

Development of the Russian gas sector in the medium term

May 17, 2011



Major investment projects of JSC Gazprom

Gas recovery:

- Yamal Peninsula field
- Zapolyarnoe field
- Shtokmanovskoe field (shelf)
- Prirazlomnoe field (shelf)
- Chayandinskoe field

Gas transportation:

- Pipeline system “Bovanenkovo – Ukhta”
- “Nord Stream” with adjacent pipelines
- “South Stream”
- Russian regions gasification

Eastern gas program:

- Gas pipeline “Sakhalin – Khabarovsk – Vladivostok”
- Kamchatka Krai gasification
- Establishment of unified system of extraction, transportation and supply in Eastern Siberia and in Far East



Yamal – foundation for growth in Russian gas production after 2010

Resources:

gas - about 22 trillion cubic meters
 condensate - 230.7 million tons
 oil - 291.8 million tons

Major fields:

Bovanenkovskoe, Kharasaveyskoe, Kruzenshternskoe and Yuzhno-Tambeyskoe

Year	2015	2020	2025	2030
Gas recovery, billion cubic meters	75 - 115	135 - 175	200 - 250	310 - 360



“Bovanenkovo – Ukhta” pipeline system

Technical specifications:

- Capacity - more than 300 billion cubic meters per year
- Operating Pressure - 11.8 MPa (120 atmospheres)
- Overall length - about 1100 kilometers
- The total capacity of compressor stations - 8600-11600 MW



Startup :

I-st step - III quarter of 2012

Shtokmanovsky project

Resources:

Category C1

gas - 3.9 trillion cubic meters

condensate - 56 million tons

Stages of development:

