

## Press Conference

### Mineral and Raw Material Base Development. Gas Production. Gas Transmission System Development

May 19, 2016

**MODERATOR:** Good morning, colleagues. We carry on our series of Press Conferences in the lead-up to the annual General Shareholders Meeting of Gazprom. The topic of today's Press Conference is "Mineral and Raw Material Base Development. Gas Production. Gas Transmission System Development."

Taking part in the Press Conference are:

- Vitaly Markelov, Deputy Chairman of the Management Committee;
- Oleg Aksyutin, Member of the Management Committee, Department Head;
- Vyacheslav Mikhaleiko, Member of the Management Committee, Department Head;
- Sergey Prozorov, Member of the Management Committee, Department Head;
- Vsevolod Cherepanov, Member of the Management Committee, Department Head.

First, I will yield the floor to Mr. Markelov. He will tell you about this business line's performance in 2015, and then we will pass on to questions.

**VITALY MARKELOV:** Good morning, esteemed colleagues. I am glad to share our business achievements with you.

*(Slide 2)* Gazprom Group owns a unique raw material base of hydrocarbons. As of January 1, 2016, its explored ABC1 gas reserves totaled 36.15 trillion cubic meters, which equated to 72 and 17 per cent of the Russian and global reserves respectively.

*(Slide 3)* Here is a map of Gazprom Group's geological exploration activities.

*(Slide 4)* This slide displays an overview of Gazprom Group's mineral and raw material base. Last year, Gazprom Group's C1 gas reserves (including its share in the production by the companies investments wherein are classified as joint operations) added 46 billion cubic meters, amounting to 36.1 trillion cubic meters. Condensate reserves increased by 52 million tons to nearly 1.5 billion tons. Oil reserves grew by 29 million tons, exceeding 2 billion tons.

The lower table provides information about Gazprom Group's reserves according to the international classification. The growth is evident here as well.

*(Slide 5)* This slide displays Gazprom Group's activities abroad, with a list of our international projects.

*(Slide 6)* Here are last year's results of the geological exploration program. Gazprom Group performed 2D seismic surveys of 330,000 linear kilometers and 3D surveys of 20,000 square kilometers, drilled 143,600 meters of rocks, and constructed 43 prospecting and exploratory wells. We spent RUB 102.1 billion on geological exploration in Russia.

Gazprom continues to run geological exploration projects beyond the Russian Federation in such countries as Algeria, Vietnam, Serbia, and Kyrgyzstan. The Company invested RUB 16.3 billion in geological exploration abroad.

Last year's exploration activities carried out by Gazprom in Russia added 531.1 billion cubic meters to the Company's reserves. Most of the reserves were added by the Yuzhno-Kirinskoye and Chayandinskoye fields.

*(Slide 7)* As a result of geological exploration, 2015 saw the discovery of two new fields – Naryksko-Ostashkinskoye in the Southern Kuzbass group of coal fields, with C1+C2 gas reserves exceeding 33 billion cubic meters, and Padinskoye in the Yamal-Nenets Autonomous Area, with C1+C2 gas reserves exceeding 193 billion cubic meters. We also discovered 28 new deposits with total

hydrocarbon reserves of over 25.6 million tons of fuel equivalent at the fields identified earlier.

We have achieved our first-level strategic targets. The gas reserve replacement ratio was 127 per cent, which means that Gazprom continues to ensure its natural gas addition rates surpass its production rates.

*(Slide 8)* This slide shows our production numbers throughout 2015: gas production is below the 2014 level, which is explained by the warm winter. Total gas production stood at 418.5 billion cubic meters, including 8.4 billion cubic meters of associated petroleum gas. Gazprom Neft alone produced 6 billion cubic meters of natural gas and 6.5 billion cubic meters of associated petroleum gas.

We reached our maximum daily gas output in the fourth quarter of 2015 with 1.556 billion cubic meters on October 22, 2015. The maximum potential output, however, was 1.615 billion cubic meters. We didn't achieve the production potential due to the warm winter.

Gas condensate production amounted to 15.3 million tons in 2015, showing a 900,000 ton increase compared to 2014. Oil production at Gazprom Group hit a record high last year with 36.04 million tons, including 34.3 million tons produced by Gazprom Neft, which was 740,000 tons higher than in 2014. The Group's total oil production, including its share in affiliates, made up 53.5 million tons.

