DETERMINATION REPORT

NATIONAL CARBON SEQUESTRATION FOUNDATION

DETERMINATION OF THE "THE UTILIZATION OF ASSOCIATED PETROLEUM GAS OF THE YARAYNER OILFIELD OF JSC "GAZPROMNEFT-NOYABRSKNEFTEGAZ"

REPORT NO. RUSSIA-DET/0202/2011

REVISION NO. 02

BUREAU VERITAS CERTIFICATION

"The utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz"

Date of first issue:	Organizational unit:
12/12/2011	Bureau Veritas Certification Holding SAS
Client:	Client ref.:
JSC Gazprom Neft	Mr. Nikolay Eliseev

Summary:

Bureau Veritas Certification has made the determination of the "The utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz" project of the company JSC Gazprom Neft on the basis of UNFCCC criteria for the JI, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

The determination scope is defined as an independent and objective review of the project design document, the project's baseline study, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final determination report and opinion. The overall determination, from Contract Review to Determination Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

The first output of the determination process is a list of Corrective Actions Requests presented in Appendix A. Taking into account this output, the project proponent revised its project design document.

In summary, it is Bureau Veritas Certification's opinion that the project applies the appropriate baseline and monitoring methodology and meets the relevant UNFCCC requirements for the JI and the relevant host country criteria.

Report No.:	Subject Group:
RUSSIA-det/0210/2011	JI
Project title: "The utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz"	
Work carried out by: Leonid Yaskin – Lead verifier	
Work reviewed by: Vladimir Lukin – Internal Technical Reviewer Alexey Kulakov - Specialist	
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Date of this revision: 14/12/2011	Rev. No.: 02	Number of pages: 46

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"The utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz"

Abbreviations

AIE	Accredited Independent Entity
BVC	Bureau Veritas Certification
APG	Associated Petroleum Gas
CAR	Corrective Action Request
CL	Clarification Request
CS	Compressor Station
CO2	Carbon Dioxide
DDR	Draft Determination Report
DR	Document Review
EIA	Environmental Impact Assessment
EIAR	Environmental Impact Assessment Report
ERU	Emission Reduction Unit
CS	Compression Station
GHG	Greenhouse House Gas(es)
GPN-NNG	JSC Gazpromneft-Noyabrskneftegaz
GPN	JSC Gazpromneft
NCSF	National Carbon Sequestration Foundation
IE	Independent Entity
IPCC	Intergovernmental Panel on Climate Change
IRR	Internal Rate of Return
JI	Joint Implementation
JISC	Joint Implementation Supervisory Committee
NCSF	JSC National Carbon Sequestration Foundation
NG	Natural gas
NGO	Non Governmental Organization
PDD	Project Design Document
PP	Project Participant
RF	Russian Federation
tCO2e	Tonnes CO2 equivalent
UNFCCC	United Nations Framework Convention for Climate Change

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1 INTRODUCTION

JSC Gazprom Neft (hereafter called "GPN") has commissioned Bureau Veritas Certification to determine JI project "The utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz" (hereafter called "the project") located in Pur district, Yamal-Nenets Autonomous Okrug (YNAO), Tyumen oblast, Russian Federation.

This report summarizes the findings of the determination of the project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

1.1 Objective

The determination serves as project design verification and is a requirement of all projects. The determination is an independent third party assessment of the project design. In particular, the project's baseline, the monitoring plan (MP), and the project's compliance with relevant UNFCCC and host country criteria are determined in order to confirm that the project design, as documented, is sound and reasonable, and meets the stated requirements and identified criteria. Determination is a requirement for all JI projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of emissions reductions units (ERUs).

UNFCCC criteria refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

1.2 Scope

The determination scope is defined as an independent and objective review of the project design document, the project's baseline study and monitoring plan and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations.

The determination is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

1.3 Determination team

The determination team consists of the following personnel:

"The utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz"

Leonid Yaskin

Bureau Veritas Certification Climate Change Lead Verifier

This determination report was reviewed by:

Vladimir Lukin
Bureau Veritas Certification, Internal reviewer

Elena Mazlova
Bureau Veritas Certification, Specialist

2 METHODOLOGY

The overall determination, from Contract Review to Determination Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

In order to ensure transparency, a determination protocol was customized for the project, according to the version 01 of the Joint Implementation Determination and Verification Manual, issued by the Joint Implementation Supervisory Committee at its 19 meeting on 04/12/2009. The protocol shows, in a transparent manner, criteria (requirements), means of determination and the results from determining the identified criteria. The determination protocol serves the following purposes:

- It organizes, details and clarifies the requirements a JI project is expected to meet;
- It ensures a transparent determination process where the determiner will document how a particular requirement has been determined and the result of the determination.

The completed determination protocol is enclosed in Appendix A to this report.

2.1 Review of Documents

The Project Design Document (PDD) submitted by GPN and additional background documents related to the project design and baseline, i.e. country Law, Guidelines for users of the joint implementation project design document form Guidance on criteria for baseline setting and monitoring, Kyoto Protocol, Clarifications on Determination Requirements to be checked by an Accredited Independent Entity were reviewed.

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To address Bureau Veritas Certification corrective action and clarification requests, NCSF revised the original PDD v.01 dated 11/12/2011 and following three iterations resubmitted it as v.04 dated 14/12/2011.

The first deliverable of the document review was the Determination Protocol Version 01 dated 12/12/2011 which contained 6 Corrective Action Requests.

The determination findings presented in this Determination Report Version 01 and Appendix A relate to the project as described in the PDD versions 01 (initial) and version 04 (final).

2.2 Follow-up Interviews

The PDD presents a revised version of the PDD which was earlier determined by the AIE. The new PDD applies another model for the baseline (soot flaring) and elaborates in more detail on leakage. These changes resulted in an increase of the emission reduction. The need to issue an updated Expert Conclusion urged the AIE to undertake a full-round determination of the revised PDD.

On 09/12/2011 the AIE performed an interview with the customer GPN, project participant GPN-NNG and PDD developer NCSF to clarify rationale for the revision of the original PDD. Interviewees are listed in References. The main topics of the interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organization	Interview topics
GPN GPN-NNG	➢ Reasoning for PDD revision ➢ Status of LoA ➢ Availability of documents Maximum Permissible Emission
CONSULTANT NCSF	➢ Baseline scenario ➢ Revision of baseline theoretical description ➢ Applicability of soot flaring model by NII Atmosphere ➢ Sources of leakage
Stakeholders	➢ N/A

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2.3 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the determination is to raise the requests for corrective actions and clarification and any other outstanding issues that needed to be clarified for Bureau Veritas Certification positive conclusion on the project design.

If Bureau Veritas Certification, in assessing the PDD and supporting documents, identifies issues that need to be corrected, clarified or improved with regard to JI project requirements, it should raise these issues and inform the project participants of these issues in the form of:

(a) Corrective action request (CAR), requesting the project participants to correct a mistake in the published PDD that is not in accordance with the (technical) process used for the project or relevant JI project requirement or that shows any other logical flaw;

(b) Clarification request (CL), requesting the project participants to provide additional information for Bureau Veritas Certification to assess compliance with the JI project requirement in question;

(c) Forward action request (FAR), informing the project participants of an issue, relating to project implementation but not project design, that needs to be reviewed during the first verification of the project.

Bureau Veritas Certification should make an objective assessment as to whether the actions taken by the project participants, if any, satisfactorily resolve the issues raised, if any, and should conclude its findings of the determination.

To guarantee the transparency of the verification process, the concerns raised are documented in more detail in the verification protocol in Appendix A.

3 PROJECT DESCRIPTION (QUOTED BY THE PDD)

The Yarayner oilfield is located in Pur district in 115 km eastward from the city of Noyabrsk, the Yamal-Nenets Autonomous Okrug (Area), Western Siberia. The oil field has been under development since 1970. Commercial production started in 2000. Currently the field is being developed and operated by JSC "Gazpromneft-Noyabrskneftegaz" (GPN-NNG), a subsidiary company of Moscow-based JSC "Gazpromneft".

