

The actions undertaken by the Company to develop its business in 2015 were consistent with the long-term plans, development priorities and goals set forth in the corporate strategy. Particular attention was devoted to the introduction of new production technologies in the Company’s traditional regions, the implementation of strategic projects in the northern Yamal-Nenets Autonomous District and projects to develop the Arctic shelf, modernise oil refineries and develop the sales business.

KEY CHANGES TO GAZPROM NEFT’S STRATEGIC VISION IN 2015-2016

The current economic situation is a significant factor for the Company and may require local changes such as an adjustment to the project implementation schedule and sequence. The Company concedes that short-term priorities may be displaced in favour of projects with short payback periods and projects that generate a positive cash flow in the medium term. However, the key long-term goals of Gazprom Neft remain important, attainable and unchanged. The strategy pursued by Gazprom Neft demonstrates its resilience to changes in the external environment.

Exploration and production

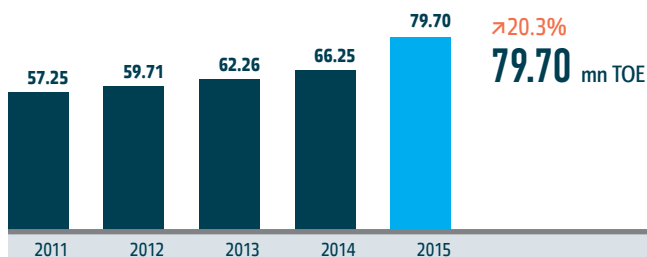
In 2015, Gazprom Neft maintained its positions among Russian oil companies as an industry leader in terms of oil and gas production. Commercial hydrocarbon production increased 20.3% to 79.7 million TOE compared with 2014.

These results are due to:

- increased production at the Prirazlomnoye and Novy Port fields;
- an increase in the Company’s stake in the joint enterprises SeverEnergiya and Northgas;
- improved operating efficiency at mature fields.

COMMERCIAL HYDROCARBON PRODUCTION // mn TOE

Source: Company data



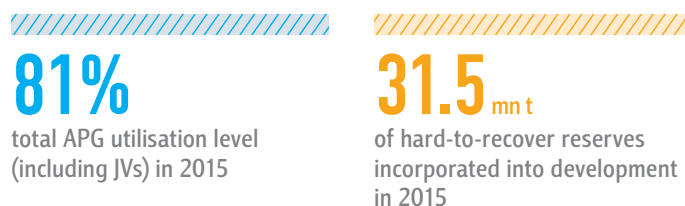
GOAL AND RESULTS IN 2015

Goals	Results
PRODUCTION AT MATURE FIELDS	
Commissioning of three new fields with total initial recoverable reserves of 14.5 million tonnes (South Pudinsky licence area as well as the East Myginskoye and the Valyntoyskoye fields)	The Kulginskoye and South Tabaganskoye (part of the South Pudinsky licence area) fields were put into operation.
Maintaining a rate of production growth greater than 2014 levels	Production increased 20.3%.
Increasing production efficiency and rapidly responding to changes in the macro environment	Horizontal drilling grew 12.5%, including a 42% increase in the number of high-tech wells with multi-stage hydraulic fracturing. The advanced technologies employed improve the effectiveness of reserve development.
IMPLEMENTATION OF MAJOR PROJECTS	
Completion of the installation and preparation of a terminal for year-round oil deliveries at Novy Port	Completion of the installation of an Arctic terminal at the Novy Port field. Preparations launched for year-round raw commodity shipments from Novy Port in tankers arriving at Mys Kamenny accompanied by nuclear icebreakers.
Commissioning of the Yaro-Yakhinskaya complex gas treatment plant (with capacity of 7 billion m ³ per year) across the full processing cycle	Commissioning of a complex gas treatment plant and a condensate de-ethaniser unit at the Yaro-Yakhinskoye oil and gas condensate field.
Continued development of drilling and increased production at the Prirazlomnoye and Badra fields	The first few million tonnes of oil were produced at the Prirazlomnoye and Badra fields.

Other events of the reporting period:

- first stage of the study of Bazhenov formation reserves successfully completed at the South Priobskoye field in KMAD-Yugra in 2015;
- two unproductive fields were classified as unprofitable (North Pyamaliyahskoye and Baleykinskoye);
- inclusion of 22 million tonnes of hard-to-recover reserves in development work.

The Company is actively developing its gas operations based on the commercialisation of its reserves of associated and natural gas extracted from oil fields, and increasing the value of this gas. Gazprom Neft utilised 81% of associated petroleum gas (APG) in the reporting period, including its joint ventures (JV).



GAS PRODUCTION // bn m³

