

## Japan-Russia Energy and Environment Dialogue in Niigata










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Niigata, Japan

### Successful joint projects with JOGMEC

Effective negotiations between JOGMEC and Irkutsk Oil Company commenced in 2007. By the year end the negotiations process was successfully finalized by incorporation of a JV ZAO INK-Sever with a primary objective to perform geological study of the Severo-Mogdinsky subsoil block located in the north of Irkutsk region along the border of the Republic of Sakha (Yakutia).

In April 2008, ZAO INK-Sever became a license holder of the Severo-Mogdinsky subsoil block.


The parties cooperate in two main areas:

- Developing subsoil including geological exploration; and
- Exploring ways and means to implement economically feasible projects of gas utilization and gas monetization.

In 2009, we started prospect drilling which brought positive results in the first well and commercial inflows of oil in the second well.

The geological data which we acquired in the block enabled us to perform interim assessment of reserves, submit a report with this assessment to the State Reserves Committee under ROSNEDRA (GKZ), get approval on the state review and name the newly discovered field after Mr. Sinyavsky, a renowned Irkutsk geologist.

Discovery of a new field inspired us for stimulation of further cooperation and speeding-up of works.



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## Successful joint projects with JOGMEC

Cooperation of JOGMEC and Irkutsk Oil Company resulted in acquisition of positive and promising geological data and guided the parties to expand joint work.

In 2009, one more JV - ZAO INK-Zapad – was established. It operates in two license blocks – Zapadno-Yaraktinsky and Bolshetirsky. Both blocks are located in Irkutsk region 200km to the north of Ust-Kut, which is a large transportation connection point in Eastern Siberia.

Operations performed in these blocks include geophysical exploration and prospect drilling. Re-activated and newly drilled wells penetrated pay zones and testing of wells is now underway. We obtained positive results which gave us hope for potential discoveries of new fields within Zapadno-Yaraktinsky and Bolshetirsky blocks.

At the moment, Japanese and Russian sides of ZAO INK-Sever and ZAO INK-Zapad are performing geological study of three abovementioned license blocks and it should be mentioned that:

- We comply with the works schedule set out in license agreements and even perform these works ahead of schedule;
- We've started pilot production of a prospect well and spudded exploratory wells in the newly discovered B. Sinyavsky field;
- Scope of seismic data CDP 2D acquired by our JVs is more than required by the license and these works are in progress;
- In 2011-2012 field season we've started CDP 3D seismic acquisition in the Severo-Mogdinsky block;
- We started and plan to continue implementing advanced methods such as TEM sounding, petrophysical exploration, intensive well logging etc., which improve the efficiency of works, in order to combine and make the information value of geophysical studies better (this includes contracting such companies as Schlumberger and Baker Hughes).

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In the nearest future, ZAO INK-Sever and ZAO INK-Zapad plan to continue works in the Severo-Mogdinsky, Zapadno-Yaraktinsky and Bolshetirsky license blocks and implement geological exploration projects. Depending on the results of these works, which hopefully will be quite positive, we will resolve on concrete projects of blocks and fields development including production phase, making infrastructure etc.

Irkutsk Oil Company and JOGMEC also plan to cooperate in geological exploration of new license blocks which potential is to be assessed and approved by both partners in advance.



THANK YOU!