STAFFETTA QUOTIDIANA LA RIVISTA ITALIANA DEL PETROLIO

TODAY @ OMC 2009

DAY 1

9th Offshore Mediterranean Conference • Ravenna, Italy • 25 March 2009

CLAUDIO SCAJOLA HIGHLIGHTS THE CHALLENGES

Supply certainty, reasonable costs, climate change

This difficult economic situation is bound to affect energy investments and businesses' prospects, as well the demand for energy. It certainly does not make it any easier to overcome the three great challenges Italy is facing: the risk of uncertain energy supplies, cost containment, and climate change.
The first challenge is that of guaranteeing certainty of oil and natural gas supplies at favorable conditions. Lower oil prices are undeniably an advantage from one point of view, but also affect negatively international research for new resources and for refining and transport infrastructures, whose realization is now delayed or even canceled. There is a concrete risk that without adequate investment, if the world economy

Claudio Scajola, Minister for the Economic Development

picks up, Italy may suffer from a new combination of high and unstable energy prices, with the negative effects deriving from the particular vulnerability of our energy system.
The second big challenge concerns the necessity of safeguarding the competitive nature of the national productive system, which continues to be threatened by higher energy prices. This price differential means our high-intensity energy products lose their competitive edge.
Italy must also face a third big challenge, related to the need to fend off the planet's overheating and consequently to respect commitments to reduce greenhouse gas emissions.
We believe that, in the short term, priority must be given to anti-recession measures. For the longer term, structural changes can be elaborated even now, positioning Italy better in the international energy system. In line with this need, we have accelerated modernization of existing infrastructures and have promoted construction of new ones.
We want to strengthen gas and electricity transport networks so as to reduce losses and congestion. At the same time, interconnections with other countries must be improved for the integration of our energy system into European, Balkan, and Mediterranean markets. To encourage investments, the development decree cuts red tape and promotes dialogue on the local level, with compensation for communities affected by plants of strategic importance. We also have moved to diversify sources of supply by developing new technology: renewable resources, clean coal, nuclear.
But in our global context it is unthinkable to face energy problems solely on the national level. On the contrary, if our strategy of diversification and development of low-carbon technology is to succeed, we must share it with other industrialized countries. We are convinced that to face the economic crisis it is necessary for businesses, governments, and institutions to cooperate on an unprecedented level, and that the conditions to do so now exist.

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SmartMarine Enterprise
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Construction & Operation
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WELCOME

OMC 2009 DEFIES THE CRISIS

Chairman Antonio Angelucci's letter

Let me first express my warmest welcome to everybody of you attending the 9th Offshore Mediterranean Conference and Exhibition. The attendance we are experiencing today is a witness of the growing importance of OMC and makes us very proud. We are here to debate one of the most important issues for the oil industry and the Community.

Once again we are focusing the attention on the Mediterranean as a Region of common interest of North Africa, Middle East and Central Asia Countries together with Europe.

An easy, diversified and economic flow of energy from Producing to Consuming countries need and important network of infrastructure. The OMC 2009 will debate the above and will show us the different scenarios of the players in the Mediterranean Region. Of course we cannot underestimate that the oil & gas sector has gone through worrying "turbulences" due to the drop in crude oil price, which in a few months has gone from 145 USD to just 40 USD per barrel. This change has strongly affected National Oil Companies and International Oil Companies.

I believe the oil industry will overcome this negative period and it will recover, as already done during previous crisis. Let's not forget that the oil price was 10 USD/B just a few years ago. This opinion is shared by many experts and it is based on some very realistic considerations.

We have enough reserves to fuel the world until the next century. Oil & gas will continue to be the main energy source for the next 30 years. World growth is a fact, even if at present Europe and USA are going through recession, but China and India with 2.5 billion people will continue to grow.

Everyone agrees we must foresee a recovery of the economy, it's not a matter of 'if' but 'when' – Maybe at the end of 2009? Certainly no later than 2010. The oil industry has well realized the importance to keep the pace in the exploration and production activity and the importance of the availability of the necessary infrastructures to guarantee the diversification of the sources of supply.

This will permit to cover energy needs for everybody at an affordable price. We will soon hear the welcome addresses by the Mayor of Ravenna Fabrizio Matteucci and the Chairman of the Ravenna, Chamber of Commerce Gianfranco Bessi who are inaugurating with me the 9[th] OMC 2009.

The plenary session which is following has a very challenging topic: **"The Mediterranean as center of energy interdependence. Reference scenarios of the partners"**. Authorities from Northern and Southern Countries will bring their experience and contribution, first of all Egypt following the fruitful twinship started in the year 2000.

Ravenna and Alexandria are in fact the two Mediterranean energy cities wh every alternate year, in the North and the South of the Mediterranean organize an oil and gas conference and exhibition. The Conference Programme will present some 100 papers in 22 parallel sessions over two days. 8 workshops and poster sessions complete the technical programme. In particular I believe it is worth reminding that this afternoon there will be a workshop organized by Assomineraria with the participation of the Director General of the Italian Ministry for Economic Development Francesco Terlizzese dealing with "Exploration and Production of domestic resourses: a key element of the national energy strategy".

Tomorrow, ALTRAN with the chairmanship of Antonio Taglia and the participation of the Director General for Infrastructures of the Ministry for Economic Development Gilberto Dialuce will debate of "regasification in Europe over or under capacity?"_On the 27[th], Eurogif Chairman Marco Cercato will coordinate a workshop on "The carbone capture and storage"_In the occasion of our event the Ministries of Italian and Norwegian Foreign Affairs have organized an Italian Norwegian Forum at the Confindustria Offices in Ravenna. The theme: towards a sustainable energy future.

