

Interfax - CNA
2 Pervaya Tverskaya-
Yamskaya
Moscow, 127006, Russia
Tel. (7-495) 250-2922
cna@interfax.ru

RUSSIA'S GAS INDUSTRY IN 2006-2007

July 2007

MARKET SURVEY

TABLE OF CONTENTS

RUSSIA'S GAS INDUSTRY: MAJOR TRENDS	4
Russia's Consumption of Natural Gas.....	4
Russia's Gas Reserves	7
Natural Gas Production.....	13
Major Trends.....	13
Top Producers	16
Natural Gas Exports	19
Major Trends.....	19
Western Europe.....	21
Central and Eastern Europe.....	22
Former Soviet Union.....	23
Gas Industry: Transportation Issues.....	25
The Unified Gas Supply System	25
Underground Gas Storage Facilities.....	28
Gas Transportation System Development.....	30
Access of Independent Gas Producers to UGSS	33
Gas Distribution and "Gasification" of Russian regions.....	34
Prices for Natural Gas: Regulation and Setting of Russia's Gas Market.....	36
RUSSIAN TOP GAS PRODUCERS.....	39
Gazprom.....	39
Gazprom: Overview	39
Gazprom: Operations Summary.....	41
NovaTEK	55
NovaTEK: Overview	55
NovaTEK: Operations Summary	56
Surgutneftegas.....	60
Surgutneftegas: Overview.....	60
Surgutneftegas: Operations Summary.....	60
Lukoil.....	62
Lukoil: Overview	62
Lukoil: Operations Summary	63
Rosneft	65
Rosneft: Overview	65
Rosneft: Operations Summary	66
TNK-BP	68
TNK-BP: Overview	68
TNK-BP: Operations Summary	69

LIST OF TABLES

Table 1 Sales of Natural Gas in Russia in 2001-2005, bn cub m	5
Table 2 Consumption of Natural Gas in Russia in 1990-2020, mln tonnes of fuel equivalent	6
Table 3 Gazprom Group's Hydrocarbon Reserves in 2005-2006	8
Table 4 Gazprom's Exploration Activities in 2005-2006	10
Table 5 Forecast of Russia's Natural Gas Production in 2007-2010, billion cum meters.....	14
Table 6 Share of Gazprom in Russia's Natural Gas Production in 1998-2006.....	16
Table 7 Depletion of the Biggest Gazprom's Gas Deposits.....	16
Table 8 Russian Major Natural Gas Producers in 2003-2006, million cub m	18
Table 9 Russia's Gas Exports by Value and Share of Exports in Russia's Gas Output in 1998-2006	20
Table 10 Key Destinations of Russia's Natural Gas Exports to Western Europe in 2002-2006, billion cub m	22
Table 11 Key Destinations of Russia's Natural Gas Exports to Central and Eastern Europe in 2002-2006, billion cub m.....	22
Table 12 Key Destinations of Russia's Natural Gas Exports to Former Soviet Union in 2002-2006, billion cub m.....	23
Table 13 Unified Gas Supply System Years in Use	25
Table 14 Russian Gas Transportation in 2004-2006, billion cub m	27
Table 15 Number of Companies Granted Access to the Unified Gas Supply System in 1998-2006	33
Table 16 "Gasification" of Russia's Regions Indicators in 2003-2006.....	35
Table 17 Production Capacities of Gazprom Group's Gas Production Companies in 2004-2005	40
Table 18 Natural Gas Production by Gazprom's Key Subsidiaries in 2004-2006, million cub m.....	40
Table 19 Gazprom's Consolidated Income Statement for 2005 (mln rubles).....	40
Table 20 Gazprom sales for 2006 (million rubles unless otherwise stated)	41
Table 21 NovaTEK Hydrocarbon Reserves in 2004-2006.....	55
Table 22 Natural Gas Production by NovaTEK's Key Subsidiaries in 2004- Jan.-May 2006, million cub m.....	55
Table 23 NovoTEK's Sales of Key Products in 2004-2006	56
Table 24 NovoTEK IAS Income Statement for 2005, RuR mln.....	56
Table 25 Gas Output by Downstream Units of Surgutneftegas in 2004-2006, mln cub meters.....	60
Table 26 Lukoil SPE Reserves	62
Table 27 LUKOIL Gas Reserves As at January 1, 2007.....	62
Table 28 Gas Output by Downstream Units of Lukoil in 2004-2006, mln cub meters	63
Table 29 Rosneft SPE Reserves	65
Table 30 Gas Output by Downstream Units of Rosneft in 2004-2006, mln cub meters	66
Table 31 TNK-BP Holding SPE Reserves	68
Table 32 Gas Output by Downstream Units of TNK-BP Holding in 2004-2006, mln cub meters.....	69

