakutia, Kamchatka and Sakhalin centers.

Resource Base Buildup

At present, Gazprom Group holds subsurface use licenses in the following Eastern Russian regions: the Krasnoyarsk Krai, the Irkutsk Oblast, the Republic of Sakha (Yakutia), the Chukotka Autonomous Okrug, and the Sea of Okhotsk (continental shelf). The Company performs geological exploration in Yakutia, the Krasnoyarsk and Kamchatka Krai, the Irkutsk Oblast as well as offshore the Sakhalin Island.

In 2010 the Company took intense efforts to perform follow-up exploration and infrastructure development at the Kirinskoye gas and condensate field offshore the Sakhalin Island. The exploration activities carried out between 2009 and 2010 increased the amount of gas reserves in the field from 75 billion cubic meters (C1+C2 category) to 137 billion cubic meters (C1 category). The field will be put into operation in 2012. In 2011 Gazprom is going to drill two production wells in the field, initiate the construction of an onshore processing facility (OPF) and a gas pipeline connecting the Kirinskoye OPF to the Sakhalin main compressor station of the Sakhalin – Khabarovsk – Vladivostok gas transmission system (GTS).

Moreover, in 2010 Gazprom discovered the Yuzhno-Kirinskoye field containing 260 billion cubic meters of C1+C2 gas reserves within the Kirinsky block of the Sakhalin III project. The discovery enabled to reinforce the Sakhalin – Khabarovsk – Vladivostok GTS resource base in a sustainable manner.

Last year, seismic survey was performed offshore Western Kamchatka, the most promising exploration areas were selected and the geological exploration program until 2014 was prepared. In 2011 Gazprom will commence prospecting wells drilling in the Kamchatka shelf.

The Company continues exploration of the Chayandinskoye oil, gas and condensate field in Yakutia. In September 2010, the Central Commission for Hydrocarbon Fields Development under the Federal Subsurface Use Agency adopted the Development Plan for the Chayandinskoye field. The field will be developed in an optimal way with 25 billion cubic meters of gas to be produced a year.

It is projected to bring onstream the oil rim and the gas deposits of the Chayandinskoye field in 2014 and in 2016 accordingly. The Investment Rationale covering the infrastructure development and the gas transmission and processing capacities construction is nearing completion.

Geological exploration in the Krasnoyarsk Krai resulted in the discovery of the Abakanskoye gas field in 2010.

In March 2011 Gazprom won a tender for the asset portfolio of RUSIA Petroleum, the subsurface user of the Kovyktinskoye gas and condensate field in the Irkutsk Oblast. The license re-issue procedure is underway at the moment.

Gas Transmission Capacities Development in Eastern Russia

The Eastern Gas Program provides for prioritized creation and development of the Sakhalin – Khabarovsk – Vladivostok GTS with a view to promote gas supply to the Khabarovsk Krai and the Sakhalin Oblast and arrange gas deliveries to the Primorsky Krai. Construction of the gas trunkline was launched in July 2009. The 1,350-kilometer first startup complex with the annual capacity of 6 billion cubic meters will be commissioned in the third quarter of 2011.

Besides, the design and estimate documentation for the construction of the 140-kilometer gas pipeline running from the Kirinskoye OPF to the Sakhalin main compressor station of the Sakhalin – Khabarovsk – Vladivostok GTS is passing the state expert review. The gas pipeline design takes into account gas deliveries from the Kirinskoye field and, subsequently, from other fields of the Kirinsky block (Sakhalin III project).

The Yakutia – Khabarovsk – Vladivostok gas transmission system is another significant and promising project. Gazprom will launch the GTS construction in 2012.

Gazprom carries on the project for gas supply to the Kamchatka Krai. The project also envisages pre-development of the Kshukskoye and Nizhne-Kvakchikskoye fields on the west coast of the Kamchatka Peninsula. Gazprom promptly built and in September 2010 commissioned the Sobolevo – Petropavlovsk-Kamchatsky gas trunkline in order to supply gas to the consumers in the Kamchatka Krai.

Gas Processing and Gas Chemistry

Gazprom is taking efforts to develop the gas processing and gas chemical facilities in Eastern Russia. The Company is carrying out a series of pre-investment studies to help define locations for such facilities, their basic feasibility indicators, a range of marketable products and sales markets. These studies are essential for planning gas production from Eastern Siberian and Far Eastern fields that are normally featured with complex and multi-component gas composition.

Moreover, Gazprom is studying the opportunities for creating its own liquefaction capacities in the Far East. For instance, in cooperation with the consortium of Japanese companies the Company is preparing a feasibility study for the construction of a gas liquefaction plant (LNG plant) and a gas chemical complex near Vladivostok. Consideration is also given to a possible project for natural gas compression near Vladivostok and its follow-up marine transportation.

Gasification Advancement in Eastern Russia

Once commissioned, the Sobolevo – Petropavlovsk-Kamchatsky gas trunkline will enable to start gas supplies to the Krai capital. At the initial stage gas will be mostly supplied to CHPP-2 of Petropavlovsk-Kamchatsky. Gazprom is also planning to convert CHPP-1 in Petropavlovsk-Kamchatsky to natural gas and to supply natural gas to population centers located along the gas pipeline route. Construction of two inter-settlement gas pipelines will be launched in

2011 to connect CHPP-1, the regional hospital, boiler house No.1 (11th kilometer) and other facilities in Petropavlovsk-Kamchatsky.

Construction of the Vladivostok gas distribution station (GDS) and an inter-settlement gas pipeline connecting the GDS to the Russky Island with a lateral to Vladivostok CHPP-2 is underway in the Primorsky Krai. In addition, the work has been launched to construct an inter-settlement gas pipeline from the GDS to Vladivostok CHPP-1 with a lateral to the Severnaya boiler house. The said facilities are to be put into operation in 2011.

In March 2011 Gazprom commissioned the top-priority gas supply and gasification facilities to deliver natural gas to Yuzhno-Sakhalinsk. The municipal CHPP-1 was the first major gas consumer in Yuzhno-Sakhalinsk. In order to ensure natural gas supply to the facility, Gazprom had built the Dalneye GDS, a gas lateral from the Southern product transfer point of the Sakhalin II project to the Dalneye GDS as well as an inter-settlement gas pipeline stretching for some 9 kilometers from the Dalneye GDS to CHPP-1.

Construction of an inter-settlement gas pipeline from the Dalneye GDS to the Novo-Alexandrovsk settlement with gas laterals to agricultural enterprises will be completed in the Sakhalin Oblast this year. The front-end engineering design will be developed for an inter-settlement gas pipeline from Novo-Alexandrovsk to the settlements of Klyuchi, Sinegorsk and Sanatornoye.

In 2011 five inter-settlement gas pipelines will be built in the Khabarovsk Krai to supply gas to the Gornoye and Krasnoye population centers, as well as other regional facilities.