

Natural gas liquefaction project in the pre-salt

Galp Energia has formalized the entrance into a joint venture, formed by Petrobras, BG Group and Repsol, to develop the Front End Engineering and Design (FEED) of a Floating Liquefied Natural Gas (FLNG) unit. The unit is expected to operate in the pre-salt of Santos basin, located 300 km off the Brazilian coast. The FLNG unit is one of the technological transportation solutions that can be used to transport the natural gas produced in the pre-salt layers.

Galp Energia's relevant position in the Santos basin, namely on the pre-salt blocks, and the expected natural gas production associated to those blocks, have led Galp Energia to consider several options for gas reserves to be monetized, 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.

Due to the distance between the coast and the areas where the Santos basin's pre-salt blocks are located, the joint venture decided to assess the possibility of installing a FLNG unit to transport natural gas production from these areas. In 2011, based on the technical and economic feasibility analysis of the FEEDs and of other alternative solutions, such as installing submarine gas pipelines, a decision will be made regarding the best option to transport the gas from the pre-salt Santos basin.

Installed near the Floating, Production, Storage and Offloading (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 then transport it to the final market.

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%).

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