

PRESS RELEASE

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Nord Stream Submits Applications to Swedish Government **Open dialogue with Swedish authorities reaches new level**

Stockholm, 21 December 2007. Nord Stream AG today submitted application documents to the Swedish government for its planned offshore pipeline system within the Swedish Exclusive Economic Zone (EEZ). The company has handed in an application for the construction of the pipelines, including a technical description in accordance with the Swedish Continental Shelf Act. Nord Stream also filed an application for the service platform, which includes a technical description and an Environmental Impact Assessment (EIA) report, in accordance with the Swedish EEZ Act.

Furthermore, Nord Stream has also submitted an environmental study that describes the potential impact of the pipelines on the environment.

Nord Stream views the submission of the applications as a starting point for an intensive dialogue with the Swedish government regarding the permission procedure, as well as the scope and method of the environmental studies. Based on the application documents, Nord Stream will discuss all relevant factual issues with authorities, organisations and citizens in an open and transparent manner, while fulfilling all the requirements of Swedish legislation to obtain the required permits to construct the important infrastructure project.

Timeline fits Europe's import needs

The project timeline contained in these applications foresees pipe-laying works on the first line commencing during the summer of 2009, and to be completed in 2010. The first gas to be delivered by this commercial project is scheduled for the spring of 2011, after completion of the test phase. Nord Stream is thereby sticking to time plans which provide for and take into account long delivery times for pipeline materials, intensive dialogue during the permitting process, as well as the comprehensive safety tests needed.

Nord Stream is confident that the whole pipeline system will be implemented in a sound manner in line with international standards for environment, health and safety. Some studies are still on-going and their results will be submitted early in 2008. Offshore pipelines represent a well-established, proven and environmentally-friendly technology that has been in use for about 30 years. This is especially the case in the North Sea, where there are over 5,000 kilometres of offshore pipelines and hundreds of platforms.

Project of European interest to secure energy supplies

The Nord Stream offshore pipeline has been declared a project of European interest, according to the Guidelines for Trans-European Energy Networks (TEN-E) passed by the European Parliament and the Council of the European Union in 2006. It will significantly contribute to the security of Europe's energy supplies and, by providing the cleanest fossil fuel to replace oil and coal in countries like Denmark, France, Germany, the Netherlands and the UK, to meeting emissions reduction targets.

Public comments taken into account

Nord Stream has received comments from 29 Swedish authorities, organisations and citizens within the framework of the international consultations procedure that started in November 2006 in accordance with the Espoo Convention. The company has carefully analysed all issues raised in Sweden, as well as those from all other concerned countries. Safety issues, the impact on marine flora and fauna, economic impact, construction methods and materials, route alternatives and munitions were the most important issues mentioned in comments received. In accordance with Swedish legislation, some of these issues will be discussed within the official application procedure. Other topics will be addressed through open dialogue with the general public.

Installation corridor clear of munitions

Studies and seabed surveys conducted during the previous years led Nord Stream to conclude that it was necessary to undertake one of the most detailed munitions surveys ever. This survey was conducted by the Swedish company Marin Mätteknik AB during 2007. All possible targets are presently being verified through visual inspection. Current results show that the installation corridor is clear of munitions. Further detailed surveys of the lay barge anchor corridor will be conducted during 2008.

Nord Stream will present a comprehensive risk assessment report in accordance with highest international standards to address safety management for pipeline installation and long term pipeline integrity. Potential risks and the respective measures taken to mitigate them will be defined in the report.

Route optimised after international consultations

Based on many years of preparation and surveys, Nord Stream assessed the proposed route to be the most feasible in terms of environmental, technical and economical aspects, compared to other offshore alternatives in the Baltic Sea.

Following the analysis of the comments received, additional studies were launched in April 2007 to investigate areas where the route might be optimised to minimise environmental impacts. In August 2007, Nord Stream decided to re-route the pipeline to run north – rather than south – of the Danish island of Bornholm. Furthermore, Nord Stream followed the recommendation of the Swedish authorities, and reassessed available information in order to study the possibility of an alternative route further

away from the two nature protection areas of Hoburgs Bank and Norra Midsjö Bank near the island of Gotland. The Nord Stream pipelines will not cross the nature protection areas, but pass at a safe distance. However, careful assessments of all interests in the areas southeast of Gotland (e.g. nature protection, maritime traffic, existing telecom cables, dumped chemical munitions) have been conducted together along with detailed studies of the possible spreading of sediments from pipeline construction. The results of these studies will now be discussed with the Swedish Nature Protection Authorities in order to ensure a common understanding of the optimal location of the pipeline corridors and to avoid any significant disturbance of the important nature areas.

