

Press Conference

Gazprom in Eastern Russia, Entry into Asia-Pacific Markets

June 18, 2014

MODERATOR: Good afternoon, colleagues. The topic of our meeting today is Gazprom in Eastern Russia, entry into Asia-Pacific countries.

Taking part in the Press Conference are:

— Vitaly Markelov, Deputy Chairman of the Management Committee, Gazprom;

— Alexander Medvedev, Deputy Chairman of the Management Committee, Gazprom, Director General, Gazprom Export;

— Oleg Aksyutin, Member of the Management Committee – Head of the Gas Transportation, Underground Storage and Utilization Department, Gazprom;

— Dmitry Lyugai, Member of the Management Committee, Head of the Prospective Development Department, Gazprom;

— Vsevolod Cherepanov, Member of the Management Committee – Head of the Gas, Gas Condensate and Oil Production Department, Gazprom;

— Pavel Oderov, Head of the International Business Department, Gazprom.

— Viktor Timoshilov, Deputy Head of the Project Management Department – Head of the East-Oriented Project Coordination Directorate, Gazprom.

I yield the floor to Alexander Medvedev and then we will pass on to your questions.

ALEXANDER MEDVEDEV: Dear media representatives, today we hold our Press Conference simultaneously with a major event in the energy sector – World Petroleum Congress. Although being determined as ‘petroleum’, the congress paid great attention to natural gas during the first two days, which once again confirms the existence of inter-fuel competition. This also speaks to the truth of the chosen course for commitment to the petroleum price link, which was largely addressed yesterday during plenary sessions and further discussions.

It is the first time we meet with you after a milestone contract for pipeline gas supply to China was concluded. Before that, we had been updating you about the course of the negotiations for ten years. I’d like to say a few words about it and warn you that at

whichever pretext you try to find out the price of that contract from us, you won't be a success.

It is not only due to our agreement with our Chinese colleagues that the commercial conditions will remain confidential, but also because, apart from the base price within the price formula in itself, there is a number of conditions in the contract which are of material significance. And there is more than one, or two, or three such conditions. That is why it is possible to calculate the total composite price and we are busy with it, but the time hasn't come yet to tell the media about it. Perhaps when our pipeline gas runs from Siberia and the Far East in many directions, we will tell you about the weighted average price of supply to this region, like we do about gas supply to Europe.

However, I will provide some information on that contract anyway. I was not joking yesterday when I said that this contract was worth listing in the Guinness Book of World Records. I don't know if we shall apply or not. But there is no doubt that we have no peers in terms of such listing. It is the greatest contract in the history of the gas industry – over one trillion cubic meters of gas will be supplied during the term of the agreement.

A new market is opening. Moreover, even such gas volume allows for additional supplies. It concerns the pipeline gas – and in the nearest future we plan to resume the talks with our Chinese partners concerning gas supply via the western route, as well as the liquefied natural gas (LNG) supply. We were asked at the Congress, whether signing this contract meant that LNG projects in the Far East would be suspended or frozen. No, they won't be. Moreover, they all are within the schedule – this concerns both the Vladivostok LNG project and the possible expansion of the Sakhalin II project.

I'd like to stress that Eastern Russia will see the construction of new large-scale gas infrastructure which will become a driving force not only of the regional, but of the entire national economy. The key sectors of the Russian economy, such as metallurgy, pipe industry, machine building and shipbuilding will be given a mighty boost. This is evidenced by the preliminary agreement signed by Sovcomflot, NOVATEK, Gazprom, Rosneft and United Shipbuilding Corporation. This agreement provides for establishing a shipbuilding joint venture for the regional purposes, primarily, for offshore operations. Vessels of all types will be based and built there.

The investments into the gas production and transmission complex in Russia alone will amount to USD 55 billion. In addition to production and transmission facilities,

gas processing and gas chemistry capacities as well as a helium plant will be created there. Both fields – Chayandinskoye and Kovyktinskoye – are rich in helium, though in varying degrees, but still. The helium demand in the global market is growing and will keep growing. That is why these two fields will make Russia the major helium producer and exporter.

As for the investments, they are significant. In order to optimize the financing scheme, it was agreed with the Chinese party that USD 25 billion would be paid out in advance before the start of supply, and I'll stress it – before the start of supply.