In process of oil treatment at the booster pump station (BPS) the associated petroleum gas (APG) is separated from the crude oil, which is

prior the realization of the project has been burned at the flare of the BPS-1 as the Company had no economic incentive to efficiently utilize it.

Project purpose
The project is aimed at the efficient utilization of associated petroleum gas (APG) that otherwise would have been flared at the BPS # 1 of the Yarayner oilfield and hence at reduction of GHG emissions. GPN-NNG expects that the sales of emission reduction units (ERUs) under Joint Implementation mechanism of Kyoto Protocol will improve the economic efficiency of the project.

Project description
Having at disposal a considerable APG resource Gazpromneft-Noyabrskneftegaz Company undertakes activities for its efficient utilization. For this purpose, the project envisages construction of new 55 km field gas pipeline with a diameter of 530 mm from the BPS-1 to the Vyngapur compressor station.
This pipeline provides APG transportation under the separation pressure to the Vyngapur compressor station (CS) which is located outside the project boundary. At the Vyngapur compressor station APG is treated under low-temperature separation with the yield of the dry gas. Further on the dry gas is compressed and is injected under high pressure into the main gas pipeline «Urengoy-Chelyabinsk».

Thus, capturing and feeding APG help diminish APG flaring and prevent GHG emissions including CO_2 (carbon dioxide) and CH_4 (methane) emissions.

APG pipeline to the Vyngapur CS is equipped with electricity-driven valves and gas flow switching points. Electricity for managing the pipeline valves and gas flow switching points is imported from the power grid. The compressors at Vyngapur CS are activated with the gas turbines that use as a fuel the part of APG coming in from the Yarayner field. The compressors provide the necessary pressure for further APG transportation through the main gas pipeline.

Project history:
February 2007. Presentation had been prepared by the date of Meeting of Investment Committee of JSC "Gazpromneft" with the estimates of the economic efficiency for APG utilization projects at Yarayner and other oil fields. It showed that these projects are economically unprofitable, but due to considerable GHG emission reductions the purpose of using the earnings from ERUs sales for improving the economic efficiency of the

projects was set. Therefore, by decision fixed in the Minutes of the Meeting of Investment Committee # 6 taking place at JSC "Gazpromneft" on 16.02.2007 it was determined to implement this project with applying the norms of the Kyoto Protocol.
April 2007. Cost estimate documentation for the project was approved.
May 2007. Construction works started.
August 2007. Commissioning of the project took place on 31.08.2007.

Baseline scenario
Under the baseline scenario all extracted APG at the BPS-1 of Yarayner oilfield would have been flared that would lead to considerable emissions of GHG gases including CO_2 и CH_4 (as a result of incomplete flare combustion).

Continuation of flaring under this scenario is determined by the lack of sufficient incentives for APG utilization project, which is confirmed by the following facts:
- At the time of decision-making sectoral policies and legislation did not provide real mechanisms for efficient APG utilization;
- Considerable capital expenditures for establishing APG utilization infrastructure and low APG costs and hence,
- Lack of investment attractiveness of these project types.

Emission reductions
As a result of the project activity the APG that otherwise would be flared will be efficiently utilized: 488 mln.m3 of APG will be utilized in 2008-2012. That will result in a considerable amount of GHG emission reductions. Estimated GHG emission reductions are 1,242,214 tons of CO2 equivalent in the period 2008-2012.

4 DETERMINATION CONCLUSIONS
In the following sections, the conclusions of the determination are stated.

The findings from the desk review of the original project design documents and the findings from interviews during the follow up visit are described in the Determination Protocol in Appendix A.

The Clarification and Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Determination Protocol in Appendix A. The determination of the Project resulted in 5 Corrective Action Requests.

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The number between brackets at the end of each section corresponds to the DVM paragraph.

4.1 Project approvals by Parties involved (19-20)

The project has no approval by the Host Party, therefore CAR 02 remains pending.

4.2 Authorization of project participants by Parties involved (21)

The participation for JSC "Gazpromneft-Noyabrskneftegaz" listed as project participant in the PDD is not authorized by the Host Party because the project approval by the Host Party was not received.

The authorization is deemed to be carried out through the issuance of the project approval.

Contact data on the project participant were indicated in PDD Annex 1 in response to CAR 01.

4.3 Baseline setting (22-26)

The PDD explicitly indicates that using a methodology for baseline setting and monitoring developed in accordance with appendix B of the JI guidelines (hereinafter referred to as JI specific approach) was the selected approach for identifying the baseline.

JI specific approach

The PDD provides a detailed theoretical description in a complete and transparent manner, as well as justification, that the baseline is established:

a) By listing and describing the following plausible future scenarios 1 and 2 on the basis of conservative assumptions and selecting the most plausible being Scenario 1:

1 Continuation of common practice for utilization of APG, i.e. the combustion of the extracted APG in the flare at BPS-1 at the Yarayner oilfield;

2 The project itself (without being registered as a JI activity) that is efficient utilization of APG, i.e. construction of the new gas pipeline from the BPS-1 of the Yarayner oilfield to Vyngapur CS for further feeding into the main gas pipeline.

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b) Taking into account relevant key factors that affect a baseline, such as sectoral reform policies and legislation, economic situation in oil&gas

sector in terms of APG utilization, availability of capital (including investment barrier), APG prices.

c) Generally in a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, data sources and key factors

d) Taking into account of uncertainties and using conservative assumptions.

e) In such a way that ERUs cannot be earned for decreases in activity levels outside the project or due to force majeure.

f) By drawing of the list of standard variables contained in appendix B to Guidance on criteria for baseline and monitoring.

The key information and data used to establish the baseline is provided in the required tabular forms. The baseline information is duplicated in Annex A.

The theoretical description applies the model of APG soot flaring as per the official NII Atmosphere Methodology. Appropriate evidence of the model applicability was provided to the AIE.

The grid emission factor is taken from the JI-0216 determined by the AIE. Yearly emissions from APG flaring are calculated by the APG composition based on averaging monthly data.

Leakage attributable to baseline is taken into account. It consists of leaks of natural gas (NG) at production (Gazprom data of 2008, 2009, 2010) and emissions due to compression at NG processing (at lower pressure ratio than for APG under the project activity).

All explanations, descriptions and analyses pertaining to the baseline in the PDD are made in accordance with the referenced JI specific approach and the baseline is identified appropriately.

Outstanding issue related to Baseline setting (22-26), PP's response and the AIE conclusion are summarized in Appendix A under CAR 03 which questions the correctness of theoretical description of the emission reduction and the applicability of the monitoring Option 2.

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4.4 Additionality (27-31)

JI specific approach
The applied JI-specific approach is based on a rationale that the project activity would not have occurred otherwise due to existence of the financial barrier and that this project is not a common practice.

Traceable and transparent information showing that the baseline was identified on the basis of conservative assumptions, that the project scenario is not part of the identified baseline scenario and that the project will lead to reductions of anthropogenic emissions by sources of GHGs was provided In PDD Section B.2.

To demonstrate the additionality of the project three steps were implemented:
- Step 1: Indication and description of the approach applied;
- Step 2: Application of the approach chosen;
- Step 3: Provision of additionality proofs.

Financial barrier was justified through the investment analysis complemented by the sensitivity analysis. For both analyses, calculation of the project's financial efficiency in terms of NPV was carried out. Input data for the analyses including investment costs, operation costs, amortization and other parameters referring to expenses, as well as revenues from APG sale were provided to the AIE and were positively determined. Discount rate was taken 15% as per Gazpromneft Order # 142 dated 22/06/2006. The spreadsheet with the investment and sensitivity analyses was made available for the verifier.

