



OJSC "SURGUTNEFTEGAS"
ENVIRONMENTAL REPORT
2015

MESSAGE FROM ANATOLY S. NURYAEV,
FIRST DEPUTY DIRECTOR GENERAL
OF OJSC "SURGUTNEFTEGAS"

01

ENVIRONMENTAL POLICY

Basic principles of the Environmental policy of OJSC "Surgutneftegas"	6
The Company's responsibilities	7

02

KEY AREAS OF ENVIRONMENTAL ACTIVITY

Implementation of "ECOLOGY – 2015" program	9
The Company's environmental facilities	12

03

ENSURING RELIABILITY OF OIL FIELD EQUIPMENT

Accident risk mitigation program	14
Receipt inspection of pipes	15
Pipeline inhibitor protection	16
Internal corrosion prevention	17

04

PROTECTION AND RATIONAL USE OF LAND

Land reclamation and forest protection	20
Pollution prevention and elimination	21

05

AIR PROTECTION

Utilization of associated petroleum gas, reduction of pollutant emissions	23
Accounting of greenhouse gas emission	26

06

PROTECTION AND RATIONAL USE OF WATER RESOURCES

Protection and rational use of water resources	28
------------------------------------------------	----

07

WASTE MANAGEMENT

Waste processing and recycling	31
Waste decontamination and disposal	32
Sludge pits reclamation	33

08

INDICATORS OF ENVIRONMENTAL IMPACT

Indicators of environmental impact	35
------------------------------------	----

09

ENVIRONMENTAL MONITORING

Environmental monitoring	37
--------------------------	----

10

INDUSTRIAL ENVIRONMENTAL CONTROL

Levels and types of industrial environmental control	40
Objects of control	42
Control organization and procedure	43

11

ENVIRONMENTAL TRAINING OF PERSONNEL

Training of personnel in the field of environmental protection	45
Main waste management requirements in OJSC "Surgutneftegas"	46
Production activities in the territories with a special mode of management	47

12

R&D ACTIVITIES IN THE FIELD OF ENVIRONMENTAL PROTECTION

Research works	51
Preliminary examination	52



ANATOLY S. NURYAEV
First Deputy Director General
OJSC "Surgutneftegas"

As one of Russia's largest oil and gas companies, OJSC "Surgutneftegas" closely follows environmental regulations and provisions of the Company's Environmental policy in its operating activities.

To ensure environmental safety of production processes, development and implementation of actual resource-saving technologies, rational use of unique natural resources, we make significant investments in environmental activities. In 2015, they totaled RUB 17.9 billion.

Prevention of pipeline and oil field equipment accidents is the most important direction of this work, and the Company constantly develops a system of pipeline integrity management. In the reporting period, OJSC "Surgutneftegas" ensured accident-free operation of all oil and gas pipelines of the Company. This was facilitated by the widespread use of pipes with internal anti-corrosion coating, which became possible because the unique complex of technological equipment for application of protective coating on pipes and fittings used for the construction and repair of pipelines reached its projected capacity.

The effectiveness of the Company's environmental activities was highly appreciated by independent organizations, state and regional authorities.

At the end of 2015, OJSC "Surgutneftegas" once again took first place in the Rating

of environmental responsibility of Russian oil and gas companies issued with the participation of the World Wildlife Fund (WWF) and the National Rating Agency.

In the reporting year, the Council for Sustainable Development in Russia and the board of the Russian Ecological Union awarded the Company with an honorary diploma and a medal "For ecologization of production in the Russian Federation".

In Khanty-Mansiysky Autonomous Okrug, OJSC "Surgutneftegas" was recognized as the winner in the regional contest "The best enterprise of the Yugra energy sector in terms of environmental protection" in the nomination "Producers with over 5 million tonnes of oil per year".

Acknowledging the urgent need for ecological education of young generation, in 2015, the Company was a title sponsor of the first All-Russian ecological children's festival "Ecodetstvo" which was attended by about 100 thousand children from 85 regions of the Russian Federation – this achievement is recorded in the Record Book of Russia.

We are convinced that the Company's informational transparency in the issues of nature management and environmental safety of production, continued efforts to improve environmental protection programs will contribute to environmental safety in all areas of the Company's operations hereafter.



ENVIRONMENTAL POLICY

Basic principles
of the Environmental policy
of OJSC "Surgutneftegas"

The Company's responsibilities

"The nature does not need our protection, but we need its protectorship: fresh air to breathe; crystal-clear water to drink; the whole nature to live".

N. F. Reymers

OJSC "Surgutneftegas", one of the Russian oil majors, is fully aware of its social responsibility for nature protection and resources conservation in all regions where it operates.

Introduction of environmental management practices helps the Company mitigate environmental risks and cut costs on the back of governmental and international nature protection law enforcement. As a result, ecological compatibility of production process is a serious competitive factor of the Company.

The engineering and ecological approach to solution of production tasks favors implementation of the latest scientific and technical developments in the oil and gas sector, which is now a driving force behind the search of new technological solutions for sufficient nature management, reduction of resources and energy consumption.

By investing heavily in nature protection programs, the Company is investing in its future and improvement of the living environment in the areas of its presence. Effective steps towards environmental safety of operations contribute to the positive image of OJSC "Surgutneftegas" in the society and business community.

OJSC "Surgutneftegas" values its reputation of a good corporate citizen and is open for a dialog with every party committed to sustainable development and sound environmental behavior.

Environmental policy of OJSC "Surgutneftegas" is based on laws and regulations of the Russian Federation and its entities as well as principles of international conventions and treaties. It is focused on balanced development of the economy and society in the context of nature protection.

- Systematic mitigation of the environmental impact of production processes and environmental risks through implementation of the best available technologies and scientific achievements.
- Industrial and environmental safety in line with up-to-date international standards and requirements.
- Rational use of natural resources based on implementation of innovative environmentally efficient and resource saving technologies.
- Systematic control over compliance with industrial and environmental safety requirements.
- Protection of the original home area, traditional ways of living and householding of indigenous people of the North.
- Environmental monitoring in the areas of the Company's operations.
- Improvement of nature conservation and environmental management systems in the Company's divisions.
- Improvement of the personnel's environmental skills.
- Transparency of the Company's socially significant environmental efforts.

To implement the basic principles of the Environmental policy, OJSC "Surgutneftegas" undertakes the following responsibilities:

1. Abide by the legislation of the Russian Federation in the field of environmental protection, sanitary-epidemiological wellbeing of the population, adhere to the principles of the Company's Environmental policy.

2. Make an assessment of ecological risks when developing project documentation for the construction of facilities in ecologically susceptible territories.

3. Make a strategic ecological assessment when implementing large-scale infrastructural projects of the Company.

4. Ensure effective environmental management and improve its control system.

5. Improve industrial and environmental safety at the Company's facilities, assume required measures to ensure integrity of oil-field equipment, including pipelines.

6. Enhance power efficiency of production processes at all production stages.

7. Ensure rational environmental management, mitigation of impact upon the environment, compensation of possible damage to the environment.

8. Assume all possible measures on preservation of biodiversity, animal migration paths in the areas of operations; timely rehabilitation of disturbed lands, reduction of natural landscapes fragmentation by laying linear facilities in the existing utility line areas and placing of site facilities on previously disturbed lands within existing industrial sites.

9. Avoid carrying out works in the territory of World Natural Heritage sites and wetlands having specially protected natural significance and in conservation areas when designing site structures and

oil-field infrastructure facilities.

In the absence of such possibility – observe special mode of business activity.

10. Take account of interests and rights of indigenous minorities to leading the traditional way of life and preservation of primordial living environment.

11. Observe current rules and standards of the Company's employees conduct in conservation areas and waste management requirements, demand observance of these rules and standards from contractors.

12. Organize a regular professional and ecological education for the Company's employees.

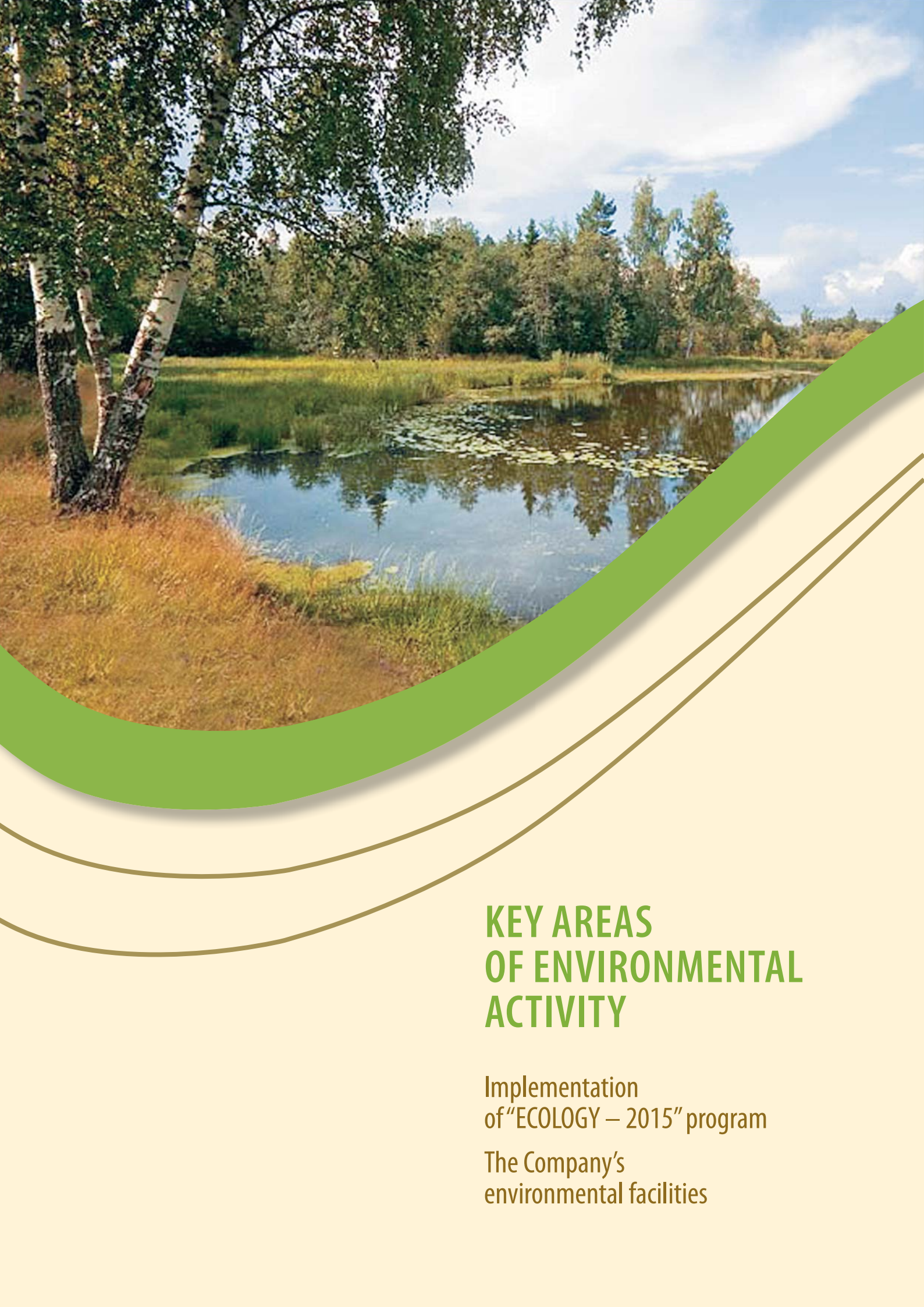
13. Provide general accessibility of ecological information on the Company's business activity, transparency of environmental management and decisions made in this sphere.