Before concluding let me give you some figures about OMC 2009. Seven Official Delegations from: Algeria, Croatia, Egypt, Kazakhstan, Libya, Mali and Norway. More than 650 registered delegates of 26 countries and 360 exhibiting Companies distributed 5000 SQM coming from 23 countries. As usual we offer an interesting social programme, which started yesterday with the 17[th] Golf Tournament at Cervia Golf Club and the Welcome Buffet of Ravenna Chamber of Commerce.

Antonio Angelucci, chairman OMC 2009

Tonight we will be guests of Eni for the traditional Gala dinner and tomorrow we will enjoy the concert by The Magna Grecia Orchestra conducted by Maestro Piero Romano in the magnificent and unforgettable basilica of Sant'Apollinare in Classe.

To conclude, my sincere thanks and acknowledgement go to the Authorities, to the City of Ravenna, to OMC founders C.C.I.A.A., Italian Petroleum and Mining Industry Association and Ravenna Oil & Gas Contractors Association, to OMC associate companies: AVA, BAKER HUGHES, EDISON, OIL STATES, PROGER, ROSETTI MARINO, SAIPEM, SCHLUMBERGER, SHELL, TOTAL.

A special thanks to the members of the Steering and Programme committees and finally to our sponsors, without whom we could not have attained this remarkable success.

THANK YOU!

Tomorrow's Special event

"Youth Corner" is an area of pavilion A where some of our businesses and students from the main Italian universities can meet. About three hundred of these students will soon be seeking jobs and here they will be able to talk directly to people from EDISON, SCHLUMBERGER and RANA Marine Contractor about their professional possibilities in the oil business.

The schools participating in Youth Corner are the Politecnico universities of Turin and Milan, the universities of Padua, Bologna, and Pisa, as well as the Istituto Tecnico Industriale of Ravenna.

INTERVIEW

TERLIZZESE: GOVERNMENT PLANS UPSTREAM IMPROVEMENTS

Franco Terlizzese, neo-director for mining and energy resources at the Economic Development Ministry explains plans to invigorate the italian upstream

Franco Terlizzese, director for mining and energy resources at Economic Development Ministry

"Specialize" agreements region by region, renewing them "as soon as the new simplifying rules of the Marzano law come out"; slim down and accelerate bureaucratic processes, with clearer rules governing operators' access to the sector. Franco Terlizzese, neo-director for mining and energy resources at the Economic Development Ministry has spoken about plans to invigorate the Italian upstream.

Mr. Terlizzese, since the beginning of February you have headed a special directorate of the new department for mineral and energy resources of Italy's Economic Development Ministry. How do you see what many call Italy's "difficult upstream", with our red tape, the Nimby effect, regulatory uncertainty, and the veto power of regional governments?

Italy's oil potential is interesting. Among the non-producing (in the narrow sense) countries, Italy is one of the richest in resources. But the problem of Italy's energy dependency is an old one and is getting worse because of diminished domestic resources. The contribution of Italy's upstream to supplies is reduced to relatively small and rapidly declining percentages (which we hope to increase): no more than 10% of our gas and 5% of our oil come from Italian fields.

A question often asked is this: can the state, the regions, and municipalities do something more to use our underground resources that is environmentally compatible, and even use these resources to improve environmentally damaged places? We believe the answer is yes and have therefore begun talking to regions to find a way to achieve clear and consensual procedures in conferring research permits, with greater certainty about the timing, the outcome and the economic rewards. We have reached a basis of agreement with some regions concerning aspects of the authorization process. The final goal is to reduce red tape without diminishing in any way the role of local inhabitants and authorities.

In addition to a better dialogue with the regions, what are you doing and do you intend to do at the ministry to improve the energy sector?

We are preparing new rules for choosing operators who work in Italy. We are also implementing measures, adopted by the government and parliament last year, to reopen the study of fields in the upper Adriatic and in deep waters. We are also working on the possibility of opening new areas in the Channel of Sicily. This is to boost offshore activities engaging not only oil companies but other important state-of-the-art Italian businesses. During the OMC, our directorate general and our Croatian analogue are planning to ratify the agreement on joint development of the gas field **"Anna Maria"** offshore the Marches. Finally, the fact that we are organizing this energy department with a directorate dedicated to the sector is a clear message that the minister wants to develop these activities. This directorate is going to handle coordination with the regions of mineral and geothermal activities, as well as CO_2 storage.

Then you are working on CCS as well?

Yes, we are working on new rules for carbon capture and storage, implementing EU norms. These are the first steps in this sector.

Returning to the role of local authorities, many operators would like a national plan excluding the regions, but the latter complain about this "national centralism". Is there any common ground here?

Excluding the regions is a false solution. This government has no intention of doing that. This directorate general's tasks include the very important one of coordinating activities with the single regions. People on the local level strongly desire this as well. We even have regions which have asked that a national plan be elaborated precisely as a framework for their actions.

But oil producing regions are asking for bigger environmental compensation payments through revision of the 2001 oil agreements. Doesn't this mean other operators will "escape" from this sector?

This period is difficult enough because, in addition to the world economic crisis, we have the lowest oil price in years. This has led to possible changes in important international companies' investment plans, in Italy as well. If oil remains under $40 a barrel for a certain time, some of the more complex planned investments, including those in Italy, may be canceled. Meanwhile, thanks also to the oil price boom in 2008, service companies' costs have increased notably and are showing no signs of going back down. The companies are thus caught in this situation and threaten to invest no more. To make possible development of current projects it is therefore necessary that the administration guarantee certain and rapid procedures. But local authorities cannot be ignored. There is thus only one path to take: meet with the regions as soon as the new simplifying rules of the Marzano law, through legislative decree 1195, come out so as to renew the understandings reached in 2001, now surpassed by that law. It is especially necessary to reach a completely new plan with the region of Basilicata to enable correct development of that territory and of activities of national interest there.