The contract term is 30 years. The supply may start in four years or in six years at most, in case the Chinese infrastructure is available for it. But of course, it is in the interest of the Chinese party to make ready its infrastructure as soon as possible. That's why we believe that the possible supply start date will be the shorter one out of the two announced. The buildup period which also has economic substance, totals five years from the date of first supplies.

As for the arising speculations that the contract is losing, or defective, or what not – that is absolute nonsense. The contract is advantageous and profitable. With respect to the factors I've mentioned, its economic efficiency totally suits us and complies with the profitability rates established in the Company. I've already explained you why the price is not revealed. I can tell you the total contract price: about USD 400 billion during its term. I suppose this information will be enough for you by now to ponder on.

Speaking of the LNG projects, as I've already said, they're in full swing. And if we also add here the Baltic LNG project which is not linked to any certain field, but exclusively to the Unified Gas Supply System of the Russian Federation in the west, there are no problems there at all – either engineering, or technological ones. This project is also focused on being implemented within the schedule. There is a market for our LNG, and we are sure that our LNG will be competitive, and we'll occupy our share in the market.

QUESTION: Konstantin Zharinov, One Korea Internet portal. I watched the presentation, there was not a single word about the Trans-Korean gas pipeline. Could you please say if the project was completely buried or just put off till times get better?

ALEXANDER MEDVEDEV: The word 'to bury' shouldn't ever be used with respect to gas business, because here we can only say how many months or years it will require. It may take nine months for the project to be created, but it may also take

nine years. Or even ten, like with our negotiations with the People's Republic of China.

Unfortunately, today there are no enabling political conditions for this project, though there is some interest in its execution. That's why please don't bury either them or us, as a popular song runs. If conditions are created (and there is potential demand both in South Korea and the Democratic People's Republic of Korea), we may return to this project. At present, we are having no consultations concerning the project.

QUESTION: Karen Konstanyan, Merrill Lynch Investment Bank. Mr. Medvedev, the Korean project is not being executed, but you've mentioned the western route to China. Are negotiations already underway on this project? Do you think this project will be planned before the start of supply via the eastern route?

ALEXANDER MEDVEDEV: I understand your expectations. The waiting is done for the eastern route, so now you'd like to quickly get some information on the western route. I said that there was an agreement for the parties to resume the talks on gas supply via the western route, and it may happen in the nearest future. Today we are focused on the issues related to the eastern route, including those of the possible advance payment.

QUESTION: Nelly Sharushkina, Energy Intelligence Agency. I have three questions. The first two concern the requests made by Igor Sechin at the latest session of the Commission on the Fuel and Energy Complex, notably the access to the gas pipe in Sakhalin. Upon what terms would Gazprom grant Rosneft access to its gas pipe in Sakhalin?

Upon what terms could independent producers qualify for gas export to China? We always hear the words 'commercial terms'. What could serve as commercial terms for Gazprom? And what volumes are being discussed?

The third question concerns Vladivostok LNG. In case you plan to supply LNG to China, do you consider the Chinese companies, are you in talks with them concerning their participation in the Vladivostok LNG project?

VITALY MARKELOV: That is true, we discussed the issue of connecting independent gas producers to the Power of Siberia gas pipeline. The resource base for gas supply to China as well as Eastern Siberia and the Far East is currently represented by our fields – Chayandinskoye and Kovyktinskoye. That's why the whole project for gas supply to China is secured by Gazprom's resource base.

We are waiting for Rosneft's offer. We agreed that we'd start negotiations on granting access to the pipe for this gas once they are ready to supply.

I can't say anything about the volumes. It is not only Rosneft that wants access to Power of Siberia, but other independent producers as well. The conditions are equal for everyone – the access rules for the independent producers are laid down by the Russian Federation Government Directive.

ALEXANDER MEDVEDEV: Sometimes such questions remind me of the discussions on the Third Energy Package: "let's provide the third-party access". But unlike Europe, Rosneft at least has gas – there is something to discuss.

In this case the Sakhalin pipe is not a part of the Unified Gas Supply System of Russia, it is the property of Sakhalin Energy, with Gazprom as its major shareholder. And considering the Sakhalin II project expansion, there are no available capacities in that pipe. That's why there is nothing to discuss here yet – there are no available capacities. The FEED stage of the third train of the LNG plant will be completed in 2015. If the final investment decision is made in late 2015, the topic for discussion will become irrelevant.

DMITRY LYUGAI: Forestalling other questions concerning the independent producers in Eastern Siberia, I'd like to say that we conducted an expert appraisal of Rosneft's offer.

