

# THE COMPANY'S HISTORY AND OUTLOOK

Year	Development Stages
before 1993	In 1970, the Chief Directorate for Oil Transportation and Supply (Glavtransneft) was established with an eye on transporting crude oil from oilfields to domestic and foreign consumers. By 1987, 94,000 km of oil and petroleum products trunk pipelines were built all across the country. After the dissolution of the USSR, only about 44,500 km of trunk pipelines were left on the territory of Russia, along with 316 pumping stations and 13,200,000 m <sup>3</sup> of storage tank capacity.
1993	The Council of Ministers (the then Russian Government) issued a resolution on founding Transneft, a joint-stock oil transportation company.
2000	An oil pipeline bypassing the territory of the Chechen Republic was commissioned, thus increasing the reliability of Azerbaijani oil transit via the Baku – Tikhoretsk – Novorossiysk route.
	Construction of the Baltic Pipeline System (BPS) began, bringing to life the first north-west route for transportation of Russian oil that would not depend on transit through the territory of neighbouring states.
2001	Construction of the Sukhodolnaya – Rodionovskaya oil pipeline was completed, allowing to transport Russian oil towards the port of Novorossiysk bypassing the territory of Ukraine.
	Phase I of the BPS with the capacity of 12 million tonnes that linked oilfields in the Timan-Pechora Oil and Gas Basin, Western Siberia, the Urals and the Volga basin with the oil terminal in the port of Primorsk.
2003	The BPS's throughput capacity was gradually increased to 18 million tonnes and then to 30 million tonnes a year.
2004	Thanks to the construction of extra PSs and an increased storage tank capacity in the port of Primorsk, the BPS's throughput capacity was brought to 42 MTPA and then to 50 million tonnes.
2006	Construction of Phase I of the Eastern Siberia – Pacific Ocean pipeline system (ESPO PS) began, opening a new export oil transportation route and enabling national oil companies to enter markets in Asia and the Pacific. The BPS throughput capacity reached 74 MTPA.
2007	Integration of the petroleum products trunk pipelines operator Transnefteproduct into the Transneft Group system began.
2008	The facilities of the petroleum products pipeline system were commissioned within the framework of the Sever Project.
2009	The first joint of the Skvorodino – Mohe oil pipeline was welded, enabling supply of Russian crude oil to China.
	Construction of Phase II of the Baltic Pipeline System (BPS-2) began, which was intended for export of Russian oil via the port of Ust-Luga.
	Phase I of the ESPO was commissioned. The first 100,000 tonnes of Russian oil were loaded onto the Moskovsky Universitet (Moscow University) tanker in the port of Kozmino.
2010	Construction of Phase II of the ESPO pipeline system began.
	The Skvorodino – PRC border oil pipeline was commissioned.
	Construction of the Purpe – Samotlor oil pipeline began, which is part of the Zapolyarye – Purpe – Samotlor pipeline system, the northernmost oil trunk pipeline in Russia.
2011	The Purpe – Samotlor oil pipeline was commissioned, which linked the western and eastern parts of the Russian oil pipeline system.
2012	The first batch of Russian oil transported via the BPS-2 oil pipeline was shipped from the port of Ust-Luga.
	Construction of the Zapolyarye – Purpe oil pipeline began to ensure crude oil intake from new oilfields in Yamal-Nenets Autonomous Area and the north of Krasnoyarsk Territory.
	Facilities of the ESPO PS' Phase II were commissioned, transportation of oil via the trunk pipeline began within the section from Skvorodino to Kozmino.
2013	The first joint of the Kuyumba – Tayshet trunk pipeline was welded for oil intake from the Yurubchen – Tokhoma and Kuyumba oil and gas fields.
2014	Implementation of the Sever-15 project anticipating development of a trunk pipeline system to build up export supplies of diesel fuel via the port of Primorsk to 15 MTPA started.
2016	Transneft Oil Pumps, a plant for the manufacture of pumping equipment, was commissioned in Chelyabinsk.
	The Sever-15 project was completed.
	Implementation of the Sever-25 project was started to increase export supplies of diesel fuel via the port of Primorsk to 25 MTPA.
	The Zapolyarye – Purpe and the Kuyumba – Tayshet oil pipelines were commissioned.
2017	Throughput capacity of the Skvorodino – Mohe pipeline was expanded to 30 MTPA.
	The Yug-1 project and Stage 1 of the Yug-2 project were completed, ensuring diesel fuel supplies to the domestic market along with export to Europe via the port of Novorossiysk in the amount of up to 6 MTPA.