LIST OF GRAPHS

Graph 1 Breakdown of Gazprom's Gas Sales by Major Consumers	5
Graph 2 Breakdown of Supply of Natural Fuel Resources in Russia in 2001-2006	6
Graph 3 Breakdown of Russia's Gas Reserves As of December 31, 2006	7
Graph 4 Distribution of Gazprom's Gas Reserves by Districts in 2006	9
Graph 5 Gas Reserves of Selected Companies, billion cub m	11
Graph 6 Russia's Production of Natural Gas in 1998-2006, billion cub m.....	13
Graph 7 Russia's Production of Natural Gas Via GDP in 2001-2006	14
Graph 8 Russia's Gas Exports in 1998-2006, billion cub m.....	19
Graph 9 Breakdown of Russia's Gas Exports by Key Destinations in 2005-2006	20
Graph 10 Unified Gas Supply System in 2002-2006, thousand km.....	26
Graph 11 Market-Grade Natural Gas Volumes in Russian UGSF, bn cub m	28
Graph 12 Commissioning of New Gas Pipelines in Russia in 2002-2006, km	30
Graph 13 Share of Gazprom in Russia's Production of Natural Gas in 2003-1H2007	39
Graph 14 Share of NovaTEK in Russia's Production of Natural Gas in 2003-1H2007	55
Graph 15 Share of Surgutneftegas in Russia's Production of Natural Gas in 2003-1H2007	60
Graph 16 Share of Lukoil in Russia's Production of Natural Gas in 2003-1H2007	62
Graph 17 Share of Rosneft in Russia's Production of Natural Gas in 2003-1H2007	65
Graph 18 Share of TNK-BP in Russia's Production of Natural Gas in 2003-1H2007	68

INTERFAX - CORPORATE NEWS AGENCY

Phone: +7 095 2502922

Fax: +7 095 2502584

E-mail: cna@interfax.ru

Publications Available

- Hard Copy or E-Mail

Russia's Market for Food and Beverages. July 2007

The survey provides information on key trends of Russia's foodstuffs market, structure of the market by products, price trends, drivers of consumer demand, expansion of retail chains as well as top performing market segments (meat and poultry, dairy products, confectionery, juices, fruit, drinking water, baby food).

Russia's Fertilizer Industry in 2006-2007. June 2007

The survey provides information on major trends in development of world and Russia's fertilizer industry in 2006-2007, output of nitrogen, phosphate and potash fertilizers, exports by volumes and destinations, financials, regional production, holding's structure (EuroChem, Acron Holding, Phosagro, Konstruktivnoye Bureau), performance of key companies (Uralkalii, Silvinit, Togliattiazot, Ammophos, Novomoskovsky Azot, Acron, Kuibishevazot, Nevinnomyssky Azot, Minudobreniya, Kemerovo Azot, Cherpovets Azot, Berezniki Azot, Dorogobuzh).

Russia's Agriculture in 2006-2007. June 2007

The survey provides information on major trends in Russia's agriculture in 2006-2007, regulation, export performance, import penetration, fixed-capital and foreign investments, financials, regional production of key products, holding's structure (Razgulay Group, Cherkizovo Group, APK Agros, Yugtransitservice, Grain Company Nastyusha, Prodo, APK OGO,EFKO Group, RusAgroProekt, Yug Rusi), performance of key sectors (plant growing, livestock agriculture). The survey also studies comparative profitability of main subindustries in Russia and in seven federal districts as well as ranking of 700 major agricultural companies by sales revenue, ROS, ROA, ROE ratios.

Russia's Gold Industry in 2006-2007. June 2007

The survey provides information on major trends in Russia's gold industry in 2006-2007 (demand, gold reserves, mine, incidental, secondary gold production, exports, output by regions and companies as well as performance of top gold producers in 2006-2007 (Polyus Gold, Peter Hambro Mining, Polymetal, Highland Gold Mining, Buryatzoloto, Amur Cooperative, Susumanzoloto, Vysochaishy, Yuzhuralzoloto, Kinross Gold). The survey also studies comparative profitability of major gold producing regions and 100 top gold enterprises by ROS, ROE and ROA ratios.

Major Russian Holdings in 2006-2007: New Challenges and Opportunities. May 2007

The survey provides an insight in structure and performance of 17 top holdings in their key business areas (Gazprom, Lukoil, Alfa Group, Interros, Rosneft, Basic Element, Renova, Surgutneftegaz, Severstal, Evrazholding, AFK Sistema, Rosoboronexport, Tatneft, Magnitogorsk Iron & Steel Works, Novolipetsk Steel, Mechel Steel Group, Gazmetall).

Russia's Tire Market. April 2007

The survey provides information on major trends in Russia's tire market (market size, supply and demand of tires for cars, trucks, buses, agricultural vehicles, import penetration, retail nets of world top tire producers, market forecast). The survey also covers holding structure (Tatneft-Neftekhim, Sibur-Russian Tires, Amtel-Vredestein) as well as performance of top tire producers in 2006-2007 (Nizhnekamskshina, Yaroslavl Tire Works, Omskshina, JV Omskshina-Matadar, Uralshina, Voltire-Prom, Amtel-Povolzhyie, Amtel-Chernozemye, Nokian Tyres, Michelin).