You are working on this plan with Basilicata?

Yes, we have been working on some particularly complex matters for months, including further development in the Val d'Agri. I am confident that with intense work we can manage to produce new and better agreements.

Now, as if Italy's upstream did not have enough problems already, the judicial authorities have come into the picture with their investigation of alleged bribes related to Basilicata's Tempa Rossa project. The date for operations there had already been postponed from 2006 to 2011. What is the best solution to avoid losing more time and money?

Undoubtedly judicial investigations will also have repercussions on work in the Gorgoglione concession. There will certainly be delays. Now we have to see how Total – which is also operator in Italy for many other activities – and its partners in Tempa Rossa will manage this year and how they will continue with this project, one of Europe's most important. It is clear that the joint venture was not prepared to operate differently, as it must now do to satisfy the magistrates. Right now, the three companies are preparing a proposal to the administration so as to continue work this year. But it may be better to await the conclusion of this investigation to see if it is possible to work with current contracts.

INTERVIEW

JUMP-STARTING ITALY'S UPSTREAM

Ceo Umberto Quadrino sees Edison prospects in good health

"A big push to jump-start production in Italy could come from new discoveries offshore Sicily and from the reopening of the upper Adriatic, where technology now available makes it possible to monitor subsidence properly". Edison Ceo Umberto Quadrino sees this as the cure for Italy's upstream. In the interview below, he also talks of the next steps for the Rovigo Lng terminal and the Galsi pipeline.

Edison is active in E&P in Algeria and other African and Middle Eastern countries, and it recently has returned to Egypt with its acquisition of Abu Qir. What currently are the main factors for success in upstream activities outside Europe?

What is important above all is a thorough knowledge of the country you are going to invest in. The fact that Edison has been operating in Egypt for more than ten years certainly helped us win the Abu Qir concession. It is also fundamental to show that you are interested not in speculation but in promoting solidly integrated business projects for the long term, where the resources of the territory prove useful.

Is the acquisition phase in this sector closed for Edison, or do you see other short or mid-term opportunities?

With the acquisition of Abu Qir and the expected doubling of production by the end of 2012, Edison has reached its goal of having 15% of the group's demand met by production from equity gas. But the current situation offers very interesting opportunities which will be evaluated one by one. Meanwhile we will continue to develop hydrocarbon exploration and production in North Africa and other high potential areas, aiming to increase annually produced reserves. Over 2.4bn euros will be invested in these activities, especially for putting proven reserves in Egypt, Croatia and Italy into production.

Umberto Quadrino, Edison Ceo

Demand and prices are down and credit is tight, making operators postpone investments: are these simply delays or will companies have to review long-term scenarios more deeply?

Big oil operators have based investment evaluation on long-term scenarios that have as reference an oil price of $50-70 a barrel. This was true when oil reached $140. Now the price is calculated at $40-50 a barrel. In conclusion, long-term projects with a strong business basis will be kept, while those marked by higher extraction costs will probably be postponed.

In 2008, Edison's hydrocarbon production fell slightly in Italy (-1.8%) and grew sharply abroad (+22.7%): is this tendency going to continue in the future?

The move of the focus of our hydrocarbon production abroad is a tendency confirmed in our business plan.

Continues ▶

Italy is mature from an oil point of view and this is one of the reasons that led us to grow abroad. But a big push to jump-start production in Italy could come from new discoveries offshore Sicily and from the reopening of the upper Adriatic, where technology now available makes it possible to monitor subsidence properly.

The Italian gas system is in great need of storage capacity and Edison is at the head of the line in proposing new facilities. What is lacking to accelerate investments?

The development of storage facilities plays a strategic part in expanding the gas market because it gives flexibility to operators and greater liquidity to the market itself.

In its business plan through 2014, Edison has planned investments of about 700mn euros to reach a total capacity of 2.2bn m^3 of gas through expanding the Collalto and Cellino storage structures and the development of new concessions in San Potito-Cotignola and Mafalda-Sinarca. Unfortunately these projects are proceeding with extreme fatigue because of the slowness of the authorization procedure, which is a real bottleneck in developing the storage system. Edison's case is significant: for the San Potito and Cotignola storage center we have gone through a procedure lasting seven years, and it is still not completed – we are still waiting for the concession decree.

In Rovigo, you and your partners have completed the first offshore terminal anchored to the sea floor. How far along is the testing?

For the ALNG terminal we are in the final phase of linking it up, of technical verifications and of testing.

Since September 2008, when the terminal arrived in Italy from Spain, important activities have taken place, like its stabilization with reinforced concrete and the installation of a mooring structure. Other preparatory work is far along. In the second quarter, preparations for the final test will be undertaken, including the arrival of the first Lng cargo to cool the terminal. It should then begin operations mid 2009.

Edison now has two important infrastructure project of it, the Galsi and the Igi pipelines. How far along are these two projects?

Galsi is well along in its development: the engineering activities have been completed and in the next few months tenders will be requested for the implementation phase. The authorization procedure begun in summer of 2008 should be completed by the end of this year, after which the partners of Galsi Spa will be able to make the final investment decision. The IGI project is also proceeding with the European competitions for awarding contracts for detailed engineering. Edison may make the final investment decision by the end of 2009, after which commercial agreements for gas supply will be finalized.

