

PRESS RELEASE

Nord Stream Pipeline Logistics On Schedule

- **Sustainability is the key to Europe's biggest logistics project**
- **Customised design to cut CO₂ emissions by 95,000 tonnes**

Berlin, 21 October 2009. Since the middle of October, about 30 percent of the treated pipes needed for the first line of the Nord Stream Pipeline have been in storage at marshalling yards around the Baltic Sea, where they are ready for laying. That process is due to begin in spring 2010. Nord Stream AG Project Manager for Logistics Klaus Schmidt says: "Our planning for pipe laying envisages that at least 800 kilometres of pipe, or about two thirds of the pipeline's total 1,223 kilometres length, should be available when construction starts. This is a significant element of the demanding logistics concept, which we are now implementing according to plan."

The two lines that make up the Nord Stream Pipeline system will require a total of 200,000 pipes. Without their concrete coating, these weigh some 2.3 million tonnes, as much as 230 Eiffel towers. Some of these pipes have already been delivered by rail to Mukran on the German island of Rügen and to Kotka in Finland, where the world's most efficient concrete coating plants have been constructed specially for Nord Stream. During a 24 hours period, these facilities apply a concrete coat which doubles the pipes' weight. The coated pipes are then stored in Mukran and Kotka or are transhipped to one of three interim stock yards located in the Swedish ports of Karlskrona and Slite or in Hanko in Finland. Next year, when pipeline construction proceeds, the pipes will be transferred from interim stock yards on to pipelay vessels.

At the end of July 2008, Nord Stream commissioned the French company EUPEC PipeCoatings S.A. with implementation of the logistics concept. As well as the concrete coating of the pipes, this includes logistical services for the two Nord Stream pipelines. The total contract is worth 650 million Euro of which 100 million Euro represents investment in building up the infrastructure required in the Baltic Sea area. Along with the construction of the concrete coating plants, the preparation of the storage areas and the modernisation or new construction of port facilities, the project will mean the direct creation of 400 new local jobs.

Minimising transport routes – a "green" solution

The routing of the Nord Stream Pipeline across the Baltic Sea fulfils the most stringent environmental standards. Part of the logistics concept, too, was to arrange low-emission means of transport and the shortest possible distances. Compared with using already existing facilities, this will mean a saving of 95,000 tonnes of CO₂ emissions for the completion of the first of the two Nord Stream lines.

After extensive analysis, Nord Stream AG selected five ports that lie close to the route of the pipeline. It means that all points on the pipe-laying path can be reached by ship within one day (a round-trip including loading and unloading). All points along the route are 100 nautical miles (185 kilometres) or less from an interim stock yard. One result of this choice is to halve the pipe delivery vessels required to three from six.

In total, 96 percent of pipe and material transportation will be undertaken in an environmentally-friendly manner by ship or rail using the shortest route possible. The pipes will be trucked only within the port areas, saving on ship bunker fuel and truck diesel, thereby reducing CO₂ emissions.

The specially well-placed ports of Mukran on Rügen island and Kotka in Finland will play the key role. Located where rail and ship transport intersect, the pipes are weight coated at these ports where, alongside the project's two largest storage yards, two concrete coating plants were constructed in short order. For example, 90 percent of the pipes for the first pipeline can be delivered by rail, with the remaining 10 percent arriving by a combination of rail and ship. Up to 15 trains a week arrive in Mukran, each one carrying 100 pipes. Each averages 12 metres in length and 12 tonnes in weight. Before they are laid on the Baltic Sea bed, they are coated with heavy concrete, increasing their weight to about 23 tonnes. The 200 personnel working in Mukran and 190 in Kotka each produce some 1,000 concrete coated pipes per week. Some of these are held in pipe storage yards at these two locations. Others are shipped from Mukran to interim stock yards at Karlskrona and Slite and from Kotka for interim storage at Hanko. They are held there awaiting final shipment to a pipelay barge. Currently, some 30,000 concrete coated pipes are ready in Mukran, Karlskrona and Kotka.

Thinking “European” benefits the environment

To preserve the environment, the materials needed for concrete coating are sourced from seven European countries, minimising delivery distances and emissions. The major part is made up of 1.38 million tonnes of magnetite delivered by MINELCO AB from Sweden. The German firm of Mibau won the contract for delivery from the Norwegian port of Narvik. The German Holcim company is supplying 370,000 tonnes of cement, with delivery via DB Schenker by rail or by ship and rail to Kotka. A further 370,000 tonnes of sand and gravel will arrive by sea from Scandinavia. Anodes for the active protection of the pipeline will be delivered by ship from Italy. Trucks will be used solely to transport small volumes of material, such as steel from Belgium, Holland and France and clearance pegs from Britain required for the wire cages used in the coating process.

The manufacture and transport of the pipes also involve several European companies. German steel pipe manufacturer EUROPIPE of Mülheim is producing 75,000 pipes for the first Nord Stream line for delivery by DB Schenker Rail Deutschland AG. The other 25,000 pipes for the first line are being produced by Russian steel firm OMK in Vyksa (350 km east of Moscow) from where they will be delivered by the Russian national railway company to Kotka. The onward transport of the

concrete coated pipes from Mukran and Kotka to the interim stock yards at Karlskrona, Slite and Hanko is being undertaken by Swedish shipping company AtoB@C Shipping AB. Norway's NorSea Group is responsible for pipe handling and storage at the three interim stock yards. Sea Terminal Sassnitz GmbH, part of the Hamburg-based BUSS Group, has taken on all logistics activities at Mukran. The same task at Kotka will be undertaken by Stella Stevedorica Oy Ltd of Kotka.

Nord Stream's logistics concept is being successfully implemented in partnership with EUPEC PipeCoatings. Nord Stream's logistics concept:

- minimises environmental impact in the Baltic Sea region through the most economical use of resources,
- benefits participating ports by investing in the long-term upgrading of their infrastructure,
- boosts local economies through job creation.

Graphic available for download:

http://www.nord-stream.com/logistics_chain_eng1

http://www.nord-stream.com/logistics_chain_eng2

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Notes to editors:

Nord Stream is a natural gas pipeline that will link Russia and the European Union via the Baltic Sea. Nord Stream will meet about 25 per cent of the additional gas import requirement expected in the next decades by connecting the European gas pipeline network to the world's largest gas reserves. The project will be an important contribution to long-term security of supply and a milestone of the energy partnership between the European Union and Russia.

Nord Stream AG plans to have the first of two parallel pipelines operational in 2011. Each line is approximately 1,220 kilometres long, providing a transport capacity of some 27.5 bcm per year. Full capacity of about 55 bcm per year will be reached in the second phase, when the second line goes on stream. This is enough to supply more than 26 million households.

Nord Stream AG is an international joint venture established for the planning, construction and subsequent operation of the new offshore gas pipeline across the Baltic Sea. Russian OAO Gazprom holds a 51 per cent stake in the joint venture. The German companies BASF/Wintershall Holding AG and E.ON Ruhrgas AG hold 20 per cent each, and the Dutch gas infrastructure company N.V. Nederlandse Gasunie has a 9 per cent stake.