



Rosneft Oil Company New Frontiers



РОСНЕФТЬ



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- ① Company Overview
- ② Arctic
- ③ Gas
- ④ Localization



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Company

Rosneft in the World



40 bboe



1.4%

World leader in proven reserves of hydrocarbons

4.2 mmpd



4.8%

Significant share of world's oil production

1.9 mmpd



2.5%

Major contribution to the world's refining


6.1 tcm

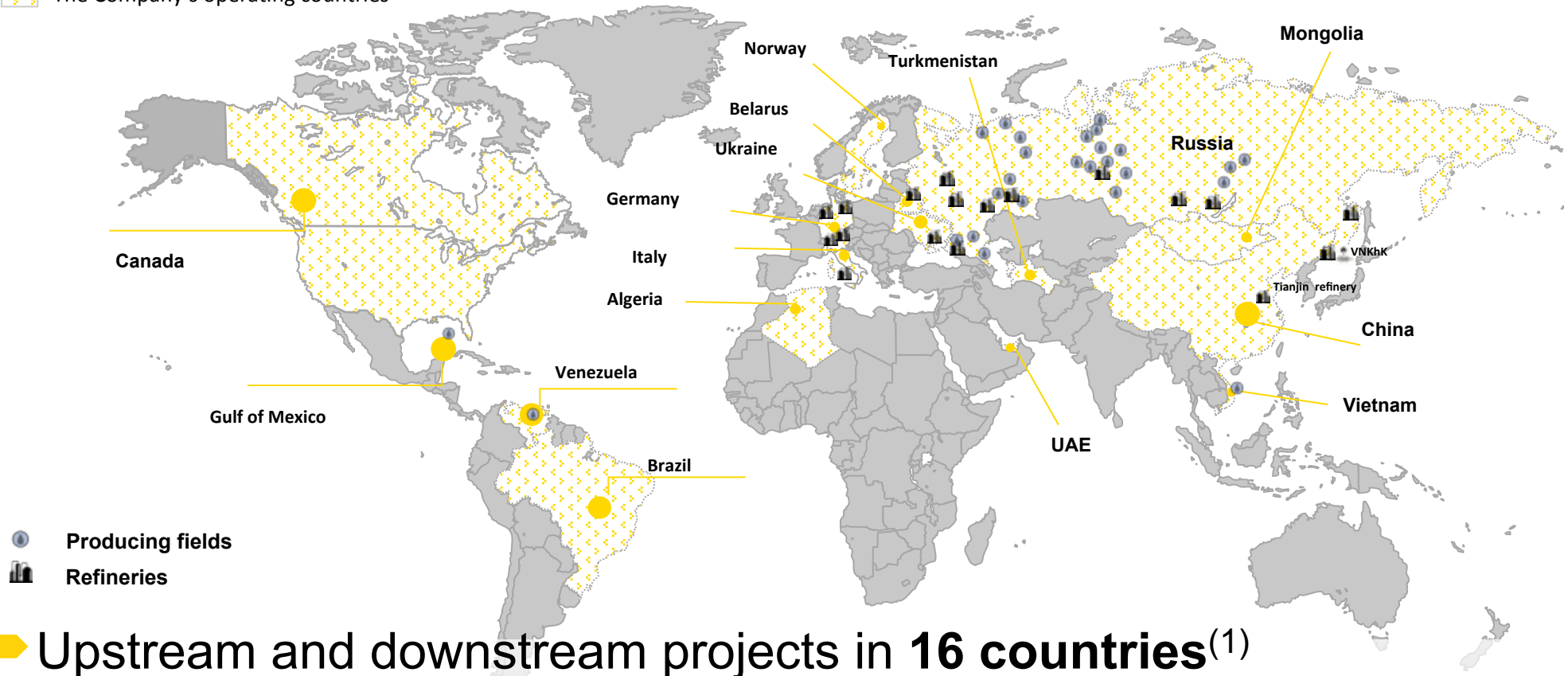


3.3%

World-level proven onshore and offshore gas reserves

The Company's Geography of Operations

 The Company's operating countries



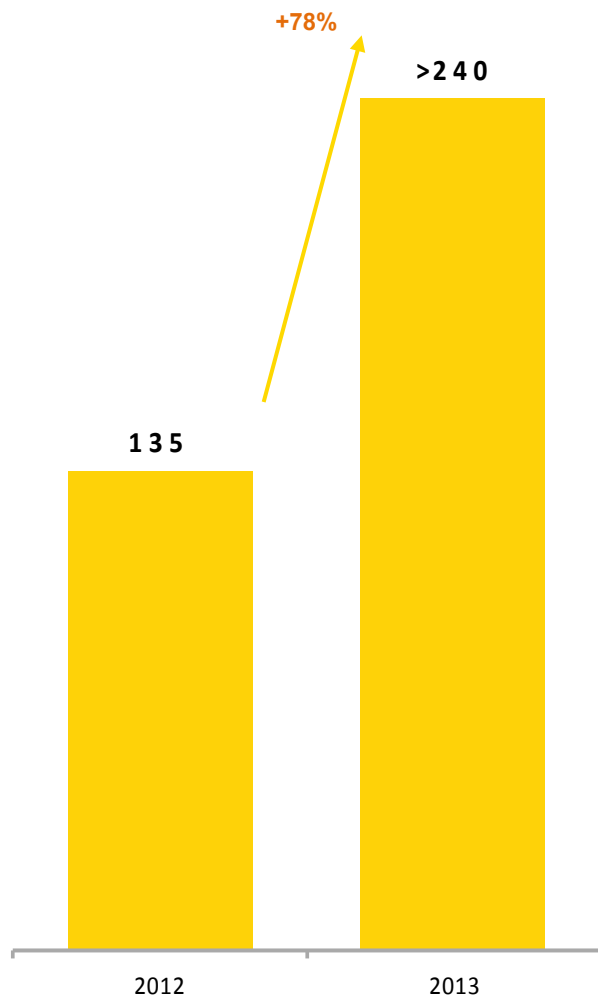
- Upstream and downstream projects in **16 countries**⁽¹⁾
- **850 licenses**⁽¹⁾ for hydrocarbons production in Russia and abroad
