

Sonatrach Main Activities

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Core activities

- *Exploration*
- *Production*
- *Transportation by pipelines*
- *Liquefaction of Natural Gas and LPG Separation*
- *Marketing*

Affiliated activities (100%)

- *Refining (NAFTEC)*
- *Petrochemical industry (ENIP)*
- *Distribution of petroleum products (NAFTAL)*
- *Hydrocarbons shipping (SNTM - HYPROC)*
- *International oil trading*
- *International gas trading*

Affiliated activities (51%)

- *Drilling (ENTP and ENAFOR)*
- *Wells Services (ENSP)*
- *Geophysics (ENAGEO)*
- *Construction (ENGTP)*

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**The 10th European Gas Conference
Oslo - Norway 11 - 12 May 1999**

***Main issues on Sonatrach's gas agenda
in the coming years***

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SONATRACH***



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MAIN FIGURES ABOUT SONATRACH

EUROPEAN GAS MARKET

SONATRACH DEVELOPMENT PLAN



Some Key Figures About Sonatrach (1998)

**12 TH Largest Oil and Gas
Company in the World (PIW/98)**

**Total Hydrocarbons Reserves :
38.5 Billion bbl Oil Equivalent**

Total gas exports : 52.7 Bcm, of which :
47% LNG
53% Natural Gas

Human Resources :
35100 permanent employees

Exploration :

Mining territory : 1.6 million sq.Km
Seismic : 12 500 Km
Drilling : 140 800 m
Wells : 50

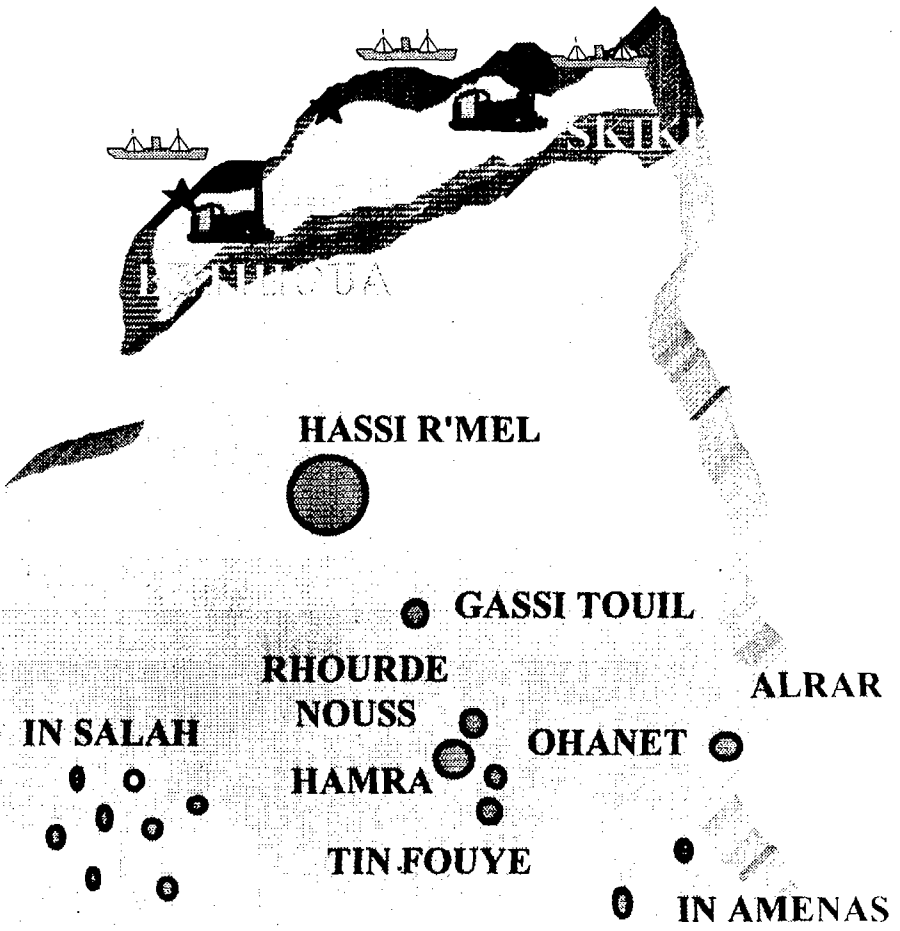
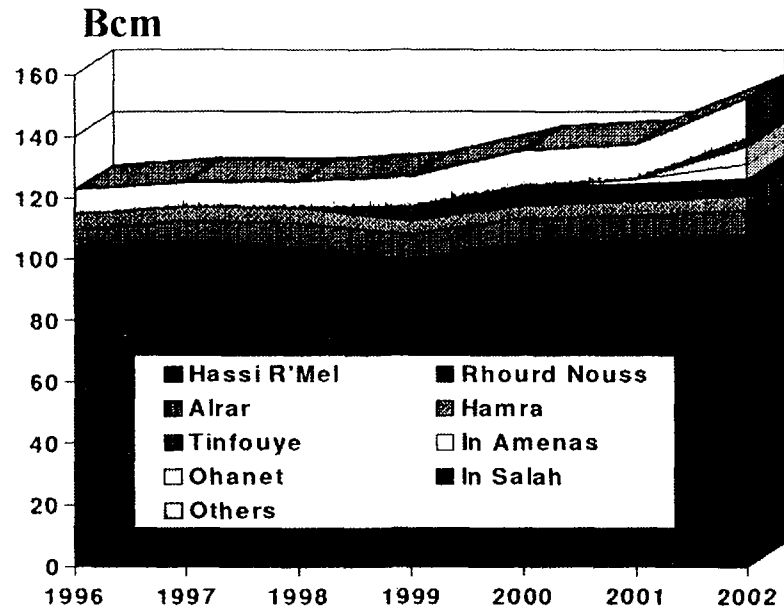
Production :

