

## **PRESS RELEASE**

### **Official Launch of Construction of Nord Stream Natural Gas Pipeline**

- **Russian President Dmitry Medvedev, EU Commissioner for Energy Günther Oettinger as well as political and business leaders attend ceremony in Portovaya**
- **Pipeline to link Russia to European energy grid via Baltic Sea and make important contribution to energy security**

**Zug/Portovaya, 9 April 2010.** Today in a symbolic welding of two pipeline segments, the construction phase of the pipeline project that will directly link Europe's energy grid to the world's largest natural gas reserves in Russia was officially launched. Russian President Dmitry Medvedev and EU Commissioner for Energy Günther Oettinger, and the Nord Stream consortium's shareholders from Russia, Germany and the Netherlands joined the ceremony. The first of Nord Stream's twin pipelines will start transporting gas in 2011. The consortium of Gazprom, BASF Wintershall, E.ON Ruhrgas and Gasunie is investing 7.4 billion euros to create the 1,224 kilometre pipeline which will make a significant contribution to Europe's energy security for decades to come.

The official launch of construction was marked by a ceremony at Portovaya Bay where the gas will start its long journey under the Baltic Sea through the waters of five countries: Russia, Finland, Sweden, Denmark and Germany. At the ceremony President Medvedev said: "I am confident that the Nord Stream gas pipeline will become another link between Russia and Europe. Its construction meets our long-term goals – and I would like to emphasise this point – it corresponds to the objective of developing our national economies. And, of course, this is our contribution into Europe's energy security."

The significance of the project for Europe was underlined by EU Commissioner Oettinger when he said: "Nord Stream is a EU priority energy project and important in complementing the European energy grid". In a special video message German Chancellor Angela Merkel said: "Our share goal is an energy partnership based on equality geared to the long term. It is to offer businesses on both sides opportunities for cooperation and growth. In fact, Nord Stream demonstrates the vast economic potential rooted in such a partnership."

Nord Stream's Managing director Matthias Warnig said: "Our pipeline will provide a direct link from here to Germany's Baltic coast and from there on to gas consumers right across Europe. It will stand as a testimony to sustained and successful collaboration over many years between many countries: our 7.4 billion euros investment brings together outstanding companies from eleven European countries to work with us to plan and deliver this important project. But it is much more than an energy infrastructure project: the Nord Stream Pipeline Project is also an important symbol of the political, economic and cultural ties that will bind our nations and our peoples even closer," Mr Warnig added.

Reflecting this, the symbolic centrepiece of today's ceremony was the welding together of two 12 metre pipes to represent the linking of Russia and the European Union.

Construction of the 1,224 kilometre Nord Stream Pipeline through the Baltic Sea started on schedule following years of technical and environmental planning, the securing of permits from the five countries through whose waters the pipeline will pass and the signing last month of agreements with 26 international banks for 3.9 billion euros of commercial loans for Phase One of the project.

The first of the pipeline's 100,000 25-tonne 12 metre pipe sections were welded together and laid on the bed of the Baltic Sea some 30 kilometres off the Swedish island of Gotland and the pipe-lay vessel *Castoro Sei* is currently laying the pipeline at the rate of 2.5 kilometres a day moving towards Finnish waters. However the formal celebrations to launch the construction phase are taking place on land at Portovaya Bay near Vyborg, Russia, which will be the start of the pipeline.

In 2006, the project was designated a "project of European interest" by the European Commission, the European Parliament and the Council of the European Union promoting the sustainability and security of European energy supply.

When completed in 2012, Nord Stream's twin pipelines will be able to transport 55 bcm of gas a year from Russia to Germany, where it will link up with the energy grids of European countries, including Germany, Denmark, the Netherlands, Belgium, France and the United Kingdom.

Alexei Miller, Management Committee Chairman of Gazprom: "I am sure that connecting the gas pipeline systems of Russia and Europe is a fundamentally new approach to ensuring the continent's energy security. The Nord Stream pipeline will not only ensure the highest reliability of supply, but will also make it possible to continue to meet Europe's growing demand for natural gas. Our collaboration with major European energy companies on the Nord Stream project will no doubt become a model of international cooperation for other large-scale gas transmission projects."