14. Apply ecological standards of the Company to the activity of contractors.

Environmental policy, which expresses the Company's position regarding the environment and implementation of the principles of sustainable development, is the basis of the Company's development strategy and planning of its activity in the field of environmental protection for short and long periods.

Provisions of the Environmental policy are among the Company's priorities and are brought to notice of each employee of OJSC "Surgutneftegas". Implementation of the document is also carried out by means of fixing the responsibilities of the Company in the field of environmental protection in the areas of its operations in contracts with contractors and suppliers.

Environmental policy is subject to revision, adjustment and improvement in case the Company changes its development priorities and operational conditions.



KEY AREAS OF ENVIRONMENTAL ACTIVITY

Implementation
of "ECOLOGY – 2015" program

The Company's
environmental facilities

In order to systematically reduce the environmental impact of production facilities and implement the provisions of the Company’s Environmental policy, OJSC “Surgutneftegas” annually develops and approves the Ecology program which is of high priority and obligatory in all business units of the Company.

Principal areas of the Ecology program:

-  construction of environmental facilities;
-  reliability control of oil field equipment, prevention of pipeline accidents and elimination of their consequences;
-  protection and rational use of land;
-  air protection;
-  protection and rational use of water resources;
-  industrial waste decontamination and utilization;
-  monitoring of natural environment components and control of production facilities operation;
-  environmental training of personnel;
-  R&D activity in the field of environmental protection.

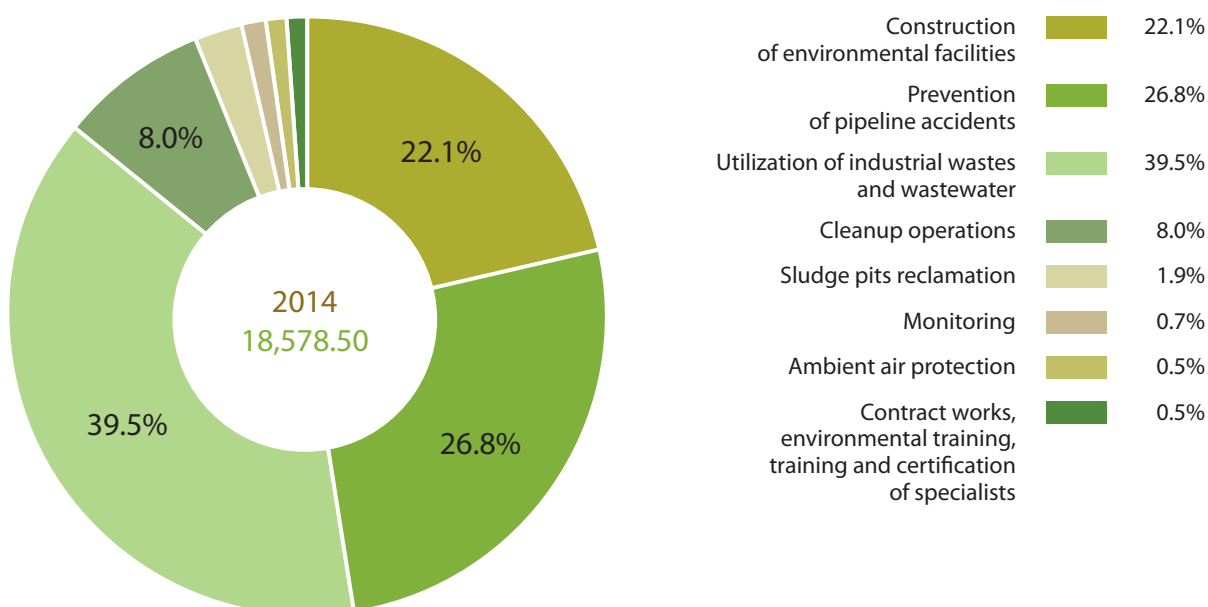
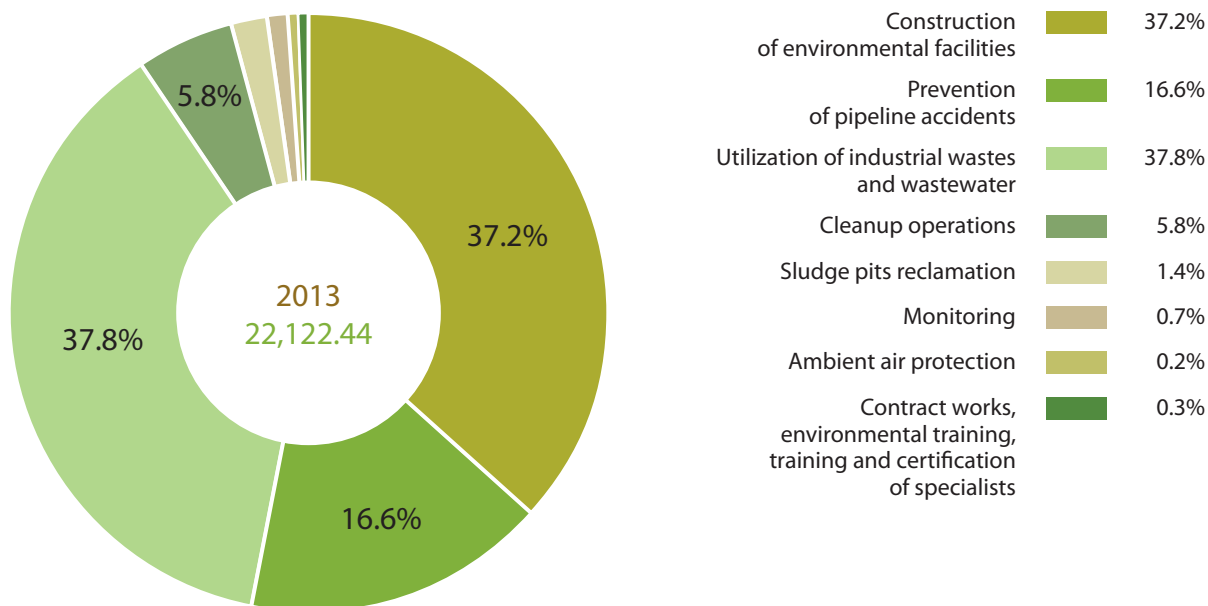
The Company makes heavy environmental investments. In 2015, RUB 17.9 billion were spent to take environmental protection measures and ensure environmental safety of production.

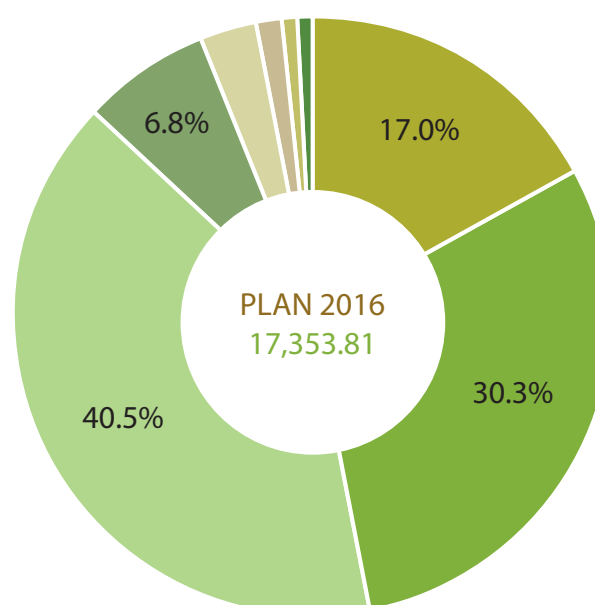
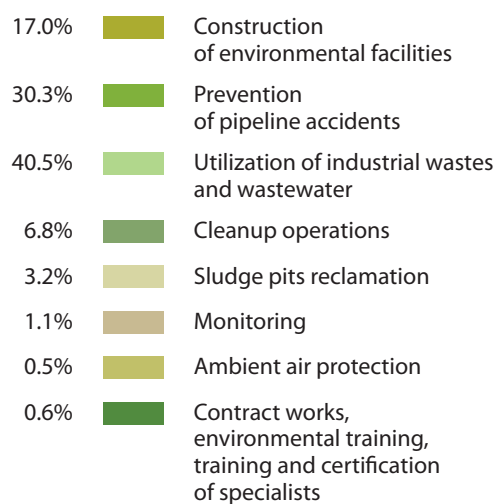
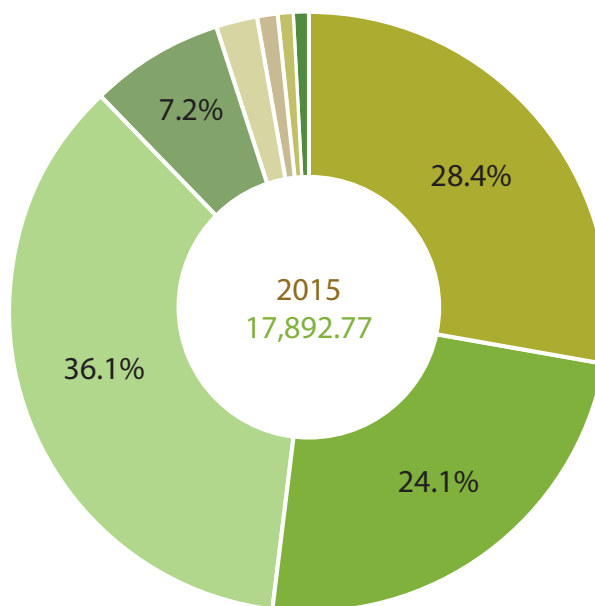
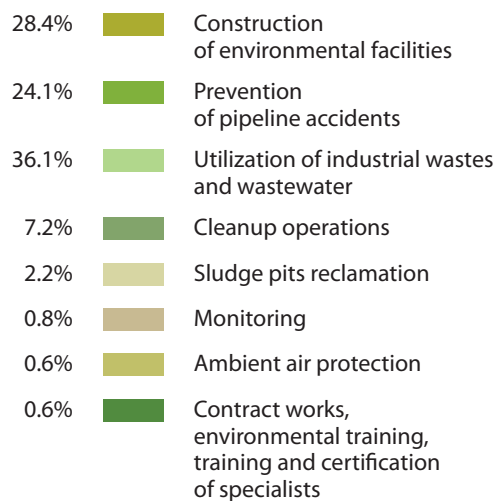
Capital investments in the construction of environmental facilities reached 28.4% of total expenses (RUB 5.1 billion).