- **11 refineries** in Russia and stakes in 7 refineries abroad
- A wide network of retail sites in Russia and CIS: **2,439 retail sites**⁽²⁾

Note: (1) including Abkhazia (2) as of 14-Oct-2013. Not including Belarus (41)/ Ukraine (147)

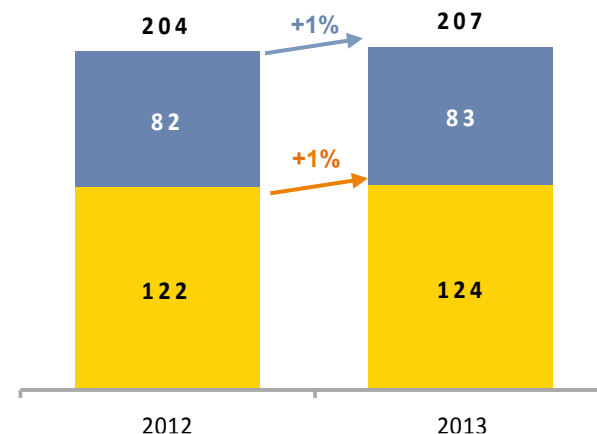
Steady Growth In Production



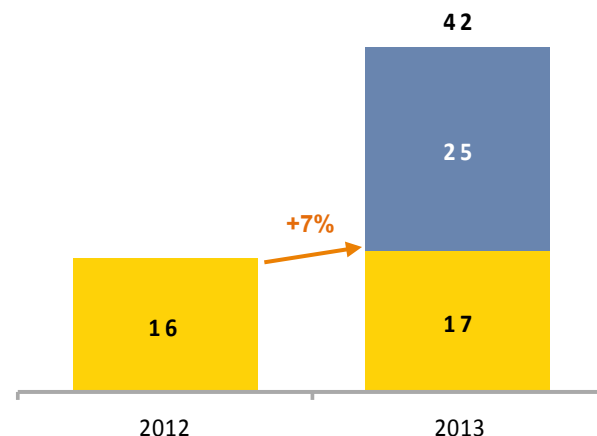
Production of hydrocarbons,
MTOE



Oil and gas condensate production,
MT



Gas production,
BCM



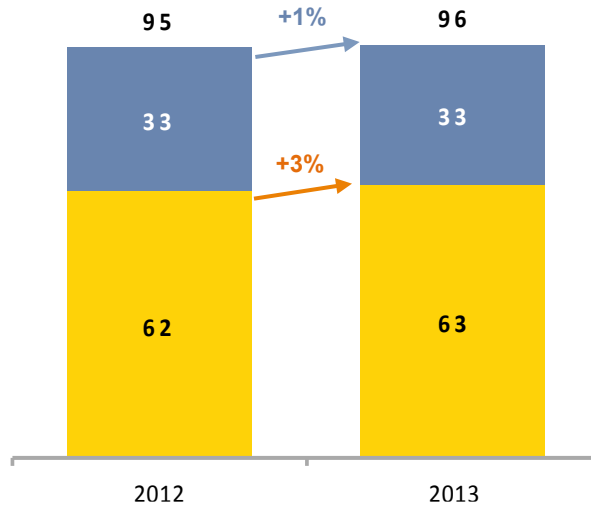
■ Consolidation of new assets

- 1% organic growth in oil and gas condensate production
- 7% organic growth in gas production
- 11% organic growth in proved reserves of hydrocarbons (SEC 33 bboe)
- Production growth rate significantly outpaces that of international oil majors

