



PRESS RELEASE

PERMIT PHASE OF MEDGAZ PROJECT IN FINAL STAGES

- **The responsible authorities have released information and documents on the project's offshore pipeline section in Spain's territorial waters and its receiving terminal as part of a public disclosure process.**
- **The Perdigal Beach has been chosen as the landfall site on the Almeria coast.**
- **The future gas pipeline will facilitate access to natural gas in the province of Almeria.**

Information and documents on the MEDGAZ project – the future Algerian-European gas pipeline via Spain – have been released as part of a public disclosure process by the Industry and Energy Department of Almeria's Regional Government Office, to give interested parties an opportunity to review and comment on the data provided. This entails a major step forward in the current phase of processing the necessary permits which will be completed, as scheduled, by mid-2006. The public disclosure period is the prelude to obtaining the necessary government authorizations for the construction and start-up of the gas pipeline. The announcement, published in the Official State Gazette (1.132/06) and the Official Gazette of the Province of Almeria (12/06), contains information on the offshore section located in territorial waters, in addition to the near-onshore receiving terminal, a facility aimed at processing the incoming natural gas.

Landfall on Spanish coast

After studying all the possible entry points on the Almeria coast, the responsible authorities have determined that the Perdigal Beach, located south of the Almeria airport, is the ideal landfall site due to its environmental and orographic features.

Technical features and budget

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. The total offshore distance of the pipeline is 200 km across the Mediterranean seabed, and the central section will reach a maximum water depth of 2,160 meters. It will hook up to the Almería-Albacete gas pipeline in Spain, which will facilitate its connection to the Spanish gas grid.

Total expenditures are estimated to come to 630 million euros. The budget for the section submitted for public disclosure, which comprises the portion in Spain's territorial waters as well as the receiving terminal, amounts to 106 million euros.

Strategic Project

MEDGAZ 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.

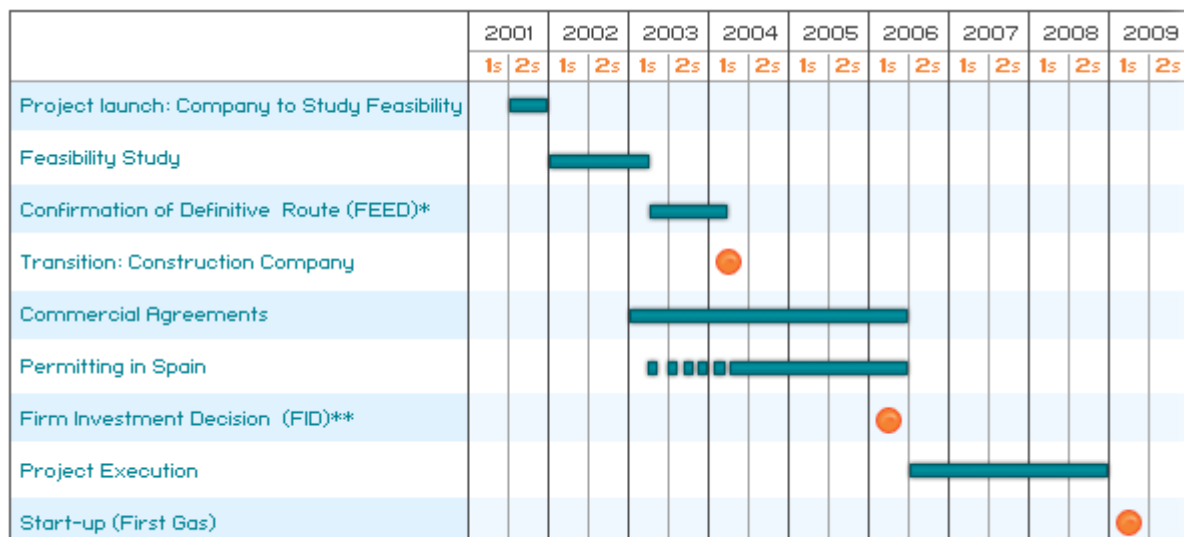
MEDGAZ and Almería

MEDGAZ will benefit Almería by facilitating access to natural gas in this province. Furthermore, as demonstrated on other occasions, the entry of natural gas attracts other profit-producing sectors. Lastly, the construction phase of the project will require a local labor force, whereby MEDGAZ will create jobs in the area.

Shareholders

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.

Timetable



* Front End Engineering & Design
** Firm Investment Decision

Almería, January 19, 2006
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