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2018	A plant of Russian Electric Motors was commissioned in Chelyabinsk.
	The equity stake held by Transneft in the capital of NCSP Group was increased to 62%.
	The quality of oil transported to the West for export and to Russian refineries was stabilised as the Company implemented measures for the construction of the Nizhnevartovsk – Aleksandrovskaya and the Yaroslavl – Yaroslavl-3 crossover lines and an oil blending station at the Samara site.
	A project to increase the transportation of petroleum products (motor petrol produced by LUKOIL and aviation kerosene) to Moscow Region was completed.
	The throughput capacity of petroleum products pipelines to the port of Primorsk (the Sever Project) was increased from 15 to 25 MTPA.
	A capacity was provided for receiving an additional volume of light petroleum products into the petroleum products trunk pipeline system from tank cars at the Tinguta initial pumping station (Volgograd Region).
2019	The throughput capacity of the OTP supplying oil to TANECO's refineries was increased to 14 MTPA.
	The implementation of the ESPO PS – Komsomolsk Refinery Oil Pipeline Offshoot investment project was completed. The technical capacities for oil supply through the oil trunk pipeline system to the Komsomolsk Refinery (Khabarovsk Territory) in the amount of up to 8 MTPA were provided.
	The expansion of the Usa – Ukhta and the Ukhta – Yaroslavl oil trunk pipelines' throughput capacity was completed, thus providing an option of receiving additional oil volumes from the Timan-Pechora region into the oil trunk pipeline system at the Ukhta-1 PS was ensured.
	An incident involving substandard crude oil injection into the Druzhba oil trunk pipeline due to third parties' fault and illegal actions occurred. The substandard crude had an excessive organic chloride mass in the fraction at boiling point of 204 °C under GOST R 51858-2002 National Standard of the Russian Federation. Crude Oil. General Specifications.
	Transneft Synthesis, a plant to produce drag-reducing agents, was launched in Yelabuga (the Republic of Tatarstan).
	The ESPO PS was brought to its maximum design capacity: within the Tayshet IPS – Skovorodino PS section to 80 MTPA, within the Skovorodino PS – Kozmino oil port section to 50 MTPA.
2020	A new industrial facility was commissioned at Tyumen Machinery and Repair Plant (TMRP) to manufacture equipment used in construction and operation of the pipeline system.
	Within the Revamping Oil Trunk Pipelines for Transportation of Oil to Refineries in Krasnodar Territory project, the Il'sky Refinery was connected to the Novovelichkovskaya – Krasnodar oil trunk pipeline.
	A backup line of the underwater crossing of ESPO PS-2 across the Amur River was commissioned, which increased the reliability of the trunk pipeline.
	As regards the operational results in 2020, Transneft Group completed all the tasks set out in the Energy Saving and Energy Efficiency Enhancement Programme.
	Transneft, within the framework of the Development, Technical Upgrading and Revamping Programme for Trunk Pipeline Facilities implementation in 2020, commissioned more than 700 facilities: 888 km of trunk pipelines were replaced, 75 oil and petroleum products storage tanks, 33 oil and petroleum products' lease automatic custody transfer units and 34 facilities with technical security equipment were commissioned, 103 pumps and 77 electric motors were replaced.
	The Company expects a gradual easing of crude production limits in Russia within the framework of the OPEC+ agreement, and, accordingly, an increase in oil transportation volumes as compared to the end of 2020. But in view of the fact that the said restrictions will be in effect throughout the year (in 2020, they were in effect from May to December), the planned transportation volumes will be somewhat lower as compared to 2020.
Plans for 2021	The implementation of capital-intensive projects to increase export of crude oil via the port of Novorossiysk to 40 MTPA and comprehensive revamping of the Sheskharris Transshipment Complex, the Samara and the Sokur LODS will continue. Within the Investment Programme it is planned to complete the Revamping Oil Trunk Pipelines for Transportation of Oil to Refineries in Krasnodar Territory project with the connection of the Afipsky Refinery to the Novovelichkovskaya – Krasnodar oil trunk pipeline.
	Within the framework of ensuring cybersecurity, special attention will be paid to improving the information security management structure, developing technical measures for information protection, optimising regulatory and methodological documentation in the field of information security and increasing the level of information resources security.
	Work will continue on the comprehensive digitalisation of production processes, the development and modernisation of corporate information systems.
	Transneft Group plans to extinguish exchange bonds worth RUB 52 bn in total and to partially repay the loans of NCSP to the tune of USD 223 million, while maintaining moderate levels of debt and credit ratings at or above the sovereign rating.



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