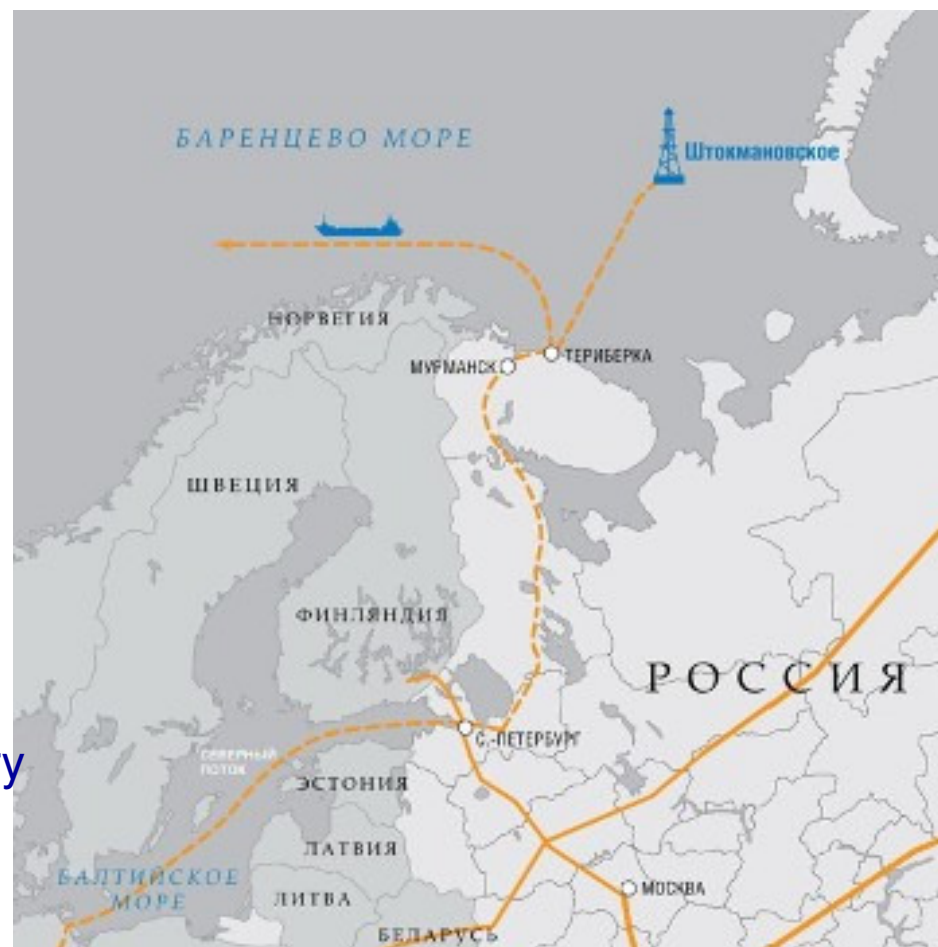
I-st - 23,7 billion cubic meters

II-rd - 47,4 billion cubic meters

III-rd - 71,1 billion cubic meters

Project brief:

- Complex for gas and condensate recovery
- Pipeline “Murmansk – Volkhov”
- LNG plant (capacity of the first line - 7,5 million tons per year)
- Port transport and processing complex



«Nord Stream»

Technical specifications:

- Capacity - 55 billion cubic meters per year
- Total length - 1224 km

Startup:

I-st stage completion –
2011

Stakeholders:

- JSC “Gazprom” (51%)
- Wintershall Holding и E.ON Ruhrgas (по 15,5%)
- N.V. Nederlandse Gasunie и GDF Suez S.A. (по 9%)



