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INFO *Line*

Oil and gas industry of Russia.

**Results of 2013 and
forecast till 2020**

**Investment projects and ratings of
companies**

March 2014

St. Petersburg



is a reliable partner of **industrial and R&D** companies with more than **8** years of experience of **Fuel&Energy** sector analysis



is a contractor of



for designing of a strategy of

bulk oil cargo transportation





Raw materials base



Production sustenance



Transportation system



Refining



Governmental regulation



Investment projects



Forecast till 2020

Variety of information:
investment projects,
strategic vision,
benchmarking,
forecasts by segments

Steady monitoring:
latest industry news
and data on leading
companies' activity and
performance



Differentiation of incentives

Modernization of refining facilities – target was met

Accelerated expansion of the ESPO

Shelf was devolved to state companies

Growth of oil products trading through commodity exchange

Pegging of tariffs of Transneft and Gazprom

Liberalisation of LNG export

Maximization of recovery and processing volumes

Optimisation of investments programs by state monopolies

Acquisition of TNK BP holding, industry consolidation

New MET formula

Rosneft supplies to China – contract for 25 years, \$270 bln



Section I:
Condition of oil and gas
market and governmental
regulation

- Characteristics of reserves, dynamics of recovery and processing volumes
- Custom duties, taxation, amendments to the legislation, state investment programs

Section II:
Benchmarking of the
performance indicators

- Rating by operational indicators
- Rating by financial indicators
- Rating by investment activities

Section III:
Production and
transportation
infrastructure

- Overview of production facilities and infrastructure
- Transportation and storage facilities
- Overview of processing facilities and infrastructure

Section IV:
Development outlook
and investment projects

- Forecast of industry trends till 2020
- Dynamics of activity-specific investment volumes
- Projects by segments: production, transportation and processing



Section I:

Condition of Russian oil and gas industry and governmental regulation



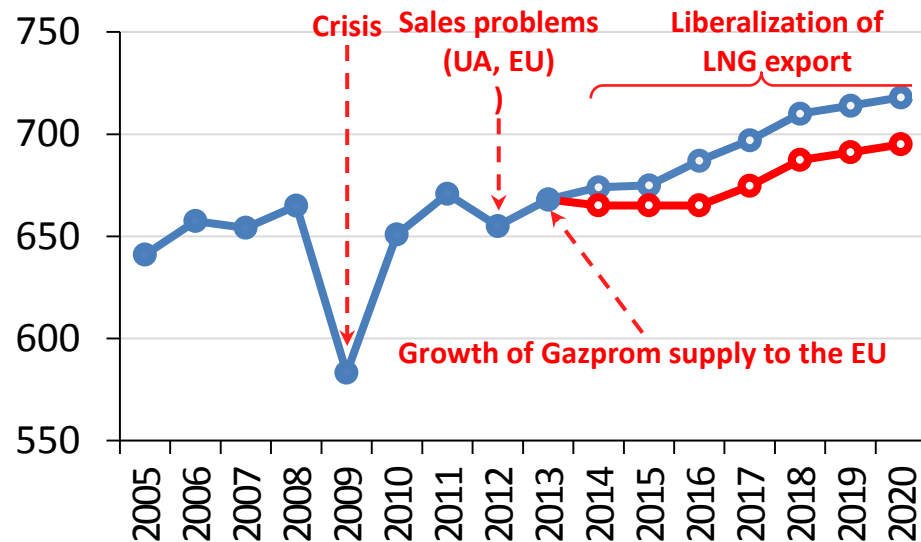
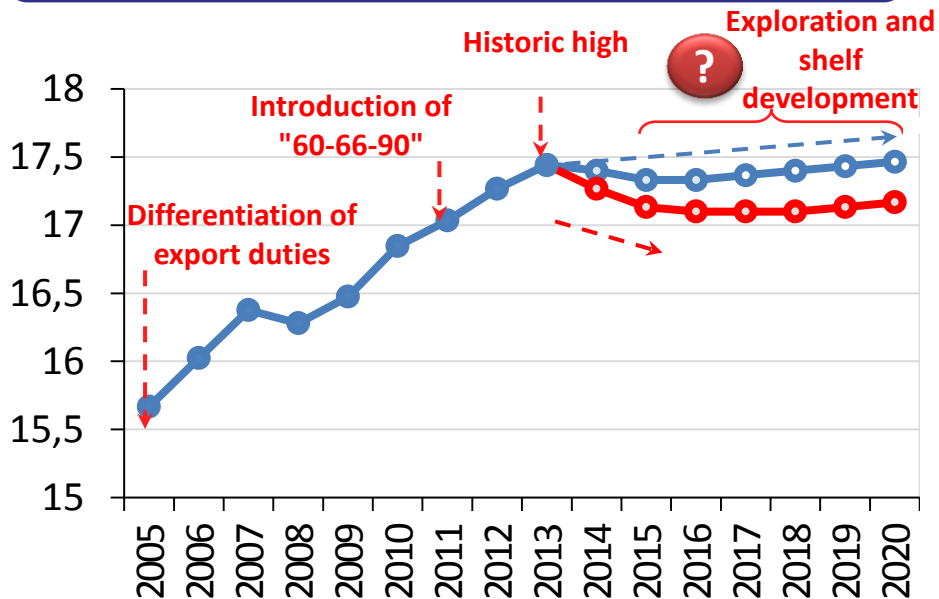
1. Raw Materials Base
2. Production volumes
3. Transportation of oil and gas
4. Refining volumes and structure
5. Regulation of oil and gas export
6. Investment programs and tax incentives
7. Governmental regulations



