



P R E S S R E L E A S E

FIRST PIPE SHIPMENT FOR CONSTRUCTION OF MEDGAZ DEEPWATER PIPELINE ARRIVES IN ALMERIA, SPAIN

- **MEDGAZ has completed the first stage of the construction process with the production and coating of 100% of the pipe sections.**
- **90,000 tons of high-strength carbon steel pipe have been manufactured.**

MEDGAZ today announced the arrival in Spain of the first pipe shipment for construction of its ultra-deepwater natural gas pipeline system. 35,000 tons of pipes were delivered by a ship from Malaysia to the port of Almeria, where they will be unloaded and stored until the offshore work gets underway. The manufacture and coating of all the pipe sections for the Algerian-European gas pipeline was completed between February and September 2007. In total, 90,000 tons of high-strength carbon steel pipe were produced, with each section being 12 meters long and 24 inches (610 mm) in diameter.

The pipes, which are specifically designed to be laid at a depth of over 2,000 meters, were manufactured by Japan's two leading steel producers and coated in Malaysia, where the world's largest pipe coating facility is located. This coating consists of three layers of propylene and one layer of concrete for protection against external corrosion and related factors.

These actions mark the completion of the first stage of the construction process of the MEDGAZ pipeline, which is slated for start-up in 2009. The onshore work began in July 2007 at Beni Saf (on the Algerian coast), which included the preparatory work for construction of the Compressor Station. Two months later, MEDGAZ began groundbreaking and trenching at the El Perdigal Beach in Almeria, where the Receiving Terminal will be installed.

MEDGAZ

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. 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 Almería-Albacete gas pipeline



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belonging to ENAGAS, thereby facilitating its connection to the Spanish and European gas grid.

MEDGAZ will also be in charge of building and operating a Compressor Station in Beni Saf and a Receiving Terminal in Almeria.

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

MEDGAZ and Almeria

MEDGAZ will make a positive and lasting contribution to the development of Almeria. On the one hand, it will provide first-time direct access to natural gas at a competitive price, enabling it to be distributed throughout the entire province, as envisaged in the Andalusian Energy Plan. Furthermore, it will support the local economy with the creation of over 1,000 jobs and an investment of €70 million. One of MEDGAZ's top priorities is to be socially and economically integrated with the province.

Project Milestones

- December 2006: MEDGAZ SA takes Firm Investment Decision.
- 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 up in Beni Saf, Algeria.
- September 2007: Groundbreaking and trenching work starts up in Almeria.
- October 2007: First pipe shipment arrives in Almeria.

Almeria, October 3, 2007
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