OJSC SURGUTNEFTEGAS

ENVIRONMENTAL REPORT

2010

CONTENTS

INTRODUCTORY MESSAGE FROM
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Surgutneftegas is a modern high-tech company operating in compliance with strategic priorities of Russia's environmental and energy policy, as well as basic international principles of sustained development.

While performing regular business development and diversification, and realizing long-term megaprojects, the Company devotes paramount attention to preserving eco-systems and sustaining proper environmental quality in all regions of its operation.

Surgutneftegas ranks among sector leaders with regard to ecological activities and scientific research in the sphere of environmental safety.

Annually, we outline the programmes regarding certain measures to adopt resource-saving and environmentally-efficient technologies and enhance environmental safety of the production.

The effectiveness of the environmental programmes and eco-innovations is to a large extent determined by scientifically proven approach to the elaboration and implementation of environmental projects, along with the employment of advanced methods of ecological monitoring and extensive use of information technologies.

The year of 2010 has become another step in terms of better ecological safety of the Company's production operation, which is proved by the data herein.

We express the confidence that the Company's aiming at transparency of environmental efforts and its readiness to the interaction with any of the interested parties will contribute to further good relations with authorities and people in all regions of Surgutneftegas operation.

ENVIRONMENTAL PROFILE

Surgutneftegas annual ecological programme traditionally covers environmental activities and resource management:

- *the construction of nature conservation facilities;*
- *protection and rational use of land, water resources and ambient air;*
- *monitoring of natural environments and production facilities;*
- *prevention and response to pipeline accidents;*
- *neutralization and utilization of production residuals ;*
- *research activity;*
- *ecological safety training of the personnel.*

NATURAL AND CLIMATIC PECULIARITIES OF THE MAIN OIL PRODUCTION TERRITORIES

When working out environmental activities and choosing resource-saving and environmentally-efficient technologies, we to the full extent take into account natural and climatic peculiarities of the regions where the Company performs prospect, exploration and production of hydrocarbon resources.

Surgutneftegas owns licenses to carry out prospect, exploration and production of hydrocarbon subsurface resources on the territory of Khanty-Mansiysky, Yamalo-Nenetsky and Nenetsky Autonomous Okrugs, Tyumenskaya, Omskaya, Tomskaya, Novosibirskaya, Irkutskaya Oblasts, Krasnoyarsky Krai, and the Republic of Sakha (Yakutia). The Company's principal oil-fields under development are located in Western Siberia (Khanty-Mansiysky and Yamalo-Nenetsky Autonomous Okrugs) and Eastern Siberia (the Republic of Sakha (Yakutia)).

The area of the Company's operation in Western Siberia covers the territory of the right bank of the Ob river, in its middle course, in Surgut plain of the Sredneobskaya lowlands and extends from the Ob river northward to the Upper Kazym river, entering the boundaries of the Sibirskiye Uvaly uplands.

The region's environmental conditions are characterized by severe cold climate, excess humidity, and flat surface, which stipulates poor run-off of the surface waters, and, therefore, increased quantity of bogs in the area, up to 84%.

The region's hydrographic system is based on the Ob river and its major affluences: Tromyegan, Pim, Lyamin, and Kazym. Medium and minor water streams form a well-developed intra-boggy river network in the vast watershed areas between large rivers with intensely flooded swamps covered with numerous lakes of different size. The outflow of oxygen-free swamp waters filled with organic substances has become the reason of suffocation – a phenomenon typical for the rivers of the Ob - Irtysh basin in winter time.

Prevailing vegetation types are upland sphagnum bogs and woods. Xyliums are located mostly in valleys of the large rivers and sandy highlands.

