

FACTS

NEWSLETTER ABOUT THE NATURAL GAS PIPELINE THROUGH THE BALTIC SEA

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Opening the valve (from left): French Prime Minister François Fillon, German Chancellor Angela Merkel, Dutch Prime Minister Mark Rutte, Russian President Dmitry Medvedev, EU Energy Commissioner Günther Oettinger, and Governor of German Federal State of Mecklenburg-Pomerania Erwin Sellering.

Chancellor Merkel and President Medvedev Among the Guests at the Line 1 Inauguration

The first of the twin pipelines was officially put into operation with a symbolic act last month

Line 1 of the Nord Stream Pipeline project was officially put into operation on November 8, 2011. This milestone was marked with a celebratory event. Approximately 450 high-ranking guests from political and business circles attended the opening ceremony, which was held on the grounds of the pipeline landfall facility in Lubmin, Germany. It is there that the twin 1,224-kilometre long offshore pipelines reach the European mainland.

The guests included Chancellor Angela Merkel, Russian President Dmitry Medvedev, French Prime Minister François Fillon, Dutch Prime Minister Mark Rutte, EU Energy Commissioner Günther Oettinger and top representatives from Nord Stream shareholders. Matthias Warnig, Managing Director of Nord Stream AG, welcomed the illustrious guests and in his speech underscored the important contribution the pipeline will make

toward providing Europe with a secure energy supply: "With the opening of the Nord Stream Pipeline comes a secure, modern and reliable route for the delivery of natural gas from Russia to the European Union."

An Exemplary Project

Chancellor Merkel referred to the Nord Stream Pipeline as "one of the largest energy infrastructure projects of our times." She said this strategic project is exemplary of a secure and resilient partnership between the European Union and Russia. Merkel called the completion of Line 1 a "remarkable achievement" especially considering the sometimes adverse weather conditions faced during its construction. According to Merkel, the project showed good cooperation between politics and business. She went on to say the Nord Stream example shows that "businesses are able to complete complex major projects responsibly in the 21st century."

Russia's President Dmitry Medvedev spoke of reaching a new stage in the partnership with Europe. He explained that although the project's implementation was preceded by a difficult period of negotiations, today it is clear that "this project's objectives are absolutely viable and economical." Medvedev also expressed his certainty that Russia and the EU will continue their partnership. "I am sure that our states, Russia and the EU, will have many new and wonderful, mutually beneficial projects in the energy sector and in other areas. We can tackle all the challenges together. We have a great future," he said.

Right on Time

EU Energy Commissioner Günther Oettinger said that Europe will be a reliable customer for Russia. He also announced that he wanted to tap other capacities in addition to Russian natural gas. He labelled the Nord Stream Pipeline as a key

step toward establishing a pan-European transport network. For Dutch Prime Minister Mark Rutte, the Baltic Sea pipeline comes at precisely the right time. He described its importance as a reliable supply of gas in the coming years for the growing region of Western Europe. French Prime Minister François Fillon called the Nord Stream Pipeline a new "artery". According to him, the pipeline is proof that Europe understands that it must look to the future, and that it is a pioneering achievement in the diversification of energy sources and supply routes. Following the speeches, the heads of state joined the top representatives of Nord Stream shareholders, and gathered around a symbolic valve, which they opened, releasing the first Siberian natural gas transported by Nord Stream into the European gas distribution grid. Line 2 of the pipeline project is currently under construction. It is expected to become operational in the fourth quarter of 2012.

IN BRIEF

SEASON'S GREETINGS

Dear FACTS Reader,

Nord Stream would like to thank you for your continued interest in the Nord Stream project and FACTS.

We have included a 2012 calendar in the mailing of this issue. This calendar depicts some of the project's highlights, including logistics, environmental monitoring and pipelaying from 2011. We hope you enjoy it.

The calendar, like all of our publications, has been printed on environmentally friendly paper that is Forest Stewardship Certified. This means the paper stems from well-managed forests.

Nord Stream sends you and your family Season's Greetings, and wishes you a happy and peaceful New Year.

Yours Sincerely,

Ulrich Lissek
Communications
Director



Above, a Pipeline Inspection Gauge (PIG) trap, houses the PIGs that have traveled through the pipeline from Russia.

Operating Safely and Efficiently

Testing and landfall facilities maintenance ensures secure operation

For the Nord Stream Pipeline transport system to function properly, all its components need to be up and running around the clock: the pipelines, the monitoring and control elements in the landfall areas, as well as the equipment in the Control Centre in Zug. Therefore constant monitoring and regular maintenance ensure safe operation of the pipelines during their lifetimes. Currently, Line 1 is in operation and Line 2 under construction. At the landfall facilities, maintenance work is regularly carried out. Inspections and tests are conducted on safety and communications systems, on the power supply system, the fire and gas detection system, as well as the double-gate and shut-down valves. The offshore portion of the pipeline is also periodically inspected, both

internally and externally. The external monitoring is conducted by survey ships equipped with remotely operated undersea vehicles. The internal checks of the pipeline are handled by intelligent Pipeline Inspection Gauges (PIGs). These inspections are conducted every few years, and include checks to measure corrosion, mechanical defects, and the geographical coordinates of the pipeline. The latter indicate any potential shifting of the pipeline on the seabed. The intelligent PIGs are introduced into the gas stream from the PIG launcher at the Russian landfall, and travel the length of the pipeline until reaching the PIG traps in Germany. Due to the high-quality materials used in its construction, and its conservative design, no repair work is expected to be required

over the pipeline's minimum operational lifespan of 50 years. Nord Stream has developed a repair plan in the unlikely event that a pipeline is damaged by any extraneous force. Nord Stream is a member of the Statoil organised Association for Pipeline Repair Work. Through this membership, Nord Stream has access to the requisite facilities and equipment, including the pipeline repair system (PRS) needed for underwater welding work. There are also plans for one of the main contractors to assume responsibility for maintenance during the initial operational phase. If a repair were to be necessary, a maintenance agreement of this type would cover all the required construction work and logistics in order to return to normal operations as quickly as possible.



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