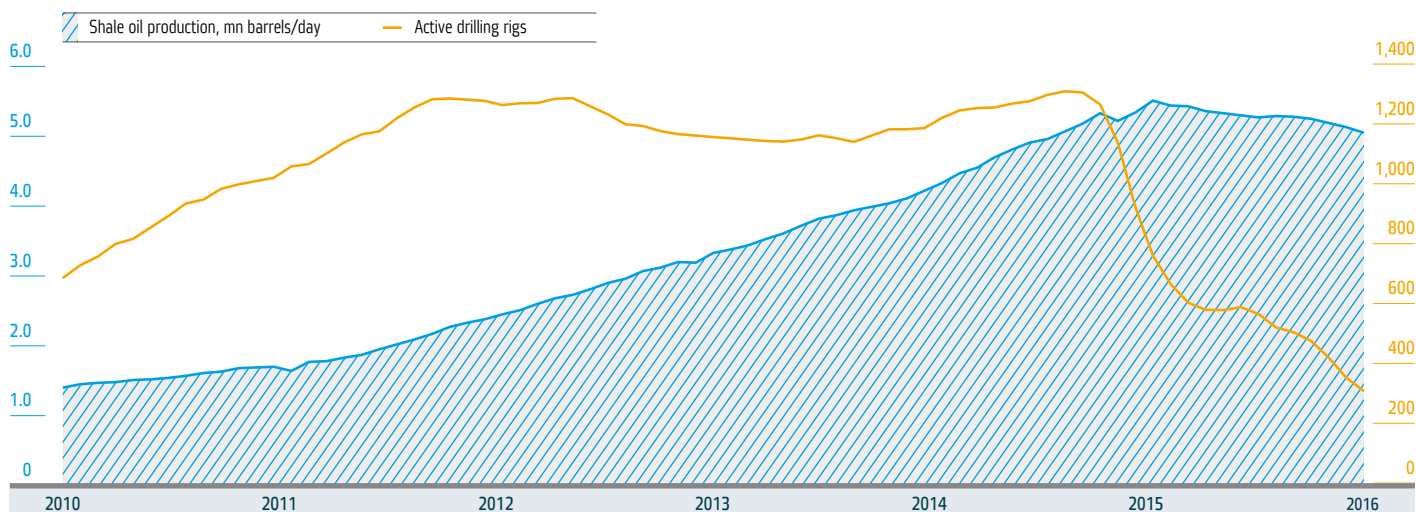


GLOBAL INVESTMENT IN OIL

ACTIVE DRILLING RIGS AND SHALE OIL PRODUCTION DYNAMICS IN THE U.S. //

Source: U.S. EIA

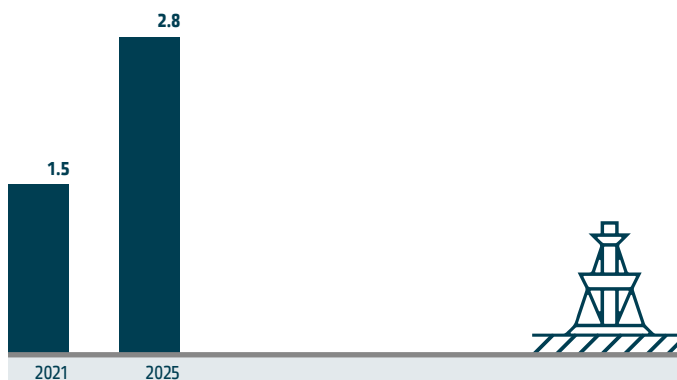


The decline in oil prices had serious consequences for the extraction of hard-to-recover oil. The number of active oil drilling rigs in the U.S. plummeted 62% year-on-year in 2015. After peaking in spring 2015, oil production from low-permeability reservoirs had decreased by 0.3 million barrels per day as of the end of the year.

At the same time, conventional oil production remained stable due to proactive investments in new projects when oil prices were still at high levels in 2011-2013. Oil companies around the world began postponing or freezing projects with total investments of USD 380 billion once oil prices started tumbling in the second half of 2014 and this continued throughout 2015. These projects would have ensured production of 1.5 million barrels per day in 2021 and 2.9 million barrels per day in 2025. The effect from decreased investment in the industry may start to appear in oil production volumes in the coming years.

OIL PRODUCTION AT POSTPONED PROJECTS VERSUS PROJECTED GLOBAL PRODUCTION FOR THE CORRESPONDING YEAR // %

Source: Gazprom Neft estimates



GLOBAL MARKET IN 2016

FACTORS THAT WILL IMPACT THE HYDROCARBON MARKET IN 2016

- Oil production dynamics in OPEC countries
- Pace of the slowdown in production in the U.S. and outside OPEC as a whole
- Pace of global economic growth and demand for oil
- Oil reserve dynamics in storage depots