

In 2007 the analytical materials of INFOLine information agency were worthily appraised by the leading European companies. INFOLine agency was admitted to ESOMAR, the consolidated association of consulting and marketing agencies of the world. According to the regulations of the association, all materials of INFOLine agency are certified according to Eurostandards; this insures the quality of materials received by our customers and availability of aftersales services through additional consulting on customers' request.



## Research

# Oil and gas industry of Russia. Results of 2013 and forecast till 2020

## Investment projects and ratings of companies

### *Demo-version*

- Condition of oil-and-gas industry in Russia: reserves, production, consumption, prices, investment activities
- Benchmarking of performance indicators of the largest enterprises of oil-and-gas industry
- Analysis of governmental regulation of Russian oil-and-gas industry: production, transportation, processing and sales
- Analysis of the production infrastructure of oil and gas industry
- Description of the largest investment projects in the industry and investment volumes forecast by segments till 2020



## Contents

**About this Research****Section I. Condition of Russian oil and gas industry and world market**

- 1.1. Condition of oil and oil refining industry in Russia
- 1.2. Analysis of governmental regulation of oil and oil refining
- 1.3. Condition of gas and gas processing industry
- 1.4. Analysis of governmental regulation of gas and gas processing industry

**Section II. Benchmarking of activities of the largest companies**

- 2.1. Benchmarking of performance indicators of oil and gas production companies
- 2.2. Benchmarking of financial indicators of oil and gas production companies
- 2.3. Benchmarking of investment activity indicators

**Section III. Analysis of the production infrastructure of the oil and gas industry**

- 3.1. Overview of production facilities and infrastructure for oil and gas recovery
  - Oil recovery facilities and infrastructure
  - Gas recovery facilities and infrastructure
- 3.2. Overview of pipelines' condition and transportation facilities
  - Oil transportation facilities
  - Gas transportation facilities
- 3.3. Overview of production facilities and infrastructure for oil and gas refining
  - Oil processing facilities
  - Gas processing facilities

**Section IV. Investment project and forecast for development of oil and gas industries 2014-2020**

- 4.1. General description and forecast of investment activities in oil-and-gas industry
- 4.2. Largest investment projects and forecast of investment activity by segments of oil industry
  - Forecast of investment activity in oil industry
  - Forecast of investments volumes and description of the largest investment projects in crude oil extraction and primary processing
  - Forecast of investments volumes and description of the largest investment projects of oil refining
  - Forecast of investments volumes and description of the largest investment projects of petrochemistry
  - Forecast of investments volumes and description of the largest investment projects of transportation of oil and oil products
- 4.3. Largest investment projects and forecast of investment activity by segments of gas industry
  - Forecast of investment activity in gas industry
  - Forecast of investments volumes and description of the largest investment projects in initial gas treatment
  - Forecast of investments and description of the largest investment projects in production facilities of natural gas transportation and storage
  - Forecast of investments and description of the largest investment projects in production facilities of natural gas processing
  - Forecast of investments and description of the largest investment projects in production facilities of natural gas liquefaction
  - Forecast of investments and description of the largest investment projects in natural gas chemistry production facilities

**Facts about INFOLine Information Agency** INFOLine information agency was established in 1999, its aim was to render information and advisory services to commercial organizations. The agency renders permanent information support to more than 1000 companies in Russia and world-wide. On daily basis INFOLine IA monitors publications in more than 5 000 MSM and carries out analytical research

according to 80 subjects of the RF economy. Since 2003 INFOLine IA has been conducting various desk researches of the markets both on the customer's request and on the Agency's own initiative. When working on a market research, the Agency's analysts make extensive use of their unique data support and their years-long experience in various data flows operating. Research materials of INFOLine IA are used in their activities by the **largest companies of oil-and-gas industry, leaders of extracting segment** (NK

Rosneft JSC, Gazprom JSC, Surgutneftegaz JSC, TAIF-NK JSC and others), **the leading companies in the segment of hydrocarbon processing and oil&gas chemistry** (SIBUR Holding JSC, BASF Group, Baker Petrolite and others), **suppliers of industrial equipment and service companies** (Trest Koksohimmontazh CJSC, Endress+Hauser LLC, Yokogawa Electric Corporation, Mitsubishi Corporation, Schneider Electric, Mitsui & Co. Moscow LLC and others), **engineering companies** of Russia and the world (Group E4 JSC, IMS Industries LLC, Promstroy JSC, GSK VIS LLC, Intehenergoresurs CJSC and others), **leading scientific research organizations** of fuel and energy sector – Gazprom VNIIGAZ LLC, VNIIneft JSC, NIIGazekonomika LLC, NIPigazpererabotka JSC.

**INFO**Line

информационное агентство information agency



For additional information, please, visit our sites at [www.infoline.spb.ru](http://www.infoline.spb.ru) and [www.advis.ru](http://www.advis.ru)



## About this Research

The Objective of the "Oil and gas industry of Russia. Results of 2013 and forecast till 2020" report is a comprehensive, integrated study of development dynamics of oil-and-gas industry of Russia, the key trends of governmental regulation of this sector, dynamics of investment activities of the major companies in oil-and-gas sector in Russia, assessment of the current volume of investments in oil-and-gas industry as a whole and by its segments, making a forecast for volume of investments in oil-and-gas industry till 2018, assessment of production facilities and transportation infrastructure.

In the process of preparation of **the research** the key trends that define directions for the development of oil and gas production and refining industries of Russia were identified. According to the results of 2013 in Russia 523.3 billion tonnes of oil with gas condensate were recovered, along with 668 billion cubic meters of natural gas. However the like-for-like growth rates are declining in oil sector: increase of productivity declined from 2.2% in 2009 to 1% in 2013. Moreover in 2014-2015 the dynamics of energy resources is to be negative: the decrease of the volumes is forecast on the level of 0.2% in 2014 and 0.5% in 2015.

In mid-term prospective the main barriers for the investments in the oil-and-gas sectors in Russia are vagueness of the word energy market and low efficiency of the governmental regulation in the sector: system of tax breaks is not transparent enough, the creation of a differentiated approach to the regulation in accordance with the level of complexity of the resource's recovery is not completed, the impact of incentives for increasing the efficiency in the energy sector is limited by the contradictions in the decisions of the regulator. On the one hand several stimuli for the intensive development are introduced. In November 2013 the amendments to the laws on "State Regulation of Foreign Trade Activity" and "Gas export" were introduced, and it was the legislative determination of a liberalisation trend in the Liquefied Gas export. This activity provides the base for the extension of the competition between "Gazprom", "Novatek" and "Rosneft". Meanwhile the in-country competition for "Gazprom" is growing as well: in 2013-2020 the new factors of the gas sector development are determined by the recovery and processing level increase for not affiliated companies- "Novatek" and "NK Rosneft". However, besides the toughening of the competition the intensification of governmental presence is observed: the consolidation of "Itera" and "TNK-BP" activities by "NK Rosneft" in 2013 leads to the creation of the second governmental holding in gas sector, comparable in its mid-term production capacity with the leader of the independent segment - "Novatek" (thereunto "NK Rosneft" initiated the construction of the LNG plant in Far East region of Russia and in December 2013 it signed a contract, worth 270 bln dollars, on the supply of 365 mln tonnes of oil to China in 25 years period). Additionally in 2013 the Federal law on subsoil usage limited the access of private investors to Russian shelf oil and gas resources: the main fields had been already distributed between "NK Rosneft" and "Gazprom", arctic shelf deposits development was monopolised by the governmental structures.

A positive tendency of the oil industry is formation of new oil producing centres in the Western and Eastern Siberia, Republic of Sakha (Yakutia), at Sakhalin's shelf, in the Caspian Sea. However, commissioning of new capacities in 2013-2018 does not compensate for production decline at depleted fields. Furthermore, commissioning of new oil deposits requires corresponding development of systems for associated petroleum gas reclamation, reclamation of condensate and other hydrocarbon materials, since their extraction volumes exceed the existing production capacities of petrochemistry enterprises, as well as capacities of pipeline transportation systems. Amid the decline of the American import of energy resources, reallocation of supply flows of Near East countries from the US to Europe, active policy of import diversification conducted by the EU countries, the main possibility for Russian gas sector development is associated with intensive growth in the economies of the Asia-Pacific region and its potential enlargement of the demand for Russian LNG. The time frame for such a possibility for Russia is virtually limited: the commissioning of the main facilities is planned only in 2018, while the share of Russia on the world LNG market will have reduced from 4.5% to 2% by 2020, despite the project of Ministry of Energy to make it twice as big as now. Governmental programme "Energy efficiency and energy sector development in 2013-2020" envisages commissioning of 3 new LNG plants with total capacity of 35 mln tonnes per year. It, according to the programme, can stimulate the share of Russia on the associate market to come up to 10.2%.