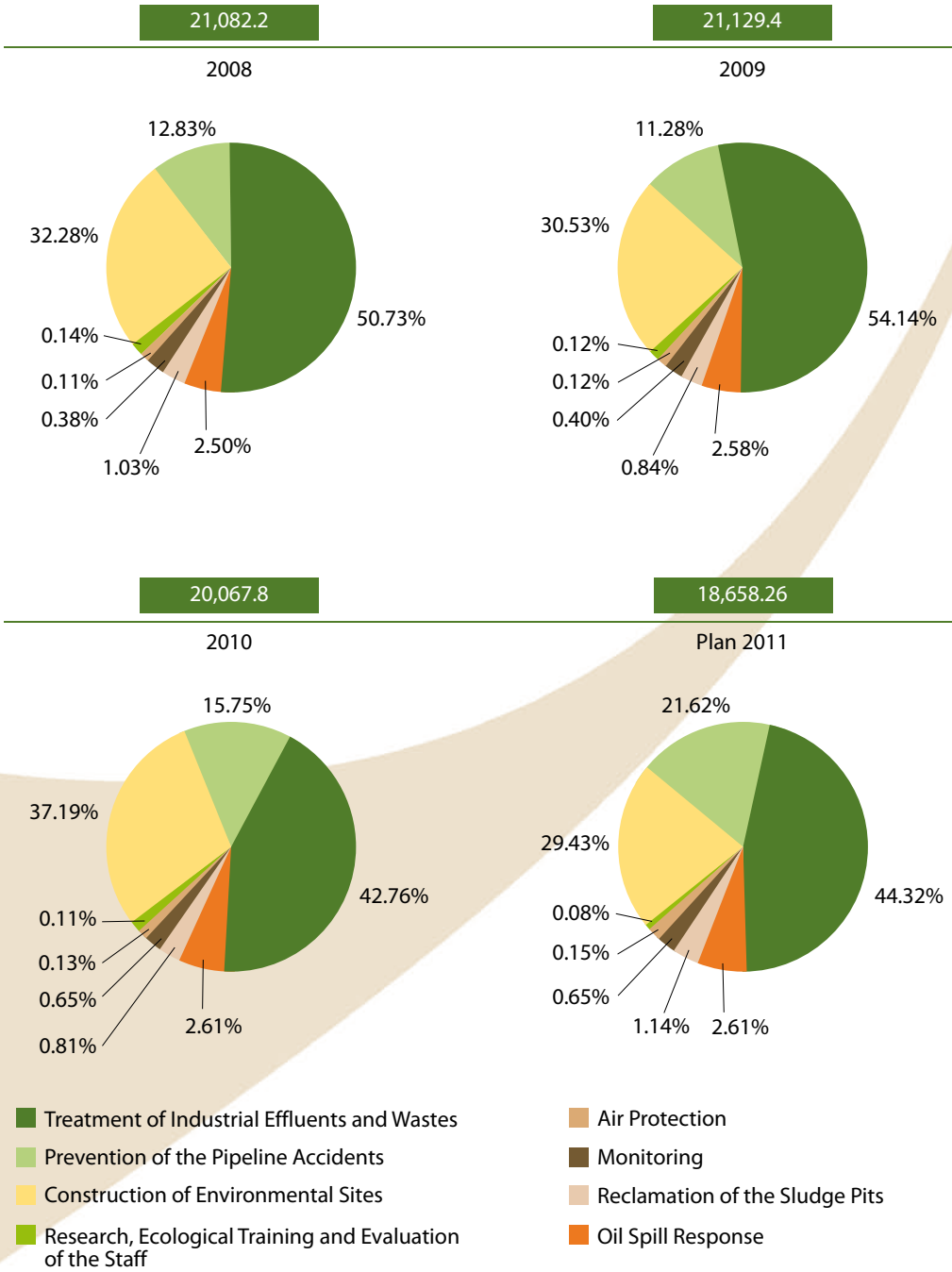
At the southern slopes of the Sibirskiye Uvaly hills occurs deep-laying permafrost with wide-spread frost mound bogs.

Eastern Siberia, where Surgutneftegas conducts its activities in the south-western and central parts of Yakutia – is characterized by extreme continental climate and broken relief. The region is known for permafrost formations and cryogenic processes, such as thermokarst, heave, solifluction, and thermo-erosion.

The territory's river system refers to basin of the Lena river – the major river in Yakutia. Rocky coasts broken in the form of ledges and cliffs (known as "pillars") are the distinctive peculiarity of the river valleys. Lakes are few in number and mostly of thermokarst origin.

Flora is presented by central taiga larch, pine, fir, and leaf woods, as well as mixed forest xylium. Bogs are quite rare and located mostly on flat, feebly drained interstream areas.

Environmental Costs in 2008–2010, Plans for 2011, RUB mn



PREVENTION OF THE PIPELINE ACCIDENTS

The Company's activity related to accident prevention and minimization of adverse environmental consequences bears comprehensive character and serves to decrease the likelihood of accident events and their environmental severity.

One of the Company's major priorities of production environmental safety is to reduce pipeline accidents by means of:

- receiving verification of supplied pipe metal quality to Technical Specifications;
- total technical diagnosis of the operating oil-field equipment and facilities;
- internal pipeline cleanout and magnetic inspection;
- corrosion monitoring;
- inhibitor protection of the pipelines;
- employment of pipes with corrosion-resistant coating;
- use of technological methods of the pipeline operation.

To ensure the quality of the pipes purchased, we produced documentation regulating the procedure and scope of works for receiving inspection.

In the reporting year, Surgutneftegas performed receiving destructive check of 17.8% of the total amount of the pipes purchased.

Monitoring of the pipeline technical state is performed by the Company's accredited business units. All the detected accident-prone pipeline sections undergo major overhaul with replacement. In 2010, we used such method to replace 411 km of the pipeline.