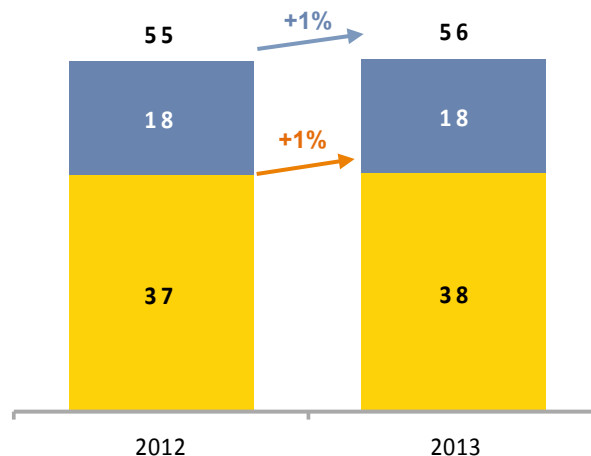
Steady Growth In Refining



Oil refining,
MT



Light products yield ,
MT



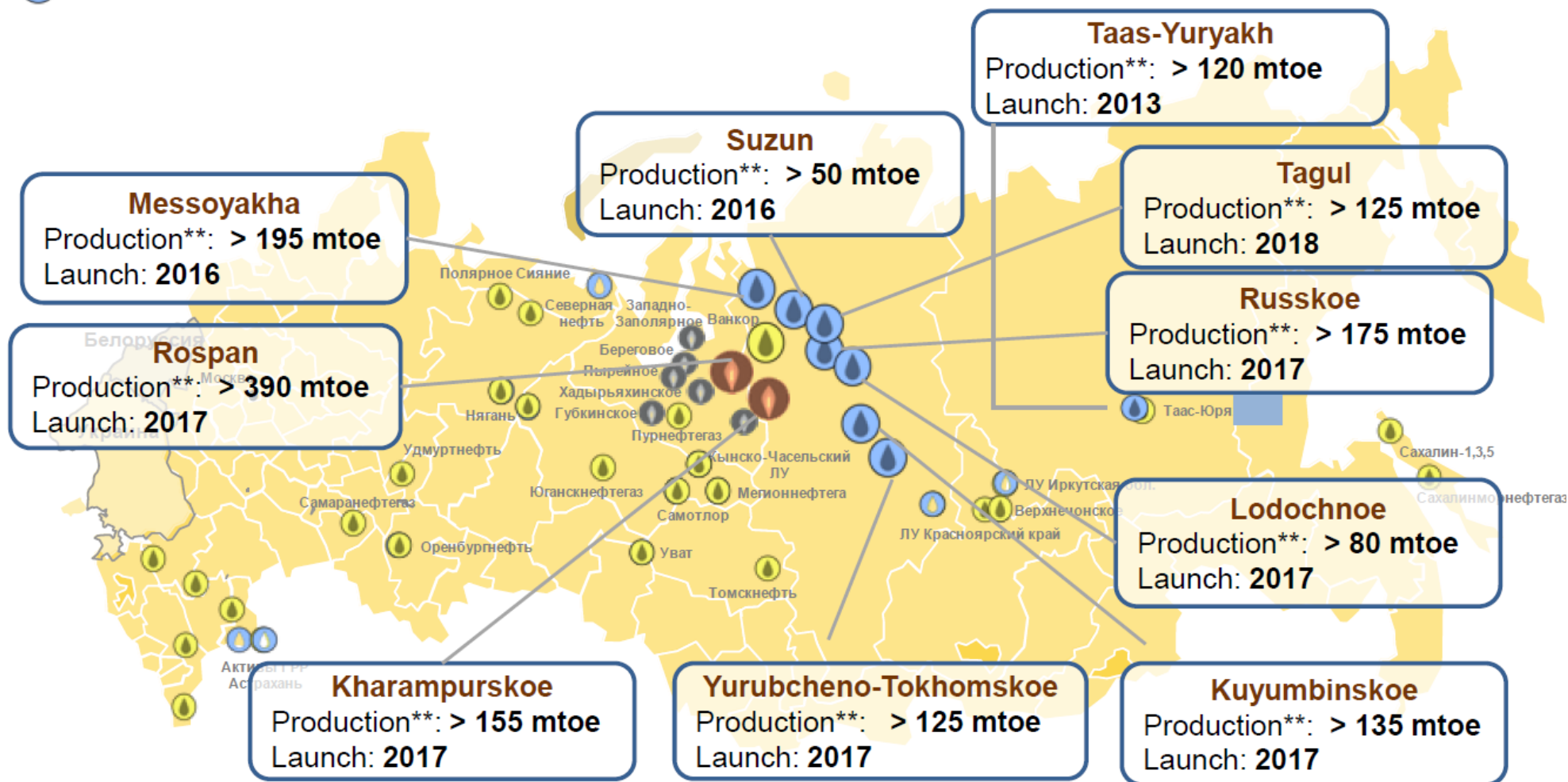
Consolidation of new assets

- As part of the quadripartite agreement, work is ongoing to have 24 new process units built and 3 upgraded. Cutting-edge technologies are used, including those of Chevron (USA), ExxonMobil (CША), Accense (France) and UOP (USA)
- When upgraded, the Company's refineries will significantly increase the light products yield (up to 80%), and achieve Euro-5 compliance of motor fuels. Production of Euro-3 and higher quality motor fuels in 2013 was 29.7 MT, which is by 20% more than in 2012
- Tuapse refinery CDU-VDU-12 crude distillation unit with a record capacity was commissioned in October, and a 300,000 ton/year isomerization unit was put into operation at the Saratov Refinery in June

