

BAZHEN TECHNOLOGICAL CENTRE

NEW INDUSTRIALIZATION OF WESTERN SIBERIA

BAZHENOV FORMATION

760

MNT

CONSERVATIVE FORECAST FOR RECOVERABLE RESOURCES AVAILABLE WITH THE CURRENT LEVEL OF TECHNOLOGY

The Bazhenov formation consists of a bed of rocks that is 30-80 m thick in Western Siberia at depths of 2,000-3,000 metres over an area of more than 1 million square km. Its oil resources are classified as non-conventional: oil is located in small, disjointed pores with rock permeability that is 99.9% less than that of traditional deposits.



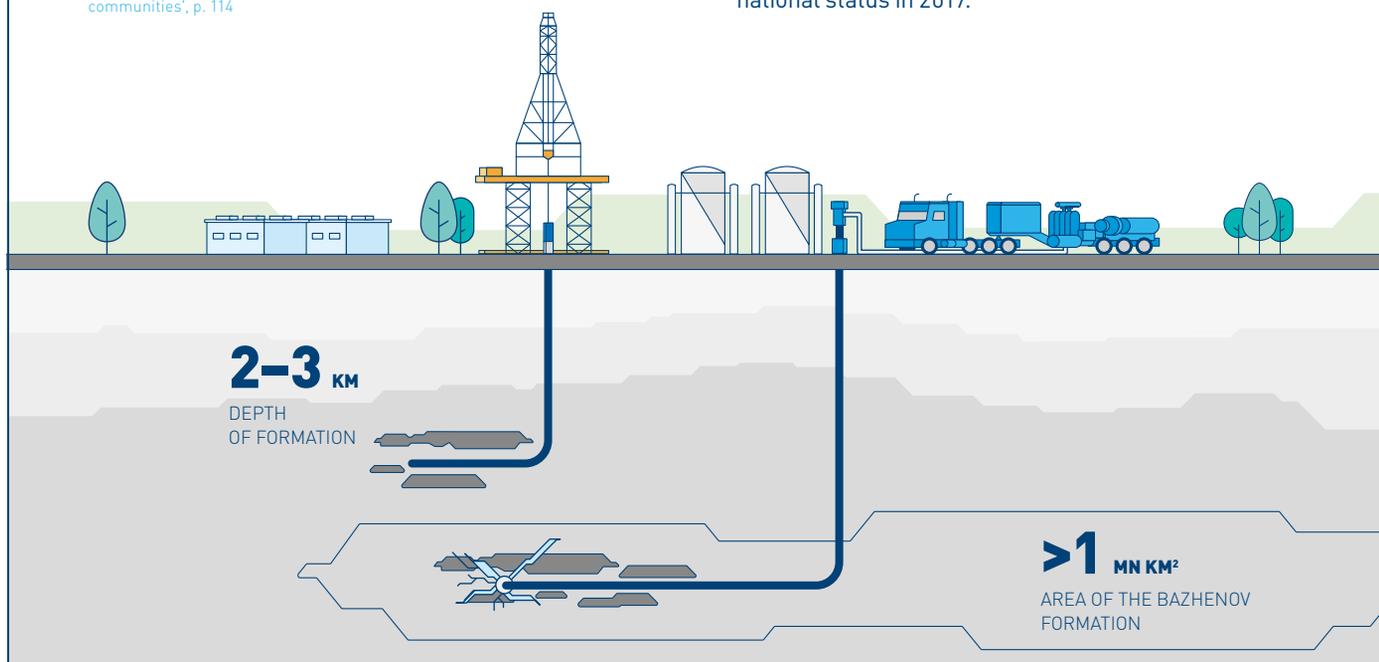
For more on the Bazhen project, see the section 'Regional policy and the development of local communities', p. 114

18-60

BN T OF OIL

GEOLOGICAL RESOURCES

A scientific consortium consisting of Moscow State University, Moscow Institute of Physics and Technology, Gubkin Russian State University of Oil and Gas, the Skolkovo Technical Centre, and Gazprom Neft as a production partner was established to study the Bazhenov formation. Gazprom Neft and its partners are setting up the Bazhen Technological Centre at the key test site – the Palyanovskaya area of the Krasnoleninskoye field in Yugra – as an open platform for the development of technologies. The project was granted national status in 2017.



Development of mature fields

The resource base of the Company's current assets has been marked by a deterioration in the structure of the remaining industrial reserves as most fields enter into the late stage of development. Fields in the third and fourth stages of development accounted for more than 30% of the oil produced at Gazprom Neft's current assets (100%) in 2017. However, due to the increased use of high-tech drilling and tertiary methods for boosting oil recovery, the Company

is consistently enhancing the efficiency of the development of these reserves.

In addition, gas production increased by 1.2 billion cubic m in 2017 versus the previous year due to an additional programme involving geological and technical measures at mature fields.