The Adriatic terminal was built in a period of high raw material costs but also "easy" credit and clear signs of demand. Now that scenario has been overturned in part: what impact will this have, if it does have an impact, on Igi and Galsi?

In fact, for solidly based projects like Galsi or IGI, the current negative economic situation brings opportunities both in terms of reduction of investment costs and of competition. Moreover both projects have been given 100mn euros by Eu on the condition that these are spent by the end of 2010 to give a boost to the economic recovery.

INTERVIEW

OMC, BIGGER AND BIGGER

Exhibitors and visitors up

OMC is fighting the economic crisis, generating investments which benefit Ravenna and the oil business around the Mediterranean. At a time when everyone is pulling back, the offshore fair of Ravenna is growing and prospering, as **Piero Zipoli**, managing director of International Exhibition Services and organizer of the fair, tells us.

What is it like to organize a fair during an economic crisis?
The Oil& Gas business is suffering less than others: we have registered an increase of 15% in exhibits. There has been a boom above all in the number of small exhibits, while bigger companies have increased their space. And there are more businesses having their own stands, rather than exhibiting through representatives. Above all equipment and machine manufacturers.

Some numbers?
The number of companies present has increased from 230 to 270, +15%, while the total number of exhibitors is up to 370. This means that the Mediterranean market is more and more important for companies and investors. Delegations have come from Egypt, Libya, Algeria, and many other countries. This year, Chinese companies are here for the first time.

Do you have an idea how many visitors will come?
Two weeks before the fair began we already counted 4,000 visitors, exhibitors, and registered delegates. We expect to have more than 7,500 visitors, up from 6,800 in 2007 and 5,600 in 2005.

Piero Zipoli, managing director Ies

How about space?
That has also increased, about 28%: from the 10,700 m² of 2007 to the 14,000 m² of this year. We began with Pala de Andre' pavilion C, then we occupied B as well and now all of A. We have set up a restaurant for 1,200 people.

Where do the exhibitors come from?
OMC is truly international, with participants from 23 countries; about 50% are Italian. Qatar Petroleum is in Ravenna for the first time. Companies from eastern Europe are also here, especially from Croatia, and naturally many from elsewhere in Europe and the Americas.

What was the biggest difficulty in organizing OMC2009?
We have difficulty finding enough space. Ravenna, in its concentration of upstream businesses, is Italy's Houston. But look at the airport, for instance. It is tiny, and many visitors land in Bologna, Rimini or Forlì. Such things could certainly be improved. OMC is a precious event, generating wealth – as is shown by the fact that all the hotels in and around Ravenna are full.


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UPSTREAM

TOTAL AND THE TEMPA ROSSA CASE HISTORY

The abstract of the today's presentation

How can we get a new oil project in the Europe zone accepted by residents? How can a constructive dialogue be undertaken, with whom, when, on what bases? Shall we be credible in our community approach? Total Italia Exploration & Production and its partners, Exxon Mobil and Shell, asked themselves these questions before embarking on the construction project for the oil and gas processing plant known as Tempa Rossa, in the Basilicata region of southern Italy.

It quickly became clear that priority actions were to get to know the local stakeholders such as administrations, social and economic actors and resident populations and to let them get to know us. What were their values, how did they see their future, what were their fears and expectations regarding our Project?

All essential questions if we were to be able to launch our project with peace of mind. A socio-economic study carried out in 2007 largely provided the answers we needed. The results of this study are still feeding into our community policy and have made it possible to put together our sustainable development action plan.

This document summarizes our feedback relating to the last two years. We think it is helpful to share it with all the operators in the oil and gas business. We are writing the story of oil together.

The brand image of the oil industry does not depend on a single operator but on common ethics based on the Industry best practices.

The Socio-economic Study

In April 2007, the socio-economic study contract was awarded to an Italian company, Gruppo Clas Research, a consultancy company specialized in the field of regional and territorial economics.

Bernard Guers, director of sustainable development E&P, Total Italia

To comply with the sustainable development Total Group standards, and since an environmental impact study had been completed and validated in 2004, Total Italia EP had decided to perform a social impact assessment study, in order to reach a better knowledge of the Tempa Rossa Project environment and to obtain a support for the implementation of a successful continuous dialogue with local citizens based on a transparent and respectful approach; the integration of the Site and its future activities in the economic environment; an effective sustainable development policy in collaboration with Institutions and local Society. The Socio-economic Study (April 2007 - February 2008) about the Basilicata Region, developed for Total by Gruppo Clas, aimed at: providing a complete and fulfilling picture of the socio-economic context in which Total had to operate – through a desk study – with special attention to economic, territorial and social issues; identifying the main critical elements, assessing stakeholders engagement via a consultation process (29 relevant stakeholders have been interviewed); elaborating a socio-economic impact assessment study; setting up our Societal Management Plan on the basis of stakeholders expectations; specifying the topics of a program of sustainable development to be refined and developed with the economic actors or social partners at the regional level.

Study area

The area of reference (showed in the map below) concerns the 8 municipalities included in the Gorgoglione Concession, plus 4 additional municipalities of the Aliano Exploration license. The total surface of the area is 853 square kilometers, and the number of inhabitants is around 19.300.

REGASIFICATION

LNG PROSPECTS AND PUBLIC PERCEPTIONS

The real challenge

"The real challenge is to understand mid to long-term trends in the liquefaction, transport, and regasification markets, so as to create efficient plants and new types of supply contracts, thus evaluating investment opportunities correctly.

These are the themes to be discussed in the workshop Altran Italia is conducting tomorrow in Room F, 'Regasification in EU: over or under capacity'".