Growing energy consumption necessitates implication of non-conventional types of oil and gas reserves, especially hard-to-recover ones (high viscosity oil, oil in hardly permeable underground reservoirs, reserves of shelf deposits). The act on stimulation of hard-to-recover reserves development provides differentiated tax rates; the approach to taxation of the natural gas industry is to be changed radically: starting from July 2014 the severance tax will be calculated based on a formula that depends on the natural gas and condensate prices. Tax incentives for hard-to-recover reserves, among other things, will allow Rosneft JSC to exploit about 1.4 billion tonnes of oil reserves and achieve by 2020 the additional volume of oil production amounting to about 7.3 million tonnes annually with potential growth to 13.5 million tonnes annually by 2030 with a stable oil rate-plateau.

In 2013 the set of projects for modernisation of the oil processing facilities is on an active stage of implementation. The Russian Ministry of Energy reported that there were no significant delays in fulfilment by the oil companies of their ORP construction and renovation commitments. According to the INFOline estimations total investments into oil sector in 2014-2020 will come up to 364.4 bln dollars, while total investments in gas segment are evaluated at a level of 263.7 bln dollars for the same period.



**Oil and gas industry of Russia. Results of 2013 and forecast till 2020** contains an introductory part, which describes the objectives, tasks and structure of the research, main prerequisites and results of the product's development. It is followed by 4 main sections:

**Section I. Condition of Russian oil and gas industry and world market** includes description of the current situation and trends of mineral resources base development in Russia (proved reserves, oil and gas production and refining volumes in the world and in Russia), dynamics of prices on the world and home markets, analysis of the main indicators of production infrastructure development in extraction and refining segments, volumes of liquefied gas production, analysis of industry's demand for investments and special features of the government regulation.

**Section II. Benchmarking of activities of the largest companies** includes ratings of companies by their main operational and financial indicators, as well as investment activity indicators.

**Section III. Analysis of the production infrastructure of the oil and gas industry** describes main production and refining facilities of oil and gas industry by indicators of production capacity, amortisation and others.

**Section IV. Investment project and forecast for development of oil and gas industries of Russia** describes the investment activity and its key focus, forecast for investments volume by the main segments: production, transportation and refining capacities in the oil and gas industry of Russia in 2014-2020.

For the purpose of verification and update of the information about the companies included in this Research, in March 2014 the specialists of INFOLine used the following sources:

- Materials of the International Energy Agency (IEA), Statistical Review of World Energy sector by British Petroleum, data from the Institute of Energy Strategy, the Institute of Contemporary Development, the Institute for Energy and Finance, information from the Union of Oil and Gas Producers of Russia, Association of Russian Oil Refiners and Petrochemical Engineers, and etc;
- Materials published by the Russian Government: strategy of development of oil and gas, petrochemical industry, fuel and energy complex of Russia as a whole;
- Materials published by companies in the oil and gas industry (annual and quarterly reports, financial reports, corporate presentations, and etc);
- Data of the Central Dispatching Department of Fuel Energy Complex under the Ministry of Energy, Ministry of Economic Development, Ministry of Industry and Trade of the Russian Federation, the Federal State Statistics Service;
- Service "[Subject news: Oil and Gas Industry of the Russian Federation](#)" and archive materials on the topics of "Oil industry" and "Oil and gas processing industry", proceedings of international and Russian media (printed and electronic media, news agencies).

The most important features of **the research** are as follows:

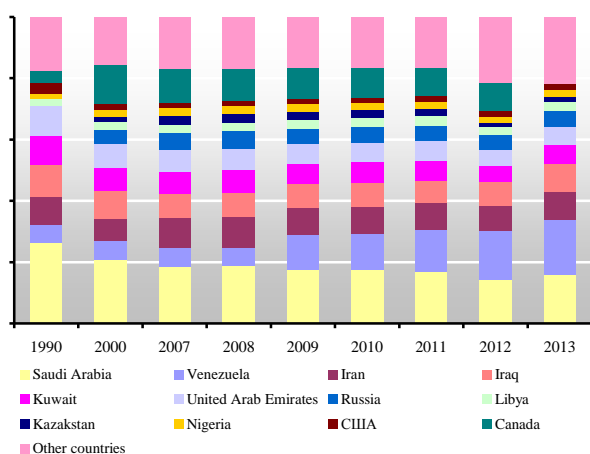
- Up-to-date forecast of investments into oil and gas industry during 2014-2020, structured by industry segments;
- Integral description of the oil and gas production, transportation and refining infrastructure, characteristics of the key development trends of facilities in each segment;
- Forecast for growth of capacities for oil and gas production, transportation and processing, taking into account the conditions of currently operating facilities and investment projects being implemented in the industry;
- Comparative analysis and ratings of operational, financial and investment indicators of the major market players according to the results of 2013.

## Section I. Condition of Russian oil and gas industry and world market

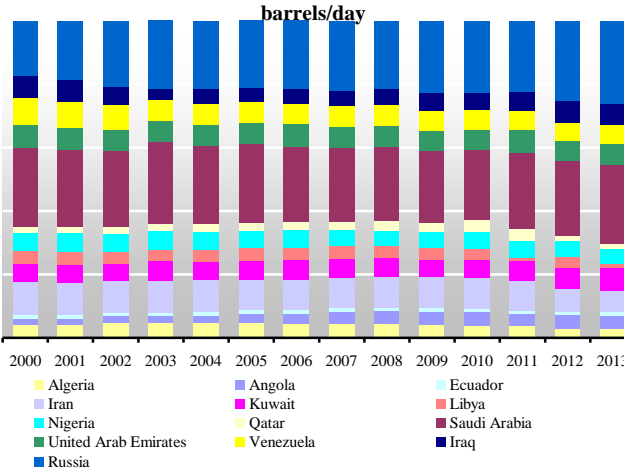
### 1.1. Condition of oil and oil refining sector

According to the Statistical Review of World Energy,<sup>1</sup> Russia belongs to the first ten countries with the largest oil reserves, giving way to countries of Middle East and Venezuela only. <...> In Russian Federation the oil reserves of industrial grade (ABC<sub>1</sub>+C<sub>2</sub>) in the volume of ... billion tonnes of oil can ensure current level of production during next ... years. <...>

**Dynamics and structure of proven oil reserves in Russia and world countries in 1990-2013, %**

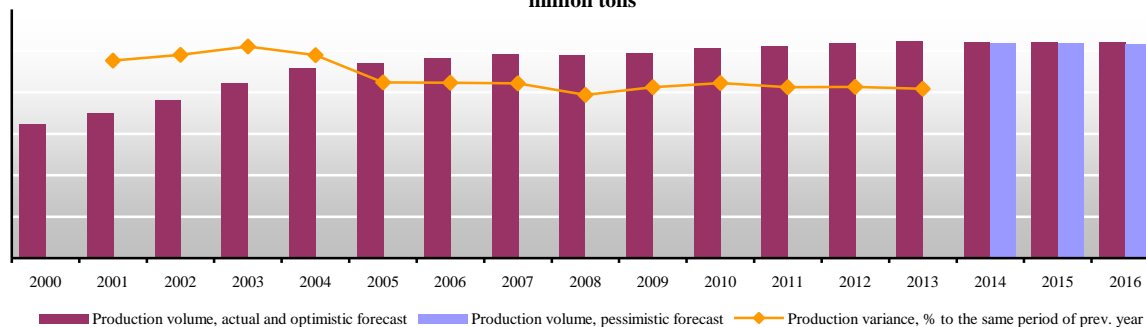


**Dynamics of daily average crude oil production in countries of OPEC and Russia in 2000-2013, million barrels/day**



According to the results of 2013 in Russia ... mln tonnes of oil with gas condensate were recovered. This is ...% higher when the results of 2012 <...>

**Dynamics of crude oil and gas condensate production in Russia in 2000-2013 and forecast till 2016, million tons**



Russia reached a stage when it needs to maintain the existing production level under conditions of much worse reserves' structure. The primary focus of the government policy with the regard to develop the oil industry is to motivate exploration and development of new large oil deposits in Russia and improvement of hydrocarbons transportation system. <...>

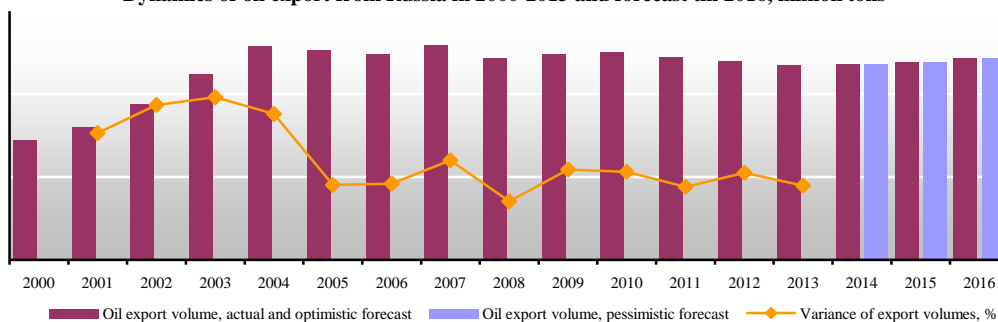
The oil export from Russia to non-CIS countries in 2013 declined by ...%, coming to ... million tonnes. To CIS countries ... million tonnes of Russian oil there were exported (decrease by ... %). Volume of oil deliveries for refinement, on the contrary, increased – up to ...million tonnes (+... %).