In the reporting period, ongoing costs of environmental protection totaled RUB 12.8 billion. They are made up of a number of costs, including those for repairing and replacing pipes, protecting oil field equipment and facilities against corrosion, preventing equipment failures and oil contamination and eliminating their consequences, air protection, industrial wastewater treatment, waste management, land reclamation, environmental monitoring and research works.

In 2016, it is planned to allocate RUB 17.4 billion to maintain ecological safety of production.
















Environmental investments
in 2013–2015 and plan for 2016
RUB mn





The Company learns and successfully applies best international and domestic practices in the use of non-renewable natural resources, primarily associated petroleum gas (APG), and waste management. OJSC "Surgutneftegas" applies unique technologies of drilling sludge utilization and sludge pits reclamation.

The Company annually increases its production resource-saving capacity, extends the fleet of machinery and equipment designed to ensure production safety. These assets include:

-  a gas processing plant in Surgutsky District of Khanty-Mansiysky Autonomous Okrug – Yugra;
-  22 gas turbine power plants and 7 gas reciprocating engine power plants (GTPP, GREPP);
-  28 compressor stations;
-  2 gas processing units;
-  111 initial water separation units (IWSU);
-  6 centers for oily soil decontamination;
-  3 centers for sludge decontamination;
-  14 sludge collectors with a total capacity of 39 thousand cubic meters;
-  7 incineration units for thermal oil sludge decontamination with a total capacity of 49 thousand cubic meters per year;
-  a special production waste landfill for accumulation of oil sludge and disposal of the equipment for thermal treatment with a capacity of 13.1 thousand tonnes;
-  4 landfills for disposal of solid household and industrial wastes designed to accommodate production and consumption waste with a total capacity of 1,151 thousand cubic meters;
-  an oil sludge utilization site at the Zapadno-Surgutskoye field in Surgutsky District of Khanty-Mansiysky Autonomous Okrug – Yugra;
-  25 incinerators for thermal decontamination of solid oily wastes with a total capacity of 16.6 thousand tonnes per year;
-  a unit for shredding waste paper and plastic containers with capacities of 1,150 kilograms per hour and 50 kilograms per hour respectively;
-  a unit for recycling worn-out tires and inner tubes with a capacity of 5 thousand tonnes per year.



ENSURING RELIABILITY OF OIL FIELD EQUIPMENT

Accident risk mitigation program

Receipt inspection of pipes












Pipeline inhibitor protection

Internal corrosion prevention

The level of environmental safety of oil field facilities is to the greatest extent determined by the operational reliability of various pipelines, particularly a wellstream gathering system and a reservoir pressure maintenance system. According to the federal legislation, these facilities are classified as hazardous and require special attention to ensure their reliability. Using of pipelines is associated with significant risk of material and environmental damage.

As a result, it is necessary to carry out work aimed at reducing the accident rate at oil field pipelines and improving the safety of field pipeline systems taking into account cost optimization.

The analysis of reasons and factors of failures and incidents as well as results of environmental risk estimation allowed the Company's specialists to create an extensive knowledge and technology base, on the basis of which a long-term comprehensive program is implemented. It includes the following activities:

-  preliminary examination of project documentation, design briefs and projects for field facilities construction to enhance the quality of operations;
-  receipt inspection of tubular goods (pipes, fittings) and corrosion inhibitors;
-  use of pipes with high corrosion resistance for construction and overhaul of field pipelines;
-  dehydration of oil in initial water separation units (IWSU);
-  pipeline inhibitor protection, testing and selection of more effective corrosion inhibitors;
-  timely forecasting and replacement of damaged pipeline sections;
-  monitoring of field pipelines corrosion (diagnostics, thickness gauging, pigging, internal descaling, etc);
-  hydraulic calculations of pipelines;
-  control over pressure and volume balance of pumped fluids,
-  regular ground and air inspection of field pipelines;
-  development and maintenance of databases, collection and analysis of technological parameters, computer modeling of the existing systems of field pipelines for the purpose of their optimization.

To ensure good quality of pipes used for construction of pipelines, the Company performs receipt inspection and compliance verification of the pipes using destructive and non-destructive methods.

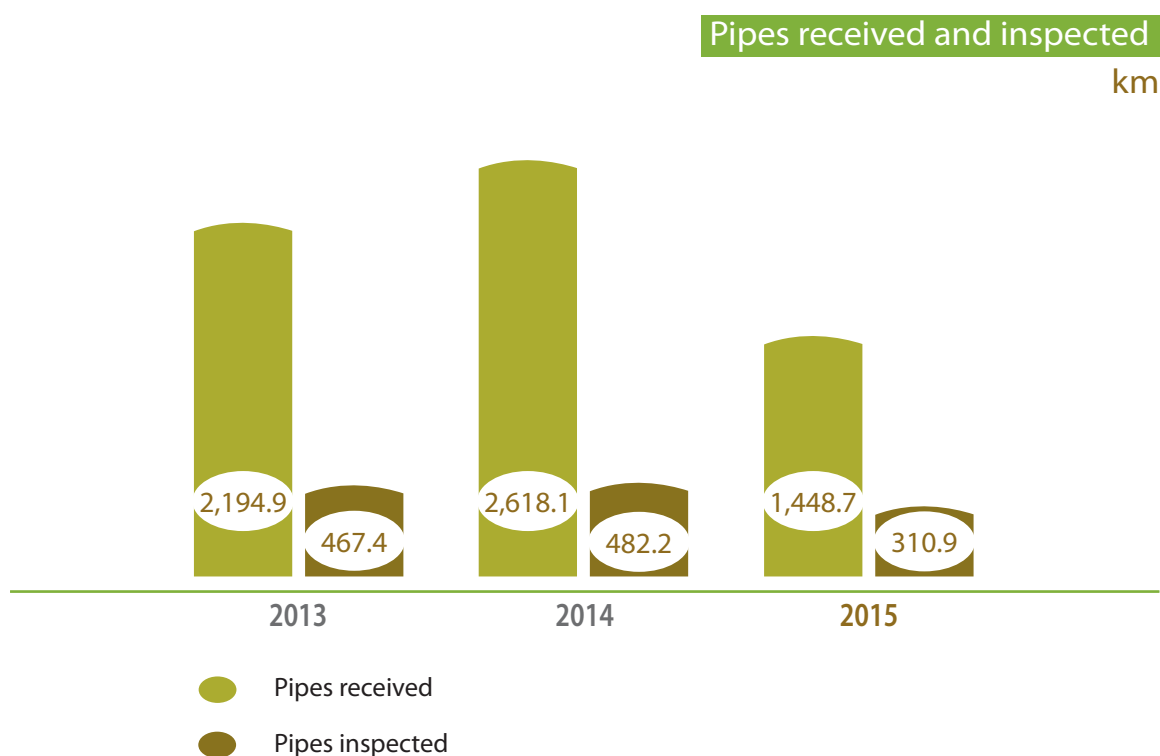
In 2015, the Company performed destructive testing of 21.5% (310.9 kilometers) of pipes, including 32.5 kilometers of pipes to be used in the Republic of Sakha (Yakutia). There were no pipes that did not comply with the technical requirements in the reporting period.

Pigging helps obtain the most accurate data on the pipeline condition. For this

purpose as well as for dewatering and descaling, the Company's pressure oil pipelines and oil and gas pipelines are fitted with launchers and receivers.




To determine the technical condition of pipelines and detect damaged sections, the Company performs routine (planned) examination of pipelines. The pipe condition data allow the Company to permit further running and effectively organize their routine repairs or overhaul.

In 2015, 569.4 kilometers of pipelines underwent overhauls.



Application of inhibitors is one of the means to protect pipelines from corrosion. They are selected taking into account the aggressiveness of the pumped liquid and hydrodynamic regime.

To confirm the effectiveness of protection, there is a system of corrosion rate monitoring which allows us to monitor and adjust the technological mode of inhibition in time, it includes:



-  control of inhibitors injection;
-  control of corrosion inhibitors quality;
-  monitoring of corrosion rate.

In 2015, the Company treated 3,262 kilometers of field pipelines with corrosion inhibitors. To this end, the Company used 5,182 tonnes of corrosion inhibitors.

Inhibitors were fed into pipelines using 427 chemical injection units, 74% of which are equipped with devices for automatic control of operating parameters with data transfer to ASU TP "OKO-TsITS NGDU". This gives oil workers the opportunity to control the work of chemical injection units online and take necessary measures promptly.

The length of protected oil
and gas pipelines
km



-  The length of oil and gas pipelines with inhibitor protection
-  The length of oil and gas pipelines with internal anti-corrosion coating

The use of internal anti-corrosion coating is the most promising method of pipeline accidents prevention. This increases the service life of a pipeline by isolating the pipeline from corrosive formation waters, reducing sediments in the pipes and protecting them from abrasion as well as by improving hydraulic performance.

