



Gazprom has unconventional gas production experience to be further developed

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Press Release

Exploration spending on shale gas projects could top \$1 billion in the next couple of years as local and international players ramp up spending in the fledgling sector.

The new estimates by analysts have doubled from nine months ago and come amid growing concern that Queensland's coal-seam gas resources will not be able to supply eastern Australia's domestic and export demand, with \$60bn worth of CSG export projects being built at Gladstone.

The meeting highlighted that Gazprom had an experience in the unconventional gas production. At present, the Company is engaged in the unique project for Russia: CBM production at the first domestic CBM production facility in the Taldinskoye field in Kuzbass. At that, the technology being applied at the field was developed and tested by Gazprom. Over 30 patents were obtained for the entire technological cycle (from CBM exploration to utilization). In 2011 Gazprom started a trial development of another prospect in Kuzbass – the Naryksko-Ostashkinskaya area. It is planned to maintain steady CBM production in the amount of 4 billion cubic meters per year throughout Kuzbass.

Besides, Gazprom, Gasunie, Eurotechnika and BioGazEnergoStroy signed a Memorandum of Understanding to jointly deliver a project for green natural gas production (fuel produced from biomass and treated to have the same gas quality as natural gas) in Russia. The purpose of this project is to create a business model of green natural gas supplies to European countries. The project is expected to enable Gazprom's entry into a new growing market of green natural gas in the European Union, and to optimize the technology of gas production from renewable sources.

The Board of Directors also addressed technological and economic aspects related to shale gas production. It was mentioned that Gazprom's experience in CBM production in Kuzbass could be applied for shale gas production in the long run.

Considering that Russia possesses a great resource potential of conventional natural gas, production of which is considerably cheaper than unconventional gas even in severe natural, climatic and geological conditions, conventional natural gas will remain the basis for reliable gas supply to Russian consumers and export deliveries. Therefore it is supposed to consider unconventional gas as a source of supplying gas to future generations.

The Board of Directors highlighted the importance of further activities aimed at creating and developing the technologies of prospecting, exploration and development of unconventional gas fields, as well as methods to evaluate the feasibility of such projects.

The Board of Directors also addressed preliminary results of the program for awarding Gazprom's management with the Company's shares and on the ways of improving this activity.

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