



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

THE EUROPEAN UNION APPROVES FUNDING FOR MEDGAZ

- **The European Union regards MEDGAZ as a project of considerable importance for enhancing European energy supply security.**
- **The grant will finance technical and optimization studies, prior to the construction of the pipeline.**

As proposed by the European Commission, the European Union has approved 2 million euros in funding for **MEDGAZ, S.A.**, the company engaged in designing, building and operating the new Algerian-European gas pipeline via Spain. The financial aid has been granted within the framework of Trans-European Networks for Energy (TEN-E), for being considered one of the most important projects for both the security and diversification of European energy supplies.

With the support and approval of Spain's government authorities, **MEDGAZ**, which is already classified by the European Union as a "Project of Common Interest" (Decision No. 1229-2003/EC), appealed for financial aid in April, 2004. This grant was requested to finance technical and optimisation studies, prior to the construction of the pipeline.

MEDGAZ is a strategic project for both Europe as a whole and specifically for Spain and Algeria, as it guarantees secure and sustainable energy supplies, boosts competition in the internal gas market and contributes favourably towards the goals and targets of the Kyoto Protocol.

MEDGAZ is expected to be awarded category "A Urgent" (priority project) status in the upcoming review of the document "Planning for Electrical Power and Gas Sectors", as was recently announced by Spain's Ministry of Industry, Tourism and Trade.

The deepwater pipeline, stretching from Beni Saf in Algeria up to the Spanish coast of Almería, will have an initial capacity of 8 BCM (billion cubic metres) per year. Measuring 200 kilometres in length, **MEDGAZ** will reach a maximum water depth of 2,150 meters.

MEDGAZ's shareholding structure includes the project's promoters – CEPSA (20%) and SONATRACH (20%) – in addition to BP, Endesa, Gaz de France, Iberdrola and Total, each of which holds a 12% interest.

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