The development of effective corrosion protection methods is based on system data analysis of pipeline operation conditions and corrosion kinetics. Pipeline corrosion monitoring (4,079 km) in 603 inspection points allowed us to assess the level of piped fluid aggressiveness, to plan and implement protective measures pursuant to standards, regulations and ruling documents. The inhibitor protection of the field pipelines is often the only possible measure against internal corrosion. In the year under review, 2,177 km of field pipelines saw inhibitor protection.

Surgutneftegas further implements the pipes with internal and external corrosion-resistant coating. In 2010, we laid 9.1 km of corrosion-proof pipelines in the areas with increased level of piped fluid aggressiveness.

Due to construction and operation of initial water separation units we run all the delivery pipelines in oil transportation mode with negligible water cut level. Moreover, Surgutneftegas pipeline transportation demonstrates considerable decrease in energy and metal consumption. Totally, Surgutneftegas employs 101 initial water separation units with three-phase Heater-Treater separators, which allows us to safely operate over 3,000 km of delivery pipelines in oil transportation mode with negligible water cut level.

OIL SPILL RESPONSE

To minimize the consequences of potential accidents connected with oil spills, Surgutneftegas set up special business units, equipped with necessary technical facilities to localize and perform post-accident clean-up.

Each of oil and gas production divisions has special departments and groups to respond to potential accidents and aftermath. There are qualified external accident response services operating on the basis of the above-mentioned subdivisions and equipped with high-performance facilities, including various hot-metal slag separators, skimmers, pumping and suction outfit, tanks, booms, easy-to-assemble aluminum pipes, sorbents, auxiliary tools and materials, and means of communication. We have a large park of special vehicles, tractors, powered multitasking facilities and means. Annually, Surgutneftegas conducts training for accident response services and staff to maintain the emergency preparedness and response, develop required techniques and skills.

Surgutneftegas prevention and response system for spills of oil and petroleum products is ready to immediately respond to local and regional emergencies.

LAND REHABILITATION

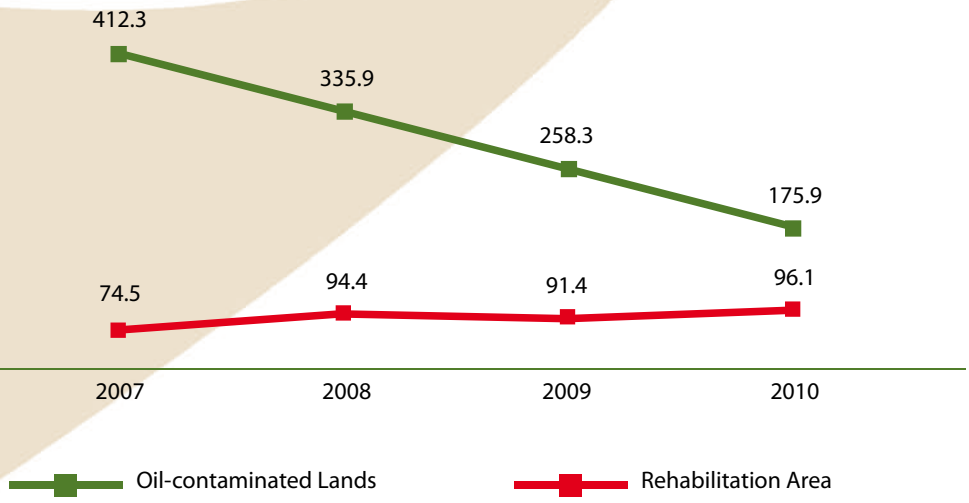
When remediating the lands, to mitigate negative operation impact on the environment Surgutneftegas applies ecosystem approaches, allowing us to demonstrate meaningful results even in severe climate of Western Siberia.

The development of mineral deposits leads to inevitable soil destruction. After termination of the lease and utilization period, the Company performs obligatory activities on disturbed land rehabilitation and returns timberlands to the Forest Fund of the Russian Federation. Basing on the typical process rehabilitation charts for disturbed lands of the Forest Fund, we develop design documentation together with the Independent Environmental Expertise Centre of the Russian Academy of Sciences, and carry out technical and biological rehabilitations. In 2010, the Company reclamated and returned 4.108 thousand hectares of disturbed lands to the State Forest Fund. Surgutneftegas incurs no land debt.

In 2010, to ensure fire and sanitary safety in the forests and mitigate adverse impact on disturbed lands in the result of linear objects construction, the Company purchased 4 machines to chop stubs, dead and brush wood, and mix them with soil for digestion and better fertility. We use such method for the first time, and it is not widespread in Russia yet. Tests conducted in the reporting year proved that new treatment technology contributes to the effective vegetation recovery and saving of the Company's resources.

In 2010, Surgutneftegas remediated 96 hectares of oil-contaminated lands, which were inspected and struck off the register by the Department of RosPrirodNadzor (the Federal Service for Supervision of Natural Resource Usage).

