

## **INFORMATION**

about the investment potential of the Nenets autonomous district

### **1. General information about the region and its territory**

Nenets National district was established in 1929, July 15. The territory of the district together with Vaygach and Kolguev islands is 176,81 thousands square km (1,05% of the total area of Russia). Nenets autonomous district is located in the north-east of European part of Russia. The district borders on Arkhangelsk region in the west and south-west, on Komi Republic in the south and south-east and on Yamalo-Nenets autonomous district in the east. The northern border goes along the coastline which is washed by the waters of the White Sea, the Barents Sea, the Pechora Sea and the Kara Sea of the Arctic Ocean. Most of the district's territory is situated far to the north from the Polar Circle. The population of NAO is 42,437 people as of January, 1<sup>st</sup>. The administrative centre of the district is Naryan-Mar.

### **2. Economic statistics**

There is an increase in the volume of the GRP in the Nenets autonomous district. The growth is caused mainly by the increase of production volumes in the oil industry. GRP per capita in 2009 amounted to 3 097,8 thousand rubles.

#### **Dynamics of GRP in 2010 - 2012**

Volume of GRP, current prices, mln. rubles	2010	2011*	2012*
	145750,10	162387,91	155459,94

\*-forecast data

The index of industrial production according to productive activities (in % to the corresponding period of the previous year) in 2010 – 95.2, in 2011 – 83.98, in 2012 – 89.9, in 2013 – 97.38. Nenets autonomous district is the leader among the subjects of the North-West federal district in the production of industrial goods per capita.

The volume of shipped goods of own production, executed works and services by own forces for the extraction of minerals, manufacturing industries, electric power distribution, gas and water for 2012 is 162 768.63 million tons.

### **3. The main branches of industry.**

**Petroleum-mineral complex.** Hydrocarbons are the main natural resources of the Nenets autonomous okrug on which its further development is based. Region is situated in the northern part of Timan-Pechora oil and gas province and known for the significant volume of resources prepared for industrial production. For example the province is at the fourth place in Russia for the oil reserves. There

are 83 deposits of hydrocarbons explored on the territory of the region, including: 71 oil fields, 6 oil-and-gas condensate fields, 1 gas-and-oil, 4 gas-condensate and 1 gas field.

**Agricultural complex** of the Nenets autonomous district is one of the components of the regional economy and the main source of livelihood of the indigenous population. The structure of the districts agriculture includes such traditional branches as reindeer herding (7%), fishery (65%), dairy husbandry (26%), under cover vegetable growing (less than 2%).

Fishing in the Nenets autonomous district is the branch that performs the main function in the provision of fishery products. Fisheries fund of NAO includes the territorial waters of the White, Barents and Kara Seas, 161 lakes and 1542 rivers. Each year, industrial quota (including sea fishing, coastal and freshwater quota) for the Nenets autonomous district is about 10-12 million tons.

**Construction** makes about 4,5% of the gross regional product. More than 130 companies with economic activity "Construction" are registered in the district. The modern construction complex of NAO is focused not only on the development and construction of oil and gas fields, but also on the social and cultural projects, housing, construction of engineering infrastructure.

**Transport complex** of the district is represented by roads, water (sea and river) ways, air and pipeline transport. The main constraint to the development of NAO and the development of other sectors of the economy, of course, is the lack of well-developed transport infrastructure. The transport sector specific features are - lack of permanent ground communications, the limited terms of sea and river transportation, for transportation of goods in winter temporary roads (zimniks) are used.

Air transport is a key part of the transport infrastructure of NAO, providing external communication as well as significant part of domestic transport. Through the air the district center of Naryan-Mar is associated with all settlements of NAO and almost all regions of Russia. In the district there are 5 airports and 16 landing sites. There are regular flights to Moscow, St. Petersburg, Arkhangelsk, Syktyvkar, Usinsk, Ufa. In summer, there are additional flights in the southern direction. Water transportation provides seasonal capability for the delivery of oversized cargoes and products of long-term storage. Internal waterways can also be used on a seasonal basis – the length of navigable waterways is 387 km.

#### **4. Projects of trade-economic and industrial development**

##### **Construction of a highway Naryan-Mar – Usinsk.**

The aim of this project is to provide connection between the Nenets autonomous district and the Komi Republic, as well as federal and regional centers of the Russian Federation.

The length of construction is about 83 kilometers, 6 km is almost built, but not commissioned. There is need to build and put into operation bridges over the Shapkina river (almost completed), the Laya-Vozh river, the Laya river, and the Khariyaga river. The project is included in the strategy for socio-economic development of the Nenets autonomous district for the period until 2030 and the

Federal target program "Modernization of transport system of Russia (2002-2010), the subprogram " Roads ".

To complete the construction of the road Naryan-Mar - Usinsk \$ 5,197.21 million are required.

### **Construction of power line 20 Kv Naryan-Mar – Krasnoye.**

The aim of this project is to provide reliable power supply and increase of energy security of the citizens living in the settlement Krasnoye, as well as connection of additional consumers. Construction will solve the problem of rural population with uninterrupted power; will allow to considerably reduce expenses on monthly utility payments. The power transmission line will reduce the cost of electricity for the Krasnoye.

Total length of the power line is 43.6 km. The project cost is estimated in 127.9 mln. rubles.