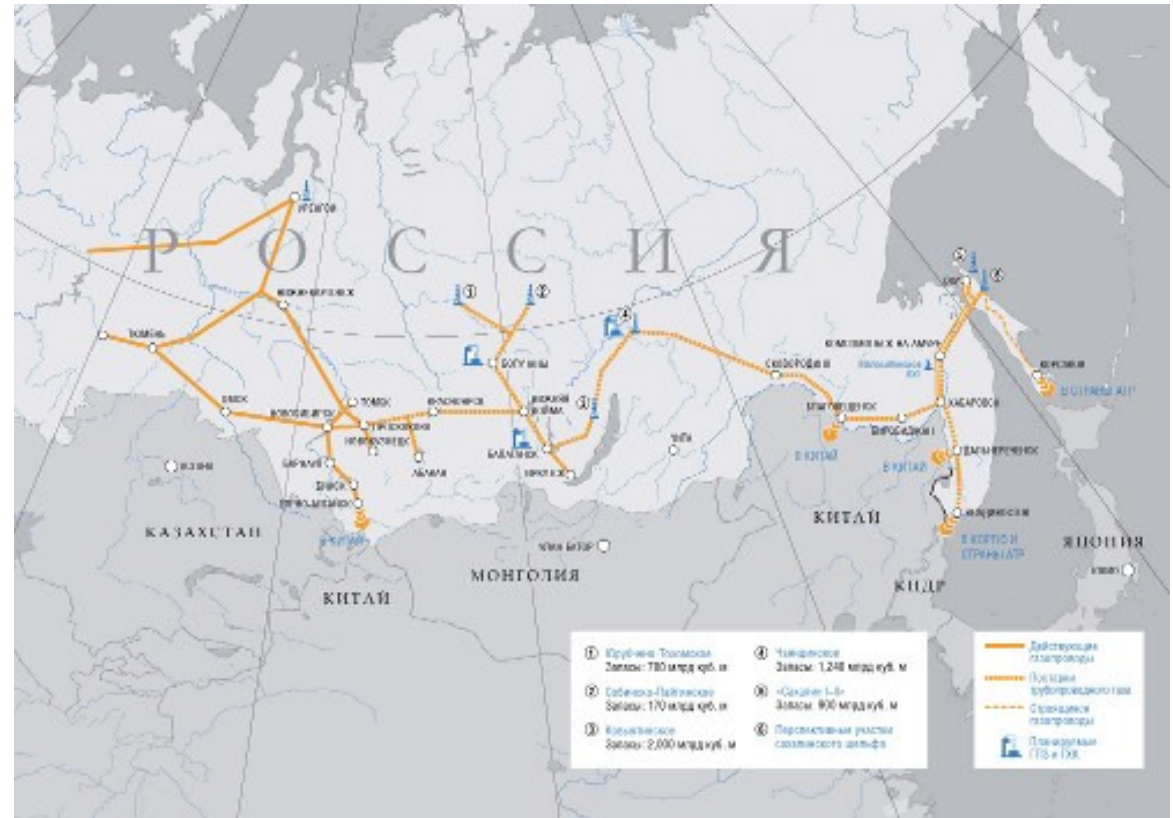
Eastern gas program

Gas resources:

Continent - 52.4 trillion cubic meters
Shelf - 14.9 trillion cubic meters

Program brief:

- Development of the following fields Chayandinskoe, Chikanskoye, Sobinsko, Kirinskoye;
- Kamchatka gas supply
- Sakhalin – 2
- Sakhalin – 3
- LNG plant
- Gasification of Kamchatka
- Gasification of the Sakhalin - Khabarovsk – Vladivostok area



Kamchatka Krai gasification

Program brief:

- Infrastructure development of Kshuuskogo and Nizhne-Kvakchiksk fields
- construction of gas pipeline Sobolevo - Petropavlovsk – Kamchatskiy
- construction of gas distribution networks in Petropavlovsk-Kamchatskiy



Gas pipeline network “Sakhalin – Khabarovsk – Vladivostok”

Technical specifications:

- Capacity – up to 30 billion cubic meters a year
- Total length - 1350 km

Startup:

4 quarter, 2011



Gazprom investment program for 2011

Total volume - \$ 29.16 billion

- Development of the Bovanenkovskoye oil-gas condensate field - \$ 1.29 billion
- Railway Line Oskayab-Bovanenkovo □□ - \$ 0.57 billion
- Development of Prirazlomnoye field - \$ 0.89 billion
- North European Gas Pipeline (feature Gryazovets - Vyborg) - \$ 1.90 billion
- Gas main pipelines system Bovanenkovo □□ - Ukhta - \$ 5.03 billion
- Gas main pipelines system Ukhta-Torzhok (Phase 1) - \$ 1.77 billion
- The main gas pipeline Sakhalin-Khabarovsk-Vladivostok - \$3,00 billion

