

Joint Implementation Project with Gazprom Group for Flare Gas Recovery

– JI Project to reduce 3.1 Million Tons CO₂e receives initial approval from Sberbank –

Russian oil major JSC Gazprom Neft (GN), JX Nippon Oil & Energy Corporation (NOE) and Mitsubishi Corporation (MC) have been jointly developing a project to recover and utilize flare gas from the Yety Purovskoe Oilfield (Yamal Nenets district, Russian Federation). Sberbank's approval for the first tender procedure of the Yety Purovskoe Gas Utilization Project was received on July 8, 2010. The business has been authorized as the Russian government's first Joint Implementation (JI) Project on July 23, 2010

A JI Project is an emission reduction scheme conceived under the Kyoto Protocol. Such projects are collaborative efforts by developed countries like Japan and Russia to reduce greenhouse gasses (GHG). The countries receiving the benefits of these JI Projects repay the collaborating countries in the form of carbon credits called Emission Reduction Units (ERU).

This particular JI Project is to utilize flare gas*1 from GN's Yety Purovskoe Oilfield for fuel. Newly constructed pipelines were previously connected from the wells to the existing main pipeline. The project will earn 3.1 million ERUs (one ERU per ton of reduced CO₂) by the end of 2012, including reductions retroactive from August, 2009, when the new pipelines were first added.

GN, NOE and MC have been working together to develop this JI Project since their initial, joint feasibility study. GN is responsible for the project's construction works, operation and maintenance. NOE will provide know-how on flare gas recovery projects through its involvement in another, similar CDM at Rang Dong Oil Field in Vietnam*2. Meanwhile, MC will coordinate the project in line with applicable laws in Russia and the Kyoto Protocol by leveraging its experience in other GHG reduction projects around the world.*3. MC plans to sell all the ERUs from this JI Project to companies aiming to meet their own emission requirements.

1. Associated Petroleum Gas from oil exploration is usually burned off via a flare stack in order to avoid unexpected explosions, as it contains volatile components, such as methane, ethane and propane. Compared to the equivalent amount of CO₂, methane has 21 times the impact on global warming.
2. The Rang Dong oil field lies offshore southern Vietnam and is operated by one of the companies of JX Group. The "Rang Dong oil field associated gas (flare gas) recovery and utilization project" was registered as a CDM in February 2006 – the world's first CDM involving the recovery and utilization of the flare gas.
3. MC is developing more than 100 CDM/JI Projects in various countries. As of August 5, 2010, 48 of these projects have been approved by the United Nations.

–Attachment–

 [Company Profile of GN and Details of the JI Project\(PDF:122KB/1PAGE\)](#)