Stagnation of oil production, natural gas production is growing

Dynamics of crude oil production in 2005-2013 and forecast till 2020, million tons

Dynamics of natural gas production in 2005-2013 and forecast till 2020, billion cubic meters



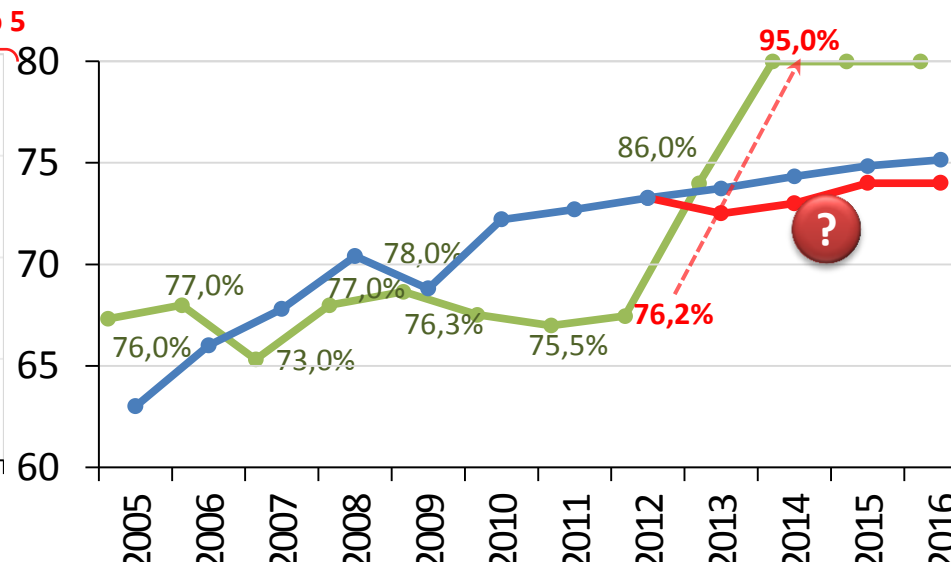
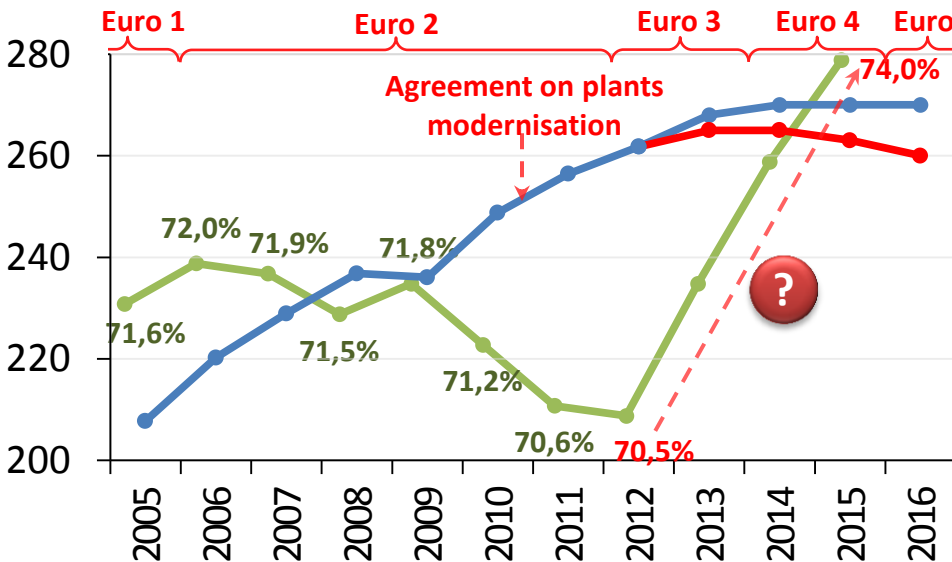
● Actual value
 ● Positive scenario
 ● Worst-case scenario