Giordano Pinarello, deputy director of the Eilis division of Altran Italia, has clear ideas about the future of Lng in the Mediterranean.

What is the reason for Lng's success?

Diversification of sources is a big chapter in the recent history of energy, which concerns both technology and business models. Lng means diversification in the geography of gas supplies.

What is the most probable scenario for this kind of market?

In the world generally and especially around the Mediterranean, Lng supply and demand in the next 20 years is quite uncertain. But in the short term it is likely that its price will go down for a series of factors. First, the 20-25% increase on the world market in 2009-2010 of Lng supplies, thanks above all to expansion to the liquefaction capacity in Qatar. In addition, there is the decline in gas prices as a reflection of oil prices. Finally, the decline in gas consumption as a result of the economic crisis, estimated to be -2% in 2009 and 2010

What motivates a consumer country to build a regasifier instead of other types of energy infrastructures? What is the advantage?

Many consumer countries give priority to regasification infrastructures to increase the certainty of their own supplies in the event of a geopolitical crisis. Moreover, many countries, including Italy as well, have proposed regulations protecting the profitability of investors so as to favor construction of gasification plants.

What are the other advantages?

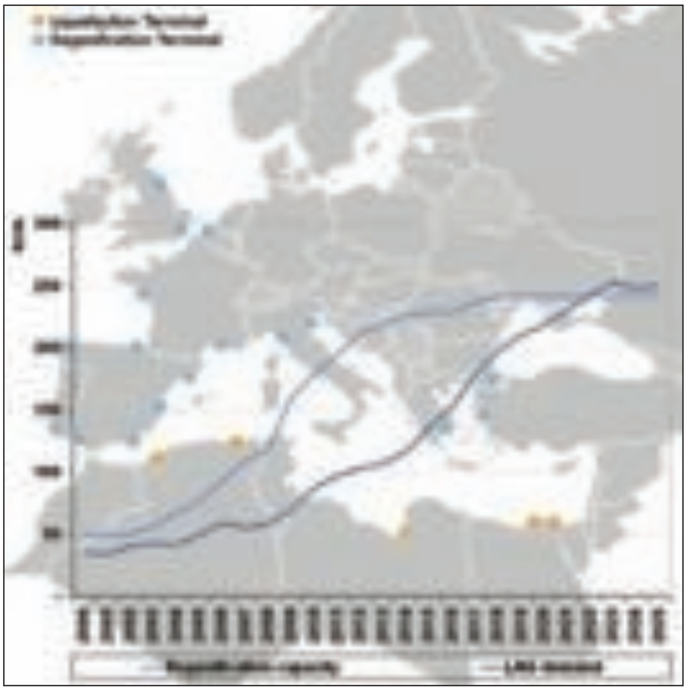
The Lng market also presents some peculiar characteristics which make it interesting for speculation on the part of operators. Because of its versatility, Lng makes it possible to exploit the price differential in different geographical areas. In the most extreme cases, gas in Asia has cost as much as 60% above what it cost Europe: this is more than enough reason for having a gas tanker go around the world. In support of this thesis, consider this: transport of Lng between the Atlantic and Asia tripled in 2006-2008. Moreover, the uncertainty concerning supply and demand of Lng is having an effect also on the type of supply contracts made. For instance, short-term contracts doubled in number between 2005 and 2008.

What are the next challenges from the technological point of view?

Technologically, the challenges faced by regasification have to do with public acceptance of the plants. This is one of the main reasons for offshore regasification structures, which require combining acceptable plants with a project flexible enough to guarantee a return on investment.

Giordano Pinarello holds a Master of Science degree in Physics from Turin University. After some years spent in academic research, he joined the Altran Group in 2001, where he was in charge of industrial and energy innovation in the materials and process field. He is currently the Altran Italia deputy director of the "Energy, Industry & Life Sciences" Division. Giordano Pinarello is now leading a team of top consultants responsible for the R&D, Equipment industrialization and Innovative Processes for the Oil&Gas and Power business.

Liquefaction and regasification terminals in Europe and Northern Africa
Source: Altran Italia



REGASIFICATION

LNG ROVIGO, COMMERCIAL ACTIVITY TO START THIS SUMMER

Commercial activities of Edison-Exxon-Qatar's terminal offshore Rovigo are expected to begin in June or July of 2009, after a test period beginning in March. Edison forecasts demand for natural gas in Europe in 2020 at 720bn m^3 a year, lower than the estimate of Eurogas (764) and higher than that of Aie (691). Edison sees demand met for 250bn m^3 by internal production (330 in 2005) while imports will rise to 470bn m^3.