### **The 3-rd stage of reconstruction of the NAO "Naryan-Mar electric power plant", the installation of utilizing boilers of the exhaust gases thermal energy.**

The aim of the project is to increase of reliability of power supply of Naryan-Mar and settlement Iskateley and to increase the capacity of the power plant on the 5 Mw. Approximate volume of investments will make 464.6 million rubles.

### **Construction and reconstruction of the airport complex in Naryan-Mar.**

Construction and reconstruction of the airport complex in Naryan-Mar with the reconstruction of the takeoff and landing strip, parking of aircraft, aircraft parking stands, modernization of airport infrastructure. The terms of implementation and the volume of investments are not determined.

### **Construction of the railroad Sosnogorsk – Indiga.**

The aim of the project is to develop approaches to the new port for transportation of timber, mineral and oil and gas resources. The construction of the railway will contribute in the development of local deposits of solid mineral resources, will provide the year-round delivery of cargoes in the Nenets autonomous district. The estimated cost of the project - 102 000 million rubles, the main volume of investments is planned for 2016 - 2030.

### **Construction of the railroad Vorkuta (Khalmer-U) - Ust-Kara.**

The project is included in the "Strategy of railway transport development of the Russian Federation till 2030", the "Strategy of socio-economic development of the Nenets autonomous district for the period up to 2030". The estimated cost of the project – 19500 million rubles.

### **Construction of a sea port Indiga.**

The creation of a large arctic port is an important element of the Russian Federation Arctic strategy, and also will help to revitalize the Northern sea route.

The port Indiga will be used as the most promising loading port and a terminal for transportation of hydrocarbons in the Barents Sea.

The volume of investment and the timing of the project are not currently defined.

**Construction of intra-zonal fiber-optical and radio-relay communication lines with their connection to the trunk communication lines «Ust-Tsilma - Naryan – Mar».**

Present time intrazonal telephony on the territory of the Nenets autonomous district is organized with the use of satellite communication systems and obsolete radio relay communication lines. Data communication facilities do not allow to provide consumers with quality telecommunication services. The construction of the network will allow to solve these problems. The approximate volume of investments is 448.9 million rubles.

**The construction of wind-diesel energy stations in the settlements Ust-Kara, Amderma, Indiga, Nes.**

Wind-diesel complexes will allow to reduce the volume of fuel (diesel, coal) which is delivered to the rural settlements of the Nenets autonomous district for the organization of power and heat supply. The approximate volume of investments - 819.9 million rubles.

**The gas pipeline Telviska - Velikovosochnoye with the branch to the Oksino settlement.**

The aim of the project is the gasification of the settlements located in rural areas. The total length of the pipeline will be about 150 km. The approximate volume of investments is 1025 million rubles.

**Reconstruction of wastewater treatment facilities in the Bondarka settlement.**

This project is necessary for the technical re-equipment and expansion of facilities. The volume of investments will make 76.8 million rubles.

**Reconstruction of wastewater treatment facilities in the Kachgort settlement.**

This project is necessary for the technical re-equipment, expansion of treatment facilities. Approximate volume of investments will make 265.6 million rubles. The beginning of the project implementation is planned for 2012.

**Reconstruction of the greenhouse production area of 0.56 ha for the cultivation of vegetables in the city Naryan-Mar.**

This project will allow to increase the volume of vegetables grown. After the implementation of the project the provision of the population with cucumbers and tomatoes will make 10.2 kg per 1 inhabitant of the district, compared to 1.7 kg at the present time. Term of realization of the investment project is 2011-2012. The cost of the investment project will amount to 116.9 million rubles.

### **Construction of the fish farming farm.**

The objective of this project is the creation of a new enterprise for the reproduction of whitefish. The estimated amount of investment is 350 million roubles).

### **Construction of a fish processing plant.**

Implementation of project will allow to provide the residents of the district with wide range of high-quality fish products, to create new job opportunities. The estimated cost of the project is 500 million roubles.

## **5. Presence of large foreign enterprises**

1. Polar Lights Company (PLC), a joint venture of ConocoPhillips (50 %) and Russian partner Rosneft (50 %). PLC was established in 1992. Production began in 1994 in the Ardalin field, located in the northern part of the Timan-Pechora Basin. PLC's daily gross production capacity is presently about 16 mBOPD (2250 tons/day). Over the life of the field PLC has produced over 20 million tons. PLC headquarters office is in Arkhangelsk with representative offices in Usinsk, Naryan Mar and Moscow.

2. The Kharyaga Production Share Agreement (PSA). The investors of the PSA are Total Exploration Production (TEPR) 40%, Statoil 30%, Zarubezhneft 20% and Nenets Oil Company (NOC) 10%. TEPR is the operator. PSA was signed in December 1995 by Total, the Ministry of Fuel and Energy of the Russian Federation and the Nenets district Administration. The Kharyaga PSA became effective in January 1999 when phase 1 started.

Oil production commenced in 1999, with Phase 1 production of 10,000 bbl per day utilising three existing wells. Phase 2 was launched in 2000 to increase oil production and develop additional reserves. An additional 11 wells were drilled during this phase. Phase 3 started in 2007 and at present the production has increased by 50% up to 30,000 bbl per day. This phase involves drilling of more production and injection wells, a process upgrade and installation of gas treatment facilities in order to sale gas and terminate flaring.

## **6. Contact information**

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More information about investment possibilities in the Nenets autonomous district is available at <http://invest.adm-nao.ru> .