*(Slide 9)* This slide demonstrates the growing use of associated petroleum gas by year. In 2015, the beneficial use of associated gas reached 95.4 per cent at Gazprom's fields and 79.6 per cent at Gazprom Neft's fields, averaging 83.1 per cent across Gazprom Group.

*(Slide 10)* This slide gives an overview of our gas transmission system. It is now 171,200 kilometers long. Gas is compressed at 250 compressor stations with a total capacity of 46,189 MW. Last year, Gazprom continued to actively enhance the Unified Gas Supply System.

*(Slide 11)* The Bovanenkovo – Ukhta 2 gas trunkline was under construction. We put 133 kilometers of linear sections into operation last year.

We plan to complete the 435-kilometer linear part of Bovanenkovo – Ukhta 2 in 2016. This year, we are going to build the linear section to its full length. Also this year, we will build two workshops at the Baidaratskaya and Intinskaya compressor stations with a total capacity of 192 MW.

We have completed the construction of the 1,100-kilometer Bovanenkovo – Ukhta gas pipeline, which is already transmitting gas, and the workshops of nine compressor stations with a total capacity of 1,108 MW.

The expansion of the gas transmission system in the area from Ukhta to Gryazovets is in progress. Construction and installation works are underway at the 500.4-kilometer linear section as part of the Ukhta – Torzhok 2 project. Construction is scheduled for completion in 2017. The other sections spanning 469.6 kilometers are under preparation, with construction to be completed in 2018. In 2016, we will start building three compressor workshops with a total capacity of 250 MW slated for commissioning in 2018. The other four compressor stations of 375 MW in overall capacity will be built between 2017 and 2019.

*(Slide 12)* Here is our international project, the Power of Siberia gas pipeline, which entered the construction phase in 2014. The overall distance from the Kovyktinskoye field to Blagoveshchensk is around 3,000 kilometers, or 4,500 kilometers with loops taken into account. The pipeline's annual export capacity is 38 billion cubic meters of gas. This ambitious project will foster social and economic development in Eastern Siberia and Russia's Far East.

We are currently building the first section of the gas trunkline, running from the Chayandinskoye field to the Chinese border, with a crossing near Blagoveshchensk. In order to start supplying gas to China, we need to commission a 2,158.5-kilometer linear section and a 128 MW compressor station. Last year, Gazprom and CNPC signed an Agreement to design and construct a cross-border section of the Power of Siberia gas pipeline, including a submerged crossing under the Amur River.

By now, we have built 115 kilometers of Power of Siberia, with 86 kilometers connecting

Chayandinskoye to Lensk and over 29 kilometers connecting Lensk to Olyokminsk. This year, we are going to construct around 400 kilometers of the linear section.

*(Slide 13)* In order to enhance flexibility and ensure smooth operation during peak loads in the autumn/winter period, Gazprom is developing its underground gas storage (UGS) system. As of December 31, 2015, the working gas capacity of its UGS facilities located in Russia totaled 73.6 billion cubic meters, which is 3.5 per cent higher than in 2014.

*(Slide 14)* By the 2015–2016 autumn/winter period, the potential deliverability of our UGS facilities came to a record high: the maximum daily deliverability at the beginning of the withdrawal season went up to 789.9 million cubic meters of gas, showing an increase of 19.5 million cubic meters, or 2.5 per cent as compared to last year's figure. In addition, by the 2015–2016 withdrawal season, the operating reserve of Russian UGS facilities totaled 72 billion cubic meters of gas, an all-time high in the history of the Russian gas industry.

Today, Gazprom continues to build three UGS facilities: Volgogradskoye and Kaliningradskoye in salt caverns, as well as the Bednodemyanovskoye UGS facility. Several other geological structures fit for underground storage are at the stage of design and construction decision-making. Exploration activities are advancing in the Far East with a view to explore the possibilities for storing natural gas and helium concentrate.

This concludes my speech. Thank you for your attention.

**QUESTION:** Dina Khrennikova, Bloomberg agency. I would like to ask you a clarifying question on the construction of the linear section of the Power of Siberia gas pipeline. You said it was planned to build about 400 kilometers this year, while the March Eurobond prospectus said it was some 800 kilometers. Which figure is correct and what caused the reduction, if there was one?

Another question: what are the total historical costs for the South Stream and Southern Corridor projects, including payments made to all partners? Could there be any costs this year, possibly for pipe storage and other technical issues?