Rehabilitation of Oil-contaminated Lands, ha



Over the years, the Company's employees together with the Independent Environmental Expertise Centre of the Russian Academy of Sciences have been developing and implementing typical rehabilitation projects for oily lands of different soil types. The projects are based on ecologically and economically feasible processing methods and techniques fully accounting for natural and climatic conditions in the region of the Company's business. Along with high-performance off-road facilities, the aforesaid approach enabled us to considerably reduce wetlands polluted with oil as a result of past accidental spills.

SLUDGE PIT RECLAMATION

The technologies used for the sludge pit reclamation also consider natural and climatic conditions of the territories.

The Company's major region of oil production – Khanty-Mansiysky Automous Okrug – Yugra – is noted for significant quantity of bogs. The production of subsoil required for traditional sludge pit reclamation results in wetlands destruction. That's why we use a technology of reforestation and revegetation without soil backfilling.

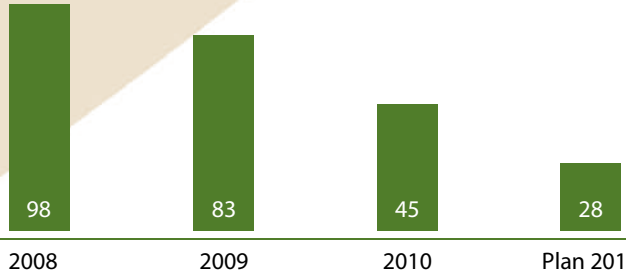
This innovative technology of sludge pit restoration without filling, based on long-term research, is applied within the Forest Fund of the Russian Federation in the region of the West Siberian mid-taiga subzone. It allows us to mitigate environmental impacts refusing from sand mining operations, prevent exhaust emissions, control revegetation, and hold down water and wind erosion.

Since 1996, we have restored 1,913 sludge pits covering 1,468.9 ha; at the same time we conserved 207.44 ha of ecosystem; saved 4.33 mn cubic meters of mineral ground; prevented emission of 34.3 thousand tons of air pollutants; saved RUB 725 mn. The technology has been approved by the State Environmental Expertise of the federal level.

In the reporting year, we performed forest recultivation at 110 sections of 45 sludge pits. To achieve that, Surgutneftegas spent RUB 162.5 mn.

Remediation of the sludge pits located on the territory of the Republic of Sakha (Yakutia), Tyumenskaya, Omskaya, Tomskaya, Irkutskaya, Arkhangelskaya, Novosibirskaya Oblasts, and Krasnoyarsky Krai with well-restored soil is exercised by means of backfilling in compliance with design documentation approved by the State Expertise.

Forest Reclamation of the Sludge Pits, items

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AIR PROTECTION

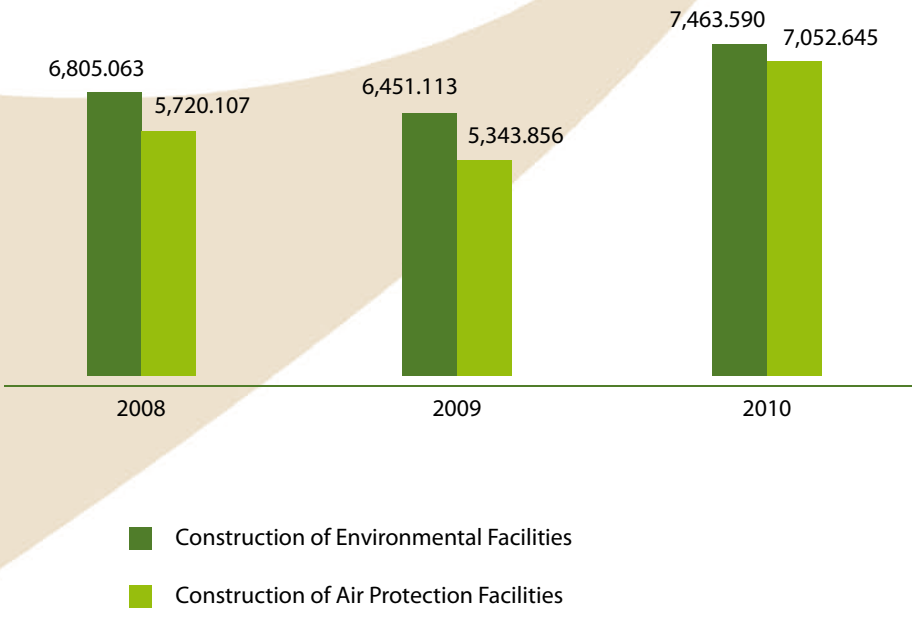
In recent years, global community has become strongly sensitive to the problem of associated petroleum gas utilization, which is stipulated by ecological and economic factors. On the one hand, associated gas flaring produces about 1% of all global emissions of greenhouse carbon dioxide gas, on the other hand, it is the destruction of valuable nonrenewable natural resources.

