

Project Phases & Milestones

Project phases and milestones

1

First talks about the project took place in February 2002 between OMV Gas (the shares in the Nabucco Project have been transferred in 2006 to OMV Gas International GmbH) and BOTAŞ, Boru Hatları ile Petrol Taşıma AŞ, herein after called BOTAŞ, Ankara/Turkey; later on MOL Natural Gas Transmission plc. as partial legal successor of MOL Hungarian Oil and Gas plc. (whereas in the year 2005 the shares in the Nabucco Project have been re-transferred to MOL Hungarian Oil and Gas plc.), herein after called MOL, Budapest/Hungary; TRANSGAZ S.A., herein after called TRANSGAZ, Medias/Romania, and BULGARGAZ EAD, herein after called BULGARGAZ, Sofia/Bulgaria followed. The magnitude of the project was recognized by all parties involved. Following a Memorandum of Cooperation in May 2002 between BOTAŞ and OMV Gas, in a meeting in June 2002 in Istanbul all five parties to the project signed a protocol on their intention to jointly construct a new gas pipeline connecting the significant Middle East, Egyptian and Caspian gas reserves with Austria and even further with the Central and Western European gas markets through a new pipeline crossing Turkey, Bulgaria, Romania, and Hungary.



2

Eventually in October 2002 a Cooperation Agreement was signed between Botas, Bulgargaz, MOL, Transgaz and OMV Gas whose main goal was to conduct a feasibility study for the construction of the new gas pipeline.

3

In December 2003 a Grant Agreement was signed between OMV Gas, the other four partners as associated beneficiaries and the European Commission. With this Agreement the EC awarded a grant in the amount of 50% of the estimated total eligible costs of the study phase i.e. feasibility study including market analysis, technical, economic and financial studies.

4

The various study phases of the feasibility study were finalised in principle by the end of 2004. Results clearly indicated that the project is technically and economically feasible and financially bankable. Some synchronisation and adjustment work was carried out in the first half of 2005 and finally the Nabucco Partners decided to go on with the project and to enter into the Development Phase.

5

According to a preliminary time schedule the Development Phase is foreseen to last until end of 2010, when financial close is expected. The construction of the Nabucco Pipeline is planned for 2011 with an envisaged start up of transportation of gas in 2014.

6

During this Development Phase, all technical, legal, commercial and financial issues will be covered. Regarding technical issues, in principle the engineering analysis will be performed to meet all requirements for the Environmental and Social Impact Assessment (ESIA) in all Nabucco Countries and to obtain all approvals by the respective authorities so as to start construction according to above time schedule. End of 2006 a short term adviser was ordered to elaborate the respective tender documents for the selection of a General Engineer for FEED (Front End Engineering Design).

7

Concerning the legal issues, a number of inter-related agreements need to be developed and entered into force in this period:

8

The Joint Venture Agreement was signed by the Nabucco Partners on 28 June 2005. The Joint Venture Agreement sets out the rules of the Nabucco Partners' participation in Nabucco Gas Pipeline International GmbH and the Nabucco National Companies.

9

Further main agreements required to establish the Nabucco Project are the General Transportation Agreement (GTA) between Nabucco Gas Pipeline International GmbH and the Nabucco National Companies. The Nabucco National Companies will be the owner of each part of the infrastructure for their respective territory. They will enter into a General Transportation Agreement with Nabucco Gas Pipeline International GmbH, whereby they will transfer their marketing rights or sell their transportation capacity to Nabucco Gas Pipeline International GmbH, which will have the responsibility for commercialisation of the capacity under transportation agreements with shippers.

10

Heads of Terms (HoT) of Standard Transportation Agreement have been agreed upon between the Nabucco Partners and will be used as a basis for shipping contracts to be entered into with shippers which book capacity under the open season procedure, as well as a Transportation Contract.

11

The Intergovernmental Agreement was signed in Ankara on July 13th 2009. With this treaty an important milestone was achieved. The IGA lays down a stable legal framework for all transit countries.

12

Another very important step is the establishment of the various National Nabucco Companies.

13

RWE became 6th Shareholder in February 2008. The consortium remains open for a potential 7th shareholder if it further strengthens the project.

14

Furthermore, discussions with possible future shippers have been intensified to negotiate Heads of Terms for a Transportation Contract.

15

A major step within this progress of the project development was the finalisation of the Exemption documents, which finally were sent to the European Commission as well as to the relevant Regulators on 5 October 2006. Nabucco Gas Pipeline International GmbH requests the benefit of an Exemption from certain Provisions of Regulated Third Party Access relating to the prior approval and publication of the tariffs, together with the terms and conditions for access to the network. Considering the very large investments involved in the Nabucco Project and the corresponding high level of risk, the decision to build the Nabucco Project depends on the necessary certainty and security of the regulatory framework applicable to the long-term transmission contracts which will underpin the investments. In connection with the Exemption Nabucco Gas Pipeline International GmbH at present is preparing a so called open season process, where all interested shippers will be invited to announce their particular interest in transportation of gas to Nabucco. The relevant participation rules and the description of the process are outlined under section “products and services / open season”.