Demo-version

<sup>1</sup> Annual statistic survey prepared by British Petroleum plc.

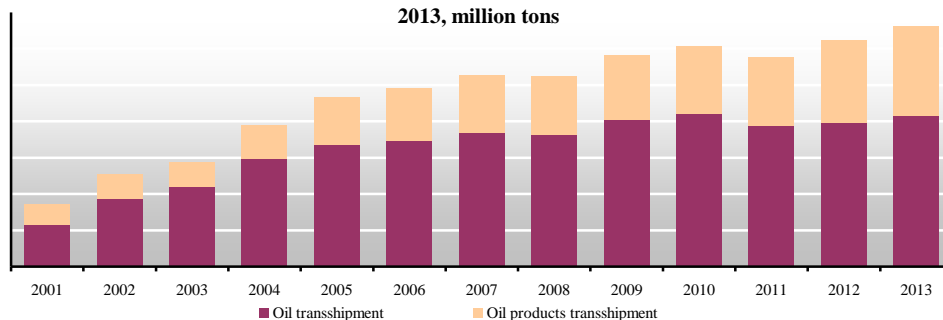


Dynamics of oil export from Russia in 2000-2013 and forecast till 2016, million tons



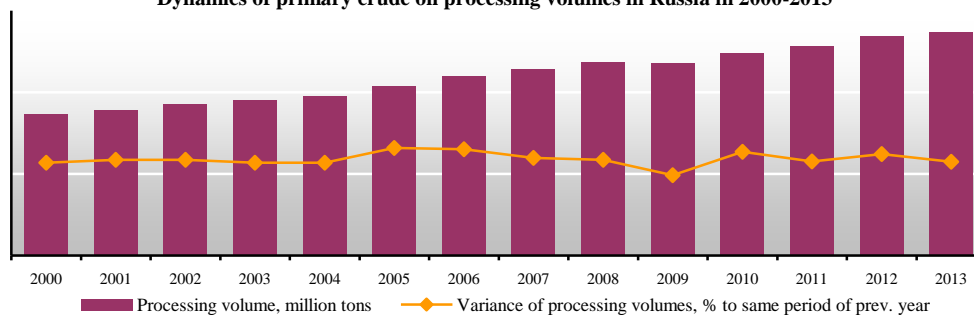
In 2013 the total volume of bulked cargo transshipment at sea ports of Russia came up to ... million tons, increased by ...%. Crude oil transshipment grew by ...% and came up to ... million tons. <...>

Dynamics of oil and oil products transshipment in sea ports of Russia in 2001-2013, million tons



Volumes of primary crude oil processing in Russia in 2013 increased by ...%, to ... million tons. Mainly due to the dark oil production, oriented on export. <...>

Dynamics of primary crude oil processing volumes in Russia in 2000-2013



## 1.2. Analysis of the governmental regulation of oil industry

The section contains description of the measures taken by the Government in order to stimulate the development of this industry in following directions:

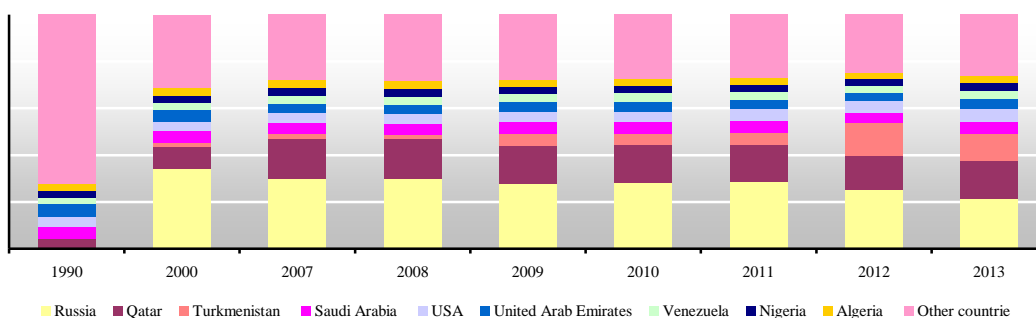
- Regulation of oil production (in regions with declining production volumes; in new regions of Siberia and Far East; on shelf; production development programs)
- Regulation of oil and oil products transportation (tariffs formation, regulation of access to pipeline transportation system – oil and oil products pipelines; programs aimed at development of oil and oil products transportation systems).
- Regulation of oil refining (tax burden; price formation; operation of enterprises – licensing, safety, modernization; refining development programs).
- Regulation of oil and oil products export, sales in the RF

and assessment of their influence on the investment activities in the oil industry.

### 1.3. Condition of gas and gas processing industry

As of 2013 the world proved reserves of natural gas came up to ... trillion cubic meters (+... trillion cubic meters vs. 01 January 2012). In the structure of proved reserves the lead role is played by Near East countries (...%) and countries of Europe and Eurasia (...%). Near East countries with the biggest reserves of natural gas are Iran and Qatar (in total ...% of world reserves), in Eurasia – Russia and Turkmenistan (...%). <...>

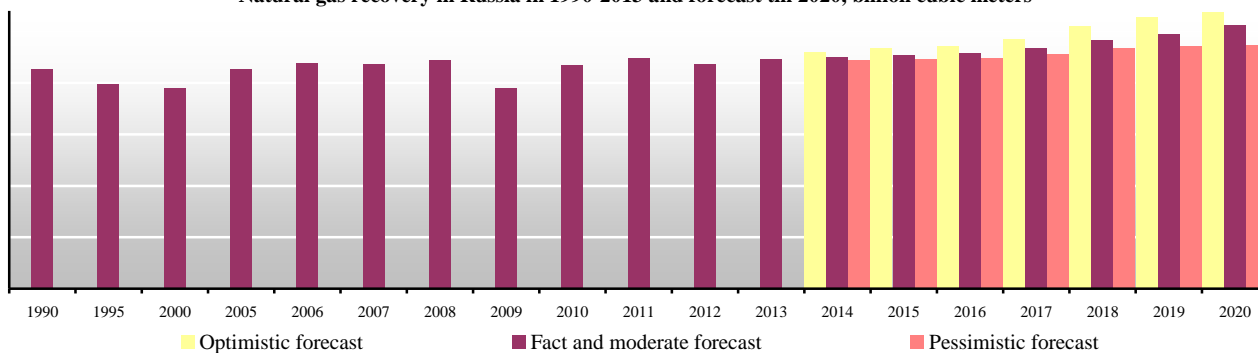
**Dynamics of proved natural gas structure in Russia and the world in 1990-2013, %**



Russia leads in terms of proved natural gas reserves volumes. ... trillion cubic meters of gas (...% of world reserves) are concentrated on its territory.