OJSC "Surgutneftegas" has its own production capacities for the application of internal anti-corrosion coating on the pipes and pipeline components. In 2015, the Company manufactured 488.7 kilometers of pipes and 6,565 fittings with internal anti-corrosion coating.

To protect welded pipe joints, OJSC "Surgutneftegas" uses protective

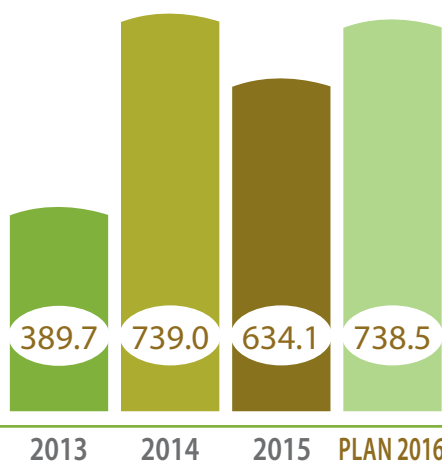
sleeves of its own production. The capacity of production equals 60 thousand pieces per year.

In the reporting year, the Company introduces 634.1 kilometers of pipelines with internal anti-corrosion coating, including 356.6 kilometers according to the capital construction plan and 277.5 kilometers within the overhaul program.

Applying the corrosion resistant coating, the Company significantly minimizes technological and environmental risks.

In the context of widespread use of waterflooding systems to maintain reservoir pressure at the fields, 111 initial water separation units ensure operation of pressure pipelines with minimum water content.

Introduced pipelines
with internal anti-corrosion coating
km



Initial water separation by IWSU units helps reduce the length of tank water pipeline, cut accident risks and diminish a threat of pollution of gathering grounds and water bodies.

This is of special importance in the areas of the Company's operations with a lot of watercourses, water bodies, moors and watered territories covering 40–90% of fields.

To assess pipeline integrity and choose efficient anti-corrosion methods, a system of corrosion rate monitoring at 787 control

points that cover over 4 thousand kilometers is created. On the basis of monitoring data, the Company estimates the corrosivity of pumped liquids, further plans and implements corrosion protection measures and controls their efficiency.

Due to preventive measures taken in 2015, the Company managed to perform accident-free maintenance of in-field pipelines and significantly minimized the number of incidents at oil gathering pipelines.



PROTECTION AND RATIONAL USE OF LAND

Land reclamation and forest
protection

Pollution prevention and
elimination

To ensure rational use of land resources, OJSC "Surgutneftegas" annually assumes the complex of measures upon technical and biological reclamation of the used land in compliance with project documentation. Reclamation is aimed at rehabilitation of disturbed lands to their applicable use and their timely return to the State Forest Fund of the Russian Federation.

In 2015, 133,798.45 hectares of land were used by OJSC "Surgutneftegas". The Company returned 11,132.31 hectares of land to the State Forest Fund of the Russian Federation (in 2014 – 6,182.97 hectares).

The increase of reclaimed land is connected with intensified measures on rational use and timely turnover of lands, given in short-term lease for exploratory drilling and seismic facilities.

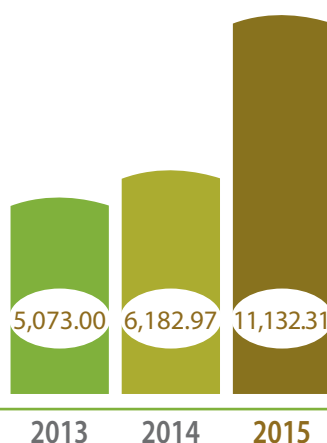
To ensure protection of land within industrial control system, the Company

carries out systematic and off-schedule inspections for prevention, exposure and elimination of facts of land pollution and littering, damage, destruction, removal of fertile soil, inspection of safety of land parcel boundary marks.

For the purpose of the fire safety of the forest, measures on fire protection at the facilities are implemented in compliance with the order of OJSC "Surgutneftegas". There are stationary and mobile stations of fire-fighting equipment at all production sites.

Return of land to the State Forest Fund by OJSC "Surgutneftegas"

ha













The most important direction of land protection is prevention of land from oil and oil products pollution by implementation of measures on ensuring environmental safety at production facilities and immediate elimination of pollution consequences.


The Company developed, approved and implemented the plan on prevention and elimination of oil and oil products spills at the facilities of OJSC "Surgutneftgas" at the federal level and correspondent local plans in compliance with the requirements of legislation of the Russian Federation.


The Company has a complex of high-performance equipment and hardware for elimination of accidents consequences and rehabilitation of polluted land.


The Company's fleet of oil and oil products skimming equipment includes:

-  151 oil skimmers designed to operate in various oil viscosities and under diverse weather and climatic conditions;
-  4 skimmer boats for skimming of oil on the surface of rivers and lakes, including shallow water;
-  80 self-contained high-pressure pumps;
-  10.33 kilometers of easy-to-assemble aluminum pipes;
-  16.98 kilometers of fast deployable mobile booms both lightweight and reinforced made of frost-proof materials for onshore protection;
-  2.07 kilometers of absorbent booms;
-  31 mobile tanks for temporary oil storage;
-  14 sprinklers for biological agents and bacteria treatment;
-  8 units for producing thermally exfoliated graphite absorbent with the capacity of 30 kilograms per hour;

 28 multifunctional floating platforms equipped with attached system for water bodies and inshore zone integrated treatment;

 42 vacuum dump trucks and 47 tank trucks for oil products pumpdown and transportation from the areas of oil spills;

 137 dump trucks for oily soil transportation;

 57 all-terrain vehicles with excavators and other equipment.

The Company possesses all the necessary financial, inventory and human resources, special oil-gathering equipment, means of communication and automobiles for immediate elimination of oil and oil products spills from the local to federal level under any circumstances in any type of area and high-quality reclamation of contaminated land.

Oil spills are eliminated by eight out-of-staff accident rescue units (ARU(O)), created on the basis of oil and gas production divisions and Vitim section of fuel, lubricants and chemical additives of the technical maintenance and equipment completing base in the Republic of Sakha (Yakutia): The number of ARU(O) staff amounts to 107 people. 94.4% of staff are certified by the industry certification commission of energy sector of the Ministry of Energy of Russia.

High level of technical equipment and personnel's professionalism allowed the Company to eliminate all oil contaminations of the previous years. Oil contamination of 3.74 hectares of land in the current year was also efficiently eliminated. Lands are reclaimed to the contaminants concentration level not exceeding the approved standards.



AIR PROTECTION

Utilization of associated
petroleum gas, reduction
of pollutant emissions

Accounting of greenhouse
gas emission



Air protection actions of OJSC "Surgutneftegas" are intended to provide rational use of associated petroleum gas (APG), reduce gas flaring and diminish air pollutant emissions.

The Company's system approach to air protection activities and solid investment in construction and upgrading of APG utilization units make it possible to keep leading positions in the industry in terms of associated gas utilization (99.38% in 2015).

The main direction of utilization of the valuable resource is APG processing by the capacities of the Company's own plant and its further transition to consumers. Besides, associated gas is used for power generation by 22 gas turbine power plants and 7 gas reciprocating engine power plants brought up in the territory of fields; it is injected in oil-bearing horizons to

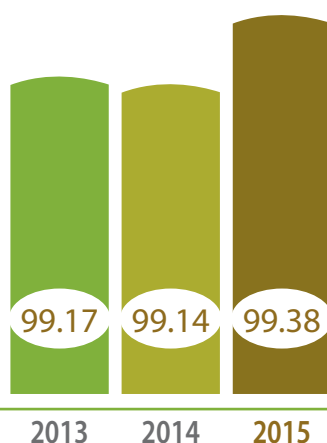
maintain formation pressure and is used as fuel in various types of equipment.

To increase the efficiency of APG utilization process and reduce negative impact on the air, OJSC "Surgutneftegas" implements the following projects and initiatives:

-  scheduled construction of facilities for utilization of associated petroleum gas; their technical re-equipment, reconstruction and upgrading;
-  reduction of hydrocarbons losses; their processing volume growth; improvement of energy efficiency of production;

Utilization of associated petroleum gas
in OJSC "Surgutneftegas"

%



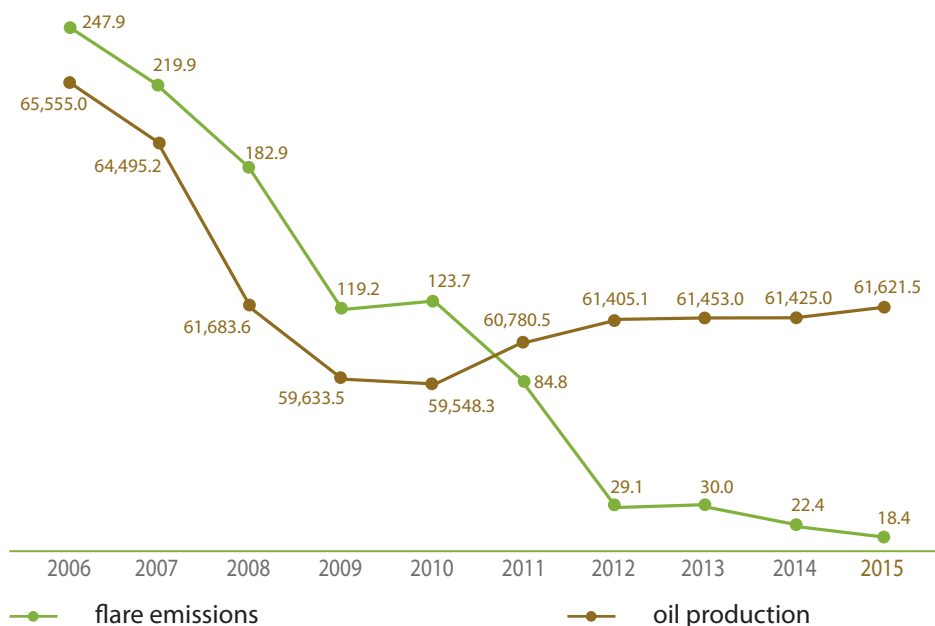
- complex of measures on reduction of hydrocarbons emission from oil storage and processing tanks;
- regular operating setup of fuel-fired equipment; performance management of dust and gas catchers, their inspection, routine maintenance and regular preventive repair;
- measures on emission control during the periods of adverse meteorological conditions in the territory of settlements;
- total control of air pollutant emissions at all stationary and mobile units;
- works on improvement of arrangement and quality of air protection in OJSC "Surgutneftegas".

