

UPSTREAM DIVISION

The main energy efficiency indicator at Upstream Division facilities is the specific electricity consumption for liquid extraction. In 2015, this figure decreased 1% compared with 2014. The Energy Efficiency Programme exceeded its target by 92% in 2015. The Upstream Division had energy savings of 205 million kWh (RUB 640 million).

Highlights of 2015:

- use of high efficiency electric submersible pump units;
- introduction of permanent magnet motors;
- operation of downhole equipment in periodic operating modes;
- reduction in water produced and its pumping into the formation (shutdown of unprofitable wells and performance of geological and technical measures);
- selection of the optimal size and replacement of pumping units at water-injection and booster pumping stations and initial water separation units;
- installation of variable frequency drives on pumping equipment;
- reduction in power grid losses.

In 2015, the Division completed the cycle of introducing and certifying the EMS in accordance with the standards ISO 50001:2011 and GOST R ISO 50001:2012. The Upstream Division's corporate headquarters, Gazpromneft-Noyabrskneftegaz and Gazpromneft-Khantos all received certificates. A cross functional energy efficiency commission that includes managers of key functions and units within the Division was established for the administrative management of the energy efficiency improvement process. Energy manager staff positions were introduced at all existing assets.

A rating-based survey of the energy management systems was conducted at Upstream Division enterprises throughout the year. The goal of the survey was to identify best practices in energy efficiency and replicate them at subsidiaries. The average rating was 65 on a 100-point scale based on the annual survey cycle.

The Upstream Division's enterprises carried out a number of measures in 2015 that resulted in a 26% decrease in oil shortages when power failures occurred compared with 2014.

Taking into account the targets for oil production, the Company actively developed the capacity of power generation facilities by building new and expanding existing autonomous power stations.

The substantial reduction in the volume of heat consumed for oil production processes in 2015 is attributable to the implementation of an energy conservation programme, the preservation of production sites and changes in ambient air temperatures in 2014 and 2015.

ANTON GLADCHENKO

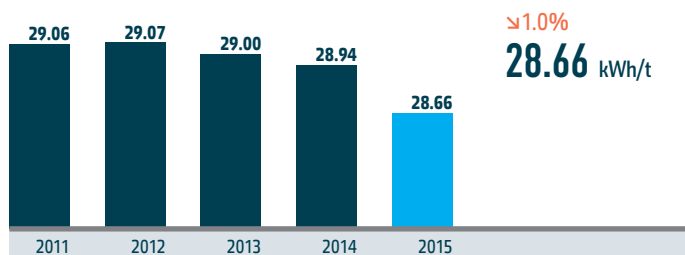
Director of the Gas and Energy Directorate of Gazprom Neft



“ Meeting the challenges of improving the Company's energy efficiency is inextricably linked to personnel motivation. The corporate annual bonus system utilises an indicator based on specific electricity consumption and the implementation of the energy efficiency programme. These indicators are transparent and apply to virtually all the production process functions of Corporate Headquarters and production enterprises. We also conduct energy management training. In 2015, distance learning was offered with approximately 90 specialists from corporate headquarters and subsidiaries receiving training course certificates”.

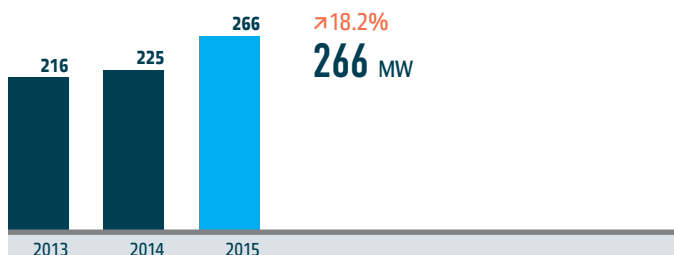
SPECIFIC ELECTRICITY CONSUMPTION FOR LIQUID HYDROCARBON PRODUCTION AT THE UPSTREAM DIVISION // kWh/t

Source: Company data



DEVELOPMENT OF CAPACITY AT POWER GENERATION FACILITIES // MW

Source: Company data



TOTAL ENERGY CONSUMPTION BY THE UPSTREAM DIVISION //

Indicators	2012	2013	2014	2015
Electricity consumption (purchase + generation), MWh	5,690,232	6,032,738	6,177,164	6,419,919
Change vs. previous period, %	6.9	6.0	2.4	3.9
Thermal energy consumption (internally produced and purchased from third-party suppliers), Gcal	294,062	291,033	254,301	234,539
Change vs. previous period, %	-3	-1	-3	-8

CONSUMPTION OF PURCHASED ENERGY //

Indicators	2012	2013	2014	2015
Purchased electricity (minus electricity transferred to third parties), MWh	4,902,184	5,179,842	5,183,377	5,356,476
Purchased thermal energy (minus electricity transferred to third parties), Gcal	29,152	31,623	28,384	22,858

ALEXEY OVECHKIN

CEO of Gazpromneft-Yamal



CONSTRUCTION OF A GAS TURBINE POWER PLANT

In 2015, Gazprom Neft launched construction on a gas turbine power plant (GTPP) at the Novy Port field on the core of six Russian-produced power units with total capacity of 96 MW. The Company also plans to build approximately 100 km of power transmission lines and two 110-kV substations as part of the project. Construction is expected to be completed in 2016-2017. The Novy Port GTPP will be one of the largest on the Yamal Peninsula and will provide electricity for infrastructure to produce and transport the new Novy Port oil blend.

“ One distinctive feature of the Novy Port field is its geographical distance from industrial infrastructure and the harsh climatic conditions that are typical for the Arctic region. The new GTPP will make it possible to avoid a shortage of generating capacity by providing stable power supplies to the project’s facilities, improving the reliability of power supplies and the percentage of APG utilisation, and improving the environmental situation in the region as a consequence.

92%

level by which the Upstream Division’s energy efficiency programme was exceeded in 2015

RUB 640_{mn}

energy savings by the Upstream Division in 2015