Inland oil deposits – already allocated, shelf deposits – state companies only
Efficiency of subsurface management: project ORF - 37%; obtained - 20%
Challenges of supply to the EU and APR, share of LNG market – <1.5%



Oil refining dynamics in 2005-2013 and forecast till 2016, million tons

Gas processing dynamics in 2005-2013 and forecast till 2016, billion cubic meters



- Actual value
- Optimistic forecast
- Pessimistic forecast
- Oil refining efficiency, actual and planned, %
- Utilization of APG, actual and planned, %

Russia produces **one order less** petro-and gas chemical products than USA. Losses from flaring of APG – **1.2 bn USD** annually. Modernisation of ORP **falls behind the schedule**, state regulation does not stimulate the fastest companies



**Resolution of RF Government of
12 October 2005 No. 609**



**Agreements between FAS,
Rostehnadzor, Rosstandart and VIOC,
October 2011**

Environmental class	Plan	Actual	Delay
Euro 1	before April 2006	before April 2006	-
Euro 2	April 2006-December 2007	April 2006 - December 2012	5 years
Euro 3	January 2008-December 2009	January 2013 - December 2014	5 years
Euro 4	January 2010-December 2013	January 2015 - December 2015	2 years?
Euro 5	January 2014- no limitation	January 2016 – no limitation	2 years?

Repeated allowans for delays discourages VIOC. Those companies that have implemented their projects without delays lose the competition



