



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

SONATRACH-CEPSA PROJECT: ALGERIAN-EUROPEAN GAS PIPELINE VIA SPAIN

On November 29th and 30th, Madrid hosted the first Spanish-Algerian Conference organized by SONATRACH and CEPSA, which included the participation of prominent authorities and delegations from both countries. As a result of this event, stronger ties between Spain and Algeria have been forged and further steps were taken to consolidate the already-close relations between CEPSA and SONATRACH, leading to co-operation agreements, noteworthy among which are the Shareholders Agreement and By-laws of the Company named "Sociedad para el Estudio y la Promoción del Gasoducto Argelia-Europa Vía España, S.A". (Company for the Study and Promotion of the Algerian-European Gas Pipeline via Spain), MEDGAZ.

The creation of this company was set out in the Protocol signed by SONATRACH and CEPSA on August 19, 2000.

This project has sparked considerable interest from a large number of European firms. In order to facilitate the start-up of this Company and to shorten the timeframe for achieving results, the initial phase of the scheme, which entails conducting a feasibility study, will only involve a limited number of participating firms. Additional key criteria for this project include a strong presence in the Spanish energy sector and the development of upstream activities in Algeria.

Based on the above criteria, companies to which a firm offer was made to participate in the scheme include BP, Gaz de France, Endesa, Eni and TotalFinaElf, as well as SONATRACH and CEPSA as sponsors of the project.

Likewise, SONATRACH and CEPSA have decided to inform the companies that were not part of this initial group on the development of the feasibility studies and to ask them to convey their requirements in order to carry out, where appropriate, the corresponding capacity reserves, as well as to express their interest in taking part in the execution phase of the project.

CEPSA
Institutional Relations Division
Tel: 91 337 6356
December 4, 2000