You've all heard how proactive Rosneft is today announcing its potentialities. I'd like to draw your attention to the fact that the offers made by Rosneft are based not on reserves, but on resources. That is to say, these are potential gas reserves to be yet discovered. This is by no means unimportant, since resources are estimated in bigger amounts than reserves. Thus, it's very easy to make assertions about the production potentialities. That's the first component.

Now, the second component. I'd like to point out that Eastern Siberia's aggregate reserves (meaning 7.5 trillion cubic meters ready for commercial development) are mostly owned by Gazprom and distributed among five fields. And the remaining share owned by the independent producers is distributed among more than fifty fields, and I'm referring to small and medium fields, strewn across vast territories. Our questions, like "Do you have any project documents for developing these fields?" usually meet obscure answers. Actually they don't have any project documents, unlike Gazprom's fields. Our questions on how they are going to solve the helium issue also remain unanswered.

We've also calculated the economic component. It turns out that it is highly unprofitable for the independent producers to develop these fields and invest money in them under current conditions. In other words, all the statements made by the independent producers require validation. And we get no answers when we ask when such information will be prepared and submitted to Gazprom for us to make a decision on when we'll be able to take their volumes into account. We repeatedly raised this issue at the Energy Ministry, but unfortunately the Energy Ministry can't obtain this information either.

That is about making statements, so that you understand that it should be a focused discussion. There are fields, and a subsurface user should have a clear understanding of when he will conduct geological exploration, convert resources to reserves, complete the reservoir engineering activities, carry out pre-development design work, and so on. That is to say, a subsurface user should take a certain number of specific steps. What the independent users declare now is just wishes, so to say.

MODERATOR: There was also a question about the participation of Chinese companies in the Vladivostok LNG project.

ALEXANDER MEDVEDEV: The set of potential Vladivostok LNG project participants has already been formed on the basis of the business model agreed and approved at Gazprom. The talks are underway. As for the interest on the part of Chinese companies – there is certain interest. And I hope that maybe even by the year end we'll be able to enumerate the participants of the consortium that will implement this project.

VIKTOR TIMOSHILOV: I'd like to add a few words about Rosneft's LNG plant in the Far East – it is for the sake of this project that they seek access to the gas trunkline in Sakhalin.

This issue may be regarded from a different angle: is another separate LNG project of a kind necessary at all? There is an absolutely obvious synergy (we addressed it at the Sakhalin conference) between the project for the Sakhalin II capacities creep already mentioned by Mr. Medvedev, and the repeatedly discussed possibility of purchasing the Sakhalin I gas for Gazprom's portfolio in order to consolidate it within a single balance.

It would enable the Government, which is a party to both PSA projects and is interested in maximizing the economic effect at minimum expense, not to spend extra money – some USD 15 billion – on constructing another plant. Therefore, with regard

to the Government interests, such synergy should be achieved. Here Gazprom is open to a dialogue. Why construct one more plant, when everything can be done through optimizing the costs?

QUESTION: Andrey Gatinsky, TV Asahi Television Company. I have a question about our projects in Asia. You've mentioned the agreement with China, the Trans-Korean gas pipeline, I am sure there are potential projects with Japan. And it is obvious that executing each of these projects requires heavy expenses, infrastructure and human assets. In this context, I have a question: can't these projects end up in a competition with each other? And if they can, on which of them will priority be placed and on which grounds?

ALEXANDER MEDVEDEV: We don't apply the proverb "Cast no greedy eye at a big pie." in our activities. If the pie is edible, we'll be able to eat it – either in one bite or piece by piece. All the mentioned projects are economically viable and meet the requirements established for Gazprom's investment activities. They all are competitive, and from the point of view of risk sensitivity they are also secure enough, with the account of the global market changes. And we are also well aware that there is a window of market opportunities which won't be open forever. That is why, if not through the door, through the window we'll enter with our projects for sure.

There is a clear-cut program of synchronizing and prioritizing these projects. As for the LNG projects in terms of providing them with a resource base, it has been mentioned not once that Vladivostok LNG with the volume of 10 million tons was our priority. At present, our Sakhalin fields are being further explored, plus the possibility of purchasing the Sakhalin I gas mentioned by Mr. Timoshilov – all this gives us hope that the resource base will be sufficient even for the third train of Sakhalin II. Or, maybe even for the fourth train, since the Sakhalin II site gives an opportunity to place two additional trains. But this will be considered depending on the resource base investigation results.