II. Benchmarking of activities of the largest oil and gas companies

Section II: Benchmarking of activities of the largest oil and gas companies

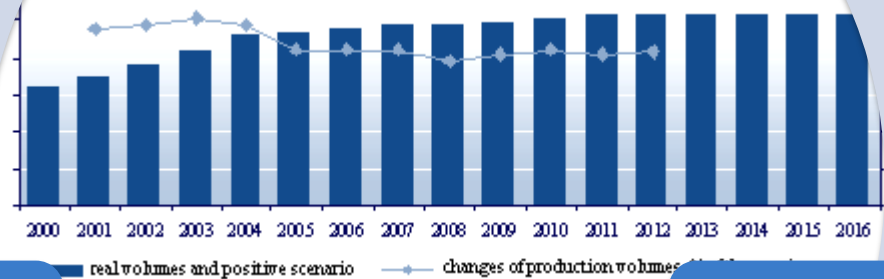


1. Operational performance
2. Financial performance
3. Ratings

Limited growth of investments potential

Stagnation of production in Russia, investment in overseas projects

Government incentives to several projects



Crucial hazards of long-term projects

Increase of the tax burden

Challenges of the investment attracting activities

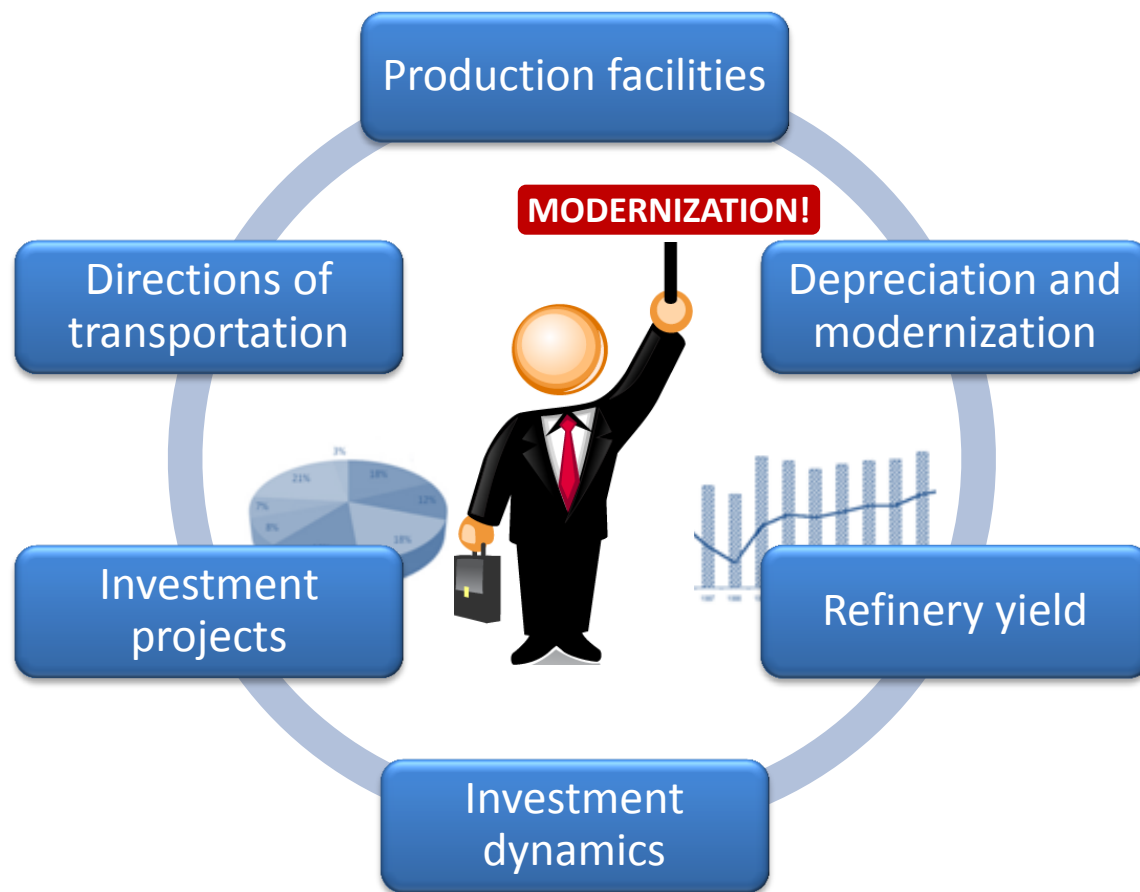
Decrease of the investment volumes by state corporations

