



## **NIS Introduced the Development Strategy of Base Oil Production in the Novi Sad Refinery**

Presentation of the Development Strategy of Base Oil Production in the NIS Refinery in Novi Sad was held on 29 August. The Board of NIS Directors approved this document in May 2012, and it was also approved by the two largest shareholders of NIS – the Serbian Government and the company "Gazprom Neft".

Construction of capacities for base oil production in the Novi Sad Refinery is the next phase of modernization of the NIS production complex and predicts investment of over \$100 million from the NIS resources.

In accordance with the parameters of the project, the refurbished Novi Sad Refinery will be able to produce 180 tons of high-quality base oils annually, a significant amount of which will be earmarked for export. Based on the results of a public tender, development of the overall project will be implemented by company Chevron Lummus Global USA (CLG), which guarantees the application of the latest technology solutions.

It should be noted that the raw material for base oil production would be the crude oil of "Velebit" type, which is produced in Serbia, and that is, due to its unique physical and chemical properties, optimal for the production of naphthenic base oils. In addition, the heavy residues after hydrocracking from the Pančevo Refinery will also be used, which will enable the achievement of economic and productive synergies of new capacities of the both NIS Refineries.

In accordance with the project design, the start of construction and engineering operations in the Novi Sad Refinery has been planned for the first half of 2013. The company intends to complete all the works and to start industrial exploitation of the complex until 2015.

"In the preparation of the project, serious work has been carried out - we have analyzed in details not only our resource and technology base, but also the perspectives of this course, both in the region and in Europe. It is important that in the new phase, our team will be joined by highly skilled experts from Chevron Lummus Global USA, which has a rich experience in this business segment.

The new investment package in refining not only revitalizes the outdated production capacities, but also is a serious step towards even greater diversification, and therefore the stability and balance of NIS business operations"- said the General Manager of NIS, Kirill Kravchenko.

**Deputy CEO –  
Director of Function for Legal and Corporate Affairs**

**Sergey Fominykh**

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