Investments in construction, reconstruction and technical re-equipment of air protection facilities, including APG utilization facilities, amount to 53% of the total capital investments of the Company in environmental facilities. In 2015, OJSC "Surgutneftegas" spent RUB 2.8 billion on air protection measures.

For the last ten years, OJSC "Surgutneftegas" has been demonstrating positive dynamics of hydrocarbons production. By virtue of implementation of measures on increasing the level of associated petroleum gas utilization, the Company reduced the volume of flare emissions by 13 times or 229 thousand tonnes. Their share in the total amount of air pollutant emission in 2015 compared to 2006 reduced from 77% to 14%. Gross emissions from stationary sources decreased by 59% (189 thousand tonnes) compared to 2006.

Oil production and discharge of pollutants from gas flaring

'000 tonnes/year



The main air pollutants coming from oil and gas facilities are hydrocarbons, carbon monoxide, nitrogen oxides, soot and sulfur dioxide. In 2015, pollutant emissions from the Company's facilities amounted to 132.151 thousand tonnes, which is 9% less compared to 2014. The Company reduced emissions of hydrocarbons by 11%, soot – by 7%, carbon monoxide – by 6%, nitrogen oxides – by 5%.

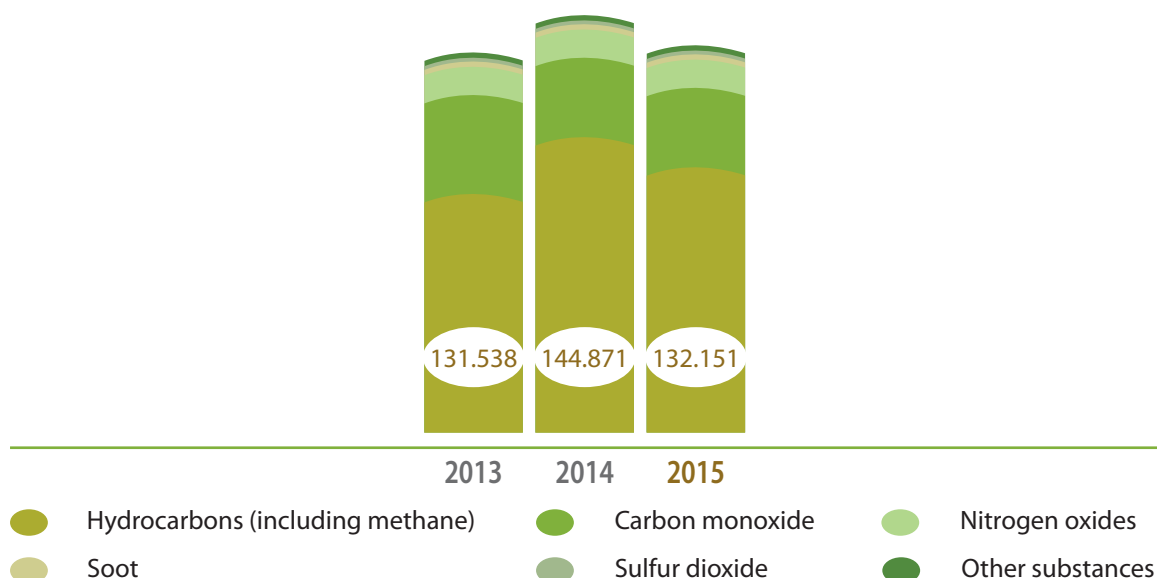
The Company has a vertically integrated system of control over compliance of its business units with the air protection legislation. Air pollutant emission is monitored by 10 laboratories and 13 stations of vehicle technical inspection certified in the established order. Efficiency of production control is achieved through the software providing centralized record of emission sources and preparation of consolidated reports.

The Company's emission monitoring system gives a possibility for timely detection of negative impact on the air and minimization of its consequences.

Implementation of air protection activities in 2015 compared to the previous year let OJSC "Surgutneftegas":

- increase the level of APG utilization up to 99.38% thus achieving the highest ratio of APG utilization in the industry again;
- reduce the volumes of flared APG by 1.4 times;
- decrease air pollutant emissions from stationary sources by 9% (12.7 thousand tonnes);
- prevent gross pollutant emissions into the atmosphere in the amount of over 3 million tonnes per year;
- reach a decline in specific air pollutant emissions at the level of 2 kilograms per tonne of oil produced;
- provide considerable amount of air pollutants caught by dust and gas catchers (more than 1.2 thousand tonnes).

Discharge of air pollutants from stationary sources in OJSC "Surgutneftegas" '000 tonnes/year



To prevent global climate changes and reduce greenhouse gas emission, the Company assumes measures aimed at increasing energy efficiency of production and level of associated petroleum gas use.

Annually, OJSC "Surgutneftegas" prevents emissions of methane in the amount of over 200 thousand tonnes (5 million tonnes in CO₂ equivalent) due to rational use of APG and reduction of its flaring. In the reporting period, methane emissions at the Company's facilities amounted to 47.2 thousand tonnes, which is 22% less compared to 2014.

The Company accounted substances which destroy ozone layer of the atmosphere to withdraw such substances from use. Measures on transition of equipment to coolants which are safe for ozone layer by purchasing new and upgrading existing equipment are at the stage of development.

In cooperation with Gazprom Marketing&Trading Limited, the Company implemented projects on the use of monetary assets received from the sale of units disposed due to APG and greenhouse gas utilization to further improve the environmental and energy efficiency of production.

Data collection and calculation of methane emissions in the reporting period were made by approved methodology according to laws of the Russian Federation in setting standards of maximum allowable pollutant emissions. In 2015, OJSC "Surgutneftegas" started to implement the system of accounting and cataloging greenhouse gases in compliance with the new requirements of the Russian legislation and international standards in the sphere of climate changes.

Information about methane emissions is published in the annual environmental report of OJSC "Surgutneftegas" and state reports on environmental conditions and safety in the Russian Federation in energy sector. The Company also submits this information to the Ministry of Energy of Russia, Russian Federal State Statistics Service, authorized regulatory bodies of the Russian Federation and states it in the calculations of payments for negative impact on the environment and within the framework of international investment partnership Carbon Disclosure Project (CDP).

The Company is planning to continue its complex work on reduction of technological impact on the air, preserve natural ecosystems and rational use of natural resources.



PROTECTION AND RATIONAL USE OF WATER RESOURCES

Annually, the Company's actions towards rational use of water resources and re-employment of waste water allows us to maintain specific water consumption at a level of the least in the industry, which is less than 2 cubic meters of water per tonne of oil produced.

OJSC "Surgutneftegas" performs surface and ground water abstraction in accordance with the standards and requirements of the regulatory documents. The Company regularly implements projects aimed at reducing the consumption of fresh water in production processes.

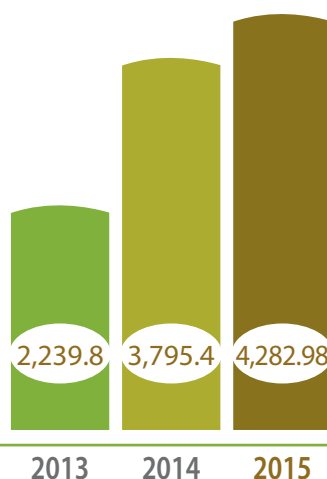
In the reporting period, drain tanks were installed at 31 well pads to bring them in line with the requirements of the environmental legislation. There were approach ramps

reconstructed and tollgates built at 249 facilities.

In 2015, the Company kept on building initial water separation units, treated wastewater stations and sewage facilities.

The Company evaluated groundwater reserves at all water intake points on the basis of which appropriate additions to the license agreements for subsoil use are made.

Injection of treated household sewage
in the territory of OJSC "Surgutneftegas"
'000 cub m



There are sanitary protection zones developed for all drinking water intake points and having a positive sanitary-epidemiological conclusion.

To estimate the influence of production process and assume timely measures on reduction of possible negative impact, the ecologists of OJSC "Surgutneftegas" perform monitoring of water quality and cleanness of water protection zones. The results of in-house monitoring prove favorable state of water bodies.

The Company's actions to protect water assets are primarily focused on prevention of water bodies pollution with sewage, production and consumption wastes as well as on rational use of water resources.

All treated waste water in Khanty-Mansiysky Autonomous Okrug – Yugra is injected into a reservoir pressure maintenance (RPM) system, which reduces surface and ground water abstraction.

As for the village of Vitim in the Republic of Sakha (Yakutia), the use of effluents in RPM system is complicated because of

considerable remoteness of the settlement from the operating fields of the Company, so treated household sewage from the industrial zone of the village is discharged into the stream Romanovsky Klyuch upon its processing at sewage biological treatment plants.

Rational use of water is reached at the expense of re-employment of specially prepared cleaning and waste water previously used for the Company's needs and appearing in the process of activity, including drilling waste water and household sewage. Re-employment of treated household water allows us to achieve significant lessening of fresh water consumption for production process.

In 2015, about 479.1 million cubic meters of sewage, including about 4.3 million cubic meters of treated household waters, served as injectant for a reservoir pressure maintenance system. This helped the Company decrease fresh water intake from water bodies by 4.3 million cubic meters.



WASTE MANAGEMENT

Waste processing and recycling

Waste decontamination
and disposal

Sludge pits reclamation

On the waste management side, the Company follows the comprehensive engineering and environmental approach and implements advanced innovation technology for waste processing. Surgutneftegas carries out the package program aimed to reduce, decontaminate, and draw waste into economic circulation.

In order to reduce and recycle production wastes, the Company introduced a resource saving technology involving the use of drilling sludge as building material for well construction.

This became possible due to four-stage cleaning system equipment for drilling mud and sludge and use of biodegradable polymers to produce clay muds. Environmentally safe drilling allows OJSC "Surgutneftegas" to reduce drilling waste by half, decontaminate and use sludge for construction of well pads.

The environmental compliance of this technology is confirmed by the State Environmental Expert Commission.

With this method, the Company is able to conserve over 14 hectares of undisturbed landscapes and wetland ecosystems, including through abandoning sand pits, reducing exhaust emissions of soil

hauling vehicles and mitigating risks of motor accidents.

