



Jadran Naftagas presented preliminary results of oil and gas exploration at the territory of the Republic of Srpska

In Banja Luka, on the occasion of the anniversary of oil and gas exploration at the territory of the Republic of Srpska, a public presentation of the results that the company “Jadran Naftagas” achieved until present was held, and the drilling of the first exploration well in this region was announced.

Exactly a year ago, on 26 September 2011, the company “Jadran Naftagas” (a joint venture of NIS and Russia’s Zarubezhneft) and the Ministry of Industry, Energy and Mining signed a concession agreement for the exploration or exploitation of hydrocarbons (crude oil and gas) at the territory of the Republic of Srpska. The concession was obtained for a period of 28 years (three years for exploration and 25 years for exploitation). Based on this agreement “Jadran Naftagas” committed to, on the basis of the approved feasibility study, invest \$ 229 million (the value of investments planned for the exploration is 40.7 million dollars, and for the exploitation phase 188.3 million dollars, in case the reserves are proven) into exploration and exploitation of hydrocarbons at the territory of the Republic of Srpska.

The plan of geological and exploration works foresees implementation of 350 km of regional seismic prospecting, 1,200 km of detailed 2D and 400 km² of 3D seismic prospecting and elaboration of several designs and studies. So far, a reinterpretation of old seismic data, and de-conservation and testing of two old wells that confirmed the existence of oil and gas in traces, as well as new tests (Novi Grad – Doboj (210 km), the exploration area Semberija (516 km), the exploration area Posavina (310 km), Banja Luka – Zvornik (303 km), Majeвица (100 km)), and the project foresees the drilling of additional exploration wells. In the period 2011-2012, 10 million euros will be invested into geological exploration works.

2D and 3D seismic prospecting is a fundamental method of oil and gas exploration. The aim of these explorations is to examine the general geological structure, define the geological model and identify the most promising sites for further detailed explorations of oil and gas.

Processing of acquired seismic data was performed in the NIS Scientific and Technology Center, and currently the interpretation of these data is in progress. The goal is to, by the end of the year, in cooperation with experts from Gazprom Neft and Zarubezhneft define locations for drilling of the first exploratory well at the territory of the Republic of Srpska. The start of the drilling is expected in the first quarter of 2013, while the result of this drilling will provide directions for future oil and gas exploitation in this area.

Oil and gas exploration in the territory of the Republic of Srpska have been conducted for more than 100 years. Although there are a number of wells with occurrences of oil and gas, there are still no discovered commercial oil deposits.

“Jadran-Naftagas”, a joint venture of NIS (majority owned by Gazprom Neft), with a 66 percent stake in the share capital and “NeftegazInKor”, with 34 percent of ownership, the daughter company of the Russian company “Zarubezhneft”, was founded on 23 December



2010 and deals with the exploration and production of hydrocarbons at the territory of the Republic of Srpska.

The company "Jadran Naftagas" owns the concession for the exploration and exploitation of hydrocarbons (crude oil and gas) throughout the territory of the Republic of Srpska based on Resolution No. 04/1-012-2-1278/11 of 16.06.2011. adopted by the Serbian Government and the Concession Agreement No. 05.01/31/1114/11 concluded on 26.09.2011. between the company "Jadran Naftagas" d.o.o Banja Luka, as a concessionaire on the one hand and the Government of the Republic of Serbian – Ministry of Industry, Energy and Mining, as concedent on the other.

**Deputy CEO –
Director of Function for Legal and Corporate Affairs**

Sergey Fominykh