**VITALY MARKELOV:** Indeed, we have downgraded our forecast for the construction of Power of Siberia due to cost optimization. But we haven't changed our schedule for the commissioning of this gas pipeline's capacities in 2018.

The works are temporarily suspended due to floods in Yakutia, but we are using this break for setting up temporary bases and relocating our contractors from the European part of Russia; preparations are taking place.

About the Southern Corridor: money is a confidential matter. We can only discuss the physical parameters. We ensured the Southern Corridor had a throughput of 31.5 billion cubic meters per year. This year, we will put onstream the remaining compressor stations: Russkaya, Korenovskaya, Kazachya, and Shakhtinskaya.

**QUESTION:** Vladimir Soldatkin, Reuters agency. What is the forecast for gas and gas condensate production this year?

**VITALY MARKELOV:** We approved the plan to produce 452.5 billion cubic meters. It's an estimated figure – everything will depend on the winter weather. Last year, we had to adjust our plans and production amounts, but due to the warm autumn/winter period, we couldn't reach even the adjusted figures. Everything depended on the gas demand in the Russian market.

The forecast condensate production for this year is 15.8 million tons.

**QUESTION:** Tatiana Yakovleva-Ustinova, Oil & Gas Journal Russia. Tell us about your plans for the development of the Yuzhno-Kirinskoye field. How do the sanctions affect that project? Are you going to postpone field commissioning? What is the scope of geological exploration at the field in 2016 and will there be drilling?

**VSEVOLOD CHEREPANOV:** We have completed geological exploration with drilling along the main outline of the Yuzhno-Kirinskoye field. The reserves documented by the State Reserves Commission include 711 billion cubic meters of gas, 111 million tons of condensate, and 4 million tons of oil.

We planned to drill two additional wells this year, one within the Yuzhno-Lunskaya formation bordering on the Yuzhno-Kirinskoye field, the other in the eastern part of the Yuzhno-Kirinskoye field. However, we decided not to drill a well in the eastern area due to cost optimization in 2016. So, this year we're left with just one drilling rig, the one in the Yuzhno-Lunskaya formation. There is a possibility of discoveries in the Kirinsky block. The same is true for the eastern area and, probably, the northern areas adjacent to the Yuzhno-Kirinskoye field.

Last year, we carried out extensive exploration in the Sea of Okhotsk, with 3D seismics covering practically all of our licensed areas: Vostochno-Odoptinsky, Ayashsky, and some areas bordering on the Yuzhno-Kirinskoye field. There is a lot of processing to be done, including seismic data interpretation. But on the whole, we are not worried about a heavy workload anymore.

**QUESTION:** Lyudmila Podobedova, RBC newspaper. Which sections of the 800 kilometers slated for construction this year have been subject to optimization within the Power of Siberia project? Which contractors have been dismissed? How is that regulated?

**VITALY MARKELOV:** The first section of Power of Siberia our contractors landed at was the Chayandinskoye – Lensk section stretching for 208 kilometers. By now, more than a half of this section has been built and we plan to complete it this year.

Construction and installation is currently underway at the Lensk – Olyokminsk section as well, and the bulk of work will take place in that section. The contractors are already there, and they are now ramping up their capacities in that area. Moreover, preparations are taking place along the whole length of the gas trunkline. When the flood is over, we will start construction and installation along nearly the entire length of the pipeline.

Our construction contractors for Power of Siberia are Stroytransgaz, Stroygazconsulting, Stroygazmontazh, and Neftegazstroy. A great amount of work, mostly preparatory, is carried out by construction companies from the Republic of Sakha (Yakutia). Those are local contractors who were previously engaged in the construction of the Eastern Siberia – Pacific Ocean oil pipeline.

I can also say a few words about the construction of the Amur gas processing plant, where extensive preparations are taking place. By now, the plant's site is almost ready; we also engage local contractors in those works, namely excavation and pre-construction.

In the near future, we'll hold a coordination meeting on the construction of the Amur gas processing plant and the Power of Siberia gas pipeline to sum up the winter results. We have accomplished the most important task by ensuring pipe delivery. At present, we have pipes for some 700 kilometers. Now it's time for the contractors to act. We also plan to make the most of the navigation period on the Lena River in summer.

**QUESTION:** Alyona Makhneva, Vedomosti newspaper. Could you please tell us the amount of investments slated for geological exploration this year?

