



Association
of Gas Producers
of Ukraine

UKRAINE'S GAS SECTOR MANAGES TO SURVIVE

AND DOES IT GOOD

February 2024



DAY 722 OF THE FULL-SCALE MILITARY AGGRESSION BY RUSSIA



The gas industry is working at full capacity, creating a backbone for the defenders



GTS

The arteries of the sector
that operate stably



UGS

A gas safe for Ukrainians
and foreigners



Production

The foundation of
energy resilience

- ◉ The occupier continues to shell the territory of Ukraine, including civilian, industrial, and energy facilities
- ◉ The experience of the 2022/2023 heating season has shown that we must be prepared for everything
- ◉ The system has been successfully repaired and significantly strengthened — mitigating risks
- ◉ Owing to the coordinated work and daily commitment, the sector operates reliably and efficiently
- ◉ This helps to support the army and the economy of the state

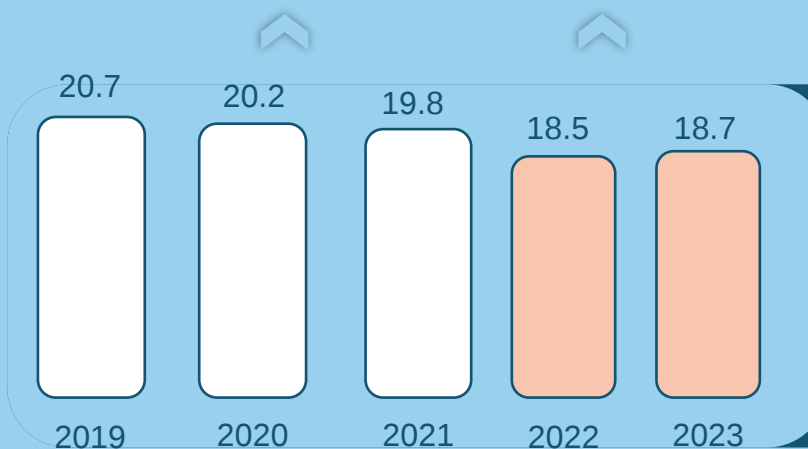
FOR THE FIRST TIME EVER, UKRAINE IS PASSING WINTER WITHOUT IMPORT, OWING TO ITS OWN PRODUCTION

- Association member companies, along with other producers, continue to do their job well
- Every cubic meter is extremely important, directly affects the country's energy independence and its national security
- This year, despite the war, the sector has managed not only to maintain but also to increase its indicators
- Considering the reduced consumption, Ukraine is going via the autumn-winter period without imports, solely relying on its own production



GAS IMPORT DURING
THE 2023/24 COLD
SEASON

0 billion cm



Production
The foundation of
energy resilience



THE STRATEGIC LOCATION OF THE LARGEST UGS MITIGATES WAR RISKS AND GUARANTEES SECURITY



UGS
A gas safe

30.95
bcm

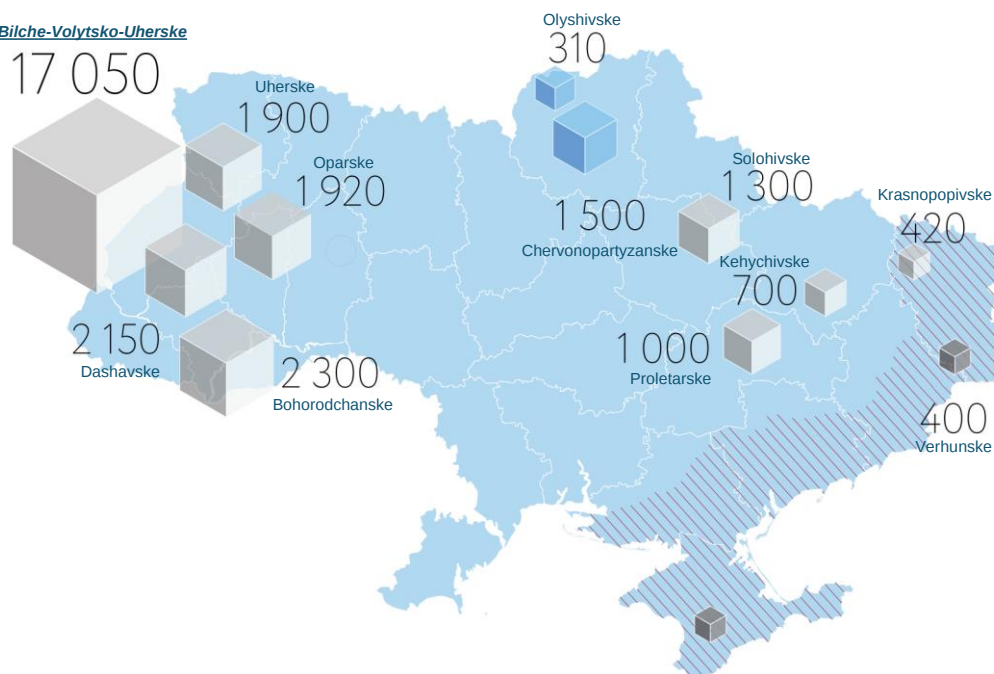
Total working
volume of Ukrainian
gas storages