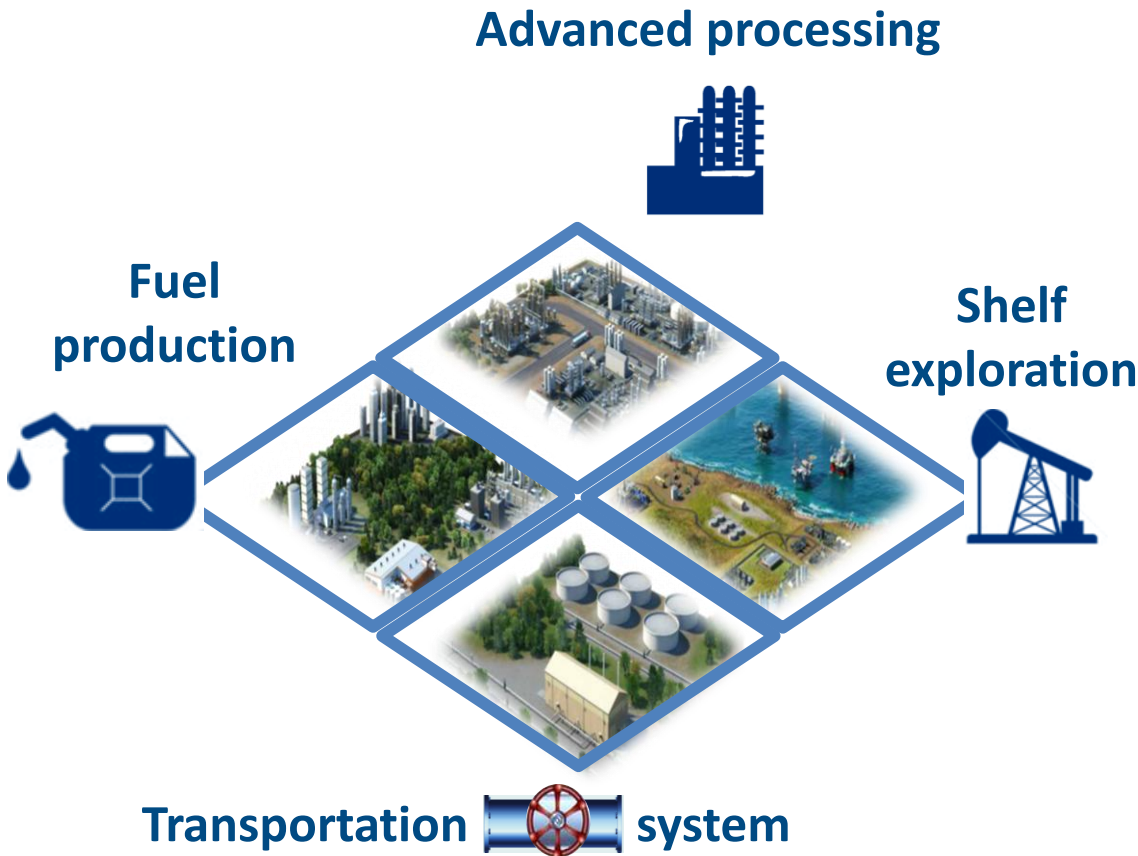


Section III: Analysis of the production infrastructure of the oil and gas industry



1. Overview of production facilities and infrastructure
2. Overview of pipelines' condition and transportation facilities
3. Overview of refining facilities