Rosneft new major projects



By 2018, 10 major assets will be put into operation in West and East Siberia

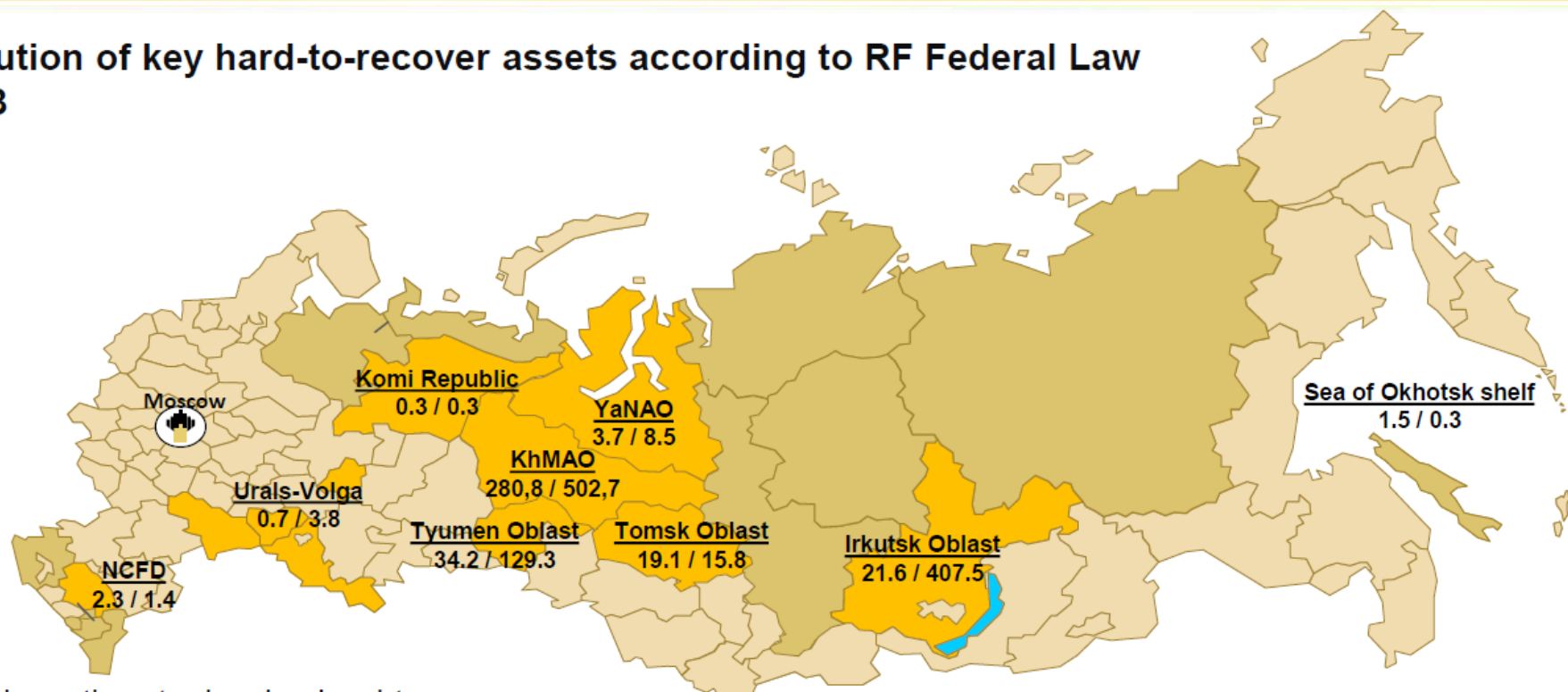






** The slides shows estimated total production of oil, gas condensate and gas in tons of oil equivalent

Hard-to-Recover Reserves



Distribution of key hard-to-recover assets according to RF Federal Law No. 213



- ▶ Tax incentives to develop hard-to-recover reserves
- ▶ Economic effect from MET reduction is estimated at RUB 21 bln over 5 years
- ▶ Optimal logistics: locations in regions with well-developed infrastructure
- ▶ Partnerships with technology leaders  
- ▶ Contracts with major service companies  
- ▶ Production potential – 10-15 mta

