

PRESS RELEASE

Nord Stream Lays Last Pipe of First Gas Pipeline Through the Baltic Sea

- **All three sections of the first 1,224 kilometre pipeline now laid**
- **The three sections to be joined together underwater in the summer**
- **First gas to be transported in the last quarter of 2011**

Zug, May 5, 2011. Nord Stream AG is pleased to announce that all three sections of its first 1,224 kilometre gas pipeline through the Baltic Sea have now been laid and will be joined together underwater off the coast of Finland and Sweden in the summer. The new pipeline system will start transporting natural gas from Russia directly to the European Union on schedule in the last quarter of 2011. Construction of the second of the twin pipelines is scheduled for completion in 2012.

“Europe will soon have the security of the privately-financed, 7.4 billion euros Nord Stream project providing a fixed link between the European gas grid and some of the world’s largest gas reserves in Russia for at least 50 years,” said Nord Stream’s Managing Director Matthias Warnig. “At a time when recent world events have led to increased concern about nuclear energy and energy imports from North Africa, our major new infrastructure project takes on more importance for both Europe and Russia,” he added.

When both lines are completed in late 2012, Nord Stream will have the capacity to transport 55 billion cubic metres (bcm) of gas per year from Russia to Europe, enough to supply 26 million homes. No other major new pipeline with a capacity over 10 bcm is expected to come on-stream before 2015.

Nord Stream was able to design its 1,224 kilometre pipeline to operate without an intermediate compressor station, but with three different design pressures and pipe wall thicknesses as the gas pressure drops over its long journey from Russia to landfall in Germany. The connection of these three pipeline sections will be carried out at the two offshore locations where the design pressure changes from 220 to 200 bar and from 200 to 170 bar respectively. The Gulf of Finland section and the Central section will be connected off the coast of Finland in spring at a sea depth of approximately 80 metres. The connection of the Central and the South Western section off the coast of Gotland, Sweden, in the summer, at a depth of approximately 110 metres, will mark the completion of construction of Line 1.



Each of the three sections is gauged and thoroughly pressure-tested before being joined together and linked to the landfalls in Russia and Germany. The pre-commissioning activities for Line 1 have started as planned. For the offshore sections 1 and 2, cleaning, gauging and pressure testing have already been successfully completed. The pressure test for section 3 will now follow the mechanical completion of pipe laying. On the site of the German landfall all piping has been completed and successfully pressure tested. For the Russian landfall site pressure testing is expected by the end of May after completion of all welding works. Further rigorous testing will be carried out on the whole system before it becomes operational in the last quarter of 2011.

Committed to safety and the environment

“One of the reasons for the success of our project is that from the start we have been totally committed to safety and the environment and meticulously planned every metre of the pipeline,” added Mr Warnig. “All in all, Nord Stream invested 100 million euros and consulted widely with governments, authorities, experts and stakeholders in all Baltic Sea states to ensure that the design, routing, construction and operation of the pipeline will be safe and environmentally sound.”

“We are now also investing a further 40 million euros in a comprehensive environmental monitoring programme with approximately 1,000 survey locations measuring 16 parameters during construction and the first three years of operation. I am pleased to say that many of the actual environmental impacts are turning out to be even less than assessed in our pre-construction Environmental Impact Assessments,” he added.

Meticulously planned construction programme

Nord Stream has managed to complete the first of the twin pipelines on schedule in just over 12 months. Nord Stream’s Construction Director Ruurd Hoekstra explained how: “The smooth-running construction programme has been made possible by our meticulous planning of every part of this complex infrastructure project, including technical, logistic, safety, environmental and operational aspects. Our planning has even proved resilient and robust enough to cope with exceptionally challenging weather conditions in the Baltic Sea leading to periods of enforced downtime. At any one time, at least 30 ships have been working on the project in different parts of the Baltic Sea, and everything has fitted into place according to plan,” he added.

“This smooth progress has also been facilitated by Nord Stream’s green logistics concept, which has enabled the most efficient and environmentally-sound way of producing and supplying to the pipelay vessels the 202,000, 23-tonne concrete weight coated pipes needed for the twin pipelines. This environment-conscious solution ensured that the supply vessels do not need to travel more than 100 nautical miles

(approximately 185 kilometres) to take the pipes to the pipelay barges anywhere along the 1,224 kilometre route,” Mr Hoekstra added.

The pipelay vessel which has laid most of Line 1, Saipem’s Castoro Sei, is now en route to Turku in Finland, where it will undergo extensive maintenance before resuming pipe laying for Line 2, which is scheduled for completion in spring 2012. Saipem’s subcontractor Allseas with the pipelay vessel Solitaire will again lay the Gulf of Finland section. The completed twin pipeline system is scheduled to be fully operational in the last quarter of 2012.

The life-story of the last pipe

All the pipes for Line 1 were manufactured in Germany or Russia and concrete weight coated in either Finland or Germany, and each is individually monitored. The last pipe started life on November 10, 2009 in the German town of Dillingen, in the Saarland, where Dillinger Hütte GmbH manufactured the original heavy steel plate. This plate was then made into a 12-tonne, 12-metre long 48-inch diameter pipe in Mülheim on January 8, 2010 by EUROPIPE GmbH.

From there it was transported by train on January 8, 2010 to Mukran, on the German Baltic coast, where it was coated in concrete by the French company EUPEC S.A. to double its weight to 23 tonnes for added stability on the seabed.

On April 11, 2011, it was trans-shipped to Nord Stream’s marshalling yard in Slite on the Swedish island of Gotland. Here, it waited its turn before being taken out to sea and loaded onto the Castoro Sei, a pipelay vessel operated by Italian company Saipem S.p.A., on May 3, 2011.

Its destiny was fulfilled on May 4 when it finally entered the firing line, was bevelled, welded onto another pipe and its end capped. The double 24-metre pipe was then welded on to the rest of the pipeline and lowered on to its precise location on the seabed at KP 674, 674 kilometres from the Russian landfall, next to the pipeline’s first pipe, which had been laid by Castoro Sei in April 2010.

Photos are available for download at
http://www.nord-stream.com/last-pipe-line1_en

Video footage will be made available at 4 pm Central European Time at
<http://www.nord-stream.com/en/press0/video-archive.html>

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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 2008 were approximately 320 billion cubic metres (bcm) and are projected to increase to around 500 bcm by the year 2030. By then, the EU will need additional gas imports of 160 to 200 bcm per year (Source: IEA, World Energy Outlook, 2010). Nord Stream will meet up to one third 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 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 when the second line goes on stream. This is enough gas to supply more than 26 million European households.

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 15.5 percent each, and the Dutch gas infrastructure company N.V. Nederlandse Gasunie and the French energy company GDF SUEZ S.A. each hold 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, recognised as a key project for meeting Europe's energy infrastructure needs.

Construction of the Nord Stream Pipeline started in April 2010, after completion of environmental studies and planning and an Environmental Impact Assessment (EIA) along the entire pipeline route. Three pipelay barges have been commissioned to work on the project: Saipem's Castoro Sei is carrying out the majority of the construction in the Baltic Sea. The Castoro Dieci has completed its operations in German waters, where it constructed both pipelines in the German landfall section; Allseas' Solitaire handles construction in the Gulf of Finland as a subcontractor of Saipem. The first pipeline is scheduled to be operational in 2011, the second one in 2012.