**VSEVOLOD CHEREPANOV:** In Russia, Gazprom has its own licensed blocks and the blocks owned by its subsidiaries. So our expenses are diversified. This year, RUB 65.5 billion of investments are slated for geological exploration to be carried out by Gazprom Geologorazvedka, with RUB 35.5 billion allotted for offshore operations and RUB 30 billion for onshore operations. The subsidiary companies largely focused on gas production will receive RUB 14.9 billion. So, the total amount for this year is RUB 80.4 billion. It's slightly less than last year, but it won't affect the reserve additions.

**QUESTION:** Svetlana Savateeva, Interfax agency. Are you really determined to supply gas to Almaty, Bishkek, and Astana? How feasible is it and how large do you think that market is?

**VITALY MARKELOV:** Our subsidiary company Gazprom Kyrgyzstan operates there. Its mission is to ensure reliable gas supplies to Kyrgyzstan. Gas is delivered from Kazakhstan to Kyrgyzstan and the southern regions of Uzbekistan. We operate in accordance with the approved General Scheme of gas supply to and gasification of the Republic of Kyrgyzstan.

This year, we have made preparations for the extensive reconstruction of gas trunklines in Kyrgyzstan. That includes reconstructing some 120 kilometers of the linear section, one compressor station, and ten gas distribution stations. The Bukhara Gas-Bearing Province – Tashkent – Bishkek – Almaty gas pipeline, which runs through parts of Kyrgyzstan, ensures the reliability of gas supplies to Almaty. The reconstruction will make gas transit toward Almaty more reliable.

This past winter went very smooth for us in Kyrgyzstan. There were no issues with reliability whatsoever, be it gas transit toward Almaty or gas supplies to Kyrgyzstan, including Bishkek. Last year, we supplied 350 million cubic meters to Kyrgyzstan and transited 4.371 billion cubic meters toward Almaty. That gas went to Kazakh consumers beyond Almaty as well.

**SVETLANA SAVATEEVA:** My second question is about the Ukhta – Torzhok 2 gas pipeline. Could you please list the contractors and costs for all pipeline sections?

**VITALY MARKELOV:** As I've already said, we decided to work on the Ukhta – Torzhok 2 gas pipeline in two stages that are almost equal in scope: this year, we'll work on the first section and in 2017, on the second one. Today, three contracting companies – Stroygazconsulting, Stroygazmontazh, and Stroytransgaz – are engaged in the construction of Ukhta – Torzhok 2.

**SVETLANA SAVATEEVA:** Gazprom plans to rent the Akademik Chersky ship. What offshore gas pipeline is the Company going to construct with it?

**VITALY MARKELOV:** Gazprom built that ship for pipe-laying and offshore operations. We plan to use it for pipe-laying on the shelf of the Sea of Okhotsk within the Kirinsky block. It is a modern and universal ship capable of not only laying pipes, but also of assembling heavy structures, as it has an on-board crane with 7,000 tons of lifting capacity.

**QUESTION:** Anastasia Goreva, Argus Media agency. Could you please tell us the planned maximum daily gas production by Gazprom Group and from the Bovanenkovskoye field in the 2016–2017 winter period?

**VITALY MARKELOV:** Bovanenkovo's production capabilities were limited by the Bovanenkovo – Ukhta gas pipeline that could only transmit 218 million cubic meters per day. We tested the pipeline for that amount – 218 million cubic meters – last year. However, we didn't reach that figure in practice because, as I have already explained, the winter was warm. By constructing Bovanenkovo – Ukhta 2, we will be able to deliver up to 264 million cubic meters per day from Bovanenkovo. We expect to attain that figure by the first quarter of 2017.

As for the maximum daily production by the 2016–2017 autumn/winter period, we expect it to reach 1.543 billion cubic meters. We are also developing our underground gas storage system, which means that, on the whole, our gas supply capacities will grow considerably.

**ANASTASIA GOREVA:** What are your current priorities in modernizing the existing gas transmission system? Which sections are you planning to modernize this year?

**OLEG AKSYUTIN:** Speaking of our current priorities with respect to our major projects, we are modernizing the gas transmission system with a view to deliver gas from the Yamal Peninsula through establishing and extending the Bovanenkovo – Ukhta and Ukhta – Torzhok transmission corridors. Add to that the gas pipelines that will be used to inject gas into Nord Stream 2 through the Torzhok – Vyborg and Gryazovets – Slavyanskaya CS sections. Their infrastructure will be modernized and reconstructed as well. We also prioritize the facilities that boost the productivity of our UGS system, such as line pipes and compressor stations.