* Distribution of ABC1 / C2 reserves, mt



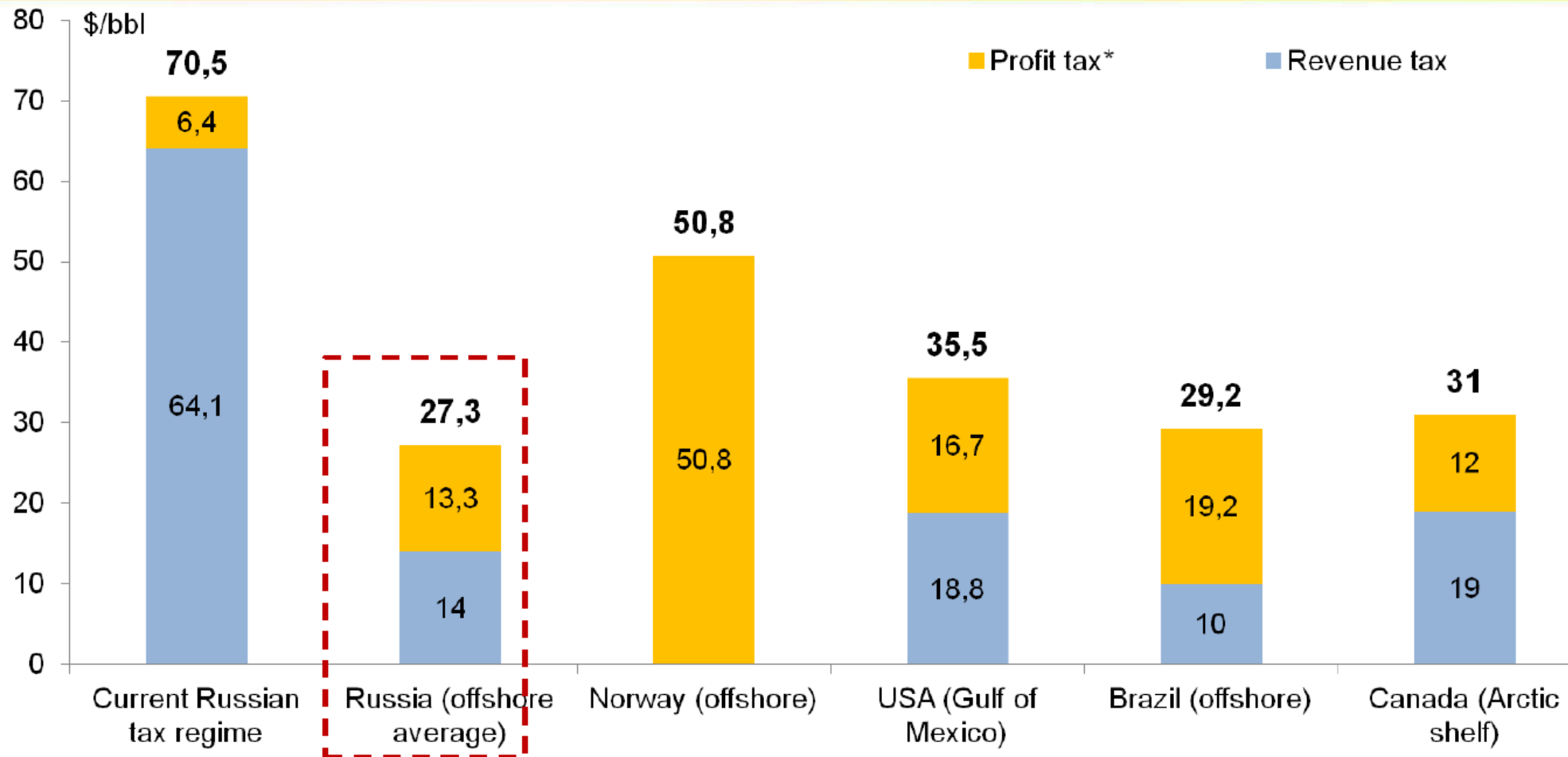
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Arctic

Largest Russian Shelf License Holder



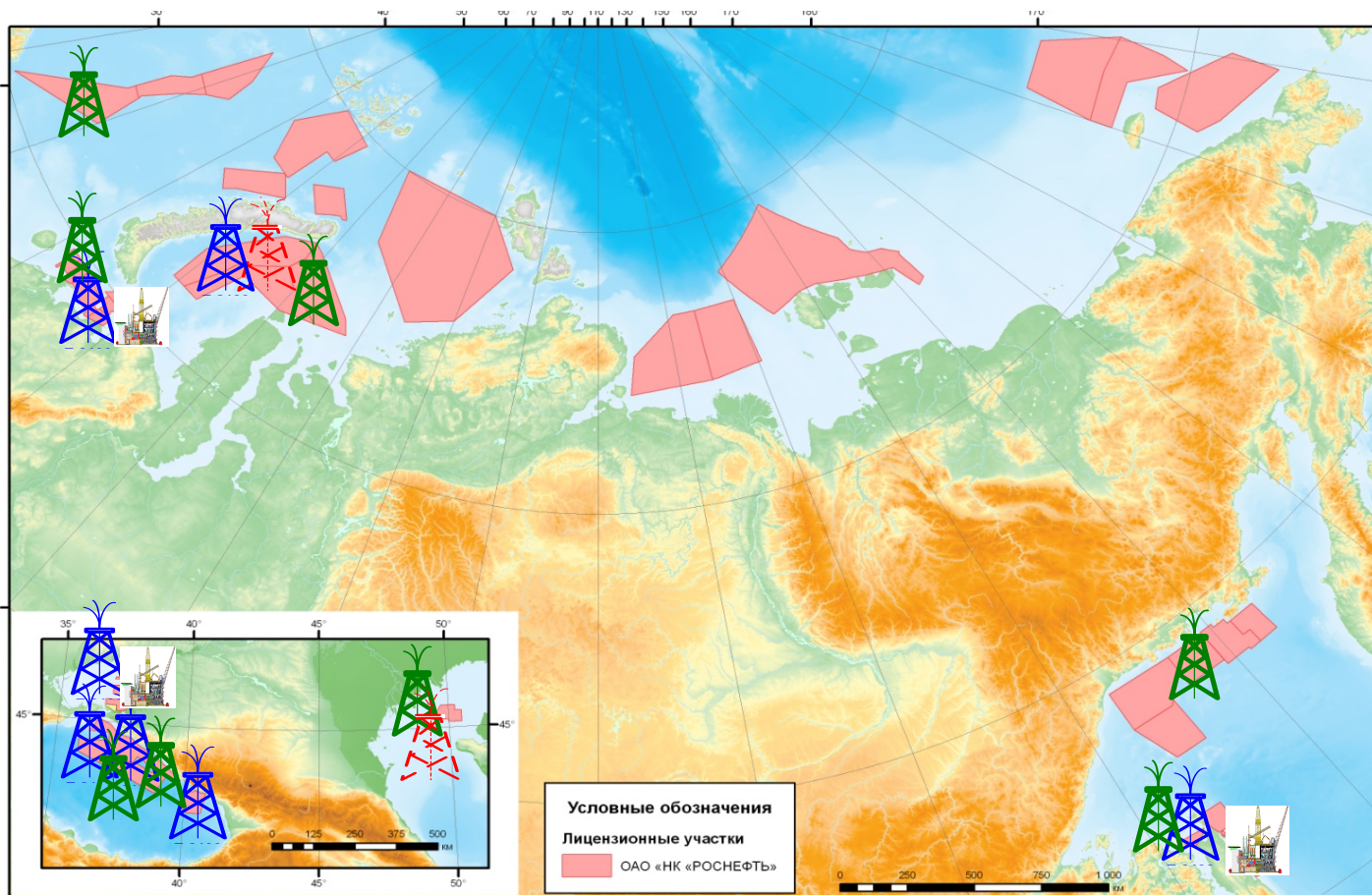
Russian offshore projects among the most attractive in the world