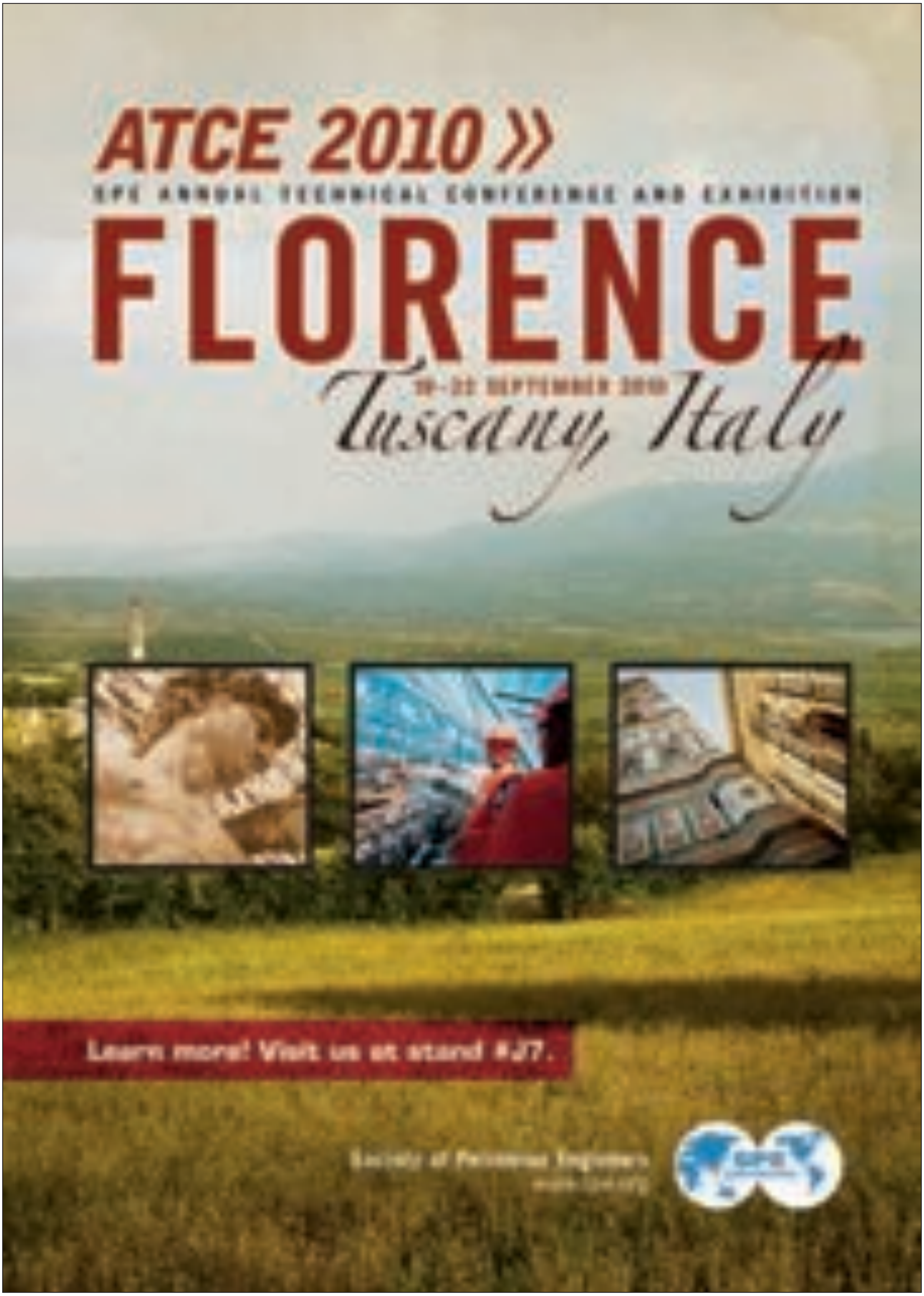
Pipe laying in the Adriatic Sea

Russia and Algeria will provide 35% of the total, and at the same time the contribution of the Caspian area will increase (50bn m^3) as will that of Lng, which will jump from 45bn m^3 in 2005 to 150-180.

The Rovigo Lng terminal built by Edison, Exxon and Qatar will begin operations in the spring, supplying Italy with 8bn m^3 of natural gas a year, and it will be the first gas imported independently of the dominant company in the field, Eni, thanks to a new supplier for Italy, Qatar. The plant, which is now being anchored 17 km offshore Porto Viro, was officially welcomed last September by premier Silvio Berlusconi, economic development minister Claudio Scajola, and Veneto governor Giancarlo Galan, along with the top brass of Edison, ExxonMobil Italia and Adriatic Lng. With this project "Edison will recover the role of a great energy company (it enjoyed) before nationalization", Edison Ceo Umberto Quadrino remarked. He added that the infrastructure will increase security, diversification of supplies, and competition in Italy, and it will bring in gas wholly independent from Eni, which until now has always been involved in supplies either as direct seller of them or as the company controlling the four gas pipelines and the sole Italian Lng terminal now in existence. Qatar will join the list of Italy's suppliers, which include Algeria, Russia, Norway, Holland and Libya (not to mention the Nigerian gas coming through France). Berlusconi announced that diversification of supply sources, along with nuclear power and development of renewable resources, will be the focus of the national energy plan the government is preparing this spring.

LNG projects in Italy

Company	Site
Nuove Energie (Enel)	Porto Empedocle
Olt Offshore LNG Toscana (Iride-E.On)	Livorno
Ionio Gas (Erg-Shell)	Augusta
LNG Med Gas Terminal (Sorgenia-Iride)	Gioia Tauro
Gaz de France	Porto Recanati
API	Falconara
Adriatic LNG (Edison-Exxon-Qatar T. L.)	Rovigo
Brindisi LNG (BG)	Brindisi
Terminal Alpi Adriatico (E.On)	Monfalcone
Edison, BP	Rosignano
Gas Natural International	Taranto
Sorgenia	Trinitapoli
Eni	Ravenna
Italpetroli	Civitavecchia
Gas Natural	Zaule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PIPELINE

GALSI ON ITS WAY

The Galsi pipeline will have an 8bn m^3/year capacity and will transport Algerian gas across the Mediterranean for the other members of the Galsi consortium. In October, Galsi and Snam Rete Gas signed a definitive agreement concerning conditions for construction of the Italian section of the gas pipeline from Algeria to Italy through Sardinia. This follows a memorandum of understanding signed on Nov. 7, 2007, in line with the agreement between Italy and Algeria reached on Nov. 14, 2007. The latest agreement provides that Galsi (41.6% Sonatrach, 20.8% Edison, 15.6% Enel, 10.4% Hera Trading, 11.6% region of Sardinia) will develop the engineering and obtain the main authorizations for the infrastructure, while Snam Rete Gas will handle construction and then manage transport of the gas.