10
bcm

The volume is
guaranteed to non-
residents for storage

- ⦿ As during the COVID-19 economic crisis, Ukrainian gas storages enjoy significant demand from European partners
- ⦿ The rapid replacement of “bloody gas” required supplies from alternative sources
- ⦿ The measures adopted in Europe have proven effective, as evidenced by the high fill levels of storages in the region at the end of winter
- ⦿ Foreigners can already use Ukraine’s “gas safe” at competitive rates in a customs warehouse mode

Bilche-Volytsko-Uherske

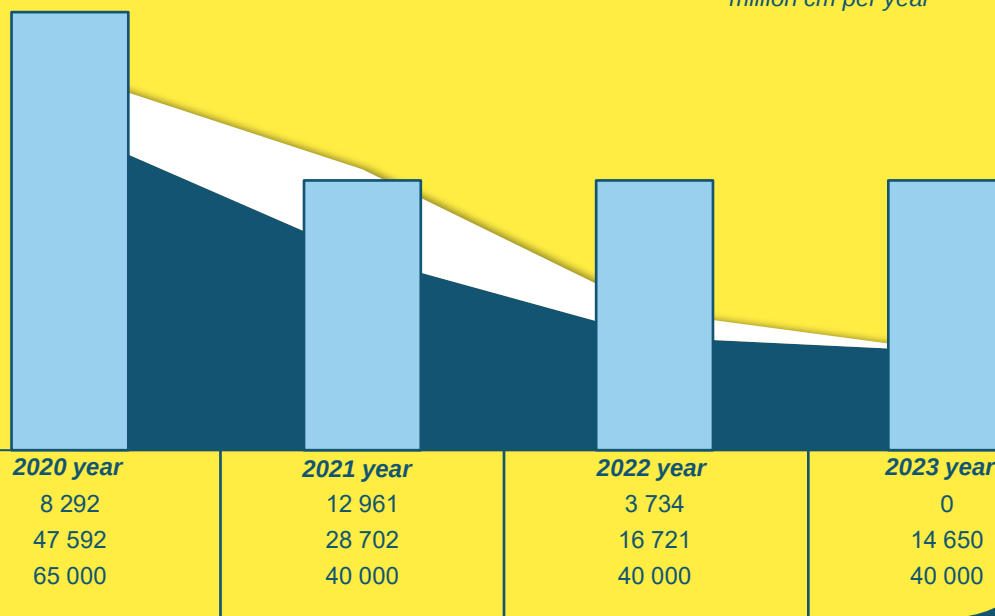


THE FINAL YEAR OF THE TRANSIT CONTRACT - WE ARE FULFILLING OUR COMMITMENTS

- ⦿ The contract was signed on December 30, 2019
- ⦿ The term expires on December 31, 2024
- ⦿ The ship-or-pay mechanism envisaged 185 bcm of transported gas during 2020-2023
- ⦿ But more than 52 bcm never entered Ukraine's GTS

million cm per year

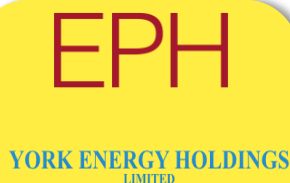
- GMS "Sokhranivka"
- GMS "Sudzha"
- Mandatory capacity under the contract



GTS
The arteries of the sector that operate stably

- ⦿ Russians have used gas as a weapon for years and manipulated it with Europeans
- ⦿ The war has put a definitive end to the question of whether Russian energy resources are needed in Europe
- ⦿ Ukrainian authorities have repeatedly stated that they have no intention of extending the transit contract

BUT OUR FOCUS IS NOT ONLY ON SURVIVAL – WE CONTINUE TO MOVE FORWARD



- Seven Ukrainian and foreign investors are implementing a number of production sharing agreements
- The projects offer attractive conditions: large fields, long duration, reduced royalty rates, and state protection
- For the first time in Ukrainian history, the Zakhidnadraserwis group has started gas production according to PSA during a full-scale war
- However, due to hostilities, 11 out of 13 agreements are forced to remain in force majeure
- The implementation of PSAs along with other projects will contribute to the increase in gas production and strengthening of energy security

Together, PSA winners pledged to conduct the following during the first five years:



3D seismic
of which 2D – 1500 sq. km for the Oleska block

**8 245
sq. km**



Investment

**\$1.3+
bln**



Explorational
wells

**78
pcs.**



WE NEED TO ACT EVEN MORE DECISIVELY, IT'S TIME TO SECURE VICTORY



- ⦿ Despite the wartime risks, Ukraine continues to fulfill its commitments to European partners
- ⦿ Two years of the large-scale war experience have shown that the enemy is treacherous and cruel
- ⦿ The time has come to repel the occupier once and for all and protect Europe
- ⦿ But this can only be achieved through united and decisive actions



Association
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ONE VOICE OF THE INDUSTRY

92%

natural gas
production

4%

consolidated
budget tax revenues

26

thousand jobs