And Baltic LNG as I've said already will receive gas from the Unified Gas Supply System. And though the Shtokman project wasn't named, I believe that this name is in the air. We haven't given up Shtokman and we are sure that current technological innovations, optimization of capital and operational costs will allow us to return to this project when certain economic and market conditions are created.

QUESTION: Andrey Zaykov, Sapporo Television Company. Mr. Medvedev, going back to the Vladivostok LNG plant: there exists an opinion that Japan could play a very important role in implementing this project. Some Japanese companies must be

quite active negotiating with you. Could you enumerate them please? And in general, is it possible to implement this project without Japan? It's my first question.

Are any specific Japanese ports to potentially receive liquefied gas being addressed now?

Concerning a possible gas pipeline between our countries – is such a project realistic or not?

ALEXANDER MEDVEDEV: Our Japanese colleagues and partners were among the initiators of the Vladivostok LNG project. And one of the reasons for this was a high potential of the Japanese market, especially considering the decision on nuclear power generation. By the way, it hasn't been approved yet in Japan, and the fate of nuclear power generation will depend on it. The market potential depends on the final decision on the nuclear power industry.

The question "Is it possible to implement it without Japan?" sounds strange to me. Perhaps, it is possible, since the market in the region is huge. It is not only the traditional markets, such as Japan, Korea and China that drive up LNG demand, but the new markets as well. It is India, Vietnam, Pakistan and Bangladesh – none of these countries will make do without power in their economic growth. That is why it's just an incorrect statement of the question. We consider Japan to be a priority market. And our current marketing activities involve, inter alia, Japanese companies. Let us conclude our contracts first and then we will tell you what ports will receive so that you could come to the LNG carrier arrival ceremony.

As for the gas pipeline: you know, it's an old tale, and it would seem that the distance is so small. But as for now, we made the decision to develop LNG-based export to Japan. We are not engaged with the pipeline project.

QUESTION: Shiyao Cao, Voice of America radio. You've just told us about the western gas pipeline route to China. As we know, this route crosses Altai, the natural reserves. And environmentalists criticize this project. They think it destroys local environment. What is Gazprom's opinion on the matter?

ALEXANDER MEDVEDEV: We are familiar with this issue. When running our pipeline projects, we are always careful about environmental, nature conservation and preserve requirements.

As a matter of experience, not only ours but international as well, state-of-the-art technologies enable the pipe to run through the most environmentally vulnerable

regions, inter alia, of wildlife importance. It may require additional expenses and supplementary measures, but there are international and Russian expert reviews that have to be performed and put into practice. Of course, some special work has to be done in this case.

There are no operations on that route at the moment. They will start only after concluding a contract for the western route.

QUESTION: Vladimir Afanasyev, Upstream newspaper. Do you have any tentative timeline for achieving breakeven after concluding the Chinese contract? How many years will it take the Power of Siberia and the Chayandinskoye field to reach breakeven, clearly, provided that the stated value is retained? Will you need state subsidies for Power of Siberia like in case with the Sakhalin – Khabarovsk – Vladivostok gas pipeline?

ALEXANDER MEDVEDEV: Not everyone remembers, but Nikita Khrushchev used to say, “This generation of Soviet people will live under communism.” So I want to tell you: you will live under the breakeven of this project.

VITALY MARKELOV: There were no state subsidies for Sakhalin – Khabarovsk – Vladivostok. We constructed this gas pipeline involving Gazprom’s internal funds.

QUESTION: Olga Voronyanskaya, Life News TV channel. I have a question about the gas pipeline explosion in Ukraine, which happened yesterday. Could you please say whether any investigation will be carried out? Or maybe the Russian party already conducts it? Do you consider it possibly being a terrorist attack, as Ukrainian Minister of Internal Affairs Mr. Avakov stated? And when will it be possible to rehabilitate this gas pipeline?

VITALY MARKELOV: The gas transmission system – both ours and Ukraine’s – was created as a Unified Gas Supply System of the Soviet Union at that time, and the Urengoy – Pomary – Uzhgorod gas pipeline was constructed in the 1980s. We were investing considerable funds into capital repairs and upgrading of our system – the Russian one. The same cannot apply to the Ukrainian system, though. It’s obvious that the pipe wears out and finally the pipeline ruptures.

I should say that the accident rate in our gas pipeline is currently being reduced. The reliability increases because we take the appropriate measures for maintaining the reliability.