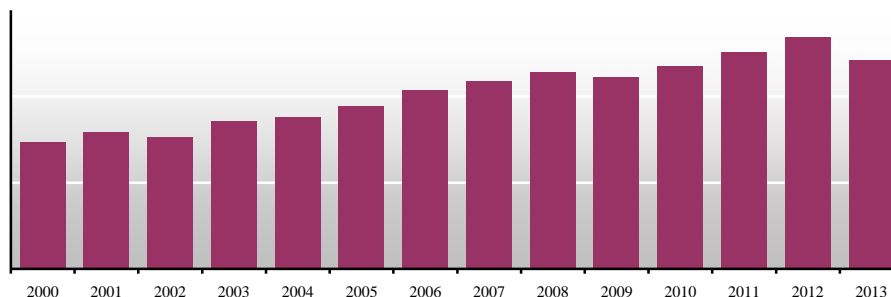
<...>

**Natural gas recovery in Russia in 1990-2013 and forecast till 2020, billion cubic meters**



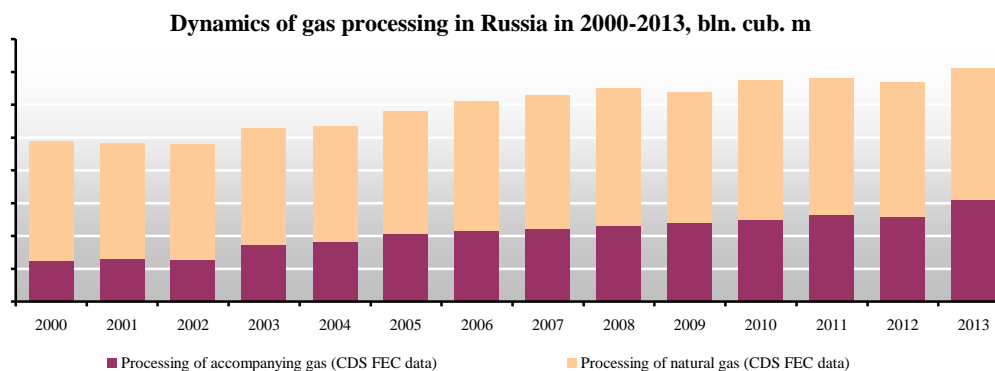
In 2013 natural gas recovery grew by ...% from 2012 and came up to ... billion cubic metres. <...>

**Volumes of LNG production in Russia, 2000-2013, mln tonnes**



Demo-version





Export of pipeline gas to non-CIS countries decreased in 2013 by ...% – to ... billion cubic meters, export to CIS countries decreased by ...% – to ... billion cubic meters. <...>

In the I quarter 2014 the deterioration of the social and political situation in Ukraine has created additional risks for "Gazprom" gas transit in Europe. Realization of projects of construction and expansion of pipelines on the seabed ("Nord Stream", "South Stream" and "Blue Stream") allowed neglecting of the hazard and increasing transit flow through Belarus (100% belongs to "Gazprom"). <...>

#### 1.4. Analysis of governmental regulation of gas industry in Russia

The section contains description of the measures taken by the Government in order to stimulate the development of this sector in following directions:

- Gas production regulation
- Gas transportation regulation
- Gas processing regulation
- Gas consumption regulation
- Gas export regulation
- Regulation of internal price formation

and assessment of their influence on the investment activities in the gas industry.

Demo-version

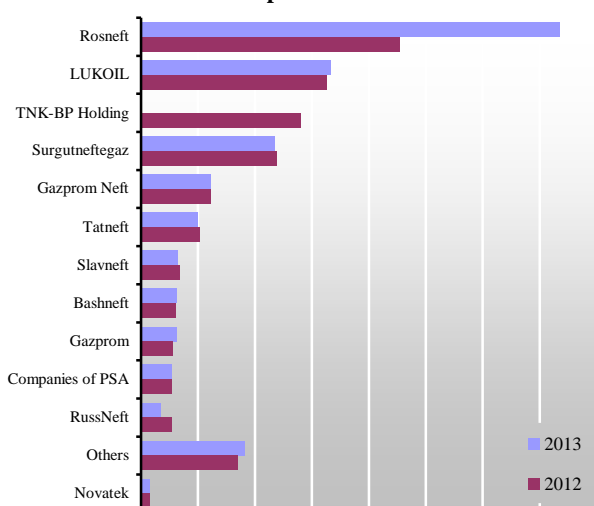


## Section II. Benchmarking of largest companies' performance

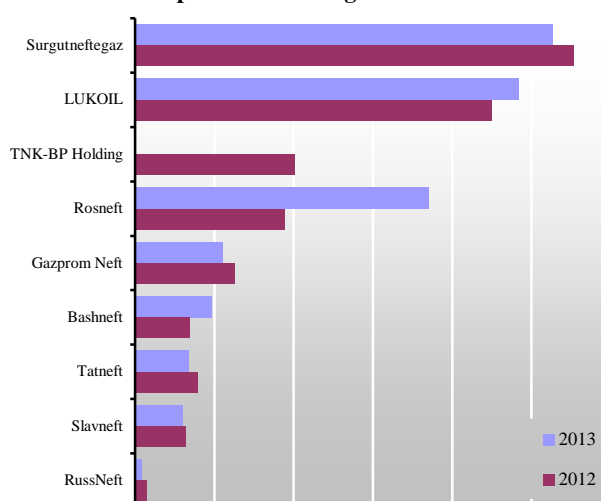
### 2.1. Benchmarking of performance indicators of oil production companies

The section contains comparison of oil and gas producers by production capacity, types and structure of well's stock, volumes and dynamics of production by types of products. Data is presented according to the information obtained from the Central Dispatching Department of Fuel Energy Complex (CDU TEK), the Federal State Statistic Service (FSSS) and annual reports of public companies, accomplished by estimations and critical analysis of INFOLine specialists.

**Rating of companies by production of crude oil with lease condensate, 2012-2013, % of total production**



**Rating of companies by exploration drilling depth, Russia, 2012-2013, % of total exploitation drilling in Russia**



In 2013 exploitation drilling of Novatek decreased to ... km (by ...%) and exploration drilling to ... km (by ...%). "Rosneft" is the new leader by the amount of new wells: 20 new wells were commissioned in 2013 and ... wells were acquired from "TNK-BP Holding". <...>

**Dynamics of oil refining by companies, 2009-2013**

Company/plant	Primary crude oil processing				Production in 2012			Production in 2013		
	2010	2011	2012	2013	petroleum	diesel fuel	fuel oil	petroleum	diesel fuel	fuel oil
JSC OC Rosneft	*	*	*	*	*	*	*	*	*	*
Rosneft- Komsomolsk ORP <sup>2</sup>	*	*	*	*	*	*	*	*	*	*
Rosneft - Tuapse ORP	*	*	*	*	*	*	*	*	*	*
Rosneft - Syzran ORP	*	*	*	*	*	*	*	*	*	*
Rosneft - Novokuibyshevsk ORP	*	*	*	*	*	*	*	*	*	*
Kuibyshev ORP	*	*	*	*	*	*	*	*	*	*
Achinsk ORP	*	*	*	*	*	*	*	*	*	*
Angarskaya PHC <sup>3</sup>	*	*	*	*	*	*	*	*	*	*
Ryazan ORC	*	*	*	*	*	*	*	*	*	*
Saratov ORP	*	*	*	*	*	*	*	*	*	*
JSC LUKOIL	*	*	*	*	*	*	*	*	*	*
LUKOIL-Volgograd refinery	*	*	*	*	*	*	*	*	*	*
LUKOIL-Perm refinery	*	*	*	*	*	*	*	*	*	*
LUKOIL-Uhta refinery	*	*	*	*	*	*	*	*	*	*
LUKOIL-Nizhny Novgorod Refinery	*	*	*	*	*	*	*	*	*	*
JSC Gazprom neftehim Salavat	*	*	*	*	*	*	*	*	*	*
JSOC Bashneft	*	*	*	*	*	*	*	*	*	*
Novoufimsky ORP (Novoil)	*	*	*	*	*	*	*	*	*	*
Ufaneftekhim	*	*	*	*	*	*	*	*	*	*
Ufimsky ORP	*	*	*	*	*	*	*	*	*	*
JSC Surgutneftegas	*	*	*	*	*	*	*	*	*	*
Kirishinefteorgsintez	*	*	*	*	*	*	*	*	*	*
JSC Gazprom Neft	*	*	*	*	*	*	*	*	*	*
Gazprom Neft -OmskORP	*	*	*	*	*	*	*	*	*	*
Gazprom Neft -Moscow ORP	*	*	*	*	*	*	*	*	*	*

<sup>2</sup> ORP – oil refinery plant.

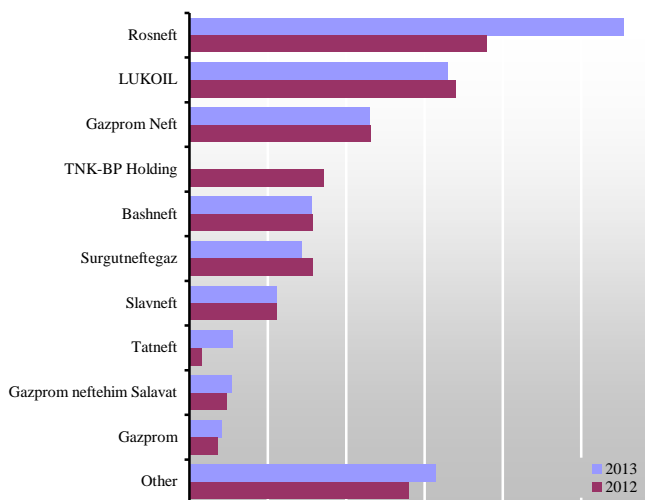
<sup>3</sup> PHC – petrochemical company.



