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Rosneft, CUPET Enter into a Brownfield Cooperation Contract

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RN-Exploration (Rosneft Group Subsidiary) and Union CubaPetroleo (CUPET), the state-run oil company of the Republic of Cuba, have entered into a contract for enhancing oil production at Varadero - East Central Block. The document was signed Rosneft Chief Executive Officer Igor Sechin and CUPET General Director Juan Torres Naranjo.

In accordance with the document, the parties shall jointly review the development and operation conditions of Varadero - East Central Block field to identify opportunities for enhancing well stock operation efficiency and executing wellwork activities targeting enhanced oil recovery.

The contract was concluded in furtherance of the Cooperation Agreement which the parties signed during the visit of the Russian President Vladimir Putin to Cuba in July 2014.

Rosneft's participation in energy related projects in Cuba is a constituent part of the regional strategy of the Company in Latin America. Its implementation will provide synergies with current perspective projects in Venezuela, where Rosneft is one of country's the top performer, and its operations in the Solimoes basin in

Brazil.

Union CubaPetroleo is a Cuban state-run oil company. CUPET priorities include exploration and development of new oil fields offshore Cuba, production increase at existing fields, rehabilitation of suspended wells, and increase in refining capacity.

Cuba's proven recoverable oil reserves make 125 mln barrels, 35 oil fields were discovered. Most of the reserves are located offshore. According to CUPET, oil reserves offshore Cuba amount to about 20 bln barrels. United States Geological Survey estimates oil reserves at 5 billion barrels. Gas reserves make 10 to 21 trln cubic feet.

In July 2014, the parties signed a Cooperation Agreement in Havana in the presence of the RF President Vladimir Putin and the President of the Council of State of Cuba Raul Castro.

Following the international cooperation tripartite agreement, Rosneft has been rendering support in providing education to Cuba Petrole? engineers at Gubkin State University of Oil and Gas under master's programs "Oil and Gas Engineering" and "Chemical Technologies". Besides, master's engineers have an opportunity of taking internship at the Company production facilities and becoming familiar with the modern oil and gas production technologies.

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