Dr Bernhard Reutersberg, Chairman of E.ON Ruhrgas: “There is a decisive reason for the E.ON Ruhrgas commitment to Nord Stream: Germany and Europe need the pipeline as an element of a diversified transmission infrastructure so that deliveries from Russia can be placed on a broad foundation. Nord Stream will create a direct link between gas fields in Russia and sales markets in Western Europe and will be able to provide transmission capacity for a significant part of the additional gas import needs anticipated by the EU.”

Dr Rainer Seele, Chairman of Wintershall/BASF: “Natural gas is the climate-friendly energy source of the 21<sup>st</sup> century. Nord Stream represents another major supply route for bringing clean gas to Europe.”

Marcel Kramer, Chairman and CEO of Gasunie: “Nord Stream adds to and diversifies Europe's energy supply routes and thus contributes to future energy security. Customers all over Europe are increasingly aware of the role that gas has to play if we are to have a more sustainable future energy balance. Because of Nord Stream, we can now count on greater long-term continuity in gas supply.”

The construction of the pipeline and the international spread of material suppliers and service providers – project costs will be 7.4 billion euros – continue to be a major boost for Europe's economy. It has brought long-lasting infrastructure benefits in several countries bordering the Baltic Sea, which should act as a basis for future economic growth.

Nord Stream has awarded contracts covering the engineering, construction and pipe laying to firms in Germany, Russia, France, Italy and other European countries. EUROPIPE of Mülheim, Germany, will manufacture, coat and deliver 75 percent of the 12 metre steel pipes that will make up the first Nord Stream pipeline under a contract worth 1.2 billion euros, the largest in the firm's history. The remaining 25 percent will be supplied by OMK, a Russian steel maker. Italy's Saipem is undertaking the pipe laying. EUPEC, based in Dunkirk in France is responsible for major logistics operations, constructing and operating the specialised concrete coating plants and organising the complex logistics to transport the ready-coated pipes to the pipe-laying vessels.

Some 30 percent of the investment funds needed for the project is being provided by Nord Stream shareholders Russia's Gazprom, Germany's E.ON Ruhrgas AG and BASF SE/Wintershall Holding GmbH and the Netherlands' N.V. Nederlandse Gasunie, and the balance of some 70 percent is due to be financed through commercial loans. In March Nord Stream confirmed the successful completion of Phase One financing, which raised funds totalling 3.9 billion euros from 26 banks.

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**Notes to editors**

**Nord Stream** is a natural gas pipeline that will link Russia and the European Union through the Baltic Sea. The European Union's annual natural gas imports in the year 2007 were approximately 312 billion cubic metres (bcm) and are projected to increase to 516 bcm by the year 2030. This means that by 2030, the EU's annual import needs will have increased by about 200 bcm (Source: IEA, World Energy Outlook, 2009). Nord Stream will meet about 25 percent of this additional gas import requirement by connecting the European gas pipeline network to some of 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 will consist of 100,000 25-tonne 12-metre large diameter concrete weight coated steel pipes that are welded together and laid on the sea-bed. 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 gas to supply more than 26 million European households.

Backed by a logistics network in Germany, Finland and Sweden and a flotilla of pipe-supply, anchor-handling and other vessels, three massive lay-barges will weld together the 100,000 12-metre 48 inch diameter pipes to construct the pipeline and lay it on the seabed along the precisely defined agreed route.

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

**Nord Stream is included in the Trans-European Energy Network Guidelines (TEN-E) of the European Union.** In 2006, the project was designated a "project of European interest" by the European Commission, the European Parliament and the Council of the European Union. Nord Stream is, therefore, recognized as a key project for meeting Europe's energy infrastructure needs.

As a cross-border project, Nord Stream is subject to international conventions and national legislation in each of the countries through which it passes. It has invested 100 million euros in environmental studies and planning and an Environmental Impact Assessment (EIA) was completed along the whole pipeline route. This is a detailed study of environmental aspects in a trans-boundary context. The process is governed by international law (Espoo Convention) and by national legislation in the countries