The Company's air protection actions primarily include rational exploitation of produced associated petroleum gas, reduction of the flared gas, and diminishing of air pollution.

To achieve this, the Company proceeds with construction and exploitation of the small-scale power generation sites (gas turbine and gas piston power plants). As of 2011 year-beginning, Surgutneftegas operated 19 GTPP and 7 GPPP.

In 2010, we commissioned GTPP at Rogozhnikovskoye and Severo-Labatyuganskoye oil-fields, the second line of GPPP at Vostochno-Surgutskoye oil-field, seven compressor stations at Rogozhnikovskoye, Konitlorskoye, Fedorovskoye, Ay-Pimskoye oil-fields, and Talakanskoye oil and gas condensate deposite. The construction costs amounted to RUB 4,471 mn, more than 63% of all investments in the construction of air protection facilities.

Flow of Surgutneftegas Capital Investments in Environmental Facilities Construction, RUB mn



We further adopt other measures aimed to rational use of associated petroleum gas. We construct gas compression, treatment and processing units, gas metering stations, gas pipelines and other facilities; process APG at gas processing plant; inject gas to maintain formation pressure, use gas for in-house needs as fuel for boiler plants, furnaces, initial water separation units and oil treatment plants, as well as air heating lines for motor vehicles and other spheres.

Such comprehensive engineering and ecological approach to the problem of associated gas utilization allows Surgutneftegas to steadily maintain leading positions in terms of associated gas utilization (95.9%), gradually reduce atmosphere emissions, successfully implement the program of energy efficiency and APG processing, and generally enhance business effectiveness.

The Company regularly conducts performance-and-commissioning works on boiler equipment, furnaces and other fuel burns. In 2010, Surgutneftegas spent RUB 17.1 mn for such works, which enabled the Company to comply with set emission standards. To reduce solid pollutants, we equip processing facilities with dust and gas catchers. We regularly monitor their performance efficiency (the level of treatment), regular and scheduled preventive maintenance. In the reporting year, dust and gas catchers trapped 40.7 thousand tons of pollutants.

All the Company's vehicles undergo toxicity and exhaust smoking control. In 2010, the costs connected with these works amounted to RUB 8.9 mn.

PROTECTION AND SUSTAINABLE USE OF WATER RESOURCES

Surgutneftegas conservation and sustainable use efforts are focused on prevention of water bodies pollution with production waste, wastewater and sewage, their treatment and reuse for production purposes, as well as lower water consumption.

Surgutneftegas doesn't discharge wastewaters into water bodies across the entire area of its operations except for the Republic of Sakha (Yakutia). In-field wastewaters are specially treated and then used to maintain reservoir pressure, exclusive of wastes produced by the industrial area of the village of Vitim in the Republic of Sakha (Yakutia) (28.5 thousand cubic meters per year), which upon treatment are discharged into the stream Romanovsky Klyuch due to a considerable distance from the operating fields and, hence, unprofitability of injections into the reservoir pressure maintenance (RPM) system.

In 2010, domestic, industrial and storm wastewaters used as working fluid for injections into the RPM system allowed us to reduce freshwater intake from surface and subsurface water bodies by 1,266.7 thousand cubic meters.

OJSC "Surgutneftegas" places great emphasis on sustainable use of water resources. Thus, fresh subsurface water (artesian water) intake accounted for 12.3% of the permitted water withdrawal from the aquifer. Over the past four years, the aggregate specific water consumption remained at 2 cubic meters of water per 1 ton of produced oil.

The Company operates initial water separation units (IWSU) which enable it to perform an efficient separation of produced water, and decrease negative impact on environment. This is particularly crucial considering high water cut level (86.9%) of the yield produced by the aging fields. In 2010, we commissioned three IWSU with construction and upgrade costs amounting to RUB 130.0 mn. In 2010, Surgutneftegas spent RUB 248.1 mn on construction of water protection facilities (IWSU, sewage treatment facilities, pumping stations, sewer networks), including RUB 2.3 mn in the Republic of Sakha (Yakutia).

In an effort to enhance environmental safety, the Company finances development and introduction of water protection zones (WPZs) over the entire territory of its operations, thus solving one of the national issues. As of the end of the reporting period, Surgutneftegas operated 793 areal oil-field facilities located within water protection zones. Throughout 2010, production facilities built in the 80-s and located in WPZs underwent an extensive improvement in accordance with the modern environmental regulations. Based on new standards and requirements of regulations on engineering and production operations in WPS zones, the Company replaced flare pits with drain tanks at 15 cluster well sites, and restored bunds and ramps at 171 cluster well sites.