The utilization of the main type of waste – drilling sludge – amounts to more than 89% in the Company.

For utilization of used casing tires with fabric or metal cord, a complex of efficient equipment for recycling worn-out casing tires is used. Rubber crumbs obtained in the result of tires recycling are used as raw material for bitumen modification.

Waste oils are used in the Company's production processes.

Oil sludge is completely decontaminated by the Company. Oil and water resulting from sludge treatment are brought back to process cycle.

Shredders are used for recycling waste paper and non-returnable plastic containers to transfer them to consumers for further use.

For waste decontamination, the Company uses mobile units for tank washing and cleaning designed for clean-up and partial wringing of oil sludge. OJSC "Surgutneftegas" applies various methods of oil sludge and oily soil treatment, including clean-up and thermal decontamination. To collect and transport oil sludge, special equipment (sludge pumps and vacuum dump trucks) is used.

The need of such waste decontamination is completely satisfied by the available production capacity, including:

- 6 centers for oil sludge and oily soil decontamination;
- 3 units for oily fluid recovery equipped with three-phase separators;
- 4 mobile units for tank cleaning and initial sludge treatment;
- 7 units for thermal oil sludge decontamination;

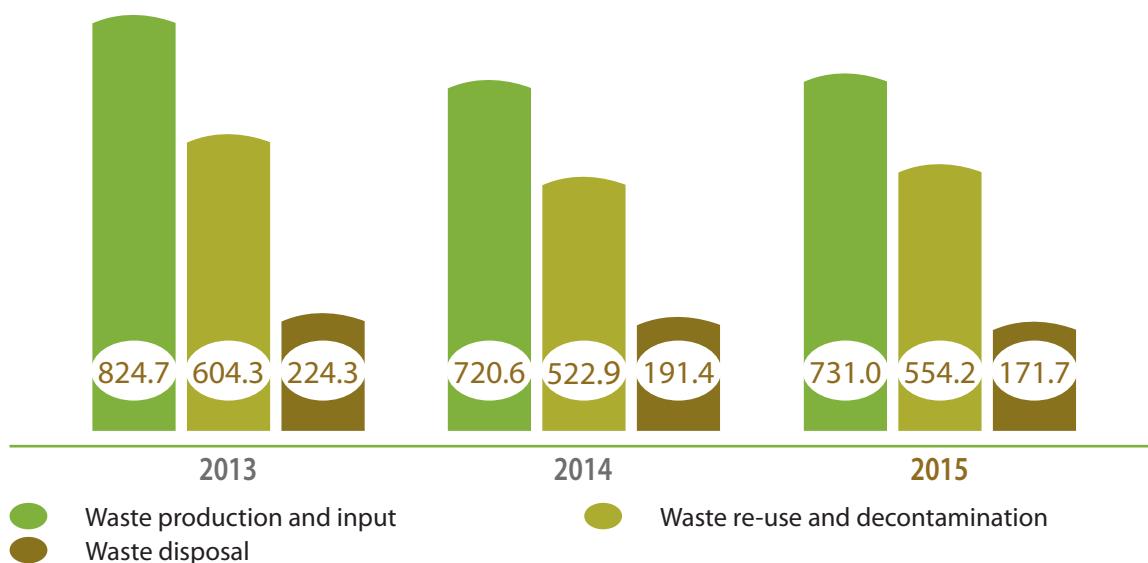
- 25 mobile units for thermal solid oily waste decontamination;
- 14 sludge collectors with a total capacity of 39 thousand cubic meters.

In sludge pits at the Bystrinskoye, Fedorovskoye, Lyantorskoye and Russkinskoye fields, the Company uses equipment including three-phase separators and steam generators allowing to perform more effective phase separation of oil sludge and involve recycled oil in production.

Owing to lack of special-purposed licensed facilities for waste burial in the territory of operations, remoteness of production facilities from main production bases, the Company uses an oil sludge recycle landfill, an oil sludge utilization site and 4 landfills for solid household and industrial wastes.

Use, decontamination and burial of waste in OJSC "Surgutneftegas"

'000 tonnes



The most important environmental task of OJSC "Surgutneftegas" is to reduce the negative impact of drilling wastes disposed in sludge pits.

For this purpose, the Company applies enhanced scientifically and economically proved technologies of reclamation providing effective restoration of ecological functions of disturbed lands occupied by sludge pits.

According to the results of experimental scientific-theoretical work carried out by OJSC "Surgutneftegas" for many years together with the Institute of Forest of V.N. Sukachev SB RAS, a unique technology "Reclamation of sludge pits in the territory of the State Forest Fund of the Russian Federation of the middle taiga subzone in Western Siberia" (technology of forest rehabilitation) is developed and widely used.

In the reporting year, the Company obtained a positive opinion of the State Environmental Expert Commission for the project of specifications for the new technology "Construction, running and remediation of sludge pits at the license blocks of OJSC "Surgutneftegas" in the territory of the State Forest Fund of the middle taiga subzone in Western Siberia". The opinion is approved by the order of

the Federal Supervisory Natural Resources Management Service No. 319 dated 16.04.2015.

This technology takes into account geological and climatic conditions of the region. It is based on the natural processes of transformation of oil sludge into soil forming material and stimulates the process of unassisted overgrowing of sludge pits.

In the reporting period, 120 such facilities were reclaimed using this method.

Exceptional efficiency of forest rehabilitation is proved by the results of research of phytocenoses formed on reclaimed sludge pits surpassing dominating ones in productivity and biological diversity.

Numerous advantages of the forest reclamation technology used by OJSC "Surgutneftegas" in comparison with other disturbed lands reclamation methods arouse reasonable interest from Russian largest oil and gas producing companies.

In 2015, the commission of Prirodnadzor in Yugra inspected 261 sludge pits reclaimed with this method. The commission recognized all these objects as fully compliant with the requirements of the current legislation. As a result, the land was returned to the State Forest Fund.



INDICATORS OF ENVIRONMENTAL IMPACT

Comprehensive approach to solving environmental protection problems and full implementation of planned measures within the Ecology program allowed the Company to maintain leading positions in the industry with minimal environmental impact in 2015.

Compared with the previous reporting period, OJSC "Surgutneftegas" significantly reduced the amount of air pollutant

emissions, lands disturbed by the Company's activities, oil and oil products spilled (remained) as a result of incidents at the facilities.

Extending the range of low-impact and resource-saving technologies, the Company once again increased the level of associated petroleum gas utilization (up to 99.38%) as well as the volume of waste re-used and treated in own production.

Name of specific indicator	Unit of measure	2012	2013	2014	2015
Oil production	'000 tonnes	61,405.14	61,453.0	61,425.0	61,621.5
Gross pollutant emissions into the atmosphere	'000 tonnes	129.0	131.5	144.9	132.2
Specific pollutant emission into the atmosphere per barrel of oil produced	kt/t	2.1	2.1	2.4	2.1
APG utilization level	%	99.20	99.17	99.14	99.38
Waste produced	'000 tonnes	713.8	821.5	716.1	725.8
Waste used in own production	'000 tonnes	470.0	507.8	422.9	452.6
Waste treated in own production	'000 tonnes	27.2	32.9	37.9	43.0
Transferred to external companies	'000 tonnes	156.3	222.1	202.3	183.3
Specific waste disposal	t/t	1.09	1.08	1.08	1.07
Water consumption	'000 cub m	107,203.1	108,007.6	91,273.1	100,509.8
Specific water consumption	cub m/t	1.75	1.76	1.49	1.63
Surface wastewater disposal	cub m	0	0	0	0
Total land area at the beginning of the year	ha	106,367	111,932	119,086	131,681
Total land area at the end of the year	ha	111,932	119,086	131,681	133,798
Disturbed land area at the beginning of the year	ha	4,837	19,610	16,413	14,251
Disturbed land area at the end of the year	ha	19,610	9,882	9,645	3,060
Polluted land area at the beginning of the year	ha	92.3	2.0	1.5	0
Polluted land area at the end of the year	ha	2.0	1.5	0	0
Amount of oil (oil products) spilled (remained) as a result of incidents at the facilities	kg	824	1,814	0	0
Number of oil, oil products and formation water spills	units	6	11	3	9
Share of environmentally friendly fuel (high-octane gasoline Euro 4, 5; diesel Euro 3, 4, 5; gas motor fuel) in the total amount of fuel used	%	95.33	95.39	94.78	94.78



ENVIRONMENTAL MONITORING

OJSC “Surgutneftegas” pays close attention to the system of industrial safety compliance control and environmental monitoring. The established environmental quality monitoring system and the assessment of environmental condition allow us to control and detect negative changes and to improve the management of environmental activity.

Environmental monitoring is a comprehensive system of organizing routine observations, information gathering, assessment and forecasting of spatial and temporal variations in the state of environmental health due to anthropogenic factors. It is organized at the license blocks of OJSC “Surgutneftegas” in Khanty-Mansiysky Autonomous Okrug – Yugra and other regions of the Russian Federation.

The monitoring is performed in two directions:

1. The quality monitoring of natural environment components (surface and ground waters, bottom sediments, soils, ambient air and snow).
2. Environmental monitoring of industrial facilities, including monitoring of emission sources' state and emissions of air pollutants, well pads and oil sludge pits, domestic and industrial waste landfills.

Research is carried out by 11 laboratories of the Company accredited in the field of analysis and radiation survey. The Company has the license to operate in the sphere of hydrometeorology and related areas, including determination of the pollution level of ambient air, water and soil.

The Company's Central Base Laboratory for Ecoanalytical and Process Studies of Engineering and Economics Implementation Center is responsible for general environmental monitoring.

The laboratory is accredited for 258 positions, including 95 ecological ones, and equipped with modern instruments, including spectrophotometers, chromatomass-spectrometers, gas and liquid chromatographs.



This equipment allows us to determine the content of heavy metals, carcinogenic pollutants and natural radionuclides in all components of the natural environment. Surface waters and industrial emissions monitoring is also conducted by the laboratories for physical and chemical analysis of R&D Design Works Center run by six oil and gas production divisions accredited for over 20 positions.

There is an analytical complex in the Republic of Sakha (Yakutia) having no parallels in the region by technological equipment: the production and research laboratory of the R&D and production work site in oil and gas production division “Talakanneft” is accredited for 222 positions, including 15 radiological ones.


