



## PRESS RELEASE

### SPAIN'S MINISTRY OF INDUSTRY, TOURISM AND TRADE ASSIGNS MEDGAZ PRIORITY STATUS

- **The Government regards the project as essential for Spain's energy infrastructures.**
- **The future pipeline will supply 8 BCM (billion cubic meters) of natural gas per year to the European market.**
- **Start-up is slated for 2009.**

Spain's Ministry of Industry, Tourism and Trade has awarded priority "A" status to MEDGAZ, the project to build an ultra-deepwater gas pipeline linking Algeria and Europe through Spain. This decision was approved today at the Government's Cabinet meeting, as it involves a key and essential project for the country's gas infrastructures. This new "priority" classification will enable MEDGAZ to begin processing the necessary permits for the construction phase, which will begin in mid-2006 and is due to be completed in 2009.

The pipeline is strategic for both Algeria and Spain as well as the rest of Europe. On the one hand, natural gas will be supplied directly from Algeria, without requiring transit through third countries, which will considerably enhance security of supply. On the other hand, it is the most cost-effective way of delivering natural gas to Southern Europe and creating a future gas hub, as highlighted by renowned energy pundits and experts such as the Mediterranean Energy Observatory (OME) and Wood Mackenzie. Lastly, the planned sub-sea link will help meet the goals and targets set out in the Kyoto Protocol. Accordingly, MEDGAZ has been included in the list of "Projects of Common Interest" within Trans-European Energy Networks (TEN), making it an international project.

With an initial capacity of 8 BCM (billion cubic meters) per year, MEDGAZ will transport natural gas from the coastal city of Beni Saf in Algeria to the Spanish province of Almería. The total offshore distance of the pipeline is 200 km along the Mediterranean seabed, and the central section will reach a maximum water depth of 2,160 meters. In Spain, MEDGAZ will hook up to the Almería-Albacete gas pipeline, facilitating its connection to the rest of Europe.

MEDGAZ is a consortium of seven leading energy companies. CEPSA and Sonatrach are the project's promoters and core shareholders, with a 20% stake respectively, in addition to BP, Endesa, Gaz de France, Iberdrola and Total, each holding a 12% stake.

MEDGAZ has already proven its technical feasibility, conducted the necessary marine surveys, determined the definitive pipeline route (Beni Saf-Almería) and completed the project's detailed engineering. Additionally, the Environmental Impact Assessment (EIA) report has been submitted to the corresponding Algerian and Spanish government authorities.

- Pictures available at [www.medgaz.com/medgaz/pages/galeria\\_imagenes.htm](http://www.medgaz.com/medgaz/pages/galeria_imagenes.htm).

Madrid, June 24, 2005  
MEDGAZ  
External Relations  
Tel. +34 91 374 91 49  
[www.medgaz.com](http://www.medgaz.com)