The common practice analysis has reasonably shown that the proposed JI project does not represent a widely observed practice in the geographical area concerned.

The AIE determines that additionality is demonstrated appropriately as a result of the analysis using the approach chosen.

4.5 Project boundary (32-33)

JI specific approach
The project boundary defined in the PDD encompasses the anthropogenic emissions by sources of GHGs refer to PDD table B.3.1:
- under the baseline that is CO2 from APG flaring and CH4 from methane incomplete combustion, and

- in project activity that is fugitive CH4 emissions that occur during transportation of APG through new pipeline to Vyngapur CS.

N2O emissions from flaring were reasonably excluded from consideration.

Table B.3.1 also identifies leakage sources attributable to the baseline and project of which some were included and other reasonably excluded; for leakage please refer to paragraph 4.8 below.

Outstanding issues related to Project boundary (32-33), PP's response and the AIE conclusion are summarized in Appendix A under CAR 04 which concerns APG flaring mistakenly identified as a source of the project activity.

4.6 Crediting period (34)

The PDD states the starting date of the project as the date on which the implementation or construction or real action of the project began, and the starting date is 01/05/2007, which is after the beginning of 2000.

The PDD states the expected operational lifetime of the project is 14 years or 168 months: from 01.05.2007 till 01.05.2020.

The PDD states the length of the crediting period in years and months, which is 5 years or 60 months, and its starting date as 01/01/2008, which is on the date of the first emission reductions that are generated by the project.

4.7 Monitoring plan (35-39)

The PDD, in its monitoring plan section, explicitly indicates that JI specific approach was selected.

JI specific approach

The monitoring plan describes:

- the relevant parameters that will be monitored:
  (1)volume of the extracted APG at BPS-1;
  (2)volume of APG to be flared at BPS-1;
  (3)volume of APG combusted in oilfield boiler house;
  (4)composition of extracted APG at BPS-1;
  (5)composition of APG at Vyngapur CS
  (6)specific fuel consumption at Vyngapur CS for compression of the APG supplied under project activity;
- the periods in which they will be monitored: monthly – parameters 1-5, and annually – parameter 6;

- all decisive factors for the control and reporting of project performance: ecological reporting, quality control (QC) and quality assurance (QA) procedures; the operational and management structure that will be applied in implementing the monitoring plan.

The monitoring plan specifies the indicators, constants and variables used that are basically reliable, valid and provide transparent picture of the emission reductions to be monitored such as those listed in the PDD Sections D.1.1.1, D.1.1.3, and D.1.3.1.

Unburned carbon factor for soot combustion of APG in flare units was taken from NII Atmosphere Methodology. Density of CH4 and CO2 at standard conditions is taken from GOST 30319.1-96. The used value of the grid emission factor is that positively determined in JI-0216. All the default and fixed values are reasonably balanced and transparent.

Data on composition of APG at Vyngapur CS and specific fuel consumption at Vyngapur CS for compression of the project APG are provided to the project participant by Vyngapur CS.

The monitoring plan is drawn upon the list of standard variables contained in appendix B of "Guidance on criteria for baseline setting and monitoring" developed by the JISC.

All categories of data to be collected in order to monitor GHG emissions from the project and determine the baseline emission (Option 1 changed from Option 2 in response to CAR 03) are described in required details:

(i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination, such as:
- CO2 density at standard conditions;
- CH4 density at standard conditions;
- APG flaring efficiency at BPS -1;
- Global Warming Potential of methane;
- Grid emission factor.

(ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not already available at the stage of determination - there are no such parameters.

(iii) Data and parameters that are monitored throughout the crediting period, such as those presented in Section D.1.1.2 for project

emission, Section D.1.1.4 for baseline emission, and Section D.1.3.1 for the leakage.

The monitoring plan elaborates all algorithms and formulae used for the estimation/calculation of baseline emissions, project emissions and leakage, as appropriate, such as formulae in Section D.1.1.1 for baseline emissions, Section D.1.1.3 for project emissions and Section D.1.3.2 for leakage.

The monitoring plan presents the quality assurance and control procedures for the monitoring process, all the QC/QA procedures are specified in PDD Section D.2

The procedures include, as appropriate, information on calibration and on how records on data and/or method validity and accuracy are kept and made available on request.

The monitoring plan clearly identifies the responsibilities and the authority regarding the monitoring activities. The operating and management structure for GHG monitoring is described in PDD Section D.3, Figure D.3. The responsibilities and the authority regarding the monitoring activities are provided in a tabular form in the Section D.3.

On the whole, the monitoring report reflects good monitoring practices appropriate to the project type.

The monitoring plan provides, in tabular form, a complete compilation of the data that need to be collected for its application, including data that are measured but not including data that are calculated with equations.

The monitoring plan indicates that the data monitored and required for verification are to be kept for five years after the last transfer of ERUs for the project.

4.8 Leakage (40-41)

JI specific approach

The PDD appropriately describes an assessment of the potential leakage attributable to:

- the project activity:

(i) GHG emissions from APG combustion in the gas turbines for the compression of the APG at Vyngapur CSat Vyngapur CS;

(ii) APG emissions due to the APG processing at Vyngapur CS;

- the baseline

(iii) Natural gas (NG) physical leaks at production;
(iv) GHG emissions due NG compression at gas treatment plant.

Outstanding issues related to Leakage (40-41), PP's response and the AIE conclusion are summarized in Appendix A under CAR 05 and CAR 06:
- CAR 05 concerns the neglect of the physical leaks of APG at Vyngapur CS;
- CAR 06 concerns Formula (11) on page 32 for leakage due to combustion of the natural gas in gas turbines at gas treatment plants.

4.9 Estimation of emission reductions or enhancements of net removals (42-47)

JI specific approach
The PDD indicates assessment of emissions in the baseline and project scenario as the approach chosen to estimate the emission reductions of the project.

The PDD provides the ex ante estimates of:
(a) Emissions for the project scenario (within the project boundary), which are 1832 tons of CO2eq;
(b) Leakage 121270 tons of CO2eq;
(c) Emissions for the baseline scenario (within the project boundary), which are 1372646 tons of CO2eq;
(d) Emission reductions adjusted by leakage (based on (a)-(c) above), which are 1242214 tons of CO2eq.

Reporting period: From 01/01/2008 to 31/12/2012.

The formulae used for calculating the estimates are referred in the PDD, Sections D.1.1.2, D.1.1.4, D.1.3.2, and D.1.4.

For calculating the estimates referred to above, key factors defined in the monitoring plain influencing the project and baseline emissions were taken into account, as appropriate.

The estimation referred to above is based on conservative assumptions and the most plausible scenario in a transparent manner.

The estimates referred to above are consistent throughout the PDD.

The annual average of estimated emission reductions over the crediting period is calculated by dividing the total estimated emission reductions over the crediting period by the number of months of the crediting period, and multiplying by twelve.

The PDD Section E includes an illustrative ex ante emissions calculation.

4.10 Environmental impacts (48)

The PDD lists documentation on the analysis of the environmental impacts of the project (transboundary impacts are not applicable to the project), carried out in accordance with procedures as determined by the host Party, e.g. Resolution of State Committee for Ecology and Natural Resources of the Russian Federation dated 15.04.2000, # 372 "On compliance with regulations regarding the planned economic (and other) actions and their ecological impact".

The PDD provides conclusion on the environmental impact and related references to supporting documentation of the EIA undertaken in accordance with the procedures as required by the host Party.

4.11 Stakeholder consultation (49)

Stakeholder consultation was not undertaken as it is not required by the host Party for such type of projects.

4.12 Determination regarding small scale projects (50-57)

Not applicable

4.13 Determination regarding land use, land-use change and forestry (LULUCF) projects (58-64)

Not applicable

4.14 Determination regarding programmes of activities (65-73)

Not applicable

5 SUMMARY AND REPORT OF HOW DUE ACCOUNT WAS TAKEN OF COMMENTS RECEIVED PURSUANT TO PARAGRAPH 32 OF THE JI GUIDELINES

No comments pursuant to paragraph 32 of the JI Guidelines were received.