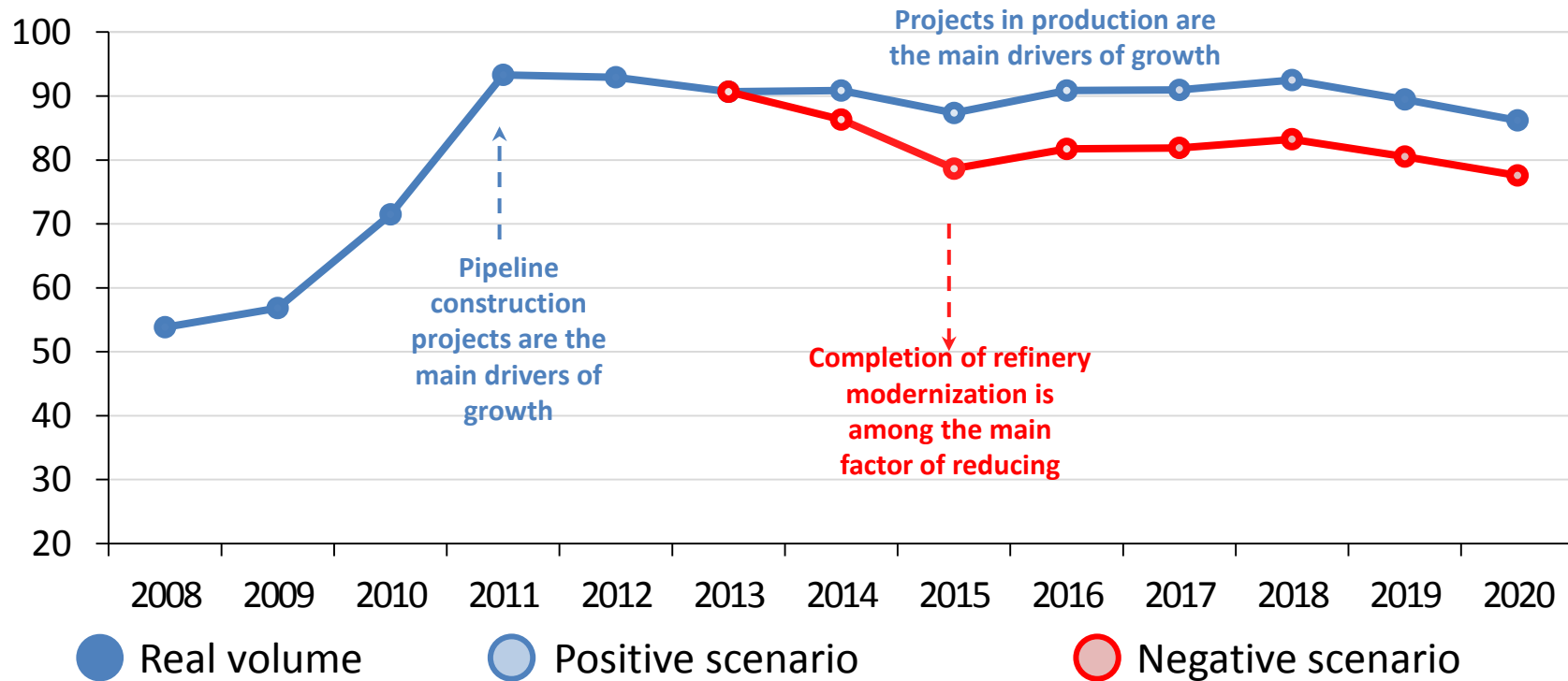


Section contains information about aggregate **volume of investment** and characteristics of the **largest projects** in the following segments:

- crude oil extraction and primary processing – **21 projects**
- oil refining facilities – **14 projects**
- oil and oil products transportation facilities – **18 projects**
- petrochemistry – **2 projects**
- gas recovery and initial treatment – **5 projects**
- gas processing – **14 projects**
- gas chemistry – **10 projects**
- gas liquefaction – **6 projects**
- gas transportation – **17 projects**



Investment volume in oil and gas industry in 2008-2013 and forecast till 2020, billion dollars

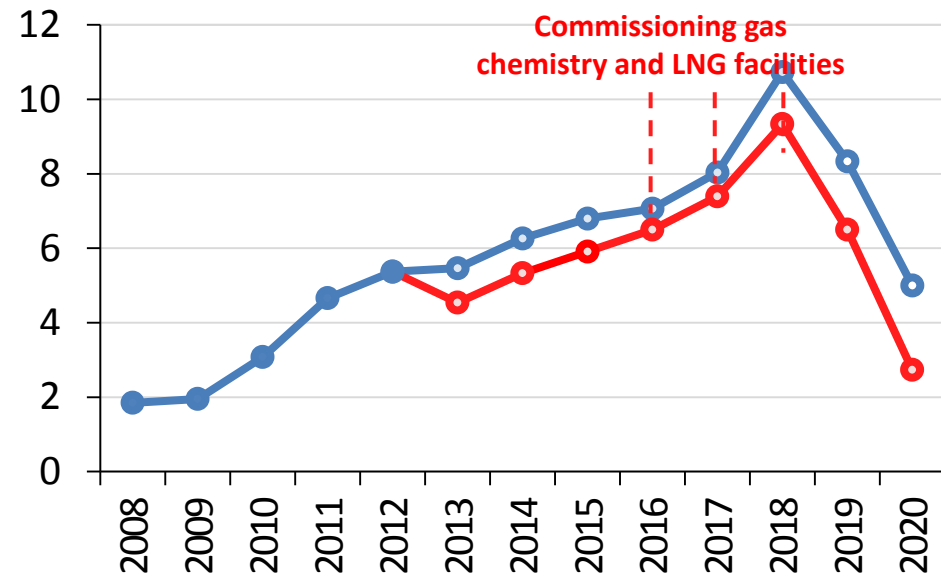
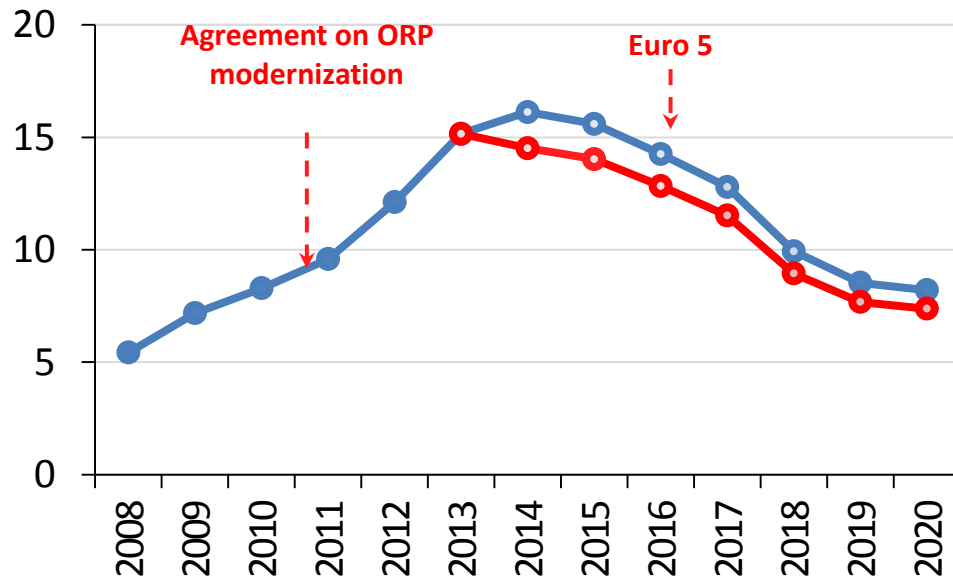


