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MEDGAZ AWARDS ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC) CONTRACTS

- The successful contractors include Mitsui, Sumitomo, Rolls Royce, Saipem S.p.A., and Técnicas Reunidas-Amec Spie joint venture.
- Construction of the pipeline will begin in the second half of 2007 and start-up is slated for 2009.

MEDGAZ S.A. has signed the EPC contracts for the construction of the ultra-deepwater gas pipeline. Twelve months following the initiation of the tendering process, five companies were selected for each of the four categories of the project:

Category	Successful Bidder
Linepipe supply and coating	Mitsui Sumitomo
Turbo-compressors supply	Rolls-Royce
Sub-sea pipeline engineering, construction, and pre-commissioning	Saipem S.p.A
Compressor Station and Receiving Terminal engineering, construction, and commissioning	Técnicas Reunidas/Amec Spie Consortium

All of the successful contractors are globally-renowned companies that specialize in this type of infrastructures, using the most advanced technologies available on the market.

Linepipe supply

Mitsui (with Nipon Steel Corp.) and Sumitomo, Japan's two leading steel producers will manufacture a total of 226 kilometers of linepipe at their Japanese facilities, using high-strength carbon steel. Once the manufacturing is completed, the pipes will be coated with three layers of polypropylene and one layer of concrete to protect it from external environment. This process, due to begin shortly, will take approximately 12 months. Each pipe will be 12 meters long, with a 24-inch diameter (610 mm), and all

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of the pipes will be transported by ship to the port of Almería (Spanish coast) for storage.

Compressors supply

Rolls Royce, one of the top industrial suppliers of turbo compressors for natural gas facilities, will be in charge of the manufacturing and installation of three compressors that are powered by aero-derivative gas turbines (using a design based on aviation turbines). These compressors are the key components of the Compressor Station in Algeria, which will raise gas pressure in order to enable its transportation to Spain across the Mediterranean. The compressors' high efficiency and reliability will help MEDGAZ meet its natural gas transmission objectives, complying with the most stringent safety, health and environmental protection standards.

Sub-sea pipeline

This turnkey contract - awarded to Saipem S.p.A., a world leader in building sub-sea infrastructures – includes the detailed engineering, delivery of construction equipment, pipeline laying and quality tests. The Italian company will use its two flagship vessels - *Castoro Sei* and *Saipem 7000* – to lay the pipeline from Almería up to the Algerian coast. The former ship, designed for shallow waters, will be used near the coastline while the latter will perform its pipelay activities at water depths of over 550 meters.

Compressor Station and Receiving Terminal

Both facilities were awarded to the Spanish-French consortium Técnicas Reunidas-Amec Spie under a turnkey contract.

Técnicas Reunidas is a leading international contracting company that incorporates Design, Engineering and Construction facilities in the Oil & Gas, Power and Infrastructure sectors. Amec Spie is one of the world's premier companies in the field of oil & gas onshore pipelines and pumping and compressor stations.

With a surface area of 150,000 m², the Compressor Station, housing the compressors manufactured by Rolls Royce, will be located near the coastal town of Beni Saf (Algeria) and will raise natural gas pressure from the gigantic Hassi R'Mel fields so that the gas can then be transported to Spain.

The Receiving Terminal, situated on the coast of Almería, will receive, filter, regulate and measure the natural gas originating from Beni Saf, and will subsequently deliver



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it to the Spanish gas grid. The arrival of natural gas directly to Almería will facilitate its marketing and transmission in the southeastern Spanish province.

The Project

With an 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 is due to begin in mid-2007 and start-up is scheduled 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 Almería-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 GAZ DE FRANCE (12%).

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