6 DETERMINATION OPINION

Bureau Veritas Certification has performed a determination of the "The utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz" project in Russia". The determination was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

The determination consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) the resolution of outstanding issues and the issuance of the final determination report and opinion.

Project participant used the JI specific approach for demonstration of the additionality. In line with this approach, the PDD provides financial analysis and common practice analysis to determine that the project activity itself is not the baseline scenario.

Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. Given that the project is implemented and maintained as designed, the project is likely to achieve the estimated amount of emission reductions.

The review of the project design documentation and the subsequent follow-up interviews have provided Bureau Veritas Certification with sufficient evidence to determine the fulfilment of stated criteria.

The determination revealed two pending issues related to the current determination stage of the project: the issue of the written approval of the project and the authorization of the project participant by the host Party. If the written approval and the authorization by the host Party are awarded, it is our opinion that the project as described in the Project Design Document, Version 02 dated 13/12/2011 meets all the relevant UNFCCC requirements for the determination stage and the relevant host Party criteria.

The determination is based on the information made available to us and the engagement conditions detailed in this report.

7 REFERENCES

Category 1 Documents:
Documents provided by JSC Gazpromneft-Noyabrskneftegaz and NCSF that relate directly to the GHG components of the project.

/1/ "The utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz", PDD Version 04 dated 14/12/2011.

/2/ Excel spreadsheet with calculation of emission reduction "Yarayner BPS-1 05 13 2011 01++".

/3/ Excel spreadsheet with investments calculation "Economic model for Investment Committee_труба Ярайнер 070213"

Category 2 Documents:

Background documents related to the design and/or methodologies employed in the design or other reference documents.

/1/ Guidelines for Users of the Joint Implementation Project Design Document Form/Version 04, JISC.

/2/ JISC Guidance on criteria for baseline setting and monitoring. Version 03.

/3/ Glossary of Joint Implementation terms. Version 02, JISC.

/4/ 2006 IPC Guidelines on National Greenhouse Gas Inventories. Volume 3 Chapter 4.

/5/ "Regulation of realization of Article 6 of Kyoto Protocol to United Nation Framework Convention on Climate Change". Approved by the RF Government Decree # 843 of 28/10/2009 "About measures on realization of Article 6 of Kyoto Protocol to United Nation Framework Convention on Climate Change".

/6/ Federal Low "On subsoil" #2395 dd. 21.02.1992.

/7/ Resolution of Supreme Council of Russian Federation # 3314.1 dd. 15.06.1992 "On procedure of introduction into operation of Regulation on subsoil licensing procedure".

/8/ Law of Khanty Mansi autonomous okrug (KhMAO) # 15.03 dd. 18.04.1996 "On subsoil use".

/9/ Resolution of the Government of Russian Federation dd. 12.06.2003 # 344 "On norms of payments for polluting emissions into the atmosphere by stationary and mobile sources, for discharges of polluting substances in surface and subsurface water objects and for disposal of production and consumption wastes".

/10/ Resolution of the Government of Russian Federation dd. 01.06.2005 # 410 "On introduction of deviations in the appendix 1" of Resolution dd. 12.06.2003 # 344 ".

/11/ Resolution of the Government of Russian Federation dd. 08.01.2009 # 7 "On measures on stimulation of polluting atmosphere air reduction by products of associated petroleum gas combustion at flare stacks".

/12/ Presentation of investment committee_Презентация по Ярайнерскому месторождению (УГиГП).

/13/ Protocol of Investment Committee_Протокол ИК №6.

/14/ Acts of monthly pipeline supervisions for 2008, 2009 and 2010.

/15/ Order of MEDT #117 on APG prices.

/16/ Order of Gazpromneft on financial indicators #142 dd. 22.06.06.

/17/ Data of APG composition analyses.

/18/ Letter from SIBUR Noyabrskiy GPK on specific gas consumption on Vyngapur CS.

/19/ Technical description of Yarainer high pressure flare D700 mm.

Persons interviewed:

List persons interviewed during the determination or persons that contributed with other information that are not included in the documents listed above.

/1/ N. Eliseev – Head of gas and liquid hydrocarbons department, GPN;

/2/ V. Basevich – Head of management in the department of gas and liquid hydrocarbons department, management of gas refining marketing and liquid hydrocarbons sell, GPN;

/3/ V. Akimov – Head of gas mine and preparation department, deputy head of gas and oil preparation department, GPN-NNG;

/4/ Yu. Fedorov – General Director, NCSF;

/5/ M. Latypov – Head project development department, NCSF;

/6/ T. Besedovsky – Chief consultant, NCSF.

DETERMINATION PROTOCOL

Table 1

Check list for determination, according JOINT IMPLEMENTATION DETERMINATION AND VERIFICATION MANUAL (Version 01)