The Galsi project includes an international section underwater from the coast of Algeria to the southern point of Sardinia near Cagliari, and an Italian section onshore through Sardinia to Olbia, followed by another offshore section up to the coast of Tuscany near Piombino, where it will link up with the national transport grid. The gas pipeline will cover a total of about 900 km, 600 of them offshore, with a maximum depth of about 2800 m between Algeria and Sardinia.

Investments

About 800mn euros will be spent by the Galsi consortium for the pipeline's international underwater segment (at 2,880 m depth) between the coasts of North Africa and those of Sardinia (280 km from Kouliet, east of Annaba, and Porto Botte, in the Sulcis area). Another 500mn will be invested by Snam Rete Gas (see SN n. 43 2007), which deals in natural gas distribution in Italy, for the second segment of the pipeline. This information comes from the daily paper Sardegna Oggi.

The first 300 km, buried 1.5 m below the surface, with a band of respect of 40 linear m, will cross the territories of 40 municipalities in Sardinia. It will be necessary to build another 260 km in the sea (at 1,300 m depth) to link Olbia to Piombino, in Tuscany. Discussion of costs was the purpose of the recent meeting of the Galsi consortium with Snam Rete Gas, business associations, and the region of Sardinia.

Nimby effect

The Sardinian municipalities of Olbia and Loiri-Porto San Paolo, whose territories will be touched by the gas pipeline, participated in a services conference at the Economic Development Ministry in February. Loiri mayor Giovanni Inzaina

Galsi at Olbia

pointed out that a section of the pipeline will cross an "ancient oak woods" in his territory, and therefore he asked the Galsi consortium to modify the route.

Olbia's deputy mayor Marzio Altana asked Galsi to present studies on the impact of the plant (odor, noise, emissions) on the protected sea area of Tavolara, only marginally touched by the project. He also requested that a monitoring unit be set up to check the environmental situation. In the community of Murta Maria, an "anti-compression station" committee has been created and has gathered a thousand signatures.

Galsi route

SAFETY

RINA CERTIFICATION EXPANDS WITH SECTOR

Leonardo Brunori on offshore safety

A specialist supplier in a niche sector in constant expansion, the RINA Group offers services and applications for safeguarding life, the environment, security, quality, and not least the investments related to plants and technologies in the Oil & Gas sector, with a turnover last year of about 180mn euros. That is no surprise: security is fundamental throughout the upstream business. This is what Leonardo Brunori, deputy director of the industry division of the group, talks to us about.

Q: How long has RINA been participating in OMC?
A: Since the adventure began, both as exhibitors and as speakers in the technical sessions. OMC was a much smaller event at the beginning. Now it is a big international affair, alternating with the MOC of Alexandria.

Q: What is the biggest merit of OMC?
A. That of bringing together in one place all the offshore operators of the Mediterranean area, in a positive and open environment where it is easy to share ideas and experiences. It is a meeting place where all the offshore people are free to discuss things in a friendly way, without the diffidence competition usually dictates.

Q: What message is RINA going to send from this year's OMC?
A: We want to show visitors, exhibitors, and international and national political personalities how we have evolved in these years, and what skills we have acquired in the field of regasification of LNG in energy terminals and in that of renewable energy. We certify and guarantee the safety and quality of oil platforms, floating units, transmission lines and extraction and treatment plants. We started our certification activity with ships in the Nineteenth Century and we began to operate in the offshore sector in 1969, working alongside Eni for the security of offshore platforms. Lately we have had an important role in the Lng regasification market.

Leonardo Brunori, Head of business line Oil&Gas, Rina Industry

Q: What are the challenges of the future in the sector of security?
A: We are very interested in projects for developing safety in the alternative energy fields, like photovoltaic or offshore wind power. In particular, we are preparing regulations for the security of offshore wind platforms and we have certified the prototype called Sky Saver, a wind tower with a TLP structure installed in the Channel of Otranto, following construction of the 26 production units that will soon be installed there for a total capacity of 92MW.

Q. And nuclear power?
A. We were participants in the earlier phase of development of nuclear power in Italy and we intend to take advantage of our competence in this field, because we never lost that in terms of the themes of quality and security. Even during these years of exile for nuclear technology, we never stopped but exported our know-how in other projects abroad, with Ansaldo and other Italian operators in the sector.


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TODAY'S AGENDA

09.00
INAUGURATION OF THE EXHIBITION

09.30
OPENING CEREMONY - Welcome Addresses

10.15 - 10.30
COFFEE BREAK - Sponsored by ROSETTI MARINO

10.30
OPENING PLENARY SESSION
Chaired by Eni CEO Paolo Scaroni

13.00
WORKING LUNCHEON - Sponsored by TOTAL

14.00-18.00
WORKSHOP: HC - Rich Fluid Seepages in the Mediterranean and Black Seas

15.00-17.00
WORKSHOP: Exploration & Production of Domestic Resources: A Key Element of the National Energy Strategy (in Italian language only)

14.00-15.40
SESSION 1 - ROOM B
Sustainable Development (1)
- TEMPA ROSSA: THE SOCIO-ECONOMIC STUDY, A FIRST STEP FOR A FUTURE TOGETHER
- SUSTAINABLE DEVELOPMENT AND SOCIAL PROJECTS: ENI EXPERIENCE IN MALI AND ALGERIA
- FRIGG & MCP01 DECOMMISSIONING

