

IMPORT SUBSTITUTION

A larger procurement share of Russia-made products is on the list of Gazprom Neft's priorities. To deliver on this goal, the Company is making use of existing solutions while also supporting the drive to innovate.

Gazprom Neft's Department of Technological Partnerships and Import Substitution is specifically tasked to monitor the Russian market of goods and materials for import substitution on a regular basis. The Company's import substitution programme translates into industrial strategies and roadmaps for alternative substitution. We also promote import substitution when it comes to our regional development programmes¹.

In the past five years, the Company has conducted more than 120 tests on the newest Russia-made equipment and created some 50 unique products to replace imported ones, along with another 170 products being developed. In addition, Gazprom Neft supported Russian development companies' applications for external financing amounting to more than ₹ 6 bn, including subsidies from the Industrial Development Fund.

In 2018, Gazprom Neft expanded its procurements with more than 15 new products never before made in Russia. The Company entered into strategic partnership agreements with Roscosmos, Severstal, Geoenergomash and Becema, Neftegazavtomatika, and signed an agreement with Lukoil and Tatneft for the cooperation in developing oilfield services based on import-substituting equipment and technologies with a focus on high-tech drilling services. Joint working groups with Gazprombank and HMS Group keep working.

Gazprom Neft partners with leading R&D institutions to develop and productionise import-substituting products on an ongoing basis. Some of these products include:

- > low-viscosity base oils for drilling muds (branded as Gazpromneft Drilline);
- > new ultrahard materials for drill bit blades created in collaboration with the Skolkovo Institute of Science and Technology;
- > new version of a cracking catalyst with an active matrix, which provides benefits compared to Western catalysts based on an inert matrix. This was a joint development with the Institute for Hydrocarbon Processing Technologies of the RAS Siberian branch.

Going forward, the import substitution programme will help the Company and its partners create in Russia more than 100 new high-tech products. These will include drilling units, equipment and reagents for hydraulic fracturing, power generation, compression and downhole equipment, marine engineering solutions, equipment for offshore projects, personal protective equipment, and much more.



Import substitution in the oil industry (interview)



Interview to Sibirskeya Neft online newspaper

50

UNIQUE PRODUCTS
CREATED IN 5 YEARS

170

PRODUCTS
IN THE PIPELINE

¹ For more details, see the Regional Policy and Development of Local Communities section of this Report.



Import substitution
in the oil industry

CASE STUDY: IMPORT SUBSTITUTION

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The Gazpromneft Catalytic Systems subsidiary is set up as part of the Gazprom Neft Group to develop an import-substituting catalyst business. Its key objective is to construct a plant in Omsk to produce cutting-edge oil refining catalysts and develop the catalytic business.

In 2018, the Omsk-based Institute for Hydrocarbon Processing Technologies of the RAS Siberian branch joined efforts with Omsk Refinery to develop a new cracking catalyst modification¹. What makes it unique is its matrix². The new catalyst based on an active matrix is superior to Western catalysts based on an inert matrix.

During 2018, Omsk Refinery was migrating its catalytic crackers from the prior catalyst to the new one, which proved to be highly effective. It will be a first choice catalyst to produce high-quality motor fuels. It also won Gazprom's award in research and development.

This cracking catalyst modification is supposed to be competing with imported catalysts, being on a par with them but much cheaper in production due to lower pressure and temperature.

In 2018, the Skolkovo Institute of Science and Technology digitally modelled the existence of new ultrahard materials, following which the RAS Institute for High-Pressure Physics confirmed their feasibility. Physical and mechanical tests proved the predicted specifications. The Scientific and Research Centre filed patent applications for Russian certification with the Federal Institute for Industrial Property and for international PCT certification. In 2019, the Company started developing a technology to manufacture drill bit blades based on new materials and looking for industrial partners to produce the same. These materials are likely to have other industrial applications, too.



The catalyst plant project
received government
support



Made in Russia: Gazprom
Neft's catalyst production
project
[\[coverage by RBC TV\]](#)

¹ Catalytic cracking is a technique to process petroleum fractions with a catalytic converter (a compound that accelerates chemical reactions) into high-octane gasoline and other products.

² Matrix is a porous carrier with an active agent which helps maintain catalyst performance in a high-temperature environment. The matrix can be either inert, which allows entry for feedstock molecules and removal of cracking products, or active. The latter is used to precrack larger feedstock molecules.