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
General description of the project				
Title of the project				
-	Is the title of the project presented?	The title of the project is "The efficient utilization of associated petroleum gas of the Yarayner oilfield of JSC "Gazpromneft-Noyabrskneftegaz".		OK
-	Is the sectoral scope to which the project pertains presented?	Sectoral scopes: 10. Fugitive emissions from fuels (solid, oil and gas).		OK
-	Is the current version number of the document presented?	Version 01.		OK
-	Is the date when the document was completed presented?	The date is 11/12/2011.		OK
Description of the project				
-	Is the purpose of the project included with a concise, summarizing explanation (max. 1-2 pages) of the: a) Situation existing prior to the starting date of the project; b) Baseline scenario; and c) Project scenario (expected outcome, including a technical description)?	Requirements a), b), c) to the description of the project are met including its purpose. PDD reads: "The project is aimed at the efficient utilization of associated petroleum gas (APG) that otherwise would have been flared at the BPS#1 of the Yarayner oilfield and hence at reduction of GHG emissions. GPN – NNG expects that the sales of emission reduction units (ERUs) under Joint Implementation mechanism of Kyoto Protocol will improve the economic efficiency of the project."		OK
-	Is the history of the project (incl. its JI component) briefly summarized?	The history of the project including its JI component is briefly summarised as follows: "Presentation had been prepared by the date of Meeting of Investment Committee of JSC		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		"Gazpromneft" with the estimates of the economic efficiency for APG utilization projects at Yarayner and other oil fields. It showed that these projects are economically unprofitable, but due to considerable GHG emission reductions the purpose of using the earnings from ERUs sales for improving the economic efficiency of the projects was set. Therefore, by decision fixed in the Minutes of the Meeting of Investment Committee # 6 taking place at JSC "Gazpromneft" on 16.02.2007 it was determined to implement this project with applying the norms of the Kyoto Protocol."		
Project participants				
-	Are project participants and Party(ies) involved in the project listed?	Project participants are listed in Section A.3. Party A – Russian Federation with project participant JSC "Gazpromneft-Noyabrskneftegaz", Party B is not determined.		OK
-	Is the data of the project participants presented in tabular format?	**CAR 01**. Please provide contact data of the project participant JSC "Gazpromneft-Noyabrskneftegaz".	CAR 01	OK
-	Is contact information provided in Annex 1 of the PDD?	Conclusion is pending a response to CAR 01.	Pending	OK
-	Is it indicated, if it is the case, if the Party involved is a host Party?	The indicated host party is the Russian Federation.		OK
Technical description of the project				
Location of the project				
-	Host Party(ies)	The Russian Federation.		OK
-	Region/State/Province etc.	Yamalo-Nenetsky autonomous okrug (YaNAO).		OK
-	City/Town/Community etc.	Pur district, 115 km eastward from the city of Noyabrsk.		OK
-	Detail of the physical location, including information allowing the unique identification of the project. (This section should not exceed	Information allowing the unique identification of the project is provided.		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	one page)			
Technologies to be employed, or measures, operations or actions to be implemented by the project				
-	Are the technology(ies) to be employed, or measures, operations or actions to be implemented by the project, including all relevant technical data and the implementation schedule described?	The project envisages the construction of gas pipeline from Yaraner oil-field (BPS-1) to Vyngapur compressor station (CS) for associated petroleum gas. APG at the exit from the BPS-1 under separation pressure (8 bar) feeds into the new 55 kms field gas pipeline to the Vyngapur CS which is located outside the project boundary. Part of APG is burned at the flares of BPS-1. APG reaches the Vyngapur CS outside of the project boundary with lower pressure (4.6 bar) where is mixed with APG coming in from other fields. The compression of the project's APG is carried out by the compressors activated by gas turbines that use the part of APG as a fuel. At the Vyngapur compressor station APG is treated under low-temperature separation with the yield of the dry gas. Further on the dry gas is compressed and is injected under high pressure into the main gas pipeline «Urengoy-Chelyabinsk». Implementation schedule of the project:. - April 2007. Cost estimate documentation for the project was approved. - May 2007. Construction works started. - August 2007. Commissioning of the project took place on 31.08.2007.		OK
Brief explanation of how the anthropogenic emissions of greenhouse gases by sources are to be reduced by the proposed JI project, including why the emission reductions would not occur in the absence of the proposed project, taking into account national and/or sectoral policies and circumstances				
-	Is it stated how anthropogenic GHG emission	PDD states that under the project activity the volume of		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	reductions are to be achieved? (This section should not exceed one page)	extracted APG that was previously flared will be efficiently used through injection into the new gas pipeline and transportation to the Vyngapur CS for further treatment with the yield of the dry stripped gas and for compressing it into the main gas pipeline. This will prevent the CO2 and CH4 emissions from APG flaring as would occur in the baseline scenario.		
-	Is it provided the estimation of emission reductions over the crediting period?	The estimation of emission reductions over the crediting period (5 years) is provided: 1,154,886 tCO2e.		OK
-	Is it provided the estimated annual reduction for the chosen credit period in tCO2e?	The estimated annual emission reduction for the chosen credit period is 230,977 tCO2e.		OK
-	Are the data from questions above presented in tabular format?	The data from the questions above is presented in tabular format. Please refer to Section A.4.3.1.		OK
Estimated amount of emission reductions over the crediting period				
-	Is the length of the crediting period Indicated?	The length of the crediting period is 5 years. Please refer to the section A.4.3.1.		OK
-	Are estimates of total as well as annual and average annual emission reductions in tonnes of CO2 equivalent provided?	The estimates of total and annual emission reductions were provided in section A.4.3.1 in tonnes of CO2 equivalent.		OK
Project approvals by Parties				
19	Have the DFPs of all Parties listed as "Parties involved" in the PDD provided written project approvals?	**CAR 02.** The project has no approval of the host Party.	CAR 02	Pending
19	Does the PDD identify at least the host Party as a "Party involved"?	The host Party involved is the Russian Federation.		OK
19	Has the DFP of the host Party issued a written project approval?	No, pending a response to CAR 02.		Pending
20	Are all the written project approvals by Parties involved unconditional?	Yes, the written project approvals are unconditional.		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
Authorization of project participants by Parties involved				
21	Is each of the legal entities listed as project participants in the PDD authorized by a Party involved, which is also listed in the PDD, through: − A written project approval by a Party involved, explicitly indicating the name of the legal entity? or − Any other form of project participant authorization in writing, explicitly indicating the name of the legal entity?	The authorization of JSC "Gazpromneft-Noyabrskneftegaz" is deemed to be received together with the project approval by the host Party. Conclusion is pending a response to CAR 02.		Pending
Baseline setting				
22	Does the PDD explicitly indicate which of the following approaches is used for identifying the baseline? − JI specific approach − Approved CDM methodology approach	It is explicitly indicated that the JI specific approach was applied for identifying the baseline.		OK
JI specific approach only				
23	Does the PDD provide a detailed theoretical description in a complete and transparent manner?	The Section B.1 contains a detailed theoretical description of the emission reduction. The term baseline emission is avoided herewith though is used in section E and on the excel sheet. The theoretical description applies the model of APG soot flaring as per the official NII Atmosphere Methodology. Appropriate evidence of the model applicability was provided to the AIE. The grid emission factor is taken from the JI-0216 determined by the AIE. Yearly emissions from APG flaring	CAR 03	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		are calculated by the APG composition based on averaging monthly data. Leakage attributable to baseline is taken into account. It consists of leaks of natural gas (NG) at production (Gazprom data of 2008, 2009, 2010) and emissions due to compression at NG processing (at lower pressure ratio than for APG under the project activity). **CAR 03.** Formulae (1) and (8) from the theoretical description of the emission reduction are correct in the absence of project emissions what is not the project case. Project emissions exist. These are APG physical leaks at the process transportation to Vyngapur CS. They are identified in Table B.3.1 as both project emission and leakage (please correct accordingly). These emissions are mistakenly considered negligible. This in incorrect since they are above 2000 tCO2 in 2008 and 2009 (refer to calculation on the excel sheet). Please make due amendments to the PPD including the change of the used monitoring Option 2 to Option 1.		
23	Does the PDD provide justification that the baseline is established: (a) By listing and describing plausible future scenarios on the basis of conservative assumptions and selecting the most plausible one? (b) Taking into account relevant national and/or sectoral policies and circumstance? − Are key factors that affect a baseline taken	The baseline is established basically: (a) By listing and describing future scenarios available for the project owner JSC "Gazpromneft-Noyabrskneftegaz" and selecting the least negatively influenced by the key factors. Two alternative scenarios (AS) for the APG treatment at the Sugmut oil field were listed and described as follows: AS1. Continuation of common practice for utilization of APG, i.e. the combustion of the extracted APG in the flare at BPS-		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	into account? (c) In a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, date sources and key factors? (d) Taking into account of uncertainties and using conservative assumptions? (e) In such a way that ERUs cannot be earned for decreases in activity levels outside the project or due to force majeure? (f) By drawing on the list of standard variables contained in appendix B to "Guidance on criteria for baseline setting and monitoring", as appropriate?	1 at the Yarayner oilfield; AS2. The project itself (without being registered as a JI activity) that is efficient utilization of APG, i.e. construction of the new gas pipeline from the BPS-1 of the Yarayner oilfield to Vyngapur CS for further feeding into the main gas pipeline. (b) By analysis of influence of key factors such as sectoral reform policies and legislation, economic situation in oil&gas sector in terms of APG utilization, availability of capital (including investment barrier), APG prices. This analysis resulted in a conclusion that alternative AS1 is the baseline scenario. (c) Generally in a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, data sources and key factors (d) Taking into account of uncertainties and using conservative assumptions. (e) In such a way that ERUs cannot be earned for decreases in activity levels outside the project or due to force majeure. (f) By drawing of the list of standard variables contained in appendix B to Guidance on criteria for baseline and monitoring. The key information and data used to establish the baseline is provided in the required tabular forms. The baseline information is duplicated in Annex A.		
24	If selected elements or combinations of approved CDM methodologies or	N/A		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	methodological tools for baseline setting are used, are the selected elements or combinations together with the elements supplementary developed by the project participants in line with 23 above?			
25	If a multi-project emission factor is used, does the PDD provide appropriate justification?	The grid emission factor is taken from the determined PDD of JI-0216. "Installation of two CCGT-400 at Surgutskaya TPP-2, OGK-4, Tyumen area, Russia" The AIE determined the referred project and confirms this value.		OK
