

REPSOL AND ALLIANCE OIL COMPLETE THE FIRST PHASE OF THEIR EXPLORATION AND PRODUCTION JOINT VENTURE IN RUSSIA

- **Alliance Oil Company has transferred its upstream company Saneco to the joint venture with Repsol.**
- **Repsol contributed \$37 million in cash to the joint venture and paid \$36 million in cash to Alliance Oil.**
- **Alliance Oil holds a 51% stake and Repsol has a 49% stake in the joint venture.**

In accordance with an agreement signed in December 20, 2011 Repsol and Alliance Oil have completed the first phase of their joint hydrocarbon exploration and production venture with the integration of Alliance assets and the acquisition of shares by Repsol.

Alliance Oil has contributed its Saneco subsidiary, with brownfield upstream assets located in the Samara region with total production of 1.1 million barrels of oil (Mbbbl) in the second quarter of 2012 and 2P reserves of 38 Mbbbl as of December 31, 2011. Repsol has acquired shares in the joint venture from Alliance Oil for \$36 million and has subscribed \$37 million in new shares to reach a 49% stake in the joint venture company.

The agreement signed in December 2011 further envisions the contribution of Tatnefteotdacha by Alliance Oil and the contribution of Eurotek and cash by Repsol, which are expected to be completed in the fourth quarter of 2012. Following the completion of these transactions, the joint venture which is owned 51% and 49% by Alliance Oil Company and Repsol respectively, will have a total asset base worth approximately \$840 million.

The joint venture will serve as a growth platform for both companies in the Russian Federation, the world's largest oil and gas producer. The JV seeks to combine Alliance Oil's knowledge and access to exploration and production business opportunities in Russia with Repsol's know-how and technical capabilities to create a long-term exploration and production partnership.

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