

## **Full-scale development of Kharasaveyskoye field launched in Yamal Peninsula**

March 20, 2019

**Vladimir Putin:** Mr. Miller, colleagues, friends!

Today, we're launching a new, very ambitious project of Gazprom and starting the full-scale development of the large and rich Kharasaveyskoye field in the Yamal Peninsula. I would like to congratulate you all on this undoubtedly landmark event and wish you every success in all the hard work that is ahead of you. This is effectively another step in the comprehensive development of the Yamal Peninsula and the establishment of a modern, powerful gas production and processing center in the area.

A lot has already been accomplished in this regard. The Bovanenkovskoye gas field reached its design production capacity last year. NOVATEK's liquefied natural gas projects are being carried out successfully. Production sites, shift camps, gas pipelines, and transport infrastructure have already been created, and note that pre-development is still going on.

The Kharasaveyskoye field opens up new horizons for the industry, for our export potential, for further gas infrastructure expansion in Russia, and, finally, for the national economy as a whole. The field offers incredibly large reserves – a total of 2 trillion cubic meters. Kharasavey and Bovanenkovo put together have almost 7 trillion cubic meters of gas. These are huge reserves. Yesterday, I was briefed by Mr. Alexey Miller, Chairman of the Gazprom Management Committee, and he said that these reserves would suffice to keep the facilities active until 2131. And let us not forget that the total volume of reserves in the Yamal Peninsula exceeds 16 trillion cubic meters, which means many decades of work in the area for us. These reserves are of global significance. As a point of comparison, the design capacity of the Kharasaveyskoye field alone is higher than that of one string of the Nord Stream pipeline. As I mentioned earlier, tremendous reserves such as these guarantee reliable and safe energy supplies to both Russian consumers and our partners abroad for years to come.

We certainly have a lot of very complex pre-development work ahead of us, but I am confident that our experts will once again be up to the task and meet all the challenges as top-class professionals, especially since you already have such extensive experience implementing ambitious projects of this caliber.

I wish you every success in your further ventures.

Please, go ahead.

**Alexey Miller:** Mr. President,

We are now in the shift camp of the Kharasaveyskoye field. The first well was drilled here in 1974, and it is now used to feed gas to the control flare and give heat and electricity to the small gas workers' settlement. Today, we would like to honor the pioneers of the past. They lived and worked here in very harsh conditions. I would now like to show you a video clip about the history of the Kharasaveyskoye field.

Mr. President, Gazprom is ready for the full-scale development of the Kharasaveyskoye field. We have Sergey Menshikov, Director General of Gazprom Dobycha Nadym, on the line, and he will brief us on the level of preparedness for mobilization.

**Vladimir Putin:** Please go ahead, Mr. Menshikov.

**Sergey Menshikov:** Mr. President, Mr. Miller,

This is Sergey Menshikov speaking, Director General of Gazprom Dobycha Nadym. I'm now at the Bovanenkovskoye oil, gas and condensate field, at gas production site No. 3. The commissioning of this production site in December 2018 made it possible to bring Bovanenkovskoye to its design capacity. The next task is the pre-development of the Kharasaveyskoye field. In less than three months, we built a temporary winter motor road connecting Kharasavey and Bovanenkovo. The first truck convoy carrying construction and auxiliary equipment will depart today for Kharasavey along this road, which is over 100 kilometers long.

**Alexey Miller:** Mr. President, if you would like to give your command for the vehicles to start on their way from Bovanenkovskoye to the Kharasaveyskoye field.

**Vladimir Putin:** Go!

**Sergey Menshikov:** Attention, convoy to leave for the Kharasaveyskoye field.

The convoy is made up of over 30 vehicles, including bulldozers, dump trucks, excavators, pipelayers, pipe trucks, combination buses, and a welder vehicle. We are going to use this machinery and equipment to carry out the initial works at the Kharasaveyskoye field scheduled for 2019.

The machinery will go along the seasonal road we have constructed. The key difference between a winter road and a conventional road is the absence of a pad. Consequently, the road lies below the surrounding ground. For those traveling along this road, this can bring about difficulties, i.e. natural obstacles such as snowdrifts. There are also strict requirements for road safety. Individual vehicles are not allowed on the road, only organized convoys.

The drivers' professional skills must also be at a high level. Generally, they are top-class professionals with extensive experience working in the Far North. We put together the 'northern' work experience of the drivers who are now heading for Kharasavey and it adds up to over 400 years.

The winter road goes across six water barriers which are now furnished with winter ice crossings. Each of these crossings is equipped with reflective posts and emergency and rescue equipment. The maximum speed on the ice crossings is 5 kilometers per hour, and the average speed of the convoy today is going to be around 20 kilometers per hour.

During the trip along the winter road, the drivers will make two check stops at warming points. The estimated time of the convoy's arrival at the Kharasaveyskoye field is eight hours from now.

End of report.

**Alexey Miller:** Mr. President,

In its work on the development of the Kharasaveyskoye field, Gazprom will involve some 5,500 construction workers and 2,000 items of equipment, drill 236 wells, use 6 Ekaterina drilling rigs – the latest generation of domestically-produced drilling rigs that

have already shown to be reliable and effective at the Bovanenkovskoye field – and a heavy-duty Bentec unit.

Note that 20 per cent of the Kharasaveyskoye field's reserves are found on the shelf, and the offshore constituent of the field will be developed from the shore through horizontal drilling. This means that Gazprom is also initiating the development of the Yamal shelf.

To optimize costs, we have decided to work at the Kharasaveyskoye field, where possible, with the same design solutions as those used at the Bovanenkovskoye field. These include a comprehensive gas treatment unit with a capacity of 32 billion cubic meters and a booster compressor station with a capacity of 150 MW.

I would like to stress that we will only be using domestically-produced equipment for the development of the Kharasaveyskoye field. A 106-kilometer gas pipeline with a diameter of 1,400 millimeters will be built to supply gas from Kharasavey to Bovanenkovo. After this, the Kharasavey gas will enter the gas trunkline system from Bovanenkovo to Ukhta.

The development of the Kharasaveyskoye field is designed to be carried out for the next 108 years, which means that we will be producing gas at Kharasavey until 2131.

Behind me is the vanguard of Gazprom employees. They are the welders, installers, drillers, excavators and electricians, the people we rely on most. With people like this, any goal will certainly be within our reach.

Mr. President, Gazprom has started the full-scale development of the Kharasaveyskoye field.

**Vladimir Putin:** Thank you.

Mr. Novak, please go ahead.

**Alexander Novak:** Mr. President,

Allow me to report that the launch of full-scale development of the Kharasaveyskoye field is completely consistent with the strategy for the development of the gas industry of the Russian Federation, as well as with the approved general layout plan. The launch of this large, ambitious project in the Arctic is in full compliance with existing licensing agreements and will not only compensate for the dwindling production rates in the Nadym-Pur-Taz region, but also provide additional volumes for exports and domestic supplies.

In 2014, the Government of the Russian Federation also created additional incentives for the development of the Arctic region. Certain changes were introduced to the Tax Code which also incentivize the development of gas fields in the Arctic. I am referring to exemptions from the severance tax: it will gradually increase over the course of 12 years, but in the first years will be reduced by 80 per cent.

This is a genuinely impressive project which contributes to the development of the entire Arctic Region. Thank you.

**Vladimir Putin:** My friends, we all know that by 2030, 310–360 billion cubic meters of gas will be produced in Yamal for domestic consumption and for export via the Nord Stream and Nord Stream 2 pipelines. This is truly impressive, massive and highly interesting work. Congratulations, and I wish you success in the future.

Thank you very much.