During 2010, we completed evaluation of subsurface fresh water stocks at Ay-Pimskoye, Vatlorskoye, Kamynskoye, Zapadno-Kamynskoye, Maslikhovskoye and Nazargaleevskoye fields. Evaluation works in Khorlorskoye, Vostochno-Elovoye, Vostochno-Mytayakhinskoye, Zhumazhanovskoye and Rogozhnikovskoye license areas are in progress. In 2010, we brought into effect a new ruling document "Environmental regulations on engineering and production operations at cluster wells and single exploratory wells of OJSC "Surgutneftegas" located in water protection zones of water bodies (preparatory works, rig-up operations and construction of wells)".

SAFE HANDLING OF PRODUCTION AND CONSUMPTION WASTE

Production and consumption waste management encompasses the reduction of wastes produced, and mitigation of adverse impact on environment through their neutralization and recycling.

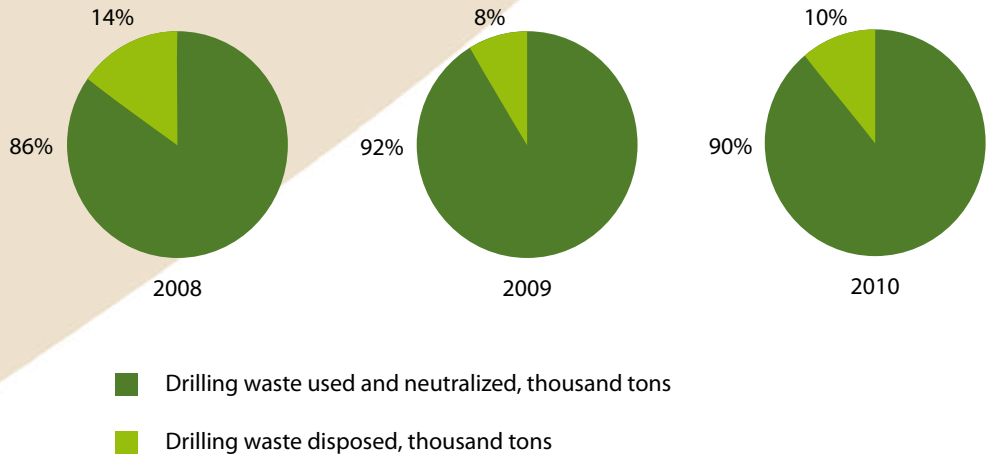
In 2010, the Company processed over 26,000 tons of oil sludge and oily soils using in-house facilities. Over many years, our technologies and equipment have helped us maintain a 100% level of disposal of sludge and oil contaminated soil.

In the reporting year, we additionally commissioned two thermal treatment facilities for oily waste at the Rogozhnikovskoye and Talakanskoye fields.

The issue of drilling waste disposal has special importance to us, as we deal with large volumes of drilling waste to be disposed, whereas our production facilities are located far away from potential disposal sites. The Company employs 55 four-stage treatment systems, so-called "pitless drilling systems", which allow it to remarkably reduce the amount of drilling waste produced and buried. In 2010, the amount of drill cuttings utilized upon four-stage treatment accounted for 89.5% of the total cuttings produced. Our sludge and oily waste washers neutralized 4.3 thousand tons of drill cuttings.

Drilling waste produced by OJSC "Surgutneftegas" in 2008–2010, thousand tons

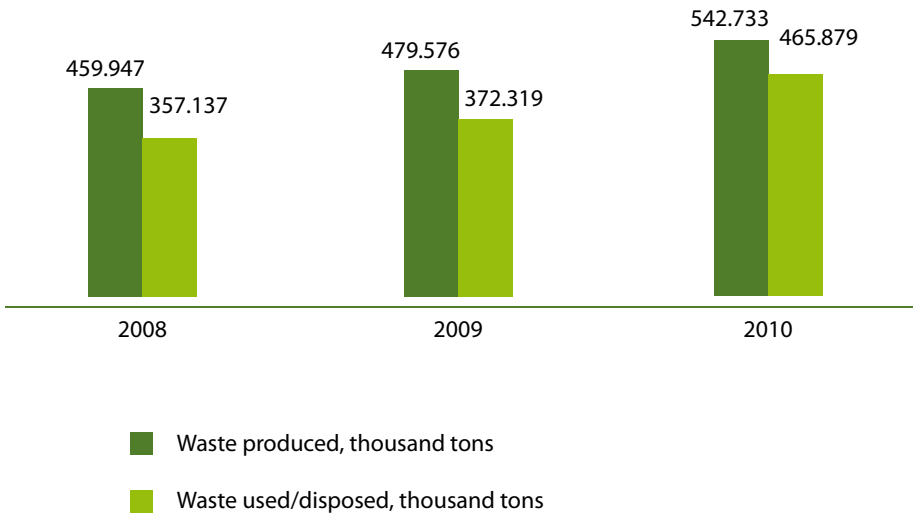
Year	Drilling waste produced, thousand tons	Drilling waste used and neutralized, thousand tons	Drilling waste disposed, thousand tons
2008	340.194	294.691	46.175
2009	393.007	361.812	31.947
2010	449.039	406.871	43.263



Our tires recycling plant allowed us to solve the problem of disposal of worn-out tires with metal and fabric cord, and reduce costs on their transportation and delivery to third parties. In addition, we recycled 1.2 thousand tons of the already recycled waste – rubber crumbs used for bitumen modification at in-house coating plants.