*with similar cost structure, at \$100/bbl oil price

Sources: PricewaterhouseCoopers' Worldwide Tax Summaries: Corporate taxes 2013/14, EY: Global oil and gas tax guide 2013


Shelf Drilling Program in 2014-2016



Drilling of E&A wells:

-  - in 2014 (2 wells)
-  - in 2015 (7 wells)
-  - in 2016 (8 wells)

Drilling of development wells:

-  - in 2015-2016 (3 wells)

- Consistent increase in scope of prospecting and appraisal drilling starts from 2014.
- Exploration drilling and new fields coming on stream start from 2015.
- In 2014-2016, prospecting and exploration drilling work will cover West Arctic, Far East and all south seas. Prospecting and appraisal drilling in East Arctic starts from 2019.

Arctic Challenges



Year-round production, shipment and export of oil by tankers from the Kara Sea will require a system to manage ice conditions

Complicated logistics:
Limited access to supply and support infrastructure



Hard environmental conditions:

- Extremely cold winter with long polar night;
- Permafrost;
- Presence of water ice (wind drift of ice up to 2 kmph);
- Limited visibility (less than 500m) due to fog and snowstorm

Wind speed over 15 m/sec.

The research "Kara-Winter 2013" showed that the ice conditions in the waters of the East Prinovozemsky license areas is significantly harder than expected ("Kara-Winter 2013").

Arctic challenges

High environmental sensitivity:

- Presence of populations of marine mammals and migrating birds



Technological challenges:

- Designing, construction and operation of vessels, sea platforms, and equipment capable of trouble-free operation in the Arctic conditions;
- Need to implement innovative technologies

To withstand such ice loads, a platform must be stronger and larger than those used in Sakhalin. Combination of sea depths over 150 m and ice load of hammock with a maximum keel draft of 26 m is a very challenging engineering problem to design structures ("Kara-Winter 2013").





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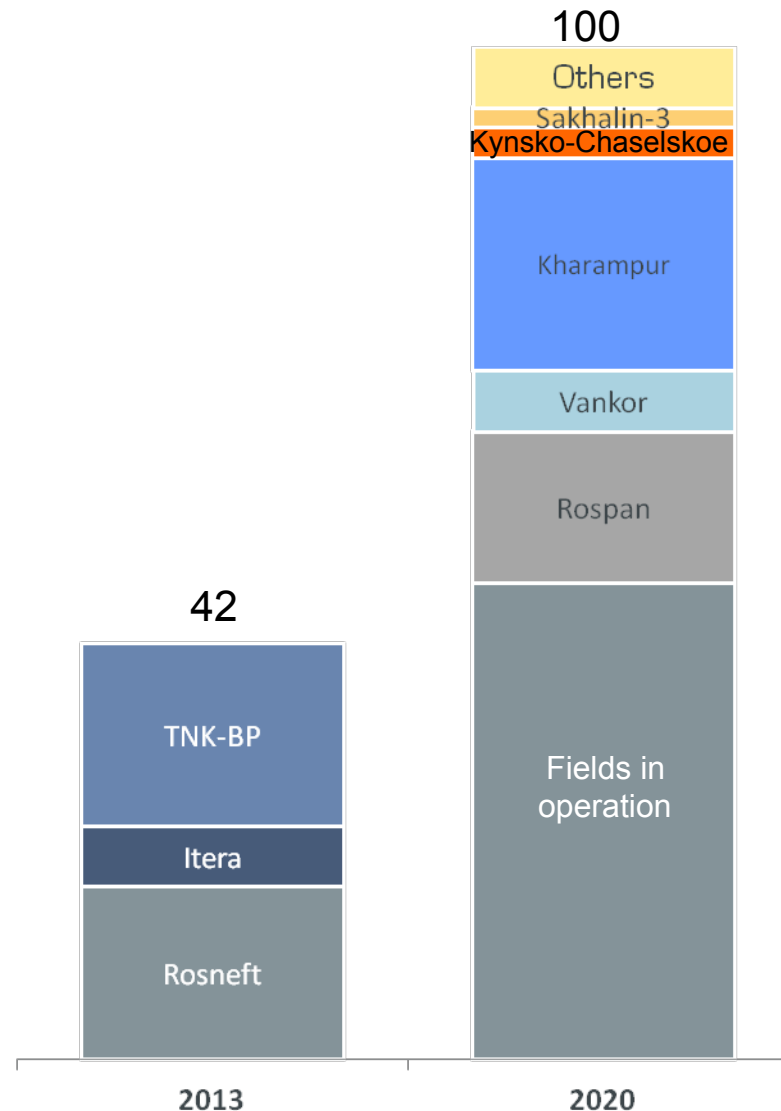
Gas

