



News Release

14 November 2013

South Stream advancing steadily

The Gazprom Management Committee took note of the information concerning the progress with the South Stream gas pipeline construction.

It was pointed out that the project was advancing steadily. Intensive efforts are being made in all of the countries to be crossed by the gas pipeline.

For instance, as part of the offshore construction process all the design and survey activities are completed for a deep-water section. The work continues on the gas pipeline design offshore and onshore the Russian and Bulgarian sectors. Approval is received with regard to the Environmental Impact Assessment (EIA) for the Russian offshore section. The EIA findings for the Bulgarian offshore section are expected before December 2013. The bidding procedure is organized for the selection of pipe supply and deep-water laying contractors.

On October 31, 2013 the ceremony of welding the first joint of South Stream's Bulgarian section took place near the Rasovo compressor station site. As soon as this month, construction will start in the Republic of Serbia. At present, a plan of the Serbian section route is approved, archaeological surveys are performed and EIA data are prepared.

In January 2014 it is expected to complete the technical part of the design documentation for determining a route for the Hungarian section. Until now, the bidding procedure has been performed for the selection of contractors carrying out design and survey activities, spatial planning and EIA procedures in Hungary. In the Republic of Slovenia the work is underway on the preparation of the EIA and spatial planning documents.

In the Republic of Croatia the Shareholders Agreement on the joint project company management is being developed based on the Action Plan for the South Stream project, as well as a draft agreement and a scope of work are being agreed on for devising the design documentation.

In June 2013 a Roadmap was signed for the implementation of South Stream related energy projects in Republika Srpska. At the moment, an intergovernmental agreement is being devised as regards cooperation when building and operating a South Stream branch as well as power generation facilities in Republika Srpska.



In Russia the work is in progress on the construction of Southern Corridor – the gas transmission system designed, inter alia, for feeding gas into South Stream.

The Southern Corridor and South Stream related activities are meeting their schedules. As planned, the first gas will be supplied via South Stream in late 2015.

Background

South Stream is Gazprom's global infrastructure project aimed at constructing a gas pipeline with a capacity of 63 billion cubic meters across the Black Sea to Southern and Central Europe for the purpose of diversifying the natural gas export routes and eliminating transit risks.

The offshore section of the South Stream gas pipeline will run under the Black Sea from the Russkaya compressor station on the Russian coast to the Bulgarian coast. The total length of the Black Sea section will exceed 900 kilometers, its maximum depth will be more than two kilometers. The length of the onshore section in Europe will be 1,455 kilometers.

A 1,455-kilometer onshore gas pipeline section will cross Bulgaria, Serbia, Hungary and Slovenia. The gas pipeline will end at the Tarvisio gas distribution station in Italy. Gas branches from the main pipeline route will be built to Croatia and to Republika Srpska (the state formation within Bosnia and Herzegovina). In November 2012 the South Stream project entered its investment stage.

In December 2012 the South Stream gas pipeline construction started near Anapa in the Krasnodar Territory.

On October 2, 2013 Gazprom Export , a wholly-owned subsidiary of Gazprom and South Stream Transport B.V. signed the Gas Transmission Agreement.

The Southern Corridor gas pipeline system will cross eight constituent entities of the Russian Federation, enabling additional natural gas deliveries to central and southern regions of Russia as well as securing uninterrupted gas supplies to the South Stream gas pipeline.