The leading-edge technologies implemented in the area of waste disposal helped Surgutneftegas reach 82.5% of disposal in 2010.

Use and disposal of wastes produced by OJSC "Surgutneftegas"



Due to the lack of specialized waste burial facilities within the area of its operations, Surgutneftegas constructed five such facilities: an oil sludge disposal landfill at the Zapadno-Surgutskoye field, designed to temporarily accumulate and thermally treat oil sludge and contaminated soils, and landfills for solid domestic and industrial waste at the Lukyavinskoye, Rogozhnikovskoye, Fedorovskoye fields, and Talakanskoye oil-gas condensate field.

In 2010, we introduced the second map of the landfill for solid domestic and industrial waste of Oil and Gas Production Division "Nizhnesortymskneft" produced at the Lukyavinskoye field. The Company invested RUB 141.2 mn (including RUB 5.3 mn in the Republic of Sakha (Yakutia)) in construction and upgrade of waste accumulation and burial sites.

ENVIRONMENTAL MONITORING

In-house environmental monitoring is performed in two directions:

- *monitoring of quality of environmental components (surface and ground waters, bottom silts, soil, ambient air, snow cover) within the area of the Company's activities;*
- *environmental monitoring of industrial facilities, including control of emission and discharge sources, well sites and sludge pits, landfills for domestic and industrial wastes.*

Monitoring of environmental components was carried out in 75 license areas on the territory of Khanty-Mansiysky Automous Okrug – Yugra, and in 43 license areas on the territory of nine constituent entities of the Russian Federation: the Republic of Sakha (Yakutia), Yamalo-Nenetsky Autonomous Okrug and Nenetsky Autonomous Okrug, Tyumenskaya, Omskaya, Tomskaya, Irkutskaya, Novosibirskaya Oblasts, and Krasnoyarsky Krai. We created a wide observation network – samples were taken at 1,773 sampling points, including 1,280 points on the territory of Khanty-Mansiysky Automous Okrug – Yugra, and 166 points in the Republic of Sakha (Yakutia).

The observation system implemented by Surgutneftegas enables it to evaluate the condition of environmental components, and detect adverse trends created by anthropogenic factors. The analysis of samples is performed by eleven accredited laboratories. The centralized environmental monitoring is conducted by the central base ecoanalytical and technological research laboratory of Engineering-Economic Implementation Centre of OJSC "Surgutneftegas". Second to none in KhMAO-Yugra in terms of equipment and research capabilities, this laboratory is accredited by the Standardization, Metrology and Certification Committee (GosStandart) of Russia to perform the analysis of 707 parameters, including 365 ecological ones. In an effort to obtain accurate information on the influence of oil production processes, the Company monitors the intensity of pollutant emissions at 1,225 stationary sources. We exercise continuing control of environmental components over 173 well sites located within water protection zones, which are constructed with a unique technology based on treated drill cuttings applied as embankment material. The Company tests both drill cuttings and soil, as well as ground and surface waters sampled within 100 m of the well site constructed with the above technology. The data obtained through monitoring and their analysis prove that well sites located within WPZ zones do not have any negative impacts on the environment.

In addition, the Company performs continuing monitoring of environment within the area of four landfills for domestic and industrial waste constructed and operated based on the leading-edge solutions and technologies and in compliance with the requirements of the environmental, sanitary and epidemiological laws of the Russian Federation. No background pollutant concentrations were found to be beyond normal limits during the period of use of landfills.

To obtain real-time data on environmental conditions, Surgutneftegas widely applies the IT solutions, such as remote monitoring based on the space imagery materials, spectrozonal aerophotography and local digital shooting.

In 2010, the Company spent RUB 130.4 mn on monitoring of the environmental components.

The monitoring shows that the general environmental situation in the area of the Company's operations is satisfactory, and the impact of Surgutneftegas production facilities is assessed as acceptable, i.e. we maintain the required quality of the environment.

INNOVATION

In 2010, Surgutneftegas finalized its ruling documents: "Environmental regulations on engineering and production operations at cluster wells and single exploratory wells of OJSC "Surgutneftegas" located in water protection zones of water bodies (preparatory works, rig-up operations and construction of wells)" and "Non-backfilling technology of sludge pit restoration within the area of the Forest Fund of the Russian Federation in the region of the West Siberian mid-taiga subzone".