Company/plant	Primary crude oil processing				Production in 2012			Production in 2013		
	2010	2011	2012	2013	petroleum	diesel fuel	fuel oil	petroleum	diesel fuel	fuel oil
Krasnodareconeft <sup>4</sup>	*	*	*	*	*	*	*	*	*	*
Orsknefteorgsintez <sup>5</sup>	*	*	*	*	*	*	*	*	*	*
JSC OC Alliance	*	*	*	*	*	*	*	*	*	*
Khabarovsk ORP	*	*	*	*	*	*	*	*	*	*
JSC NGK Slavneft	*	*	*	*	*	*	*	*	*	*
Slavneft - YANOS	*	*	*	*	*	*	*	*	*	*
JSC TNK-BP Holding	*	*	*	*	*	*	*	*	*	*
Ryazan ORC	*	*	*	*	*	*	*	*	*	*
SaratovORP	*	*	*	*	*	*	*	*	*	*
JSC Taif-NK	*	*	*	*	*	*	*	*	*	*
LLC Afipskiy ORP	*	*	*	*	*	*	*	*	*	*
JSC Novoshakhtinsk ORP	*	*	*	*	*	*	*	*	*	*
JSC TANECO	*	*	*	*	*	*	*	*	*	*
JSC Gazprom	*	*	*	*	*	*	*	*	*	*
Small-ORP	*	*	*	*	*	*	*	*	*	*
Russia total	*	*	*	*	*	*	*	*	*	*

In 2013 the output of main petroleum products in Russia amounted to ...%. In 2013 in Russia ... thousand tonnes of gasoline A-76 (80) were produced in 2013 (...% of total production), A-92 and above – ... mln tonnes (...%). In 2013 the production of diesel fuel with sulphur content of 0.05% was ...%, with sulphur content of 0.05% to 0.2% - ...%, with sulphur content of 0.5% and above – ...%. In 2013, the mini-refineries produced ... thousand tonnes (... tonnes more than in the corresponding period of 2012), ... thousand tonnes of straight run gasoline (+...thousand tonnes), ... tonnes of diesel fuel (+... thousand tonnes), ... thousand tonnes of fuel oil (+... thousand tonnes). <...>

Rating of companies by share in primary crude oil processing volume, 2012-2013, % primary crude oil processing in Russia



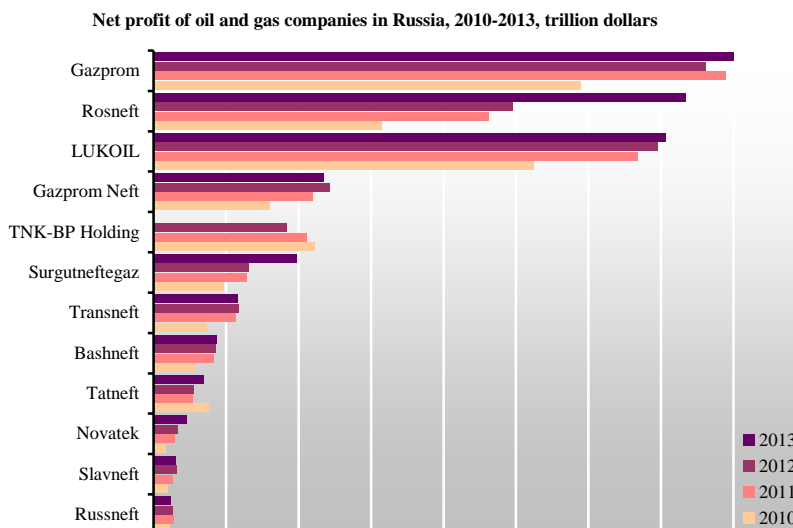
In 2013 NK Rosneft (growth from ... million tons in 2012 to ... million tons in 2013) and Lukoil (growth from ... million tons in 2012 to ... million tons in 2013) are the leaders by primary oil refining, together they provided ...% of the total primary refining in Russia (...% in 2012). In 2013 the largest increase in the volume of primary oil refining was demonstrated by "Antipensk refinery" (... %), "Rosneft - Tuapse ORP" (... %), "Bashneft- UNPZ" (... %) and "Novoshakhtinsky OFP" (...%). Since in 2012 TANECO reached the planned capacity of 7 million tonnes, the production increased by ...% to ... million tonnes in 2013. The greatest decrease of primary oil refining volume was demonstrated by "Saratov ORP" (by ... %) and "Rosneft- Komsomolsk ORP" (... %).

<sup>4</sup> Resigned from the JSC "NK" RussNefit" in 2009.

<sup>5</sup> Resigned from the JSC "NK" RussNefit" in July 2011.

## 2.2. Benchmarking of financial performance indicators for oil production companies

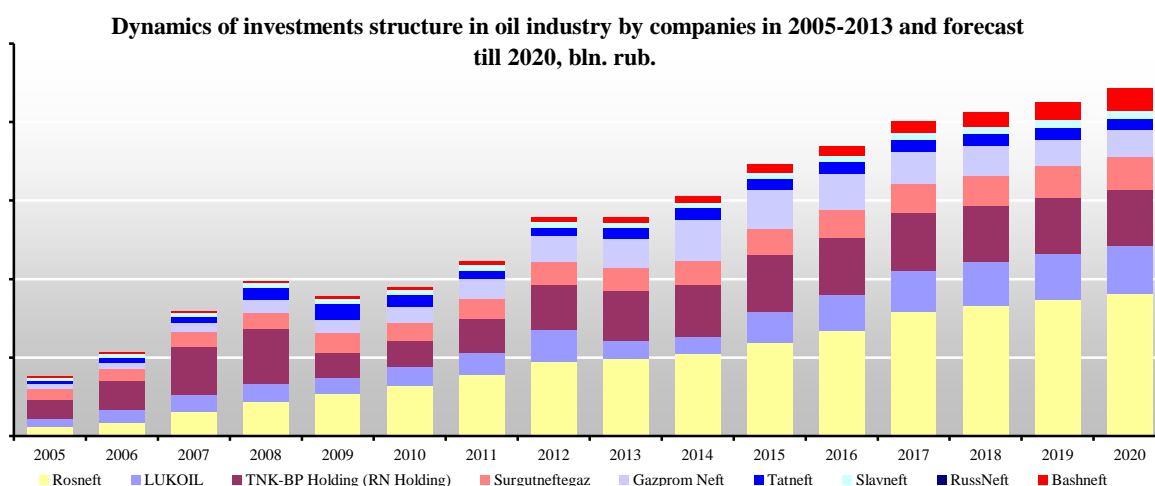
The section contains comparison of oil producers by volume and growth dynamics of revenue, total profit, net profit, asset value, profit margin (by total profit, net profit and assets). <...>



In 2013 net profit of JSC Surgutneftegaz increased by ...%, JSC Gazprom – by ...%, JSC Tatneft – by ...%, JSC Rosneft, JSC Russneft and JSC Bashneft – by ...%, JSC LUKOIL – ...%. Net profit of JSC Slavneft decreased ... times. Next diagram presents net profit of oil companies in 2010-2012. <...>

## 2.3. Benchmarking of investment activity indicators

In 2013 a record number of industry mergers and acquisitions were done. In just the past year in oil and gas production and refining (excluding transactions in field of oil sector services, exploration, coal mining, etc.) there were 32 M & A transactions worth ... billion <...>

