



## P R E S S   R E L A S E

### **MEDGAZ Announces Completion of Construction of Deepwater Pipeline**

- **The *Crawler*, the ship in charge of carrying out the last welding operations, has completed the tie-in between Algeria and Spain at 1.6 kilometers off the Algerian coast**

MEDGAZ has completed the pipe-lay operations that will directly connect Algeria to Spain. Saipem S.p.A., the Italian oil services company commissioned to build the undersea infrastructure, has finalized the 210 km. offshore link between Beni Saf (Algerian coast) and the Spanish coast of Almeria with the so-called last weld.

Operations were performed at 1.6 kilometers from the Beni Saf beach by the *Crawler*, a vessel entrusted with the task of raising the pipe left by the *Castoro Sei* in July 2008 and the pipe left by the *Saipem 7000* in November, to make the definitive connection and once again lay the final link-up on the seabed.

Construction of the sub-sea pipeline was completed on schedule. Between March and June 2008, the *Castoro Sei*, the vessel in charge of building the offshore section corresponding to the shallow areas (up to a depth of 550 meters), welded and assembled part of the pipeline in both the Algerian and Almeria coast. Between August and November 2008, the *Saipem 7000* platform laid the portion of the pipe in the deepwater section (down to 2,160 meters). With the last weld operations conducted by the *Crawler*, the assembly of the first ultra-deep water (over 2,000 meters) gas pipeline built in the Mediterranean can be considered completed.

Between January and March 2009, hydraulic tests will be performed to ensure that the pipeline is in good working order before its start-up, which is scheduled for the second half of next year.



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### **MEDGAZ**

MEDGAZ, S.A. is the company in charge of designing, building and operating the Algerian-European Pipeline, via Spain. The complete infrastructure includes a Compressor Station (on the Algerian coast), a Receiving Terminal (on the Spanish coast) and a deepwater pipeline.

MEDGAZ, which is the first direct connection from Algeria to European markets, is likewise the first ultra-deep water (over 2,000 meters) pipeline that is being built in the Mediterranean.

MEDGAZ is a strategic project for both Spain and Algeria and the rest of Europe. On the one hand, it will bring natural gas from Algeria by a direct link, thereby guaranteeing secure and sustainable energy supplies. On the other hand, it provides the most cost-effective way of supplying natural gas to southern Europe. Additionally, the future sub-sea link contributes favorably towards the goals and targets of the Kyoto Protocol.

With a planned initial capacity of 8 BCM/year, MEDGAZ will transport natural gas from Beni Saf on the Algerian coast up to landfall in Almeria. Construction work began in mid-2007 and start-up is slated for 2009.

The total offshore distance of the pipeline is 210 km across the Mediterranean seabed, and the central section will reach a maximum water depth of 2,160 meters.

In Algeria, it will hook up to the Hassi R'Mel-Beni Saf gas pipeline operated by Sonatrach, while in Spain, it will link up with the Almeria-Albacete gas pipeline belonging to ENAGAS, thereby facilitating its connection to the Spanish and European gas grid.

MEDGAZ is a consortium of five leading energy companies: SONATRACH (36%), CEPSA (20%), IBERDROLA (20%), ENDESA (12%) and GDF SUEZ (12%).

## PRESS RELEASE

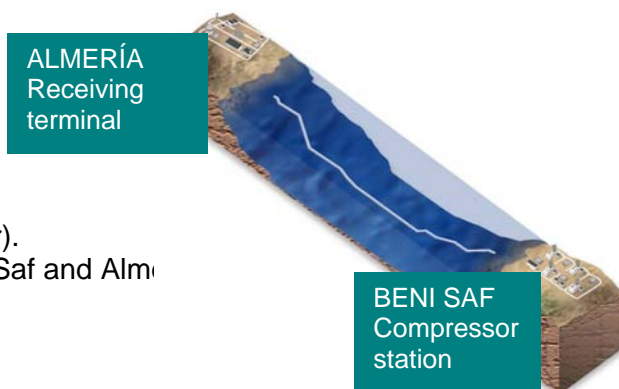
### Project Milestones

#### Timeline

- ❖ December 2006: MEDGAZ SA makes Firm Investment Decision (FID).
- ❖ February 2007: MEDGAZ SA awards EPC contracts.
- ❖ February 2007: Piping manufacture begins in Japan.
- ❖ June 2007: Pipe coating begins in Kuantan, Malaysia.
- ❖ July 2007: Groundbreaking and trenching work starts in Beni Saf, Algeria.
- ❖ September 2007: Groundbreaking and trenching work starts in Almeria.
- ❖ October 2007: First pipe shipment arrives in Almeria.
- ❖ December 2007: Second pipe shipment arrives at port of Almeria.
- ❖ February 2008: MEDGAZ receives third and final pipe shipment at the port of Almeria.
- ❖ March 2008: MEDGAZ starts up construction phase of subsea pipeline (in shallow waters).
- ❖ June 2008: MEDGAZ completed the pipelay operations in shallow waters (up to a depth of 550 meters)
- ❖ August 2008: MEDGAZ is awarded ISO 9001 quality certification.
- ❖ August-November 2008: MEDGAZ undertakes deepwater pipelay work.
- ❖ December 2008: MEDGAZ completes construction of sub-sea gas pipeline.

#### MEDGAZ: Technical Features

- ❖ Capacity: 8 BCM/year (8 billion m<sup>3</sup>/year).
- ❖ Length: 210 kilometers (between Beni Saf and Almería).
- ❖ Diameter: 24 inches (610 millimeters).
- ❖ Maximum water depth: 2,160 meters.
- ❖ Investment: €900 million
- ❖ Start-up: 2009.
- ❖ Shareholders: SONATRACH (36%), CEPSA (20%), IBERDROLA (20%), ENDESA (12%) and GAZ DE FRANCE (12%).



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