Rosneft Gas Business Development



Current gas business

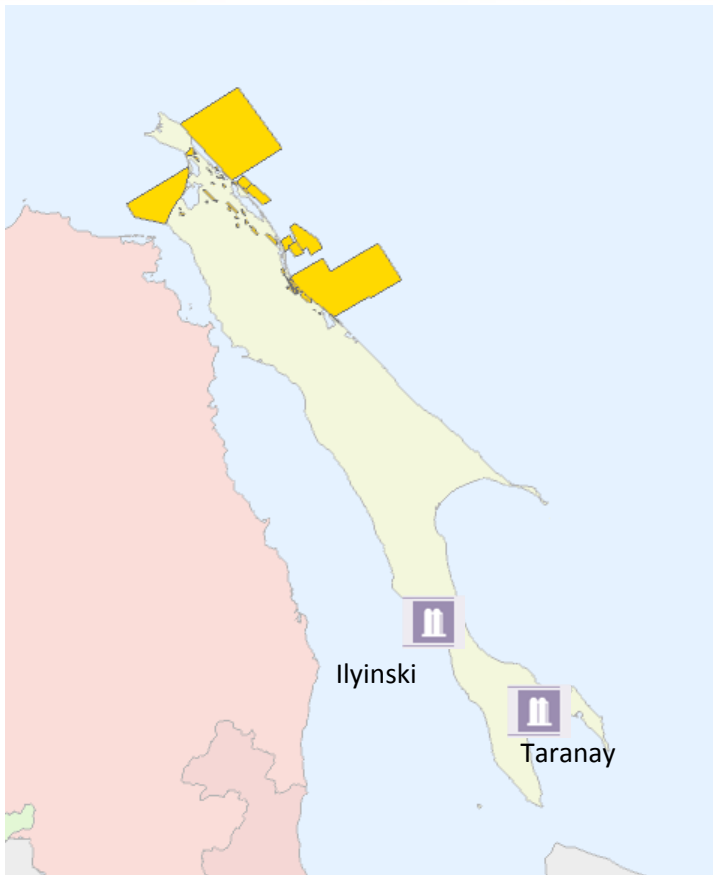
- Company's share in the domestic market – 10%
- Gas production - 41 BCMA
- Gas reserves - 6,1 TCF (1/3 of total hydrocarbon reserves)
- 100% Consolidation of TNK-BP and Itera – regional distribution chain
- More then 80 BCMA is contracted on long-term basis




Strategic goals

- Gas production – 100 BCMA by 2020
- Start LNG production and export - 5 MTPA from 2018
- Development of new offshore gas production centers in Arctic and Far East
- Perform vast exploration program in cooperation with strategic partners
- Achieve 95 % level of associated petroleum gas usage
- Development of new technologies including unconventional gas production

Russian Far East LNG



 Possible location of Russian Far East LNG

 Resource base

Resource base:

Rosneft 119 bcm

Sakhalin-1 458 bcm



- 1 train, production capacity 5 mtpa
- Possible construction of the 2nd train, potential to double production
- Location – Sakhalin island
- HOA signed for the full capacity of the 1st train with Vitol, Marubeni, SODECO
- FEED to be completed in Q1 2015
- Launch in 2018



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Localization

Growing need for new marine equipment for offshore development



**Rosneft priority needs for marine equipment*:
106 platforms, about 400 vessels**

TRANSPORT SHIPS



SUPPORT SHIPS



MARINE EQUIPMENT



Two new shipyards are planned to be built:

- Zverda Shipyard (Primorski Krai)
- Novo-Admiralteyskaya Verf Shipyard (island of Kotlin, St. Petersburg)

Equipment of manufacturing facilities:

- newest process equipment
- robotic centers
- mechanized and automated production lines
- multi-purpose tooling ensuring high level of engineering, automation of processes. quality and competitiveness of finished products

Main customers:

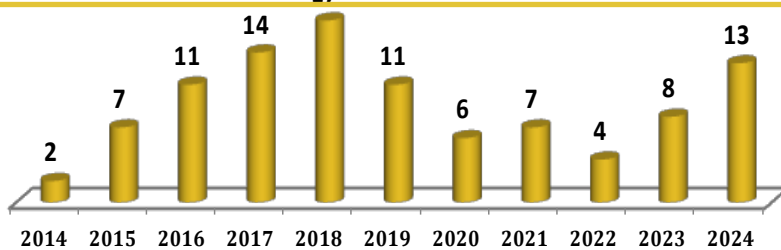
- Russian oil and gas companies: Gazprom, Rosneft, Novatek
- Russian shipping companies: Sovcomflot and others.