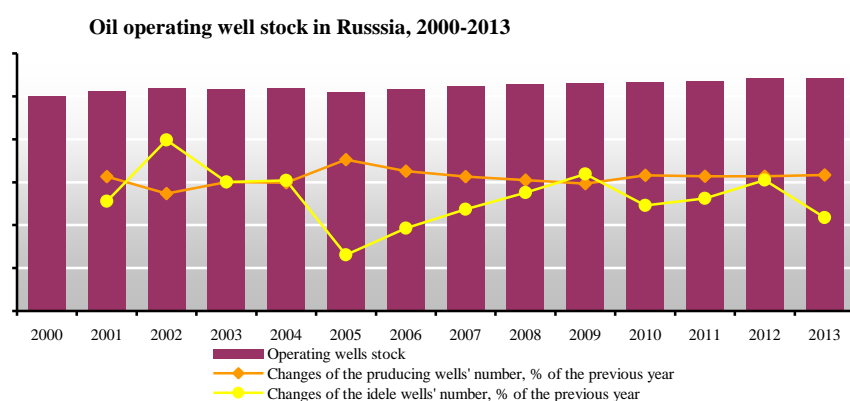


## Section III. Analysis of the production infrastructure of the oil and gas industry

### 3.1. Overview of production facilities and infrastructure for oil and gas recovery

#### Oil recovery facilities and infrastructure

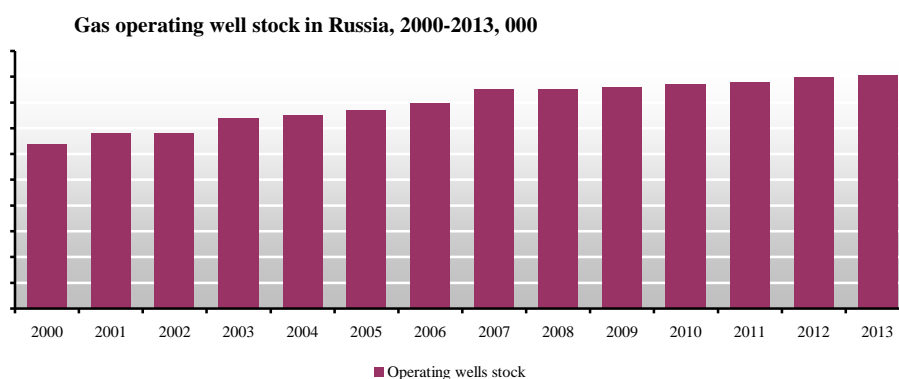
State balance is considered ... oil, gas and oil and gas condensate fields. In distributed subsoil fund is ... objects (...% of proven oil reserves). Mostly small deposits and suspended objects remain in undistributed fund. In 2000-2013 the number of idle wells in the structure of oil well stock significantly decreased (from 22.4% to 16.3%). <...>



#### Gas recovery facilities and infrastructure

In July 2013 "Development of the gas industry" was discussed as part of the state program "Energy Efficiency and Energy Development in 2013-2020." Funding for the program "Energy Efficiency and Energy Development" will be about ... trillion. <...>

According to the results of 2013 gas operating well stock increased by ...% from 2012 and ... of the stock is controlled by "Gazprom Group". <...>



Demo-version

### 3.2. Overview of pipelines' condition and transportation facilities

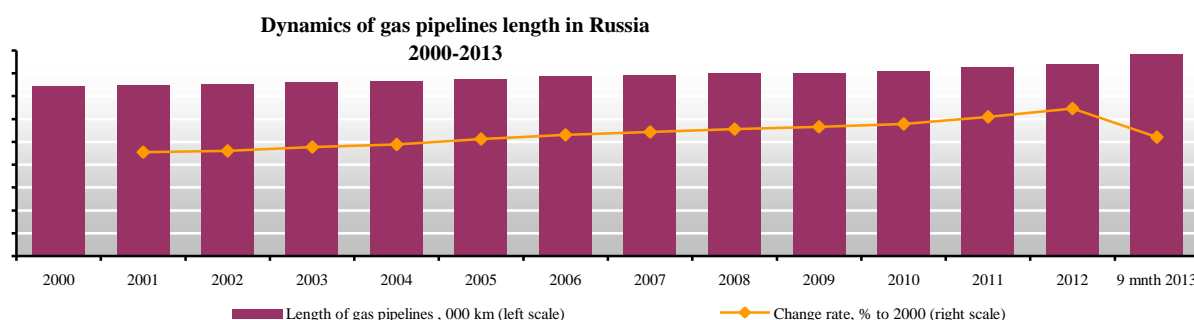
#### Oil transportation facilities

The full text of this section includes the description of the Maritime and pipeline transportation system for oil and oil products supply, including capacity, depreciation level, length and main destinations.

<...>

#### Gas transportation facilities

In 2013 "Gazprom Group" delivered for new projects some material and technical resources in the sum of ... bn., including imported, purchased on a contract basis up to ... billion (...%). Compared with 2012 the total volume of purchases decreased by ...%, import - by ...%. <...>



<...>

The full text of this section includes the description of the pipeline transportation system for gas supply, including capacity, depreciation level, length, rates, Underground gas storage capacity, main destinations and investments into development of the system.

### 3.4. Overview of production facilities and infrastructure for oil and gas refining

#### Oil processing facilities

At the beginning of February 2014 the Register of refineries under construction in the Russian Federation includes ... commissioned refineries, ... refineries designing and ... under construction. Meanwhile ... out of ... the projected plants were included in the register in 2013. <...>

In Russia capacity of secondary refining is less than 50% of primary refining capacities (127 bn tonnes), while this rate worldwide is about 90%. <...>

#### Gas processing facilities

In 2013 ... bln cubic meters of gas were received for processing, while in 2012 - ... bln cubic meters. The growth of gas processing came up to ... % compared with 2012. The processing volume was 10.7 % of the total volume of recovered natural and associated gas, while the world average is not less than 50%. The volume of gas flaring in Russia in 2013 is around ... bln cubic meters, or ... %. Reduction of gas flaring as a result of 2013 amounted to ... % in comparison with 2012.

#### Demo-version

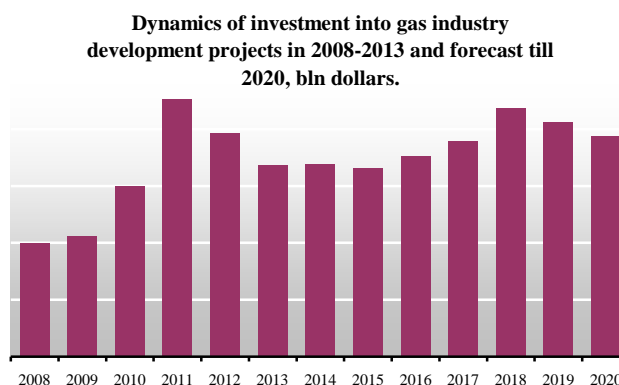
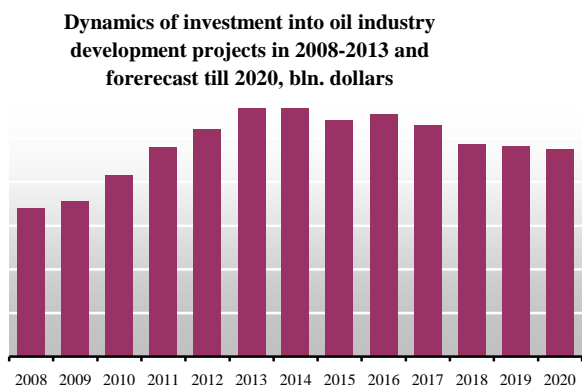
The full text of this section contains description of production infrastructure of oil and gas recovery and refining, along with transport infrastructure.



## Section IV. Investment project and forecast for development of oil and gas industries of Russia 2014-2020

### 4.1. General description and forecast of investment activities in oil-and-gas industry

The dynamics analysis of investments into production of crude oil and natural gas demonstrates stage-by-stage increase of basic capital reproduction volumes. Cumulatively, during 12 years the volume of investments increased 16 times (in 1999 this volume was 81.3 billion rubles). <...>



Data source: Data and calculations of INFOLine IA

Detailed structure of investments into oil-and-gas projects in Russia is described in the table:

Forecast for investments volume in oil-and-gas industry by its main segments for the period till 2020, billion rubles

Branch	Segment of industry	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Oil	Oil production	*	*	*	*	*	*	*	*	*	*
	Oil refining	*	*	*	*	*	*	*	*	*	*
	Petrochemistry	*	*	*	*	*	*	*	*	*	*
	Transportation of oil and oil products <sup>6</sup>	*	*	*	*	*	*	*	*	*	*
Aggregate volume of investments		*	*	*	*	*	*	*	*	*	*
Gas	Primary gas treatment	*	*	*	*	*	*	*	*	*	*
	Gas processing	*	*	*	*	*	*	*	*	*	*
	Liquefaction of natural gas	*	*	*	*	*	*	*	*	*	*
	Gas chemistry	*	*	*	*	*	*	*	*	*	*
	Transportation of gas <sup>7</sup>	*	*	*	*	*	*	*	*	*	*
Aggregate volume of investments		*	*	*	*	*	*	*	*	*	*
<b>Total</b>	<b>Investments volume</b>	*	*	*	*	*	*	*	*	*	*

Data source: RF Government, Ministry of Energy, companies, calculations of INFOLine IA

### 4.2. Largest investment projects and forecast of investment activity by segments of oil industry

#### Forecast of investment activity in oil industry

Aggregate volume of investment during 2014-2020 into oil industry projects is estimated by the specialists of INFOLine as ... billion rubles (... billion US dollars), including:

- into oil production facilities – ... billion rubles (... billion US dollars)
- into oil refining facilities – ... billion rubles (... billion US dollars)
- into oil and oil products transportation facilities – ... billion rubles (... billion US dollars)
- into facilities of petrochemistry – ... billion rubles. (... billion US dollars) <...>

<sup>6</sup> The segment includes such facilities as oil trunk and gathering pipelines, oil products trunk pipelines, pumping stations, storage facilities as well as railroad and water transport infrastructure.