Russia's Ferrous Metals Sector in 2006. April 2007

The survey provides information on major trends in Russia's ferrous industry in 2006 (production and exports of iron ore, pig iron, steel, rolled stock, steel pipes, metalware, regulation, financials), holdings structure as well as performance of top steel and pipe producers in 2006-2007 (Severstal, Evrazholding, Magnitogorsk Metallurgical Combine, Novolipetsk Metallurgical Combine, Mechel Steel Group, Urals Steel, Oskol Electrometallurgical Combine, Pipe Metallurgical Company, United Metallurgical Company, ChTPZ Group). The survey also studies comparative profitability of major ferrous enterprises by ROS, ROE and ROA ratios.

Russia's Oil Sector in 2006. March 2007

The survey provides information on major trends in Russia's oil industry in 2006 (oil reserves, drilling, wells fund, oil and gas production, refining, exports of oil and oil products, transportation issues, regulation, stock market), as well as performance of 9 Russian oil companies (Lukoil, Rosneft, Surgutneftegas, TNK-BP, Gazprom Neft, Tatneft, Rusneft, Slavneft, Bashneft) and structure of oil holdings, strategy, M&A, financials. The survey also studies comparative profitability of major oil producing and

refining enterprises by ROS, ROE and ROA ratios.

Russian Coal Industry in 2006. February 2007

The survey provides information on major trends in the industry (reserves, production, ranking of key producers of bituminous, coking coal and lignite, regional production, transportation issues, sector's restructuring, export performance, holdings' structure, M&A) as well as recent performance of seven top holdings and companies (SUEK, Kuzbassrazrezugol, Yuzhny Kuzbass, Yuzhkuzbassugol, Vorkutaugol, Rospadskaya, Yakutugol). The survey also studies comparative profitability of 100 major enterprises of the industry by ROS, ROE and ROA ratios in 2005.

A Comprehensive Insight in Russia's Retail Market in 2006. January 2007

The survey covers key trends and challenges of Russia's retail market, structure of retail trade by products and regions, price trends, drivers of consumer demand, expansion of retail chains, as well as key market segments (foodstuffs, alcohol beverages and beer, tobacco, clothes and footwear, white goods and consumer electronics, pharmaceuticals, cosmetics and perfumery). The survey also studies comparative profitability of subindustries and 250 top companies producing goods for retail market. The survey covers regional retail markets' potential, including market volume, incomes and spending of population, financial performance of major retail companies.

A Comprehensive Insight in Russia's Construction Activity in 2005-2006. December 2006

The survey provides information and analysis of key drivers of Russia's construction activity (macroeconomic, industrial, social), key market segments (non-residential, residential), fixed-capital and foreign investments, financials, major construction projects, key companies on the market as well as trends in the industry of construction materials. The survey also studies comparative profitability of major enterprises of construction sector and industry of construction materials by ROS, ROE and ROA ratios.

Russia's Timber, Woodworking, Pulp and Paper Industry in 2005-2006. December 2006

The survey provides information on major trends in the industry and its key sectors (production of timber, saw-timber, fiberboard, particleboard, plywood, pulp, paper, cardboard) as well as export performance, regulation, investments, financials, M&A, ranking of major producers, recent performance of top 10 companies (Mondi Business Paper Syktyvkar LPK, Arkhangelsk Pulp and Paper Mill, Ust-Ilimsk Timber Complex, Volga, Kotlass Pulp and Paper Mill, Solikamskbumprom, Bratsk Timber Complex, Kondopoga, Svetogorsk, Segezha Pulp and Paper Mill). The survey also studies comparative profitability of 100 major enterprises of the industry by ROS, ROE and ROA ratios in 2005.

INTERFAX – CORPORATE NEWS AGENCY

Head of Research

Dr. Igor Y. Volosov

Tel.: +7 095 2502922

Fax.: +7 095 2502584

E-mail: cna@interfax.ru

Internet: <http://spark.interfax.ru/>

Interfax - Corporate News Agency has become Russia's leading provider of business, financial and risk-related information to clients doing business with Russia, CIS, Baltics, Central and Eastern Europe. Interfax-CNA's research products are widely recognized as an unbiased information source.

The company cooperates closely with SPARK Database, the Economic Development and Trade Ministry, the Ministry for Industry and Energy, the State Customs Service, Federal Financial Markets Service and other key agencies. Interfax-CNA also relies on data feed from Interfax News Agency, which has earned the reputation on the world market of an independent, competent, and reliable source of news and information.

Interfax-CNA product range includes:

- Profiles on more than 700 000 Russian companies
- Profiles on Russian banks and insurance companies
- Marketing profiles (regions, goods, producers, exporters etc.)
- In-depth analysis on Russian markets and industries
- Macroeconomic research and policy impact analysis
- Identification and evaluation of potential business partners
- Individual data search