In 2014-2020 investments in the oil and gas industry in Russia will amount to about **540 billion dollars**



Dynamics of investments into oil refining and petrochemicals, forecast till 2020 billion dollars

Dynamics of investments in gas processing and gas chemistry, forecast till 2020, billion dollars

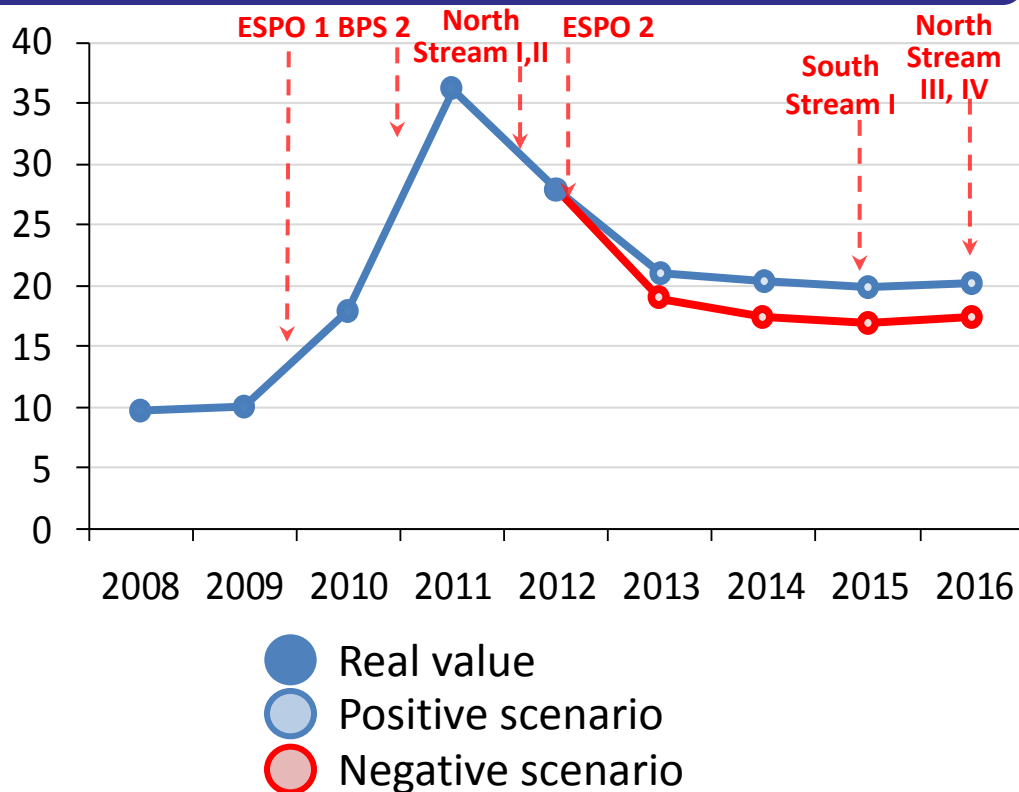


● Real volume
 ○ Positive scenario
 ○ Negative scenario

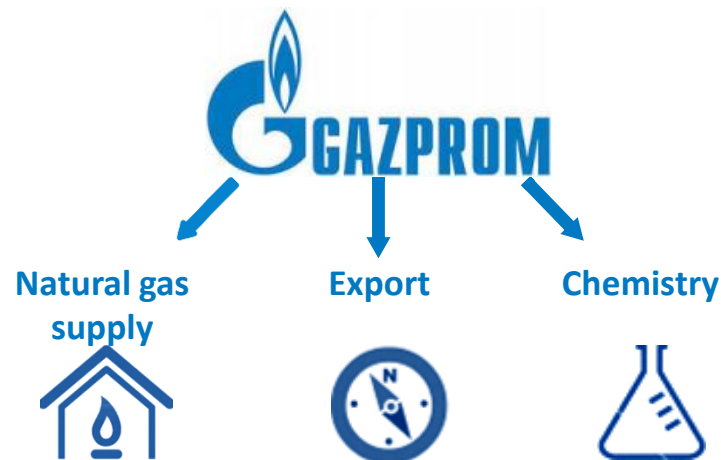
Refining facilities require fundamental modernization and **technology jerk**
 Investors' activity is restrained by **unsteady governmental policy**
 Economic stimuli for investment encouraging **are not developed**



