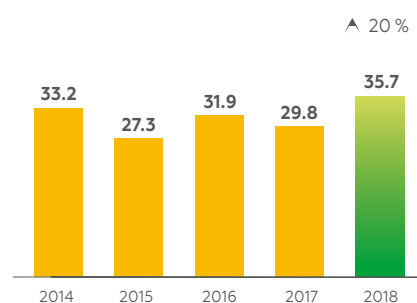


GEOLOGIC EXPLORATION WORKS

The Company's strategic goal is to carry out exploration operations and to expand its hydrocarbons resource base to ensure the further sustainable growth of hydrocarbon production in the medium and long term.

In 2018, exploration operations were carried out at facilities in the Socialist Republic of Vietnam and in the Russian Federation.

Exploration drilling volume, thous. m



The volume of exploration drilling in 2018 came to 35.7 thousand meters. The main work task was to clarify the structures containing undrilled reserves at the existing fields, and to confirm the estimated reserves at the new blocks.

In the reporting year, the construction of seven exploration wells on the shelf of the Socialist Republic of Vietnam, two wells in the Nenets Autonomous District, and one well in the Orenburg region was completed.

Main Results of Exploration Drilling in 2018

Project, operator	Plot	Legal form and ownership interest	Project results in 2018
Socialist republic of vietnam			
Block 09-1 JV "Vietsovetro"	shelf	Intergovernmental agreement between Petrovietnam Oil and Gas corporation (51%) and Zarubezhneft JSC (49%)	10 wells were in drilling. Exploration work was carried out on White Tiger, Dragon and White Cat fields. 7 wells were completely constructed. According to the results of the work performed as of December 31, 2018, reserves increment was obtained in the amount of 2.065 million tons of oil in 2P category.
Block 09-3/12 JV "Vietsovetro"	shelf	Oil and gas contract between JV "Vietsovetro" (55%), PVEP (30%), Bitexco (15%)	CT-6X well was drilled on Ca-Tam structure (the well was completely constructed 2019).
Block 12-11 JV "Vietsovetro"	shelf	Oil and gas contract of Zarubezhneft JSC (100%)	EF-1X well re-testing was performed after hydraulic fracturing. According to the work results, the commercial gas inflow was obtained. According to preliminary estimates, the increment in 2P category will amount to 2.464 million tons of oil equivalent.
Block 42 PVEP	shelf	Oil and gas contract between PVEP (51%) and JV "Vietsovetro" (49%)	Drilling of PQ-1X exploration well has begun (the construction is expected to be completed in 2019).
Block 16-1/15 JV "Vietsovetro"	shelf	Oil and gas contract between JV "Vietsovetro" (51%), PVEP (29%), Bitexco (10%) and Sovco (10%)	CV-1X well was completely constructed. Of the four tested intervals, oil inflow was obtained only at facility 1 in lower Miocene sediments. Estimation of the reserves increment is underway (reserves are planned to be calculated in 2019). The work has begun on processing and interpretation of 3D PrSTM and PrSDM (1,710 km ²) seismic data.
Russian Federation			
Pashkinskoye Orenburgnefteotdacha JSC	land	License of Zarubezhneft JSC (100%)	Testing of 3p Pashkinskaya well was carried out. All facilities produced commercial oil inflows. The reserves were calculated, the increment of AB1C1 oil made 470 thousand tons.
Lutseyakhskoye North-Karasevskoye Petroleum Enterprise LLC	land	License of Zarubezhneft JSC (100%)	Re-testing of well No. 70-Lutseyakhskaya was performed applying the HFF (200 tons of proppant) to reservoir Ah3-2 with further test operation until the end of the winter season, by the close of work, flow rate on a 18 mm choke was: 91.2 m ³ /day for liquid, 20.1 m ³ /day for oil.