Approved CDM methodology approach only_Paragraphs 26(a) – 26(d)_Not applicable				
Additionality				
JI specific approach only				
28	Does the PDD indicate which of the following approaches for demonstrating additionality is used? (a) Provision of traceable and transparent information showing the baseline was identified on the basis of conservative assumptions, that the project scenario is not part of the identified baseline scenario and that the project will lead to emission reductions or enhancements of removals; (b) Provision of traceable and transparent information that an AIE has already positively determined that a comparable project (to be) implemented under comparable circumstances has additionality; (c) Application of the most recent version of the "Tool for the demonstration and assessment of additionality. (allowing for a two-	It is explicitly indicated that a JI-specific approach is chosen for justification of additionality. For this purpose provision (a) is chosen defined in paragraph 2 of the Annex I to the Guidance on criteria for baseline setting and monitoring version 03.		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	month grace period) or any other method for proving additionality approved by the CDM Executive Board".			
29 (a)	Does the PDD provide a justification of the applicability of the approach with a clear and transparent description?	A JI-specific approach is based on a rationale that the project activity would not have occurred otherwise due to existence of the financial barrier and that this project is not a common practice.		OK
29 (b)	Are additionality proofs provided?	To demonstrate the additionality of the project three steps were implemented: - Step 1: Indication and description of the approach applied; - Step 2: Application of the approach chosen; - Step 3: Provision of additionality proofs. Financial barrier was justified through the investment analysis complemented by the sensitivity analysis. For both analyses, the project's financial efficiency in terms of NPV was calculated. Input data for the analyses including investment costs, operation costs, amortization and other parameters referring to expenses, as well as revenues from APG sale were provided to the AIE and were positively determined. Discount rate was taken 15% as per Gazpromneft Order # 142 dated 22/06/2006. The common practice analysis has proven that the project activity is not the common practice in Russian oil industry.		OK
29 (c)	Is the additionality demonstrated appropriately as a result?	The additionality of the project is appropriately demonstrated.		OK
30	If the approach 28 (c) is chosen, are all explanations, descriptions and analyses made in accordance with the selected tool or	N/A		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	method?			
Approved CDM methodology approach only_ Paragraphs 31(a) – 31(e)_Not applicable				
Project boundary (applicable except for JI LULUCF projects				
JI specific approach only				
32 (a)	Does the project boundary defined in the PDD encompass all anthropogenic emissions by sources of GHGs that are: (i) Under the control of the project participants? (ii) Reasonably attributable to the project? (iii) Significant?	The project boundary defined in the PDD encompasses the anthropogenic emissions by sources of GHGs in the baseline scenario (refer to Section B.3): that is CO2 from APG flaring and CH4 from methane incomplete combustion. N2O emissions from flaring were reasonably excluded from consideration. Also leakage sources attributable to the baseline and project activity are identified: some were included and some reasonably excluded; for leakage please refer to 40 (a). **CAR 04.** APG flaring is mistakenly indicated as a source of the project emission in Table B.3.1. There is no flaring related to the project activity.	CAR 04	OK
32 (b)	Is the project boundary defined on the basis of a case-by-case assessment with regard to the criteria referred to in 32 (a) above?	Project boundary is defined on the basis of case-by-case assessment of different emission sources in the baseline scenario. Conclusion is pending a response to CAR 03 and CAR 04.	Pending	OK
32 (c)	Are the delineation of the project boundary and the gases and sources included appropriately described and justified in the PDD by using a figure or flow chart as appropriate?	An adequate flow chart is presented on Figure B.3.1.		OK
32 (d)	Are all gases and sources included explicitly stated, and the exclusions of any sources related to the baseline or the project are	Conclusion is pending a response to CAR 03 and CAR 04.	Pending	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	appropriately justified?			
Approved CDM methodology approach only_Paragraph 33_ Not applicable				
Crediting period				
34 (a)	Does the PDD state the starting date of the project as the date on which the implementation or construction or real action of the project will begin or began?	The starting date of the project is indicated as: 01.05.2007. This date corresponds to the beginning of the gas pipeline construction works.		OK
34 (a)	Is the starting date after the beginning of 2000?	Yes, it is.		OK
34 (b)	Does the PDD state the expected operational lifetime of the project in years and months?	Expected operational lifetime of the project is 14 years or 168 months: from 01.05.2007 till 01.05.2020.		OK
34 (c)	Does the PDD state the length of the crediting period in years and months?	The length of crediting period is defined as 5 years (60 months) from 01.01.2008 to 31.12.2012.		OK
34 (c)	Is the starting date of the crediting period on or after the date of the first emission reductions or enhancements of net removals generated by the project?	Starting date of crediting period is on the date when the first emission reductions are generated by the project.		OK
34 (d)	Does the PDD state that the crediting period for issuance of ERUs starts only after the beginning of 2008 and does not extend beyond the operational lifetime of the project?	The start of crediting period is 01/01/2008 and its length is 5 years or 60 months.		OK
34 (d)	If the crediting period extends beyond 2012, does the PDD state that the extension is subject to the host Party approval? Are the estimates of emission reductions or enhancements of net removals presented separately for those until 2012 and those after 2012?	N/A		OK
Monitoring plan				
35	Does the PDD explicitly indicate which of the	PDD explicitly indicates that for description and justification	Pending	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	following approaches is used? − JI specific approach − Approved CDM methodology approach	of the monitoring plan a JI specific approach was used. Please change the used monitoring Option 2 to Option 1. Refer to CAR 03.		
JI specific approach only				
36 (a)	Does the monitoring plan describe: − All relevant factors and key characteristics that will be monitored? − The period in which they will be monitored? − All decisive factors for the control and reporting of project performance?	The monitoring plan describes: - the relevant parameters that will be monitored: (7) volume of the extracted APG at BPS-1; (8) volume of APG to be flared at BPS-1; (9) volume of APG combusted in oilfield boiler house; (10) composition of extracted APG at BPS-1; (11) composition of APG at Vyngapur CS (12) specific fuel consumption at Vyngapur CS for compression of the APG supplied under project activity; - the periods in which they will be monitored: monthly – parameters 1-5, and annually – parameter 6; - all decisive factors for the control and reporting of project performance: ecological reporting, quality control (QC) and quality assurance (QA) procedures; the operational and management structure that will be applied in implementing the monitoring plan.		OK
36 (b)	Does the monitoring plan specify the indicators, constants and variables used that are reliable, valid and provide transparent picture of the emission reductions or enhancements of net removals to be monitored?	The monitoring plan specifies the indicators, constants and variables used that are basically reliable, valid and provide transparent picture of the emission reductions to be monitored.		OK
36 (b)	If default values are used: − Are accuracy and reasonableness carefully	Unburned carbon factor for soot combustion of APG in flare units was taken from NII Atmosphere Methodology. Density		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	balanced in their selection? − Do the default values originate from recognized sources? − Are the default values supported by statistical analyses providing reasonable confidence levels? − Are the default values presented in a transparent manner?	of CH4 and CO2 at standard conditions is taken from GOST 30319.1-96. The used value of the grid emission factor is that positively determined in JI-0216. All the default and fixed values are reasonably balanced and transparent.		
36 (b) (i)	For those values that are to be provided by the project participants, does the monitoring plan clearly indicate how the values are to be selected and justified?	Data on composition of APG at Vyngapur CS and specific fuel consumption at Vyngapur CS for compression of the project APG are provided to the project participant by Vyngapur CS.		OK
36 (b) (ii)	For other values, − Does the monitoring plan clearly indicate the precise references from which these values are taken? − Is the conservativeness of the values provided justified?	Refer to 36 (b).		OK
36 (b) (iii)	For all data sources, does the monitoring plan specify the procedures to be followed if expected data are unavailable?	The necessary procedures on emergency cases are indicated in Section D.3.		OK
36 (b) (iv)	Are International System Unit (SI units) used?	International System Units (SI units) are used.		OK
36 (b) (v)	Does the monitoring plan note any parameters, coefficients, variables, etc. that are used to calculate baseline emissions or net removals but are obtained through monitoring?	Yes, it does. This is volume of separated (extracted) APG measured by flow meter CPG 763.		OK
36 (b) (v)	Is the use of parameters, coefficients, variables, etc. consistent between the baseline and monitoring plan?	There is basically consistency between parameters, coefficients, variables, etc. used in baseline and monitoring plan.		OK
36 (c)	Does the monitoring plan draw on the list of	Yes.		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	standard variables contained in appendix B of "Guidance on criteria for baseline setting and monitoring"?			
36 (d)	Does the monitoring plan explicitly and clearly distinguish: (i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination? (ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not already available at the stage of determination? (iii) Data and parameters that are monitored throughout the crediting period?	Description of the monitoring plan in Section D.1 explicitly and clearly distinguishes: (i) Refer to 36 (b). (ii) N/A. iii) Refer to 36 (a): parameters marked (1) - (6).		OK
36 (e)	Does the monitoring plan describe the methods employed for data monitoring (including its frequency) and recording?	The monitoring plan describes the methods employed for data monitoring (flow meters, chromatographs) and data collection frequency (annually – specific fuel consumption at Vyngapur CS, monthly - APG volume and composition. Recording of data is stored in paper and electronically.		OK
36 (f)	Does the monitoring plan elaborate all algorithms and formulae used for the estimation/calculation of baseline emissions/removals and project emissions/removals or direct monitoring of	Formulae are indicated and numbered in Sections D.1.1.2, D.1.1.4, D.1.3.2, D.1.4.		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	emission reductions from the project, leakage, as appropriate?			
36 (f) (i)	Is the underlying rationale for the algorithms/formulae explained?	Yes, it is.		OK
36 (f) (ii)	Are consistent variables, equation formats, subscripts etc. used?	Please refer to 36 (f).		OK
36 (f) (iii)	Are all equations numbered?	Yes, they are numbered.		OK
36 (f) (iv)	Are all variables, with units indicated defined?	Yes, all variables are measured in the units indicated .		OK
36 (f) (v)	Is the conservativeness of the algorithms/procedures justified?	N/A		OK
36 (f) (v)	To the extent possible, are methods to quantitatively account for uncertainty in key parameters included?	N/A		OK
36 (f) (vi)	Is consistency between the elaboration of the baseline scenario and the procedure for calculating the emissions or net removals of the baseline ensured?	Yes, the consistency exists.		OK
36 (f) (vii)	Are any parts of the algorithms or formulae that are not self-evident explained?	N/A		OK
36 (f) (vii)	Is it justified that the procedure is consistent with standard technical procedures in the relevant sector?	The official NII Atmosphere methodology and GOST 30319.1-96.are used. Please refer to 36 (f) (vii) below.		OK