It is not the only accident in Ukraine's gas transmission system. I suppose there will be more, because the system has to be maintained in normal condition. Pipeline aging is inevitable, and the system reliability is made up of major long-term factors, that's why investments should be made into the gas transmission system.

The gas transmission system is owned by Ukraine, that's why we are not carrying out any investigation. It's their concern. Transmission began yesterday morning and hasn't stopped so far. The required export volumes – about 185 million cubic meters a day – are supplied. There are redundant and standby systems that secure uninterrupted gas transit.

QUESTION: Dmitry Bandura, Nikkei newspaper. Mr. Medvedev, could you please name some basic parameters of the third train of Sakhalin II? It's clear that all this work has yet to be done. Nevertheless, the figure was announced for the production volumes – five million tons a year. Can you confirm it?

ALEXANDER MEDVEDEV: Yes, I am ready to confirm it. It is for the five million tons that capital and operational costs are calculated. And it is for five million tons that the resource base will be prepared.

DMITRY BANDURA: And what is the approximate commissioning timeframe? At what markets will this project be targeted?

Do you feel any influence on your dialogue with the Japanese partners in particular, due to the complex international situation currently shaping up, including the sanction measures on the part of several European countries? Does it affect your talks, notably on LNG projects, gas purchases, and so on? Isn't there a pause here?

ALEXANDER MEDVEDEV: In case the final investment decision is made in late 2015, taking into account the timing for constructing a plant of such capacity, first LNG may be supplied in late 2019 – early 2020 if the project deadlines are met.

As for the negotiating environment, unfortunately, the political situation and the negotiating atmosphere can't be considered too favorable. But the overwhelming majority of our partners do business as usual, because they all have an insider's knowledge of all the benefits and advantages of cooperation with Gazprom and other Russian companies. As for the American authorities' attempt to put pressure on Europe, it's a matter of another press conference of political nature, for which you'd better appeal to the Ministry of Foreign Affairs.

I do not know about my colleagues, but as for me, I do not have any difficulty with either our continuing or potential partners. Moreover, new partners make partnership proposals, inter alia, on our future projects related to LNG. New potential partners make interesting offers because apparently they are able to see beyond their nose.

QUESTION: Maria Tatevosova, ITAR-TASS Agency. As we know, there are seasonal fluctuations for any export direction. I'd like to ask you how this issue will be resolved for the route to China with no UGS facilities, either Russian or Chinese ones. Two years ago the Chinese partners suggested that you should consider your possible participation in UGS facilities construction in China. And if there are no UGS facilities for a while once supply starts, can this lead to the rise in supply price due to irregular supply?

ALEXANDER MEDVEDEV: The irregularity factor is among the contract terms, and this factor has been agreed, as they say, to the great delight of both parties. It satisfies us and the Chinese party, too. In addition, it should be remembered that the load level of such a pipe makes it possible to obtain certain flexibility within the pipe itself.

OLEG AKSYUTIN: At present, we are involved in research and production cooperation on UGS facilities with our Chinese partners: joint activities concerning the operation of underground gas storages, issues of UGS facilities state. There are such contacts, and this work has been underway for several years already but we haven't come up to any particular project for UGS facilities construction.

MARIA TATEVOSOVA: Does this mean you are not planning to construct any UGS facilities in the East aimed at Russian gas export to China?

VITALY MARKELOV: No, there are no such plans yet. But we are engaged in the relevant preparation activities and searching for the necessary structures for UGS facilities in the East. We are considering the structures that would let us store not only natural gas, but helium as well. So, only research operations are currently underway.

QUESTION: Elena Grebneva, RBK TV channel. A question about USD 55 billion planned for investing into the infrastructure in Russia. As far as I understand, the Russian Federation Government is up for earmarking some of the funds from the National Wealth Fund. Could you dwell on the structure of those investments? What volume may be taken from the NWF and what – from other sources?

ALEXANDER MEDVEDEV: The financial structure of the project hasn't been completely determined yet. That is why neither I nor my financial colleagues could

provide you with such a structure, I mean whether the National Wealth Fund will be used or not.

QUESTION: Tatiana Yakovleva-Ustinova, Oil&Gas Journal Russia. Could you please say whether the Sakhalin gas could be supplied into the Power of Siberia gas pipeline and in what quantities? When can a decision be made?

Could you also provide some information about geological exploration in the Western Kamchatka shelf: what scope is planned and have they been going on at all during the recent years?