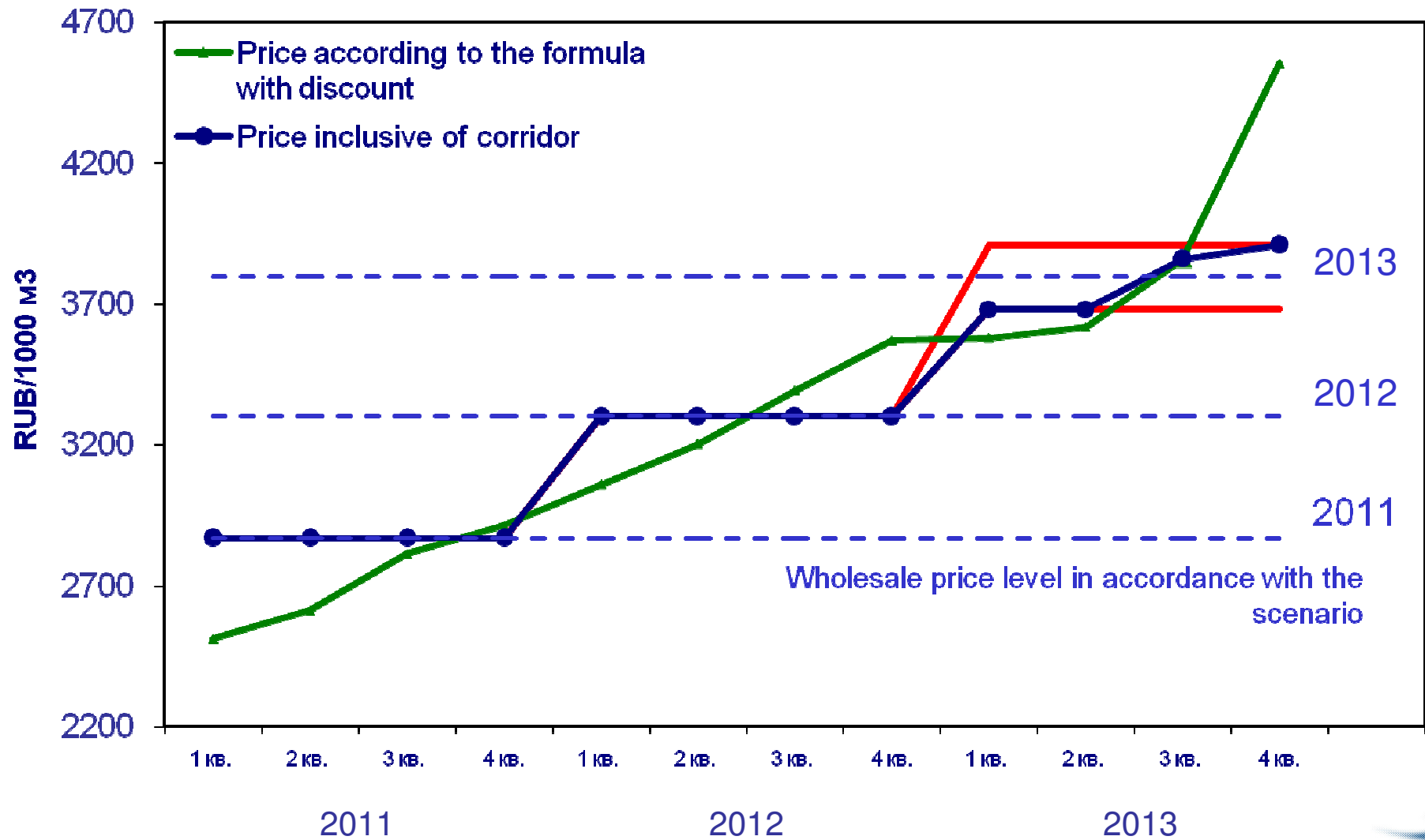


Principles for the regulation of wholesale gas prices over the medium term

- As of 2011, wholesale gas prices are determined according to the pricing formula
- The pricing formula does not apply to the households sector
- Formula pricing is limited by gas supply systems, in frames of which the supply of gas for export is carried out
- In 2013-2014 quarterly recalculation of prices according to the pricing formula
- The establishment of a corridor, through which it is possible to change the prices determined according to the price formula
(corridor options are determined by the Government of the Russian Federation)



Estimated dynamics of gas prices calculated by the pricing formula



General view of the price formula

The average export price of gas is determined on the base of the approaches used in real export contracts - through the average prices for petroleum products during 9-month preceding period

$$Ц_{\text{поясн.}} = (Ц_{\text{ДЗ}} - \text{ЭП} - P_{\text{ДЗ}} - \Delta T_{\text{РФ}}^{\text{ср}}) * K_{\text{диск.}} * K_{\text{диф.}}$$

Dynamics of change of discount rate on an annual basis for the transitional period is reflected either in a decision of the Government of the Russian Federation or in the prognosis of socio-economic development of the Russian Federation. Identification of approaches to its rapid change in the case of significant deviations of actual export price from the forecasted data



Determination of gas price in the far abroad

Gas price in the far abroad is determined by the arithmetic mean of 9-month cost of fuel oil with 1% sulfur content and gasoil with 0.1% sulfur content, taken according to the information of quotation agencies

$$Ц_{ДЗ} = (0,2618 * M + 0,3351 * G) * K_{вал.}$$

The ruble`s rate to the U.S. dollar set by the Central Bank of Russia

The average distance of gas transportation by independent organizations on the gas transportation system of Gazprom