36 (f) (vii)	Are references provided as necessary?	Reference is made to "Methodology of calculation of emissions of hazardous substances into the atmosphere due to the flaring of the associated petroleum gas at flaring stacks" developed by the Saint-Petersburg Scientific Research Institute for Protection of Atmosphere and endorsed by State Committee for Environmental Protection		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		(GosKomEcologiya)" and GOST 30319.1-96.		
36 (f) (vii)	Are implicit and explicit key assumptions explained in a transparent manner?	All implicit and explicit key assumptions are explained in transparent manner.		OK
36 (f) (vii)	Is it clearly stated which assumptions and procedures have significant uncertainty associated with them, and how such uncertainty is to be addressed?	N/A		OK
36 (f) (vii)	Is the uncertainty of key parameters described and, where possible, is an uncertainty range at 95% confidence level for key parameters for the calculation of emission reductions or enhancements of net removals provided?	The uncertainty level of measured parameters is provided; please refer to D.2. It is in the range at 95% confidence level.		OK
36 (g)	Does the monitoring plan identify a national or international monitoring standard if such standard has to be and/or is applied to certain aspects of the project? Does the monitoring plan provide a reference as to where a detailed description of the standard can be found?	Reference to the pertinent applicable national law "On uniformity of measurements" N 102-ФЗ dated 26/06/2008 is not made.		OK
36 (h)	Does the monitoring plan document statistical techniques, if used for monitoring, and that they are used in a conservative manner?	N/A		OK
36 (i)	Does the monitoring plan present the quality assurance and control procedures for the monitoring process, including, as appropriate, information on calibration and on how records on data and/or method validity and accuracy are kept and made available upon request?	QC/QA procedures are specified in PDD Section D.2. They include basic information about the calibration procedures for gas flow meters, chromatograph.		OK
36 (j)	Does the monitoring plan clearly identify the responsibilities and the authority regarding the	The operational and management structure that the project participant(s) will implement in order to monitor emission		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	monitoring activities?	reduction generated by the project is described in PDD Section D.3. Responsibilities and the authority regarding the monitoring activities are indicated.		
36 (k)	Does the monitoring plan, on the whole, reflect good monitoring practices appropriate to the project type? If it is a JI LULUCF project, is the good practice guidance developed by IPCC applied?	Monitoring techniques are in line with current operation routines.		OK
36 (l)	Does the monitoring plan provide, in tabular form, a complete compilation of the data that need to be collected for its application, including data that are measured or sampled and data that are collected from other sources but not including data that are calculated with equations?	The monitoring plan provides, in tabular form, a complete compilation of the data that need to be collected.		OK
36 (m)	Does the monitoring plan indicate that the data monitored and required for verification are to be kept for two years after the last transfer of ERUs for the project?	Yes, please refer to the PDD Section D.3		OK
37	If selected elements or combinations of approved CDM methodologies or methodological tools are used for establishing the monitoring plan, are the selected elements or combination, together with elements supplementary developed by the project participants in line with 36 above?	N/A		OK
Approved CDM methodology approach only_Paragraphs 38(a) – 38(d)_Not applicable				
Applicable to both JI specific approach and approved CDM methodology approach				
39	If the monitoring plan indicates overlapping monitoring periods during the crediting period:	N/A		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	(a) Is the underlying project composed of clearly identifiable components for which emission reductions or enhancements of removals can be calculated independently? (b) Can monitoring be performed independently for each of these components (i.e. the data/parameters monitored for one component are not dependent on/effect data/parameters to be monitored for another component)? (c) Does the monitoring plan ensure that monitoring is performed for all components and that in these cases all the requirements of the JI guidelines and further guidance by the JISC regarding monitoring are met? (d) Does the monitoring plan explicitly provide for overlapping monitoring periods of clearly defined project components, justify its need and state how the conditions mentioned in (a)-(c) are met?			
Leakage				
JI specific approach only				
40 (a)	Does the PDD appropriately describe an assessment of the potential leakage of the project and appropriately explain which sources of leakage are to be calculated and which can be neglected?	PDD Table B.3.1 describes leakage attributable to - the project: (v) GHG emissions linked with the electricity consumption at Vyngapur CS; (vi) APG emissions at processing at Vyngapur CS; - the baseline (vii) Natural gas (NG) physical leaks at production; (viii) GHG emissions due NG compression at gas	CAR 05 CAR 06	OK OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		treatment plant. **CAR 05.** Formula (8) in Section D.1.3.2 does not include the physical leaks of APG at Vyngapur CS (refer to Table B.3.1). **CAR 06.** Leakage due to combustion of the natural gas in gas turbines at gas treatment plants is determined by Formula (11) on page 32 which does not describe emissions due to combustion of NG at gas turbine with efficiency 34%. Please correct the Formula accordingly and make recalculation of the leakage.		
40 (b)	Does the PDD provide a procedure for an ex ante estimate of leakage?	Yes. Please refer to Section D.1.3.2.		OK
Approved CDM methodology approach only_Paragraph 41_Not applicable				
Estimation of emission reductions or enhancements of net removals				
42	Does the PDD indicate which of the following approaches it chooses? (a) Assessment of emissions or net removals in the baseline scenario and in the project scenario (b) Direct assessment of emission reductions	PDD uses approach (b) is chosen though approach (a) is due because of CAR 03.	Pending	OK
43	If the approach (a) in 42 is chosen, does the PDD provide ex ante estimates of: (a) Emissions or net removals for the project scenario (within the project boundary)? (b) Leakage, as applicable? (c) Emissions or net removals for the baseline scenario (within the project boundary)? (d) Emission reductions or enhancements of net removals adjusted by leakage?	Pending a response to CAR 03 and CAR 05.	Pending	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
44	If the approach (b) in 42 is chosen, does the PDD provide ex ante estimates of: (a) Emission reductions or enhancements of net removals (within the project boundary)? (b) Leakage, as applicable? (c) Emission reductions or enhancements of net removals adjusted by leakage?	N/A		OK
45	For both approaches in 42 (a) Are the estimates in 43 or 44 given: (i) On a periodic basis? (ii) At least from the beginning until the end of the crediting period? (iii) On a source-by-source/sink-by-sink basis? (iv) For each GHG? (v) In tones of CO2 equivalent, using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol? (b) Are the formula used for calculating the estimates in 43 or 44 consistent throughout the PDD? (c) For calculating estimates in 43 or 44, are key factors influencing the baseline emissions or removals and the activity level of the project and the emissions or net removals as well as risks associated with the project taken into account, as appropriate? (d) Are data sources used for calculating the	(a) Estimates in 43 are given on the periodic basis, from the beginning until the end of the crediting period, in tones of CO2 equivalent. (b) The formulae used in PDD are consistent throughout PDD (for the formulae refer to Section D). (c) Key factors influencing the baseline emissions and the activity level of the project and the emissions are taken into account, as appropriate. (d) Data sources used for calculating the estimates are basically clearly identified, reliable and transparent. (e) Emission factors for (including default emission factors) selected by carefully balancing accuracy. (f) Estimation in 43 is based on the most plausible scenario in a transparent manner. (g) Estimates in 43 are consistent throughout the PDD. (h) The annual average of estimated emission reductions calculated virtually by dividing the total estimated emission reductions over the crediting period by the total months of the crediting period and multiplying by twelve. Conclusion is pending a response to CAR 03 and CAR 05..	Pending	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	estimates in 43 or 44 clearly identified, reliable and transparent? (e) Are emission factors (including default emission factors) if used for calculating the estimates in 43 or 44 selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice? (f) Is the estimation in 43 or 44 based on conservative assumptions and the most plausible scenarios in a transparent manner? (g) Are the estimates in 43 or 44 consistent throughout the PDD? (h) Is the annual average of estimated emission reductions or enhancements of net removals calculated by dividing the total estimated emission reductions or enhancements of net removals over the crediting period by the total months of the crediting period and multiplying by twelve?			
46	If the calculation of the baseline emissions or net removals is to be performed ex post, does the PDD include an illustrative ex ante emissions or net removals calculation?	Illustrative ex-ante estimation of baseline emissions is made on the spreadsheet made available to AIE.		OK
Approved CDM methodology approach only_Paragraphs 47(a) – 47(b)_Not applicable				
Environmental impacts				
48 (a)	Does the PDD list and attach documentation on the analysis of the environmental impacts of the project, including transboundary impacts, in accordance with procedures as determined by the host Party?	According to the State Committee for Ecology and Natural Resources of the Russian Federation Decree dated 15.04.2000 #372 "On compliance with regulations regarding the planned economics (and other) actions and their ecological impact", developers must include environmental		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		issues into the project design documentation. In accordance with the Urban Construction Code the Design Documentation should contain Section "Measures on Environment Protection" which includes paragraph (a) Environmental Impact Assessment (EIA). The whole Design Documentation including the environmental part is subject to the formal state expertise. The section "Environmental Protection" is integrated into the design documentation of this project. The design documentation was prepared in 2007 (section #3 of the technical documentation "Construction of Yarayner oilfield. Pipeline BPS-1 Yarayner oilfield – Vyngapur CS" by TomskNIPIneft). It has received the positive opinions issued by the Federal State Entity "Glavgosexpertiza" #93 dated 19.02.2007. Based on the outcomes of the environmental section the permission on emissions of polluting substances by stationary sources was issued for the period of 20.10.2008 – 31.12. 2012. Transboundary impacts are irrelevant for the project due to the big distance to the nearest border.		
48 (b)	If the analysis in 48 (a) indicates that the environmental impacts are considered significant by the project participants or the host Party, does the PDD provide conclusion and all references to supporting documentation of an environmental impact assessment undertaken in accordance with the procedures	Russian legislation does not use the term "significant environmental impacts". The company is permitted to operate on the basis on permission of air emission issued by the state authority Rostekhnadzor.		OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	as required by the host Party?			
Stakeholder consultation				
49	If stakeholder consultation was undertaken in accordance with the procedure as required by the host Party, does the PDD provide: (a) A list of stakeholders from whom comments on the projects have been received, if any? (b) The nature of the comments? (c) A description on whether and how the comments have been addressed?	This type of project is not liable to arrangement of stakeholders' consultation in form of public hearing. No stakeholder consultation was undertaken.		OK
Determination regarding small-scale projects (additional elements for assessment)_Paragraphs 50 - 57_Not applicable				
Determination regarding land use, land-use change and forestry projects _Paragraphs 58 – 64(d)_Not applicable				
Determination regarding programmes of activities_Paragraphs 66 – 73_Not applicable				

