

Drilling of Kutvolgy-1 well at Algyo gas field (Mako concession block) in South-East Hungary started on June 11. The works concerned are in accordance with the agreement on gas exploration entered into between NIS and Falcon, announced on 14 January 2013.

Drilling of the initial well at a depth of approximately 3,300m is expected to take approx. 40 days. The drilling contract was awarded to Germany-based DrillTec. Upon completion of drilling operations, the gas prospects of the well will be tested.

Kutvolgy-1 well is the first of three separate exploration wells planned under the agreement between NIS and Falcon Oil&Gas. All costs associated with the geological and exploration works will be paid for by NIS. Any revenue from the drilling programmes will be shared 50:50 between Falcon and NIS.

NIS has established Pannon Naftagas Kft. subsidiary in Hungary. Falcon Oil and Gas from Canada and RAG from Austria are NIS partners in this country. RAG and NIS are performing exploration works in Kelebija and Kiskunhalas blocks.

Additional information:

NIS is one of the largest vertically integrated energy companies in South East Europe. NIS performs oil and gas exploration, production, and refining, as well as sales and distribution of a wide range of petroleum products. Gazprom Neft owns 56.15% of NIS' share capital, with 29.88% of shares owned by the Republic of Serbia. In Serbia NIS owns a refining complex with two units, one in Pancevo and the other in Novi Sad (7 million tons per annum) and an LPG production unit in Elemir. NIS produces 1.7 million tons of crude oil annually. Its regional retail network includes 500 filling stations, terminals, and storage facilities. Besides Serbia, NIS operates in Bosnia and Herzegovina, Hungary, Bulgaria, Romania, Turkmenistan, Angola, Belgium and the Russian Federation.

Falcon is an international oil & gas company engaged in the acquisition, exploration and development of conventional and unconventional oil and gas assets, with the current portfolio spread between Australia, South Africa and Hungary. Falcon is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland.

Source;NIS