**VYACHESLAV MIKHALENKO:** The Gazprom Management Committee recently approved the

Comprehensive Program for the reconstruction and re-equipment of gas transmission facilities. The Program was launched in 2016 and will last through 2020.

Speaking of short- and mid-term priorities, we intend to reconstruct two strings of the Chusovaya – Berezniki – Solikamsk gas branch. We are highly ready to proceed with that. We also plan to reconstruct the Okhansk – Kirov gas branch, as well as the Pochinki – Yaroslavl gas pipeline and the facilities related to power generation in the Perm Territory. Another essential cluster includes gas supply facilities in the Leningrad Region. It's planned to reconstruct the Serpukhov – Leningrad, Belousovo – Leningrad and Kohtla-Jarve – Leningrad gas pipelines. Those are our main priorities.

**QUESTION:** Vitaly Sokolov, Energy Intelligence web portal. Last year, Gazprom produced only half of the planned amount of gas from the Kirinskoye field, explaining it by a lack of demand in Sakhalin. This year, you plan to recover to the previous production level. Do you see a sharp increase in demand there? How are you going to boost production at Kirinskoye?

A clarifying question about the Yuzhno-Kirinskoye field. Do the U.S. sanctions apply to the areas adjacent to the Yuzhno-Kirinskoye field? You've mentioned the Yuzhno-Lunskaya structure and the eastern part of the Yuzhno-Kirinskoye field, where you are optimizing geological exploration.

**VITALY MARKELOV:** We brought the Kirinskoye field into production in 2014. During autumn/winter periods, Russia's Far East is supplied with gas from the Kirinskoye field. We made a substantial contribution to the reliability of gas supplies to the Far East, which helped us advance the gasification process and deliver new projects.

As the gas market in the Far East is still evolving, we only develop the Kirinskoye field in winter. During summer periods, the field is not operational because of a gas surplus in the region. I think the growth in consumption will balance it out and we will produce gas from Kirinskoye both in winter and in summer.

**VSEVOLOD CHEREPANOV:** It's hard for me to say whether the sanctions apply to the areas adjacent to the Yuzhno-Kirinskoye field. It was announced that the Yuzhno-Kirinskoye field was subject to sanctions. We take into account that there are some sanctions, but they have yet to interfere with our work. The drilling services and seagoing shipping markets are now quite wide-ranging. A lot of Asian companies offer us their services, and we accept their offers.

We recognize that some companies may refuse to serve us, so we simply stay away from them, we're not interested. We don't cooperate either with U.S. companies or with their affiliates. We rely on our own resources. We have our own drilling rigs and our own ships. Chinese companies help us by leasing their ships to us for geophysical and seismic surveys. We also use Chinese drilling rigs for geological exploration. Our cooperation is very tight, all the more so that these services are provided by a neighboring country, which is very convenient.

**VITALY SOKOLOV:** Is 2019 still the commissioning deadline for the Yuzhno-Kirinskoye field?

**VSEVOLOD CHEREPANOV:** We have approved a comprehensive plan for field commissioning, and we are currently conducting surveys to determine future drilling points, well locations, and the layout of base plates. Initial drilling is slated for 2017. Field commissioning – a pilot project that includes seven wells – is planned for late 2021–early 2022. We haven't changed anything yet. Of course, every plan is adjusted depending on the situation, on the demand and the gas balance estimate for the Far East – there are many factors at play. For the time being, we're using the comprehensive plan.

**QUESTION:** Maria Tatevosova, Rambler agency. What is the planned reserves addition for this year?

My second question is about Southern Corridor's section on Russia's Black Sea coast. Just a couple of months ago, Gazprom's contractors worked there at the Company's request. What exactly did they do there? How are you going to use the onshore area that is not part of Southern Corridor? You've already completed some of those operations. What were they for?

**VITALY MARKELOV:** Within the South Stream project, Gazprom built Russia-based facilities capable of transmitting 31.5 billion cubic meters of gas per year to Anapa. Today, we use the western route of Southern Corridor (Kubanskaya CS – Korenovskaya CS interconnector) to supply gas to Turkey via Blue Stream. It will also be needed to supply gas to our potential consumers in the southwestern part of the Krasnodar Territory, where we are constructing three gas distribution stations due in 2018.