<sup>7</sup> The segment includes such facilities as gas trunk and pipelines, oil products trunk pipelines, compressor plants, trunk product pipelines and condensate pipelines, facilities for storage and shipment of liquefied hydrocarbon gases.

Forecast for investments volume in oil industry of Russia by its main segments for the period till 2020, billion rubles

Industry	Industry segment	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Oil industry	Production facilities of crude oil extraction and primary processing	*	*	*	*	*	*	*	*	*	*	*	*	*
	Production facilities of oil refining	*	*	*	*	*	*	*	*	*	*	*	*	*
	Production facilities of petrochemistry	*	*	*	*	*	*	*	*	*	*	*	*	*
	Production facilities for transportation of oil and oil products <sup>8</sup>	*	*	*	*	*	*	*	*	*	*	*	*	*
	Aggregate investments volume	*	*	*	*	*	*	*	*	*	*	*	*	*

<...>

### Forecast of investments volumes and description of the largest investment projects in crude oil extraction and primary processing

The goal of the Government's strategy in this sector is to maintain the existing volumes of oil production, which, in long-term perspective, requires additional investments and creations of governmental economic incentives for oil production in all fields. <...>

Dynamics of commissioning of major fields, oil production in 2005-2013 and forecast till 2025, million tons

Field	2005	2007	2009	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Mogdinsk block <sup>9</sup>	-	-	-	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*
Chonskaya group <sup>10</sup>	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*
Samburgskoe	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Dolginskoe	-	-	-	-	-	-	-	-	-	-	-	*	*	*	*	*	*	*
Messoyahinskoe	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*
Imilorskoe	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*
Shpilmana	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*	*
Lodochnoe	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*
Srednebotuobinskoe	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*
Trebsa i Titova	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*	*
Prirazlomnoe	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*
Dulisminskoe	-	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Yarhtinskoe	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*	*
Kuyumbinskoe	-	-	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*
Russkoe	-	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*
Suzunskoe	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Tagulskoe	-	-	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*
Yuzhno- Tahomskoe	-	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	*	*
Filanovskogo	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Korchagina	-	-	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Kolvinskoe	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Vankorskoe	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Uvatskiy block	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Sev.- Hylchuyusskoe	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Verhnechonskoe	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Talakanskoe	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Salymskaya group <sup>11</sup>	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Samara-Nafta	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Severnaya Neft	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Yuzhno- Priobskoe	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Priobskoe	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

In 2014-2018 total investments into oil extraction and primary processing facilities will come up to ... billion dollars. <...>

Detailed structure of investments into production facilities of crude oil extraction and primary processing is described in the table below:

<sup>8</sup> The segment includes such facilities as oil trunk and gathering pipelines, oil products trunk pipelines, pumping stations, storage facilities as well as railroad and water transport infrastructure.

<sup>9</sup> Mogdinsk licensed area is situated in the territory of Irkutsk region, 160 kilometers from ESPO trunk pipeline. Beginning from 2007 NK Rosneft has been conducting geologic exploration in 6 areas in Irkutsk. As a result there were discovered 6 fields of hydrocarbon materials with more than 450 million tons of aggregate recoverable reserves of oil and condensate of categories C1 and C2, over 80 million cubic meters of gas. The operator of geologic exploration is a subsidiary of Rosneft – RN-Exploration.

<sup>10</sup> The Chonsk group of fields includes such fields as Ignyalinskoe, Tympuchikanskoe and Vakunayskoe.

<sup>11</sup> The Salym group of fields in Western Siberia includes Zapadno-Salymskoe, Vadelypskoe and Verhne-Salymskoe fields, located in the south of Khanty-Mansiysk Autonomous Area.



Largest investment projects in Russian "Production facilities of crude oil extraction and primary processing" segment

Company	Sector	Region	Project's description	Capacity, million tons annually	Volume of investments, billion USD	Completion date
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

Data source: RF Government, Ministry of Energy, companies, calculations by INFOLine IA

### Investments into oil refining facilities

The full text of this section contains information about investment volumes into oil refining facilities since 2008 with forecast till 2020 and description of 14 largest investment projects of the segment.

### Investments into oil and oil products transportation facilities

Milestones of oil transportation system development in Russia are determined, in the first place, by the Program of Strategic Development of AK Transneft JSC for the period till 2020<sup>12</sup>, which was formulated on the basis of:

- Master plan for development of oil industry till 2020
- Program for retrofitting, overhaul and development of oil trunk pipelines facilities of AK Transneft JSC<sup>13</sup>
- Program for innovative development of AK Transneft JSC for the period till 2017<sup>14</sup>
- Program for energy saving and improvement of energy efficiency of AK Transneft JSC for the period till 2015<sup>15</sup> <...>

The full text of this section contains information about investment volumes into oil and oil products transportation facilities since 2008 with forecast till 2020 and description of 18 largest investment projects of the segment.

### Investments into petrochemistry facilities

The full text of this section contains information about investment volumes into petrochemistry facilities since 2008 with forecast till 2020 and description of the largest investment projects of the segment.

## 4.3. Largest investment projects and forecast of investment activity by segments of gas industry

Aggregate volume of investments during 2014-2020 into gas industry projects is estimated by the specialists of INFOLine as ... billion rubles (... billion US dollars), including:

- into facilities of gas production – ... billion rubles (... billion US dollars)
- into facilities of gas processing – ... billion rubles (... billion US dollars)
- into facilities of gas transportation – ... billion rubles (... billion US dollars)
- into facilities of gas chemistry – ... billion rubles (... billion US dollars)
- into facilities of liquefaction gas – ... billion rubles (... billion US dollars) <...>

<sup>12</sup> Approved by the Board of Directors of AK Transneft JSC (minutes No.2 of 31.01.2012)

<sup>13</sup> Approved by the management board of AK Transneft JSC

<sup>14</sup> Approved by the Board of Directors of management board AK Transneft JSC, by the Ministry of Energy of the RF, Ministry of Education and Science of the RF, Ministry of Economic Development of the RF, by the working group for development of private-governmental partnership in the field of innovations at the Government Commission on high technology and innovation (minutes No.15-AK of 13.04.2011)

<sup>15</sup> Approved by the Board of Directors of AK Transneft JSC and Department of Governmental Energy Policy and Energy Efficiency of the Ministry of Energy of the RF



Forecast for investments volume in gas industry of Russia by its main segments for the period till 2020, billion rubles

Industry	Segment	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gas industry	Production facilities of initial gas treatment	*	*	*	*	*	*	*	*	*	*	*	*	*
	Production facilities of natural gas processing	*	*	*	*	*	*	*	*	*	*	*	*	*
	Production facilities of natural gas liquefaction	*	*	*	*	*	*	*	*	*	*	*	*	*
	Production facilities of natural gas chemistry	*	*	*	*	*	*	*	*	*	*	*	*	*
	Production facilities of natural gas transportation <sup>16</sup>	*	*	*	*	*	*	*	*	*	*	*	*	*
Aggregate volume of investments		*	*	*	*	*	*	*	*	*	*	*	*	*

### Forecast of investments volumes and description of the largest investment projects in initial gas treatment

The full text of this section contains information about investment volumes into gas recovery facilities since 2008 with forecast till 2020 and description of 5 largest investment projects of the segment.

### Investments into facilities of gas processing

The full text of this section contains information about investment volumes into gas processing facilities since 2008 with forecast till 2020 and description of 14 largest investment projects of the segment.

### Investments into gas chemistry facilities

The full text of this section contains information about investment volumes into natural gas chemistry production facilities since 2008 with forecast till 2020 and description of 10 largest investment projects of the segment.

### Investments into facilities of gas liquefaction

The full text of this section contains information about investment volumes into gas liquefaction facilities since 2008 with forecast till 2020 and description of 6 largest investment projects of the segment.

### Investments into facilities of gas transportation

The full text of this section contains information about investment volumes into facilities of gas transportation since 2008 with forecast till 2020 and description of 17 largest investment projects of the segment.

<sup>16</sup> The segment includes such facilities as natural gas trunk pipelines, compressor plants, trunk product pipelines and condensate pipelines, facilities for storage and shipment of liquefied hydrocarbon gases.