Dynamics of investment into transportation of hydrocarbons and forecast till 2016, billion dollars



OPP are not sufficiently financed, and not able to meet the requirements of ORP



Major projects of oil recovery: remote regions' development

Investment
volume \approx 260
billion dollars
in 2014-2020



Kara Sea shelf

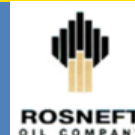
- Oil reserves \approx 4.9 bln tons
- Gas reserves \approx 8.3 trln cubic metres

ExxonMobil



Barents Sea shelf

- Oil reserves \approx 3.6 bln tons



Black Sea shelf

- Oil reserves \approx 1.2 bln tons

ExxonMobil



Okhotskoye Sea shelf

- Oil reserves \approx 3.4 bln tons



Investment volume \approx 86 billion dollars in 2014-2020



TANECO

- I stage – 7 mln tons of crude product per year
- II stage – up to 14 mln tons of crude product per year



Advanced petroleum refining unit (Kirishi)

- 36 mln tons of crude product per year (3 stages)



Modernization of petrochemical complex in Angarsk

- Hydrotreating, alkylation, isomerisation, etc.



Modernization of ORP (Salavat)

- Hydrotreating, VGO catalytic cracking, alkylation, delayed coking, etc



Investment volume \approx 16 billion dollars in 2014-2020



Extension of pipeline system "Eastern Siberia – Pacific Ocean" (ESPO)

- "ESPO-1" : 2694km, from 50 to 58 mln. tons/year
- "ESPO-2" : 2046km, from 30 to 50 mln. tons/year



"Kuyumba - Taishet"

- 1000km,
- from 30 to 50 mln. tons/year



"Zapolyarnoe - Purpe"

- 488 km
- 45 mln. tons/year



"Kstovo - Nagornaya"

- 465 km, 3 midpoint pump station, reservoirs of 120 thousands cubic metres
- 3.8 mln tons of oil products per year



Investment volume \approx 78 billion dollars in 2014-2020



Bovanenkovskoye field

- Gas reserves \approx 4.9 trln cubic metres



Zapolyarnoye field

- Gas reserves \approx 3 trln cubic metres



Sakhalin-1 and Sakhalin-2

- Oil reserves \approx 480 mln tons
- Gas reserves \approx 1.1 trln cubic metres



Severo-Kamennomyskoye field

- Gas reserves \approx 254 bln cubic metres



Investment volume \approx 110 billion dollars in 2014-2020



Bovanenkovo-Ukhta (III - VI lines)

- 2600 km, 17 compressor stations
- capacity of 60 bln cubic metres per year



North stream (III and IV lines)

- 1224 km, 7 pump stations
- 55 bln cubic metres per year



South stream

- 2700 km
- 63 bln cubic metres per year



Sila Sibiri

- 3177 km (3968 km including Kovykta)
- 32 bln cubic metres per year (61 bln in 2 lines)



Investment volume \approx 48 billion dollars in 2014-2020



Vladivostok LNG, Yamal LNG

- 15 mln tons LNG per year



Sakhalin LNG (Rosneft)

- 5 mln tons LNG per year

ExxonMobil



Gas chemical complex(Nizhniy Novgorod)

- 330 thousand tons



Tatarstan olefins complex

- 2 bln cubic metres of the initial product per year





Research "**Oil and gas industry of Russia. Results of 2013 and forecast till 2020.** Results of 2013 and forecast till 2020".

Issue date: 09.04.2014

Price: 45 000 rub (1360 USD)

Detailed description and possibility to order the product are provided in the [online store](#)



Research "**Investment Projects and Engineering in Oil-and-Gas Industry of Russia.** Trends of 2013. Forecast till 2016".

Issue date: 26.07.2013

Price: 35 000 rub (1060 USD)

Detailed description and possibility to order the product are provided in the [online store](#)



Any questions?



Subject:

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