

Joint Venture for the natural gas liquefaction project in the pre-salt signs agreements for front end engineering development

Galp Energia and the other partners of the Joint Venture, that aims to build a Floating Liquefied Natural Gas (FLNG) unit to commercialize the natural gas produced in the pre-salt layers, have signed today the contracts with the successful bidders of the tender for the development of the Front End Engineering and Design (FEED) of the unit.

The successful bidders were Saipem and the consortia SBM/Chiyoda and Technip/JGC/Modec. The international tender was launched in August and the proposals were delivered in October.

The several consortia consisting of international suppliers with liquefaction and Floating Production Storage and Offloading (FPSO) construction experience have until December 2010 to prepare their FEEDs proposals. Developing separate FEED projects in parallel is intended to foster competition between the consortia, contributing to a reduction in the overall cost of the FLNG vessel.

After the conclusion of the FEEDs, the Joint Venture has until March 2011 to perform technical and economical feasibility studies of each of the FLNG FEED projects presented and compare them with other options, such as the installation of new subsea pipelines.

If the implementation of a FLNG unit proves to be the most feasible alternative, both in technical and economical terms, a new tender will be launched to choose, between the three consortia, which one will be responsible for the construction and operation of the unit, expected to be concluded in July 2015.

Galp Energia's relevant position in the Santos basin, namely on the pre-salt blocks, and the expected natural gas production associated with those blocks, have led Galp Energia to consider several options for the monetization of gas reserves, ensuring new sources of natural gas supply and the possibility of exporting the product to global markets, fulfilling Galp Energia's long term strategy of developing the natural gas marketing business.

At the pre-salt of Santos basin, an area with high exploration potential, Galp Energia holds stakes on the following blocks: BM-S-11 (10%), BM-S-8 (14%), BM-S-21 (20%) and BM-S-24 (20%), where are located, among other, the oil fields Tupi, Iara and Jupiter.



Unique project

World's unique project, the FLNG unit, will operate at blocks BM-S-9 and BM-S-11 on the pre-salt of Santos basin, located 300 km off the Brazilian coast. Installed near the FPSO units, the FLNG unit will receive the associated gas and process and liquefy natural gas, butane, propane, and condensate. The unit's processing capacity will be up to 14 million cubic meters per day of associated gas. The FLNG will also store and transfer processed products to gas carrier vessels, which, in turn, will transport them to the final market.

Galp Energia has 16.3% of this Joint Venture, being the other partners Petrobras with 51.1%, BG Group with 16.3% and Repsol with 16.3%. All the companies are partners in block BM-S-9 (Petrobras, BG Group and Repsol) and in block BM-S-11 (Petrobras, BG Group and Galp Energia). This Joint Venture will share the resources and the skills to develop this pioneer project.

Galp Energia, SGPS, S.A.

Investor Relations

Tiago Villas-Boas, Head
Inês Santos
Maria Borrega
Samuel Dias
Tiago Lage

Contacts :

Tel: +351 21 724 08 66
Fax: +351 21 724 29 65

Address: Rua Tomás da Fonseca, Torre A, 1600-209
Lisboa, Portugal

Website: www.galpennergia.com
Email: investor.relations@galpennergia.com

Reuters: GALP.LS
Bloomberg: GALP PL