Progress in international consultations

In December 2007, Nord Stream will also submit a draft of the transboundary EIA report, outlining its methods to the authorities involved in the international consultations, in line with international law (Espoo Convention). In this case, early discussion of procedures and content will ensure that all important environmental aspects are taken into account.

The finalised transboundary EIA report will be published in April 2008. The process of submitting EIA reports within national application procedures in Russia, Finland, Denmark and Germany will continue during the first half of next year and reflect the particular legislation of each country. This will enable Nord Stream to submit applications for construction permits in line with existing plans.

Nord Stream supports the authorities' wish for simultaneous consultations on a national and international level so as to ensure co-ordinated dialogue and public scrutiny in continuance of the already established dialogue with all the countries around the Baltic Sea. In these discussions, Nord Stream strives to work out solutions with all involved parties to make its pipeline project a benchmark for environmental and safety standards, while also contributing fundamentally to Europe's security of energy supply.

Notes for editors:

Nord Stream is a natural gas pipeline that will link Russia and the European Union via the Baltic Sea. Experts unanimously state that the demand for natural gas in Europe will increase in the future, accompanied by steadily decreasing domestic production. According to a Global Insight Study from 2007, gas imports by the European Union, 336 billion cubic metres in 2005, are projected to grow by 200 billion cubic metres to 536 per year in 2015. Connecting the world's biggest gas reserves, in particular the vast Shtokman field and the Yushno-Russkoye field, with the European gas pipeline network, Nord Stream will meet about 25 per cent of these additional demands. The project will be an important contribution to long-term security of supply and to the energy partnership between the European Union and Russia.

Nord Stream will be approximately 1,220 kilometres long, of which roughly 505 kilometres will run through the Swedish Exclusive Economic Zone (EEZ). The first of two parallel pipelines, each with a transport capacity of some 27.5 billion cubic metres, is scheduled to be operational in spring 2011. Upon completion of the second line in 2012, capacity will double to about 55 billion cubic metres a year.

During the late 1990s, a Finnish-Russian consortium conducted a feasibility study with several onshore and offshore alternatives. The Baltic Sea route proved to be the best possible solution in terms of technical, environmental, and economic feasibility. In general, the total cost of ownership for an offshore pipeline, which consists of initial investments and operating costs, is lower compared to onshore pipeline projects. Operating costs are significantly lower, due to the fact that an offshore solution doesn't need compressor stations like onshore pipeline projects, where compressor stations are required approximately every 200 kilometres. The cost savings from operations will more than compensate for the higher costs of initial investment. Total costs of an offshore pipeline are some 15 per cent lower than an onshore pipeline, calculated over a period of 25 years.

As a cross-border project, Nord Stream is subject to international conventions and national legislation in each of the countries through whose territorial waters and/or EEZs it passes. Before construction starts, a transboundary Environmental Impact Assessment (EIA) governed by international law (Espoo Convention) will be completed along the whole pipeline route.

The Espoo Convention sets out the obligations of parties to assess the environmental impact of certain activities at an early stage of planning. It also lays down the general obligation of states to notify and consult each other on all major projects being considered, which are likely to have a significant environmental impact across national borders. The Espoo Convention was opened for signature in Espoo (Finland) on 25 February 1991, and came into force on 10 September 1997.

In November 2006, Nord Stream submitted the Project Information Document to all Parties of origin (states through whose territorial waters and/or EEZ Nord Stream passes) as an input to the formal Notification, according to the Espoo Convention. Notification launched the first phase of the consultation process, during which Nord Stream participated in over 20 public hearings and a large number of meetings with the relevant authorities in the various countries. These consultations resulted in the receipt of 129 statements from private and public bodies in the Baltic Sea countries.

Nord Stream AG is an international joint venture established for the planning, construction and subsequent operation of the new offshore gas pipeline. Gazprom holds a 51 per cent stake in the joint venture. BASF/Wintershall and E.ON Ruhrgas hold 24.5 per cent each. Dutch gas infrastructure company N.V. Nederlandse Gasunie is joining the Nord Stream consortium. German companies E.ON Ruhrgas and BASF/Wintershall each cede 4.5 per cent to Gasunie and keep 20 per cent each.

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