Table 2 Resolution of Corrective Action and Clarification Requests

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
CAR 01. Please provide contact data of the project participant JSC "Gazpromneft-Noyabrskneftegaz".	-	Corrected 13/12/2011 Corrected	Response is not accepted. Data for Gazprom Neft is provided. Please provide contact data of JSC "Gazpromneft-Noyabrskneftegaz". Response 2 is accepted. CAR is closed based on due amendment made to the PDD.
CAR 02. The project has no approval of the host Party	19	Thus, in accordance with the law of the Russian Federation applicable to the implementation of CO projects, the Project can be approved after a positive opinion is given by the determiner. Second approval (second party) is possible after reception of the positive determination opinion from	Pending.

		AIE from first party.	
CAR 03. Formulae (1) and (8) from the theoretical description of the emission reduction are correct in the absence of project emissions what is not the project case. Project emissions exist. These are APG physical leaks at the process transportation to Vyngapur CS. They are identified in Table B.3.1 as both project emission and leakage (please correct accordingly). These emissions are mistakenly considered negligible. This in incorrect since they are above 2000 tCO2 in 2008 and 2009 (refer to calculation on the excel sheet). Please make due amendments to the PPD including the change of the used monitoring Option 2 to Option 1.	23	Corrected	CAR is closed based on due amendment made to the PDD.
CAR 04. APG flaring is mistakenly indicated as a source of the project emission in Table B.3.1. There is no flaring related to the project activity.	32 (a)	Corrected 13.12.2011 Corrected (APG flaring does not occur on the project)	Response is accepted as to Table B.3.1. Response is not accepted because of the statement in PDD as follows Project emissions …However, a small part of produced APG will be flared at BPS-1 of Yarayner oilfield. At that GHG gases including carbon dioxide CO2 and methane CH4 will be emitted. If there is flaring under the project activity, this should be theoretically described and included in monitoring. CAR is not closed. Response 2 is accepted.

			CAR is closed based on due amendment made to the PDD.
CAR 05. Formula (8) in Section D.1.3.2 does not include the physical leaks of APG at Vyngapur CS (refer to Table B.3.1).	40 (a)	Corrected	CAR is closed based on due amendment made to the PDD
CAR 06. Leakage due to combustion of the natural gas in gas turbines at gas treatment plants is determined by Formula (11) on page 32 which does not describe emissions due to combustion of NG at gas turbine with efficiency 34%. Please correct the Formula accordingly and make recalculation of the leakage.	40 (a)	Corrected	CAR is closed based on due amendment made to the PDD