OJSC “Surgutneftegas” also organized remote monitoring of its fields using aerial surveillance, large-scale aerial photography and HD satellite imagery. Earth remote sensing data are used to make inventories of disturbed lands, conduct geobotanical monitoring, develop and update projects for sludge pit reclamation, projects for local environmental monitoring and

sampling schemes, perform landscape monitoring, assess current environmental situation in licensed areas and solve other environmental protection problems.

In 2015, environmental quality control was carried out at 101 license blocks at 3,748 control points, including:

-  1,331 points in Khanty-Mansiysky Autonomous Okrug – Ugra;
-  427 points at the license blocks located in other regions of the Russian Federation;

-  1,498 points near sludge pits;

-  492 points for monitoring well pads within water protection zones.

According to the program approved by the Company, monitoring of surface waters of Imlor Lake was carried out.

According to departmental monitoring data, the impact of the Company's production facilities is characterized as acceptable. OJSC "Surgutneftegas" meets environmental quality standards in a due measure.



INDUSTRIAL ENVIRONMENTAL CONTROL

Levels and types of industrial
environmental control

Objects of control

Control organization and procedure

Industrial environmental control (IEC) is a part of environmental management. General control of environmental management system is performed by the First Deputy Director General of OJSC "Surgutneftegas".




The Company has an effective vertically integrated two-level system of IEC.

I level: control of adherence to the legislation requirements and standards, local technological normative documents in the Company's business units and contracting organizations. The person responsible for organization and implementation of the I level of control, including control in the sphere of waste management, in the Company's business unit is appointed by an order of the business unit head.

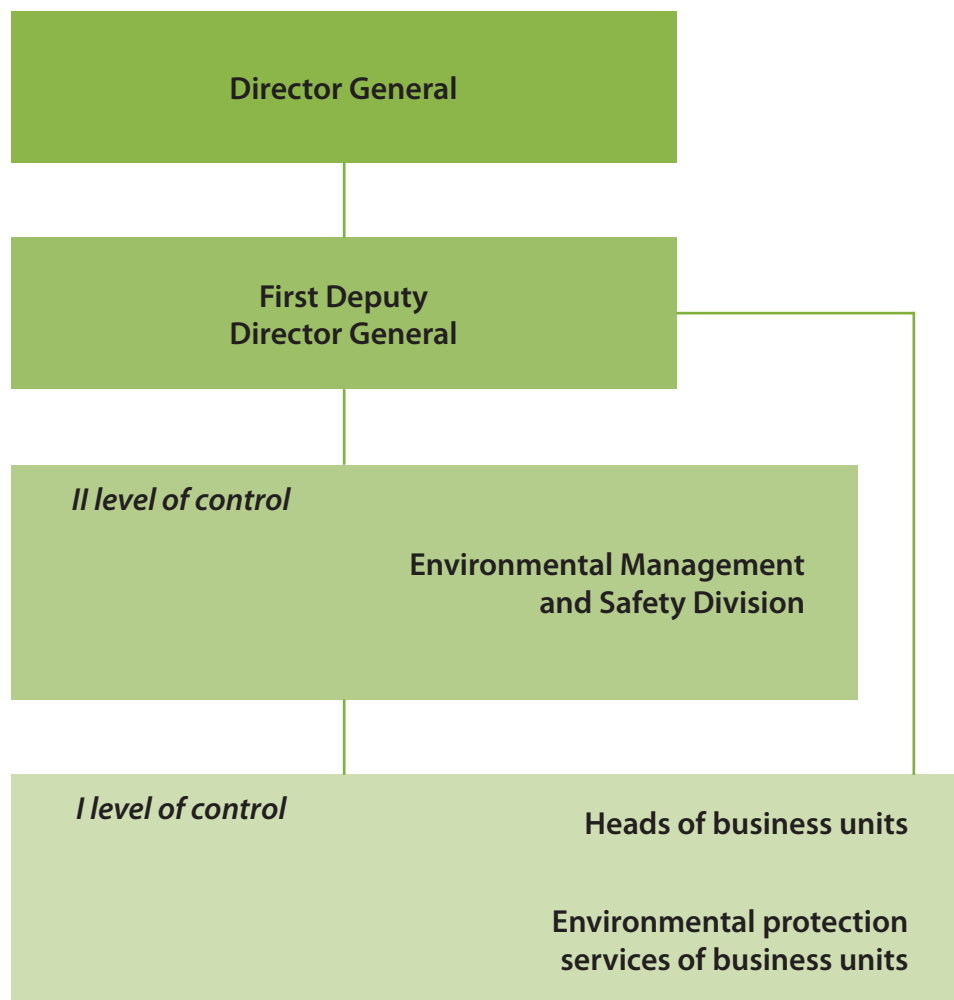
II level: control of adherence to the requirements of environmental legislation, license requirements and conditions by the Company's business units and contracting organizations in the field waste management. The person responsible for organization and implementation of the II level of control, including control in the sphere of waste management, in OJSC "Surgutneftegas" is the Head of Environmental Management and Safety Division.

The industrial control in the sphere of waste management is carried out on the basis of the procedure approved by authorized bodies, regulations on the organizational units of environmental services of the headquarters and business units of the Company, administrative duties of persons in charge.

Types of corporate industrial environmental control:


-  office (documentary) control consisting in testing of necessary documentation set by the environmental legislation and the Federal Law "On the environmental expertise";
-  inspectorial control consisting in site survey;
-  ecoanalytical control consisting in sampling and analysis of samples of industrial discharges, sewages, wastes and their chemical analysis or biotesting.

THE SYSTEM OF INDUSTRIAL ENVIRONMENTAL CONTROL



Facilities are subject to industrial environmental control if the consequences of their activity lead to negative impact upon the environment, including:

-  sources of air pollutant emissions;
-  sources of pollutants discharged into the environment;
-  off gases cleaning systems;
-  sewage cleaning systems;
-  waste accumulation and disposal sites;
-  equipment and units for waste use and decontamination;
-  systems of prevention, localization and elimination of anthropogenic accidents;
-  environmental objects located within industrial sites;

-  territories (water areas) of nature management and sanitary-hygienic zones.

The Company's equipment and facilities for waste decontamination and disposal are subject to license control in the sphere of waste management. This includes buildings, installations, technical solutions, equipment and other facilities owned by the Company as property or on any other legal grounds. Necessary professional training of the Company's employees working with wastes is proved by certificates for working with wastes of I–IV hazard classes.

The Company also evaluates the results of environment condition and pollution level monitoring in the territories of waste disposal facilities and within their impact upon the environment.

IEC is systematic and off-schedule. Implementation of control measures includes their planning and preparation.

Industrial control measures in the field of waste management can be either special-purposed or a part of complex IEC measures including control of adherence to the environmental legislation as a whole.

Inspectorial and ecoanalytical control are carried out in compliance with technological normative documents of OJSC "Surgutneftegas".

The control report drawn up by the results of IEC contains the following information:

1. Compliance of inspected facilities with the requirements of natural environment legislation, ecological safety and organization standards.

2. Compliance with the requirements of the legislation in the sphere of waste management, ecological, sanitary-epidemiological rules and guidelines of waste management set by "Procedure for the industrial control in the field of waste management in OJSC "Surgutneftegas", instructions of waste management, a draft standard for waste generation and disposal limits.

3. Suggestions of implementation of necessary measures and works and dates of their performance.

4. In case of drawing up the results of inspectorial control which is performed along with ecoanalytical – sample collection and studies results reports (or copies with sign of the service where the original documents are kept).

Control of suggestions and prescriptions fulfillment is carried out by the person, who made them, without preliminary notification of the inspected one. Control of prescriptions fulfillment is carried out every month, the results are reported at monthly summing-up meeting.

IEC results are subject to accounting, analysis and summarizing aimed at further use in implementation of industrial control in the field of waste management.

The results of detected violations analysis are announced at the monthly council of business units heads under the chairmanship of Director General or any other nearest meeting devoted to the adherence to the environmental legislation.



ENVIRONMENTAL TRAINING OF PERSONNEL

Training of personnel in the field
of environmental protection

Main waste management requirements
in OJSC "Surgutneftegas"

Production activities in the territories
with a special mode of management

The Company's environmental activity is not limited to developing and monitoring the implementation of local regulations governing the conduct of operations and observance of technical discipline in order to minimize the negative impact of production processes on the environment and meet the requirements of current legislation. OJSC "Surgutneftegas" pays great attention to skills development and environmental training of its employees.

In accordance with the requirements of regulatory documents on the need for periodic in-house training of personnel, OJSC "Surgutneftegas" developed training program "Professional training of personnel for permit to manage waste of I–IV hazard classes" for managers and specialists deciding upon economic and other activities as well as for workers permitted to manage waste of the relevant hazard classes.

The implementation of corporate training programs in 2015 allowed us to improve the skills of 1,267 specialists in the field of waste management.




The Company continued to train its employees in ambient air protection: 6 employees of OJSC "Surgutneftegas" received national certificates of professional development.

The Company raises environmental awareness among its employees using media technologies, including a series of animated films: about the environmental policy of the Company, ways to mitigate the environmental impact, waste management requirements and code of conduct in the territories with a special mode of business activity, including nature park "Numto".


All types of waste produced in stationary and mobile workplaces of the Company's employees and its contractors, including domestic garbage, are considered production and consumption waste of OJSC "Surgutneftegas". Failure to comply with waste management rules even by one employee can make the whole Company a violator of environmental requirements of the Russian Federation.









As a source of pollutants into the environment, waste can serve as a habitat for agents of dangerous diseases. All production and consumption wastes are subject to separate stockpiling for further recording, use, decontamination and burial. Conditions and methods of these procedures should be safe for the environment and comply with the laws of the Russian Federation, procedures for industrial control in the field of waste management implemented by OJSC "Surgutneftegas" and instructions approved by the Company.

According to the rules of waste management, employees must:

-  store production and consumption waste in special packages, tanks and containers installed at arranged sites;
-  store separately oily wastes (waste cloth, working clothes, remains of wooden structures and such), scrap metal and solid domestic wastes in containers with relevant marking;
-  comply with the rules of safe waste management for specific types of hazardous wastes defined by special instructions.