VSEVOLOD CHEREPANOV: As for the geological exploration in Western Kamchatka: we didn't drill there. We are planning to drill ahead in a year. 3D seismic surveys were conducted spanning about 1,000 square kilometers.

ALEXANDER MEDVEDEV: Feeding Power of Siberia with Sakhalin gas is an exotic idea, there is no such need, as the Sakhalin gas is likely to be used for Vladivostok LNG with the capacity of up to 15 million tons and for expanding Sakhalin II by five million tons (or maybe even by ten million tons, in theory).

DMITRY LYUGAI: Even now the production capacities of the Chayandinskoye and Kovyktinskoye fields amount to 60 billion cubic meters. I need hardly say that there is no need for additional gas from Sakhalin.

QUESTION: Mikhail Serov, Vedomosti newspaper. You've mentioned the advance payment referring to it as possible. Apparently the issue remains open. Could you please specify what hampers these agreements on advance payments and when can they possibly be achieved?

ALEXANDER MEDVEDEV: I'd like you to be more attentive to what we all are saying here. The agreement was achieved on the advance payment in the amount of USD 25 billion – prior to the start of supply.

MIKHAIL SEROV: Have the terms been agreed?

ALEXANDER MEDVEDEV: The terms are yet to be agreed. These terms will include the advance payment schedule, the gas supply schedule with the account of that advance payment as well as its effect on any given economic parameters.

MIKHAIL SEROV: About the Sakhalin II expansion: you've mentioned that there could be the fourth train there. Is it just a long-term outlook? Or maybe some design operations are already underway in this respect?

About the resource base: in case you do not achieve an agreement with Rosneft on involving the Sakhalin I gas in expanding Sakhalin II, can this affect the final investment decision, taken that your other Sakhalin gas should be delivered to Vladivostok LNG? Will the resource base for Sakhalin II be sufficient without Sakhalin I?

ALEXANDER MEDVEDEV: What I said was that Sakhalin II has enough space for placing the fourth train as well. But discussing the fourth train will be possible only in case the resource base suffices.

Only the ongoing FEED involving the data of additional exploration at Sakhalin III will help to answer your question of whether we will make do without the Sakhalin I gas for the Sakhalin II expansion. Though, as it has already been said, should this gas be purchased into Gazprom's portfolio, it would let us considerably optimize gas distribution both in Sakhalin itself and also near Vladivostok with regard to the to-be petrochemical plants there.

MIKHAIL SEROV: But are you in talks with Rosneft, is the process going on?

ALEXANDER MEDVEDEV: Sakhalin Energy will deal with gas purchases. It must be preparing these talks, for all I know.

QUESTION: Svetlana Savateeva, Interfax Agency. Several years ago Gazprom Marketing & Trading signed a memorandum on LNG supply with Indian GAIL. Has this memorandum been extended or will you have to renegotiate it, as this gas was to be supplied from Shtokman?

Could you please separately specify the prices of the gas processing and gas chemical plants to be constructed within the Power of Siberia project? Are you planning to involve the Chinese partners in it, particularly, in gas processing?

ALEXANDER MEDVEDEV: I'll start with GAIL at once, because I have good news: the contract has come into force, all the conditions precedent were fulfilled or lifted. Moreover, its term was extended for possibly increasing the contracted volume to 3.5 million tons. Shtokman was just one possible LNG source. Considering our current and future portfolio, we have enough LNG to fulfill the contractual conditions and requirements.

Yesterday we met with GAIL's executives. We'll discuss with them and also with Indian Oil the possibilities of contracting additional LNG volumes for the Indian market, which shows high demand.

VITALY MARKELOV: We won't tell you the price of the gas processing complex because at the moment project documentation for those plants is being devised.

As for involving companies in the plant construction – all global manufacturers of process equipment are taken into account by the project team. That is why the best and cheapest equipment will be used at these plants. We are also planning to involve a lot of Russian equipment. As you know, Gazprom currently uses at least 95 per cent of domestically manufactured equipment.

QUESTION: Dina Khrennikova, Platts Agency. Mr. Medvedev, a clarification question about the contract with Indian GAIL. You said that the possibility of increasing the supply to 3.5 million tons was negotiated. Or will there be any further increase?

ALEXANDER MEDVEDEV: Up to 3.5 million tons. And the contract term was also extended.

SVETLANA SAVATEEVA: And what is the contract term?

ALEXANDER MEDVEDEV: 25 years.

MODERATOR: Thank you very much. The Press Conference is over.