**Dear colleagues!**

“INFOLine” Agency is an independent company and operates on the market of Industry Research of Russia since 2001, having released a number of information products during this time. The researches of **Fuel and Energy Industry of Russia** made by “INFOLine” agency specialists are recognized by numerous customers and partners to be the best on the market.

**At the moment we are ready to offer you the following products:**

**Line 1. Investment projects in the construction of the Russian Federation:**

Industry Profile “**Investment projects in industrial construction**” contains information about the construction and reconstruction of manufacturing enterprises of the following spheres in the industry: ferrous and non-ferrous metallurgy, food industry, oil and gas processing industry, chemical and pharmaceutical industry, production of building materials, machinery and other industries.

In the description of each facility the updated contact data of project participants (developers, investors, contractors, suppliers) is included. The majority of the described projects are in their initial stages of construction. Monthly for each sphere you can get a description of updated description of about **100 projects**.

Theme	Frequency	Cost, per month
Periodic Industry Profile “Investment projects in <b>civil</b> engineering of the <b>RF</b> ”.	2 times per month	10 000 rubles
Periodic Industry Profile “Investment projects in <b>industrial</b> construction of the <b>RF</b> ”.	2 times per month	10 000 rubles

*The minimum subscription period – 6 months*

**Line 2. Prepared marketing research (available both in English and Russian):**

- **NEW!** Oil and gas industry of Russia. Results of 2013 and forecast till 2020. Investment projects and ratings of companies.

The Research contains a structured description of the largest investment projects of oil and gas industry in Russia in 2013-2020 and also major companies' ratings by operating performance and investment activity. Information product includes:

- **ratings of oil-and-gas companies** by operational, financial and investment activity indicators,
- **analysis of production facilities** (condition of production infrastructure for oil-and-gas industry, transportation facilities and outlook of oil and gas refining capacities),
- **detailed description of investment projects:** presented contact information on all the stated project participants (investor, general contractor, suppliers), the region of project implementation, the performance specifications of production capacities under construction, the planned amount of investment, the condition project at the updating moment, the term of project capacity input, the completion time of individual stages (phases) and the project in general.

Research includes description of **over 100 investment projects of oil and gas industry**, which are being implemented or planned for implementation in the medium term.

Research includes forecasts of investment in oil and gas industry of Russia for 2014-2020, structured by segment (downstream, transportation, refining) and structured by major companies. Total capital expenditures in oil and gas industry of Russia will amount over \$628.1 billion in 2014-2020.

- **NEW!** Investment Projects and Engineering in Oil and Gas Industry in Russia

The Research is a comprehensive, integrated study of development dynamics of oil-and-gas industry of Russia, key trends of governmental regulation of this sector, dynamics of investment activities of the major companies in oil-and-gas sector in Russia, assessment of the current volume of investments in oil-and-gas industry as a whole and by its segments, making a forecast for volume of investments in industry till 2016, taking into account the progress in companies' investment projects implementation.



Issue date:	<b>February 2014</b>
Number of pages:	<b>140</b>
Mode of provision:	<b>Electronically Printed</b>
Price without VAT	<b>45 000 rubles</b>



Issue date:	<b>May 2013</b>
Number of pages:	<b>120</b>
Mode of provision:	<b>Electronically Printed</b>
Price without VAT	<b>35 000 rubles</b>


Other prepared researches of INFOLine on the similar topics:

Name of the Research	Product description	Issue date	Price, rubles
<a href="#"><u>Distributed electric-power industry. Market of gas turbines units for power plants of low and medium capacity</u></a>	The Research provides detailed business-references on companies, leading GTPP manufacturers in Russia. These are: JSC "Perm Engine Company", SPA "Iskra", CJSC "Nevsky Works", FSUE "SPC Gas Turbine "Salute", "PF Energomash", "Saturn-Gas Turbines", etc. Business-references contain defined information provided by company's representative: production range, retail markets, financial indicators, investment activity, etc.	October 2013	50 000 rubles
<a href="#"><u>Heat-Power Industry of Russia in 2012-2016. 10 years of power sector reform</u></a>	The Research provides detailed business-references on companies The study provides detailed business-references on wholesale, territorial and regional generating companies, as well as a structured description of more than 70 actively implemented at the moment of investment projects on construction and reconstruction of thermal power to reflect, with a description of the project participants (contractors and designers, equipment suppliers and others).	June 2013	35 000 rubles
<a href="#"><u>Electricity supply grid facilities of the RF in 2012-2015</u></a>	The Research presents analysis of the current status, problems and development prospects of both generating and transmission capacities in the Russian power industry is carried out. In addition, the situation on electrical equipment market and engineering market is characterized. The Research contains description of 300 investment projects with detailed contact information on stated project participants (investor, contractors, designers), the region of project implementation, the performance specifications of production capacities under construction, the planned amount of investment, the condition project at the updating moment, the term of project capacity input, the completion time of individual stages (phases) and the project in general.	April 2013	80 000 rubles
<a href="#"><u>Registry "The major manufacturers and suppliers of electrical products in Russian Federation 2013"</u></a>	Registry "The major manufacturers and suppliers of electrical products in Russian Federation 2013", is an information product which presents contact information of 290 companies whose equipment is certified for use at JSC "FGC UES" and JSC "IDGC Holding". Companies in the registry sorted by the types of the main equipment produced. Diversified holdings are separated as a special group.	February 2013	25 000 rubles
<a href="#"><u>Power engineering (Engineering of thermal- and powergenerating capacities in 2011-2016)</u></a>	The study describes the current state of engineering market, basic trends on engineering market, problems and development prospects of power engineering market of Russia. Detailed information about the full cycle engineering companies, design companies and design institutes (operating and financial) is collected, as well as about some of the largest companies involved in the construction of electric main, lines and transformer plants.	October 2012	35 000 rubles
<a href="#"><u>Hydropower industry of Russia in 2011 - 2016. Technical condition of HPP and investment projects</u></a>	The study provides the current status and forecast of power industry development of Russia up to 2016, dynamics and forecast of production and power consumption, review of the most important events in power industry in 2011-2012, the results of 2011, analysis of the situation on the market of electrical and mechanical engineering. Business-references on leading players of the industry are provided (Production capacities, production indicators, financial indicators, investment programs, etc.).	July 2012	40 000 rubles



### Line 3. Branch News "Subject News":

"Subject News" Service – an operational and periodic information about the concerned industry of the Russian economy (over 80 subjects), prepared by monitoring of Russian and foreign companies activities, thousands of business and industrial media, analytical agencies, federal ministries and local authorities. Specialists of "INFOLine" Agency consolidate the information into a structured report, presented in a unique form for extracting and processing the information.

Name of the Product	Frequency	Price, rubles per month
Investments in gas and petroleum chemistry	Twice a week	15 000 rubles
Oil industry	Daily	5000 rubles
Investment projects in oil industry of the Russian Federation and CIS countries	Once a week	5000 rubles
Gas industry	Daily	5000 rubles
Investment projects in gas industry of the Russian Federation and CIS countries	Once a week	5000 rubles
Oil and gas processing industry and production of bioethanol	Once a week	5000 rubles
Fuel market and FFS	Once a week	4000 rubles
Chemical industry	Once a week	5 000 rubles
Electric-Power industry	Daily	5 000 rubles
Investment projects in power industry	Once a week	5 000 rubles
Electrical engineering	Once a week	5 000 rubles
Power engineering industry	Once a week	5 000 rubles
Industrial construction of Russian Federation	Daily	6 000 rubles
Civil construction of Russian Federation	Once a week	6 000 rubles
Energy conservation and efficiency	Once a week	8 000 rubles
Individual monitoring of media	In agreement	From 10 000 rubles

*The minimum subscription period – 6 months*

**Attention!** *The specified above set of information products and lines is not complete.*

Besides the initiative released products "INFOLine" Analytical Agency allows the customers to get a set of individual information services for solving specific problems arising in the course of company's activity. These are commissioned studies, designing without data, assortment and price monitoring, individual monitoring on clients requests, etc.

We understand that you are pressed of time, therefore right now we suggest you to contact us. We will help you make the right choice.

Always glad to answer your question by phone: (812) 322-6848 ext.155 or 213; (495) 772-7640 ext.155 or by e-mail

mail@infoline.spb.ru.

With regard, Nilova Eugene,

Manager of Customer Service

#### Companies that have entrusted us their steadfast information support:



#### For information about INFOLine Agency:

It was founded in 1999 to provide information and consulting services to commercial businesses. The main objective is the collection, processing, analysis and distribution of economic, financial and analytical information. Provides ongoing information support to more than 1150 companies of Russia and the world; independently and by partner programs implements dozens of information products daily. Has a unique software and technical base to work with any data flow.

Prices are specified without VAT, 18%