When handling wastes, it is strictly prohibited to:

-  mix different types (groups) of wastes during their organized accumulation;

-  dump production and consumption waste on the ground, in surface water bodies, gathering grounds and such;
-  burn wastes in open pits and tanks without using special units equipped with exhaust gas cleaning systems;
-  throw away domestic garbage (cigarette stubs, cigarette packs, cans, bottles and such) from car windows, mobile houses, cabins, dormitories and clutter up industrial sites and adjacent territories as well as roadsides and such with domestic garbage.
-  store wastes in undesignated places, especially in the territories adjacent to urban and rural settlements, parkland, resort, health and recreation zones, animal migration paths, close to breeding grounds and in other places where environment, natural ecosystems or human health can be harmed;
-  bury wastes outside special landfills, on gathering grounds of ground water bodies used as water sources or for balneological purposes;
-  drive vehicles outside designated routes off road;
-  repair and wash vehicles in undesignated places, pour used motor oil and other contaminants on the ground;
-  smoke in undesignated places, litter territory with cigarette stubs.

All discovered violations of waste management rules should be reported to the Company's environmental service.

In accordance with licenses for subsoil use, OJSC "Surgutneftegas" performs prospecting, exploration and production of hydrocarbons as well as development and construction of fields, the area of which may partially fall within the boundaries of specially protected natural reservations (SPNR).

SPNR is an area requiring compliance with certain ethical standards and strict adherence to the rules of conduct determined by a number of historical, ethnographic and ecological factors.

There is a significant number of representatives of the indigenous minorities of the North in the regions of the Company's activities – the Khanty, the Mansi, the forest Nenets and other nationalities whose lifestyle and culture are special and unique.

Spiritual culture is a complex phenomenon which is based on the traditional world view that defines religious beliefs of the people and relevant legal and ethical standards of conduct in relation to nature, society and a human being. The basis of religious beliefs of some people of the North (e.g. the Khanty) is animism – the belief in the existence of protective spirits, attribution of a living soul to nature. The religion of the Nenets is mainly represented by orthodoxy with a strong influence of animism.

There are places that are important for indigenous people – places of worship, family shrines, family and public burial grounds, individual graveyards etc – in the territory of OJSC "Surgutneftegas" activities. The sacred sites and rituals related to them reflect the views of indigenous people on the spiritual and material connection between human beings and environment. The rituals performed at the sacred sites are actions that contribute to constant actualization of this connection and values of the world. Therefore, destruction of a sacred site leads to breaking of a chain between men and nature.

Privacy and taboo are main features of behavior related to the sacred sites. The indigenous people try to get round them. Moreover, it is strictly forbidden for outsiders to be in these places. Registration and protection of the sacred sites requires special tools based on respect and trust.

It is forbidden to touch anything, cut down trees and disturb the peace of the world of spirits worshiped by the indigenous people at the sacred sites. Compliance with the rules of conduct and prohibitions by the employees of OJSC "Surgutneftegas" and contractors is very important for them.

While carrying out operations in SPNR, the main objective of the Company is maximum preservation of the primordial environment, traditional way of life, economic activities and industries of the indigenous people residing there.

In specially protected natural reservations, OJSC "Surgutneftegas" strives to:

- minimize the number and area of industrial sites and infrastructure facilities through implementation of the best technologies for exploration, production and transportation of oil and gas;
- minimize the negative impact on the environment by reducing emissions, effluents and waste, eliminating man-made impact outside the areas designated for industrial facilities;
- prevent equipment and personnel presence and movement outside the industrial sites and facilities designated for these purposes without proper authorization;
- organize field operations to examine the area of the proposed location of industrial sites for the presence of ethnoarchaeological and ethnographic objects and, if any, transfer industrial facilities outside this area whenever possible;

- ensure subsequent restoration of original natural functions of the territory, including resource functions preserving traditional way of life and industries of the indigenous people, through detailed examination of the area of the proposed location of industrial sites and consideration of ecosystem functions at the design stage;
- establish clear prohibitions for the employees working in SPNR.

When carrying out production activities in the territory of residence of the indigenous minorities of the North, in order to preserve ethnic groups and their culture, the employees should be guided by the following obligatory principles:

- obligation to respect the culture, local customs and ethnic identity of the indigenous people of the North;
- understanding and respect for the traditions, customs and rituals forming a major part of the culture of the indigenous people;
- taking into account the experience and continuous improvement of the system of relations with the indigenous people residing in the territory of the Company's activities;
- immediate reporting to the Company's administration (Minority Affairs Department, Environmental Safety and Management Division, OJSC "Surgutneftegas") in the event of misunderstanding, threat of conflict or violation of the established requirements;
- resolution of conflicts and clearing up of misunderstanding through discussion and negotiation;
- prohibition of personal conflicts between the Company's employees and the indigenous people;
- absolute inviolability of places of the worship and shrines
- as well as of the property of the indigenous people;
- ensuring privacy of the indigenous people;
- obligatory training of the Company's employees and contractors, unscheduled instruction before they are allowed to work in SPNR;
- adherence to environmental standards and requirements;
- compliance with fire safety measures in the forest;
- adherence to a special access mode which restricts getting of outsiders, fire arms, fishing equipment, explosives and hazardous chemicals, dogs and other animals, alcohol beverages into the SPNR;
- taking measures to ensure safety traffic at the intersection of road traffic routes with deer paths and roads of the indigenous people through the establishment of signs and safety crossings and their timely clearing as well as clearing of fallen trees on dirt roads and driveways used by the indigenous people;
- continuous improvement of the personnel's environmental skills and interaction with the indigenous people;
- disclosure of socially important information about the Company's environmental performance, state of the environment and relations with the indigenous people.

The implementation of principles in the field of preserving indigenous minorities is achieved through rules and standards of the Company's employees conduct in specially protected natural reservations, which are mandatory for employees of OJSC "Surgutneftegas" and its contractors.

When carrying out production activities, every employee must:

1. Complete the appropriate unscheduled briefing prior to admission to work in SPNR.
2. Strictly observe the ban on bringing in alcohol beverages, fire arms, fishing and hunting equipment, explosives and hazardous chemicals, dogs and other animals; provide obligatory inspection of vehicles and personal belongings at the checkpoint at the entrance to SPNR.
3. Be present only at industrial sites and facilities, not go outside of them, even after business hours, and not carry out fishing, wild harvest gathering, hunting, etc.
4. Ensure strict compliance with the rules and environmental requirements during business hours and off duty.
5. Respect the indigenous people, their culture and traditions, ensure preservation of shrines and other places of worship.
6. Inform the population in advance and agree arrivals of employees at the nomads camps to deal with any cases when it is necessary with the administration.
7. Observe guest etiquette when visiting nomads camps and other living areas of the indigenous population. It is better to

coordinate all actions with hosts, exclude informal vocabulary, loud and aggressive tone, etc.

8. In case of getting into sacred places, graveyards and family burial grounds, discovering archaeological and ethnographic monuments of history and culture of the indigenous people, it is strictly prohibited to:

-  perform desecrating behavior and actions;
-  take photos and make videos;
-  touch sacrificial gifts to the gods (fabric, ritual and household accessories, skins, deer antlers and bones or their fragments) placed in trees or already fallen;
-  carry out cutting of trees, berry picking, hunting, fishing and arranging of a campsite;
-  visit shrines by women regardless of their nationality.

9. Keep as quiet as possible during deer calving from late April to mid-August.

10. Note that everything made by man, as well as semi-domesticated animals (deer), regardless of their location in SPNR, is private or public property. In order to avoid civil and criminal liability, the employees must not disturb animals, hunt and fish in the territory of residence of the indigenous people, touch and take away fishing and hunting equipment, destroy camp constructions.



R&D ACTIVITIES IN THE FIELD OF ENVIRONMENTAL PROTECTION

Research works

Preliminary examination

In order to improve the effectiveness of environmental protection measures and enhance the environmental safety system, the Company collaborates with scientific institutions and public partner organizations, conducts its own research and appraisal works.

In 2015, OJSC "Surgutneftegas" organized research activities to study rheological characteristics of oil-water emulsions in Eastern Siberia: at the Alinskoye, Vostochno-Alinskoye and Severo-Talakanskoye fields, Central and Eastern Blocks of the Talakanskoye oil and gas condensate field.

The results of this research carried out by the scientists of one of the leading research and development institutes in Russia – PJSC "Giprotyumenneftegaz" – are currently used to conduct hydraulic calculations, design field pipelines and plan works to ensure maximum operational reliability of the existing field pipelines at the fields of OJSC "Surgutneftegas" in the Republic of Sakha (Yakutia).

According to new technology "Construction, running and remediation of sludge pits at the license blocks of OJSC "Surgutneftegas" in the territory of the State Forest Fund of the Russian Federation of the middle taiga subzone in Western Siberia" certified by the State





Environmental Expert Commission and approved by the order of the Federal Supervisory Natural Resources Management Service dated 16.04.2015 No. 319, in 2015, the Company started work to provide monitoring of condition and contamination of vegetation cover around 448 sludge pits. Monitoring of vegetation is carried out remotely using expert decryption of high-resolution satellite and aerial images.

In the territory of nature park "Numto", the Company continued research in the field of biological monitoring of the Vatlorskoye, Verkhne-Kazymskoye and Suryeganskoye fields started in 2012–2014.


In the reporting period, field work was carried out by the expeditionary unit of LLC "Ekomaks" comprised of highly qualified specialists of leading Russian scientific institutions and state reserve "Yugansky". The studies included assessing key components of biogeocenoses and analyzing the dynamics of changes in the examined territory.

To improve the quality of project documentation developed for capital construction and exploratory facilities and subject to approval by the State Environmental Expert Commission, the Company implemented its preliminary examination.

In the reporting year, environmental experts conducted a preliminary examination of:

-  11 project documentations for capital construction facilities;
-  4 project documentations for the construction of sludge pits;
-  58 operating procedures,
-  13 flow charts of field development projects;

 10 design briefs;

 12 terms of reference for environmental impact assessment;

 6 organization standards.

The overview of environmental project documentation resulted in the preliminary examination of 52 draft standards for maximum permissible emissions and 60 draft standards for waste generation and disposal limits.

The Company checked the availability and validity of approval documents. This allowed us to prevent the violation of environment legislation and provide compliance of the Company's business units with approval documents in the field of ambient air protection and waste management.