In March 2010, these documents were approved by the State Federal Environmental Expertise as technical documentation drafts for new technology. Based on the results of the expert examination, they were given a positive opinion approved by the orders of the Russian Federal Service of Environmental, Technological and Nuclear Supervision. Both documents became effective and are ranked as local regulations.

The development of new ruling documents approved by the expertise committee was required due to obsolescence of the earlier developed ones – "Environmental instruction on construction of onshore oil and gas wells" (1994) and "Environmental instruction on construction of onshore wells at fields producing multicomponent hydrocarbons, including sour hydrocarbons" (1996). These obsolete documents do not allow for the use of modern equipment and technologies, and do not include information on large quantity of swamps, rivers and lakes in the area, and impossibility of wells construction outside the water protection zones. Besides, they disregard the existing regulatory framework, in particular, the requirement of Article 52 of the Water Code of the Russian Federation pursuant to which a swamp or its part ceasing to be a water object due to its complete or partial substitution with materials of natural and technogenic origin must be restored upon its use through flooding or formation of artificial swamps. In search of new safe environmental technologies implemented for wells construction, drilling waste treatment and disposal, Surgutneftegas people underwent onsite training and participated in workshops on waste disposal in the USA (Alaska), Germany and Great Britain, and attended the facilities of major service companies constructing wells, producing drilling muds, and disposing drilling waste.

In 1997, we launched a research campaign together with the leading research institutes of the Russian Academy of Sciences, and commenced pilot tests on disposal of drill cuttings which underwent four-stage treatment. As a result, we created almost safe treated drill cuttings, and developed the design of the cluster foundation providing for environmentally safe disposal and use of cuttings as embankment material for formation of site foundation.

"Non-backfilling technology of sludge pit restoration within the area of the Forest Fund of the Russian Federation in the region of the West Siberian mid-taiga subzone" was developed by OJSC "Surgutneftegas" as low impact and resource saving technology based on natural and climatic conditions of the West Siberian mid-taiga subzone (overwatering, poor local soil, lack of fertile soil layer), specific nature of fields infrastructure development, and large amounts of soil extracted from sand pits, including for backfilling purposes, which in turn require the allocation of considerable forest areas resulting in almost complete destruction of all ecosystem elements within sand pit and stockpile sites.

In 2010, we continued to work over "Environmental regulations on engineering and production operations on the territory of the natural park "Numto" designed to efficiently manage natural resources and mitigate adverse impact on environment while performing the full range of prospecting and exploration operations within specially protected natural areas.

To study natural complexes on the territory of the Park created to preserve the wetlands as provided for by the provisions of the Ramsar Convention, and to conduct engineering and environmental survey on the part of its territory, the Company involved a group of experts on wetlands, including experts from Wetlands International organization.

Based on the results obtained by the experts in 2010, we received recommendations on locations of prospecting wells. The Regulations underwent examination, and were highly appraised as a document which introduces a complete evaluation of the current environmental condition of the Park, specifies types and sources of potential pollution risks, and provides solutions for use of equipment and technologies to make operations performed on the territory of the Park efficient and environmentally safe. These solutions are underpinned by the leading domestic and foreign expertise, R&D findings, innovations introduced by Surgutneftegas, and environmental surveys conducted in the area of operations. The experts recommended to include in the Regulations the principles and approaches of strategic assessment of impact on wetlands in line with the ecosystem approach accepted by the Ramsar Convention on the Wetlands.

CONCLUSION

Our performance results in 2010 again demonstrated that we strictly adhere to Russian environmental laws and international rules, and follow the development of corporate environmental standards system.

The construction and upgrade of production and social facilities were performed in strict compliance with principles of high level industrial and environmental safety and advanced energy- and resource saving technologies.

We carry out a comprehensive appraisal of potential environmental impacts of our projects which helps us assess the environmental risks in an unbiased manner, and consistently mitigate the effects of our activities.

Close cooperation with local authorities within the areas of the Company's operations along with its contribution to environmental programs and activities help support healthy environment for local communities and maintain traditional way of life of indigenous minorities of the North, preserve natural ecosystems and sustain a sound environment.

We will further focus our efforts on strong economic performance coupled with high level of environmental stewardship as the fundamental principle of well-being of present and future generations.

The Company's strategic environmental actions include:

- futher development of energy- and resource saving approaches;
- upgrade and commissioning of new production facilities based on the best available technologies able to drastically reduce negative environmental outcomes;
- contribution to R&D activities aimed to recover and maintain the balance in biosphere, flora and fauna;
- emergency response actions having adverse environmental effects;
- development and implementation of corporate programs, and contribution to regional and federal programs on environmental safety;
- improvement of environmental management system.

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Lyubov A. Malyshkina