**MARIA TATEVOSOVA:** And what were you doing on the coast? Could you possibly share any of your plans with us?

**OLEG AKSYUTIN:** You are probably well aware that some of the operations for the South Stream project started back in 2014. There is a logic to those operations. We have to conduct them first, and later we will remediate the lands and return them to the land owners. We are simply completing a certain scope of work. On the one hand, that scope is very small; on the other hand, it will help us resume the project without any additional costs if we decide to reactivate it.

**VSEVOLOD CHEREPANOV:** About reserve additions: the target figure, which may change, is 511.4 million tons of fuel equivalent, with gas accounting for around 478 billion cubic meters. Our first-level strategic target is to achieve a reserve growth rate of no less than 1. Naturally, the production volumes projected for this year will be offset by reserve additions.

**LYUDMILA PODOBEDOVA:** I have questions about Power of Siberia. Can gas from independent producers be fed into the pipeline? Is that possibility limited to associated gas or is natural gas also a point of negotiation? Are domestic supplies under consideration, at least? What about exports? What is the status of those negotiations? Is Gazprom still intent on using the pipeline solely for its own gas?

Having updated the construction plans, how much do you plan to spend on Power of Siberia this year?

**VITALY MARKELOV:** The 2016 investment program provides for the construction of 400 kilometers.

As for independent producers, the gas supply contract was signed by Gazprom and CNPC. The project is run by Gazprom. Although we have received requests from independent companies, we implement this project by our own efforts and using our own gas.

**QUESTION:** Elena Davydenko, RIA Novosti agency. Earlier, Turkey approached Gazprom with a request to increase annual supplies via Blue Stream by 3 billion cubic meters. Is it possible to use the Southern Corridor capacities to boost supplies? Or is that no longer relevant?

**VITALY MARKELOV:** We conducted preparations and developed the project design for boosting gas supplies via Blue Stream. It's not our fault that the process was suspended.

As for the Southern Corridor capacities, I have already mentioned that this year we have supplied gas for Blue Stream via the Kubanskaya CS – Korenovskaya CS interconnector of Southern Corridor in the amount of 18 million cubic meters per day. So, we have the required capacities in Russia.

**TATIANA YAKOVLEVA-USTINOVA:** More than half of investments in geological exploration are intended for offshore operations. Could you tell us what kind of operations you'll conduct this year and where: could it be the Arctic or the Barents and Kara Seas?

**VSEVOLOD CHEREPANOV:** No drilling activities are planned. We have licensed blocks in the Barents Sea, the Kara Sea, and the Ob Bay. We are just completing seismic surveys this year. We plan to drill one well in the Kara Sea next year, but this is not decided yet; design activities are underway. Maybe we'll postpone it until 2018. We are now assessing the costs and the readiness of our drilling rigs.

I'd like to draw your attention to the fact that we are going to use our own offshore equipment on the Arctic shelf. Seas are rather shallow there. We have the Amazon and Arkticheskaya drilling rigs, so we will use one of them. Basically, we're preparing right now.

**TATIANA YAKOVLEVA-USTINOVA:** In what block will you drill a well in 2017–2018?

**VSEVOLOD CHEREPANOV:** We have a lot of blocks in the Kara Sea and all of them are adjacent to each other: Leningradsky, Rusanovsky, Skuratovsky, Sharapovsky, and Nyarmeysky. We are making estimates as to which block will be the most productive. The decision hasn't been made yet, but it will certainly be in the Kara Sea.

**ANASTASIA GOREVA:** The operations in the Chayandinskoye field have already been completed. What is the ultimate amount of ABC1+C2 reserves at the field?

**VSEVOLOD CHEREPANOV:** Yes, we have completed those operations. Last year, we added 205 billion cubic meters of gas at Chayandinskoye. The approved reserves make up 1.37 trillion cubic meters of gas and 77 million tons of liquid hydrocarbons.

**ALYONA MAKHNEVA:** Natural Resources Minister Sergey Donskoy said that his ministry was preparing offshore licensed blocks for field developers, including Gazprom. What new blocks are you interested in for the near term?

**VITALY MARKELOV:** We have plenty of offshore reserves today and there is probably no company in our country more qualified to run projects on the shelf. We have our own equipment, platforms, support vessels, and a wealth of experience in Russia-based offshore operations. I think we should build on this experience for further application in other offshore projects.

**MODERATOR:** Thank you. The Press Conference is over.