Schedule of building – by 2020

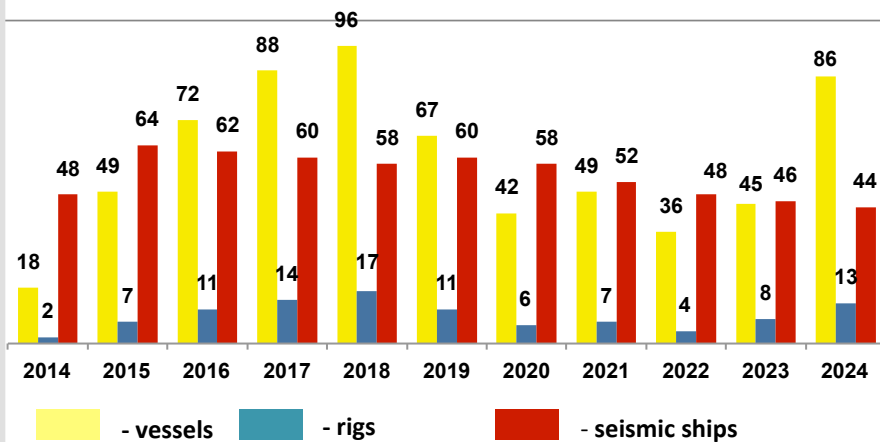
Demand for Vessels and Marine Equipment for E&A and Drilling in the Period from 2014 to 2024



Well drilling, Total of 100 wells



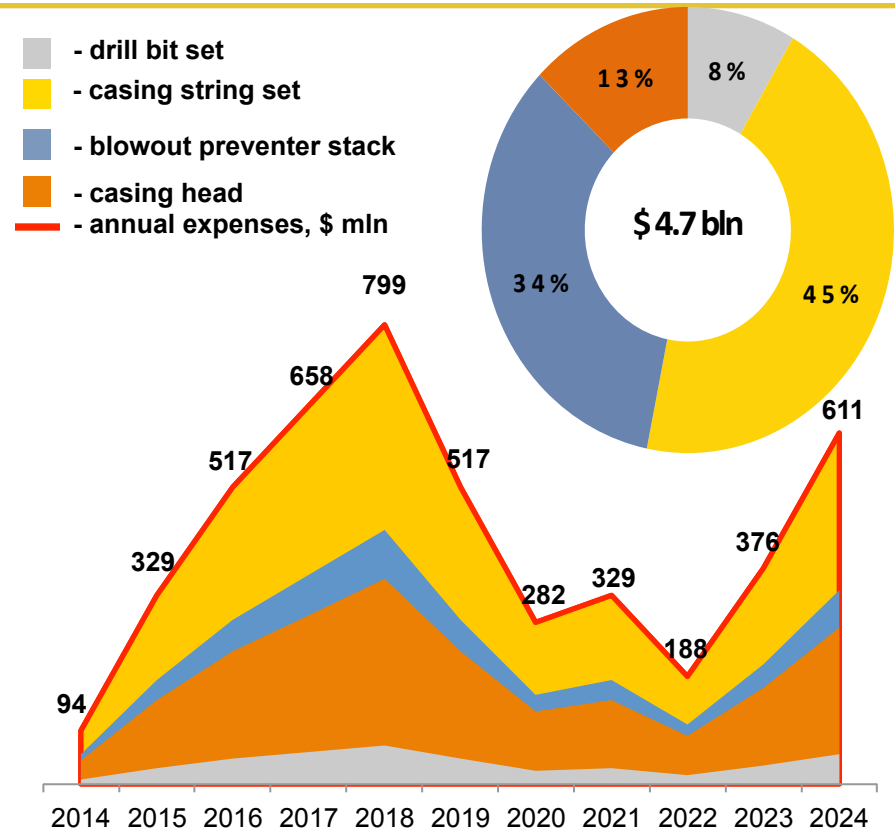
Demand for vessels and marine equipment, pcs



Zvezda shipbuilding cluster

- Construction of super shipyard in the south of Primorye in Bolshoi Kamen Bay and Pyat Okhotnikov Bay – launch in 2016.
- An engineering design center for vessels and marine equipment to be used in offshore projects
- Project operator – a consortium of Rosneft, Gazprombank, Sovkomflot and Korea's DSME

Equipment and materials for offshore wells



Strategic partnership with General Electric

- Establishment of an application engineering and training center and a joint R&D center in Russia in Q1 2014.
- Construction of a manufacturing facility to produce GE 6FA turbines in Rybinsk – launch in 2014.

Thank you for your attention



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