



DRILLING UPDATE AND PRODUCTION REPORT FOR FEB 19

Released : 04.03.2019

RNS Number : 6613R
Volga Gas PLC
04 March 2019

04 March 2019

Volga Gas plc
("Volga Gas", the "Company" or the "Group")

DRILLING UPDATE AND PRODUCTION REPORT FOR FEBRUARY 2019

Volga Gas plc, the oil and gas exploration and production group operating in the Volga Region of Russia, is pleased to provide the following update on drilling operations and to announce its average production volumes for February 2019.

Drilling Update

As outlined in the 2018 Interim Report issued on 28 September 2018, the Company has undertaken the drilling of two sidetrack wells on the Dobrinskoye and VM fields which were at the time non-producing. The first of these on the #26 Dobrinskoye well was drilled in December 2018 and during February 2018 put on production. Drilling of the second sidetrack, on the VM#2 well, was completed on 17 February 2019. This well was drilled on a deviated path and a total reservoir intersection of 71 metres of pay has been logged in the well in a zone with average reservoir thickness of 13 metres. The well is currently undergoing flow testing. Management expects the results of this test to be available by the end of March 2019.

Production Report

In February 2019, incremental production from the Dobrinskoye 26 sidetrack well, together with uninterrupted operations on the processing plant with zero downtime led to a 7% increase in gas production, compared to January 2019.

The average production in February 2019 was 6,389 barrels of oil equivalent per day (9.6% higher than January 2019).

Average production comprised:

	February 2019 Average	January 2019 Average	Jan-Feb 2019 Average
Gas:	23.1 mmcf/d	21.7 mmcf/d	22.3 mmcf/d
Condensate	1,629 bpd	1,413 bpd	1,515 bpd
Oil	484 bpd	463 bpd	473 bpd
LPG	430 bpd	345 bpd	385 bpd
Total	6,389 boepd	5,830 boepd	6,095 boepd

Management's expectation for 2019, which includes some contribution from the two sidetracks announced above, is for production to average 5,900 boe per day including LPG volumes.

Production data is based on preliminary monthly production reports prepared for the purposes of submissions to tax authorities for Mineral Extraction Tax purposes. The gas production numbers for January 2019, as announced on 5

February 2019, have been revised upwards from 21.6 mmcf/d to 21.7 mmcf/d in line with the final official submissions. Condensate, Oil and LPG volumes are unchanged. The total production number for January 2019 is consequently revised from 5,814 to 5,830 boepd.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

For further information, please contact:

Volga Gas plc

Andrey Zozulya, Chief Executive Officer	+7 (903) 385 9889
Vadim Son, Chief Financial Officer	+7 (905) 381 4377
Tony Alves, Investor Relations Consultant	+44 (0) 7824 884 342

S.P. Angel Corporate Finance LLP

Richard Redmayne, Richard Morrison, Richard Hail

+44 (0) 20 3470 0470

FTI Consulting

Alex Beagley, Fern Duncan

+44 (0) 20 3727 1000

Notes

The information contained in this announcement has been reviewed and verified by Mr. Andrey Zozulya, Chief Executive Officer of Volga Gas plc, for the purposes of the Guidance Note for Mining, Oil and Gas companies issued by the London Stock Exchange in June 2009. Mr. Andrey Zozulya holds a degree in Geophysics and Engineering from the Groznensky Oil & Gas Institute and is a member of the Society of Petroleum Engineers.

The Company records production in metric tonnes (for oil and condensate) and in cubic metres (for gas). Conversions from metric to standard oil field units are used for illustrative purposes only and are based on the Company's estimate of the applicable ratios. The ratios used are 7.833 barrels per tonne for oil and 8.75 barrels per tonne for condensate and 11.735 barrels per tonne for LPG. Gas volumes are translated using 35.3 cubic feet per cubic meter and 6,000 cubic feet per barrel of oil equivalent.

Glossary

bpd	Barrels per day
boepd	Barrels of oil equivalent per day
mmcf/d	Millions of standard cubic feet per day

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rs@lseg.com or visit www.lseg.com.

END

DRLUAVNRKNAORAR