SESSION 2 - ROOM C
Drilling & Completion (1)
- WORLD'S FIRST HIGH CURVATURE ROTARY STEERABLE SYSTEM
- DEVIATED EXTREME LEAN PROFILE APPLICATION IN HARD DRILLING CONDITIONS, A CASE STUDY IN VAL D'AGRI AREA (ITALY)
- CARBON FIBER CERAMIC PRODUCTS, AN INNOVATIVE SOLUTION THAT ALLOWS CENTRALIZATION DESIGN VERSATILITY
- ENHANCED DRILLING PERFORMANCE IN HIGH-DENSITY APPLICATIONS BY UTILIZATION OF AN OPTIMIZED DRILLING FLUID
- TESTING PROTOCOLS FOR OPTIMIZED DRILLING FLUID DESIGN - (ALTERNATE)

SESSION 3 - ROOM D
Production (1)
- SUCCESSFUL DRAG REDUCER AGENT APPLICATION AT AGIBA PETROLEUM COMPANY: TWO CASES STUDIES
- CASE STUDIES FOR INCREASING FLOW IN NORTH AFRICA WITH NO CAPITAL EXPENDITURES
- OPEN-HOLE GRAVEL PACKING WITH EXPOSED SHALES: WATER PACK CASE HISTORIES FROM UNDERGROUND GAS STORAGE WELLS IN ITALY
- NEW MODEL FOR CRUDE OIL SATURATION PRESSURE PREDICTION USING ALTERNATING CONDITIONAL EXPECTATION ALGORITHM

16.00-18.00
SESSION 4 - ROOM B
Reservoir Characterisation & Management (1)
- A NEW CORE-LOG INTEGRATED METHOD FOR DERIVING INSITU RESERVOIR PERMEABILITY CONSISTENT WITH WELL TEST RESULTS IN BERKINE BASIN, ALGERIA
- CHARACTERISATION OF A THIN LAYERED CLASTIC RESERVOIR IN A COMPLEX EXPLORATION WELL IN CENTRAL ITALY, UTILISING THE LATEST LOGGING WHILE DRILLING TECHNOLOGIES UNDER DIFFICULT BOREHOLE CONDITION
- IMPROVING THE SUBSALT SEISMIC IMAGE BY 3D VSP DATA

SESSION 5 - ROOM C
HSE-Safety
- THE APPLICABILITY OF THE PRESSURE EQUIPMENT DIRECTIVE TO OFFSHORE FLOATING UNIT
- QUANTITATIVE RISK ASSESSMENT OF AN OIL PIPELINE
- OPTIMIZATION OF SAFETY BARRIERS BY STAGED LOPA
- GAS DETECTION SYSTEMS: DOES YOUR SYSTEM MEET YOUR SAFETY REQUIREMENTS?
- A COMPREHENSIVE QRA MODEL FOR THE MANAGEMENT OF VAPOUR CLOUD EXPLOSION RISKS IN OIL&GAS INSTALLATIONS
- QUANTITATIVE ASSESSMENT OF MISSILE IMPACT HAZARD - (ALTERNATE)

SESSION 6 - ROOM D
Production (2)
- WHERE COMPACT & SIMPLE SOLUTIONS COUNT - VARIABLE SPEED PLANETARY GEARS
- NEW INTEGRATED APPROACHES ENHANCEMENT THE PRODUCTION IN BELAYIM LAND MATURE OIL FIELD, GULF OF SUEZ, EGYPT
- TEMPA ROSSA (ITALY) - A CHALLENGING CASE HISTORY
- 3-PHASES FLUID SATURATION EVALUATION BEHIND CASING. A NEW METHODOLOGY APPLIED TO THE ALGYO FIELD, A MATURE HUNGARIAN MULTI LAYERS RESERVOIR, FOR IOR, FLUID CONTACTS MONITORING AND HORIZONTAL DRILLING PLANNING
- PRODUCED WATER CHARACTERISATION AND CHEMICAL TRIALS USING VISUAL PROCESS ANALYZING TECHNOLOGY - (ALTERNATE)

18.00
EXHIBITION AREA CLOSES

21.00
GALA DINNER - Eni, Partner of the event

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ENI'S SOCIAL PROJECTS IN ALGERIA AND MALI

The presentation will focus on the Eni approach to social projects in Algeria and Mali, aiming to support a real, effective and strong local development. Eni uses this approach worldwide, following a Company internally adopted best practice on community investments. Here are a couple of the ongoing projects which will be presented Mali solar water wells for local population of Timbuktu region and support to restoration of Algerian cultural goods (mosaics) and training of local technicians ("on site restoration techniques training / training on the job").

Within the project "Solar water wells ", the first two sites identified together with the local authorities are Tichifit and Bir es Salam, in the Timbuktu region. In Mali, Eni also carried out the project "Equipments for the regional hospitals of Timbuktu and Goundam", which consisted in the total replacement of beds (included related accessories) in the hospital of Timbuktu and the delivery of surgical, gynaecological, dental and ambulatory instruments to the hospital of Goundam. The delivery ceremony was held in March 2009.

The economic development and local approach (support to a real endogenous development), sustainable human development, promotion of local content in different ways, promotion of private-public partnership, participatory approach, stakeholder management (identification and involvement), promotion of renewable energies and support to protection of national cultural patrimony are some of the main concepts taken into consideration by the Company in implementing its local development projects.

Simonetta Sandri,
HSE & Sustainabilty Manager, Eni Algeria Production BV