65 Fields
183 millions t.o.e produced (of which
69 % of Natural Gas) equivalent to
around 4 Mboe/day.
Separation of LPG : 5.2 M.T

Transportation :

12900 Km of pipeline in operation
(25 pipelines of which 11 gaslines)

Algerian Gas Production (1996 - 2002)



- In 1996, Hassi R'Mel field contribution equivalent to 75% of total production
- By 2002, this will be reduced to 40%

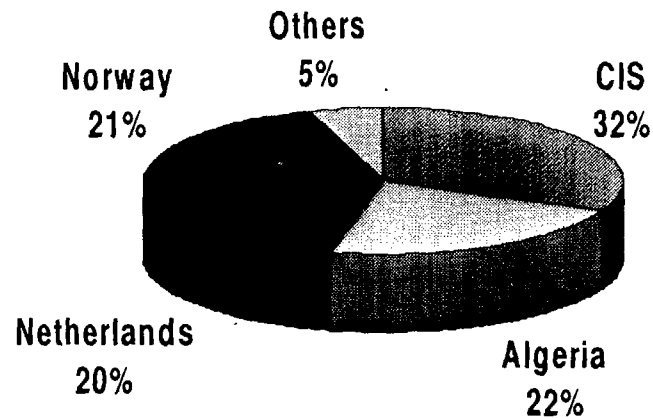


Sonatrach Natural Gas Strategy

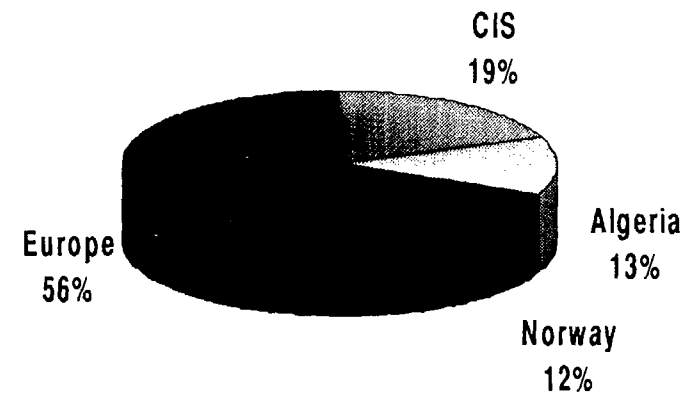
- **Renew and develop natural gas reserves.**
- **Secure the long term supply of the country**
- **Implement and develop international sales through a long term marketing policy .**

Algeria, one of the main gas supplier to the european market

European Imports Shares



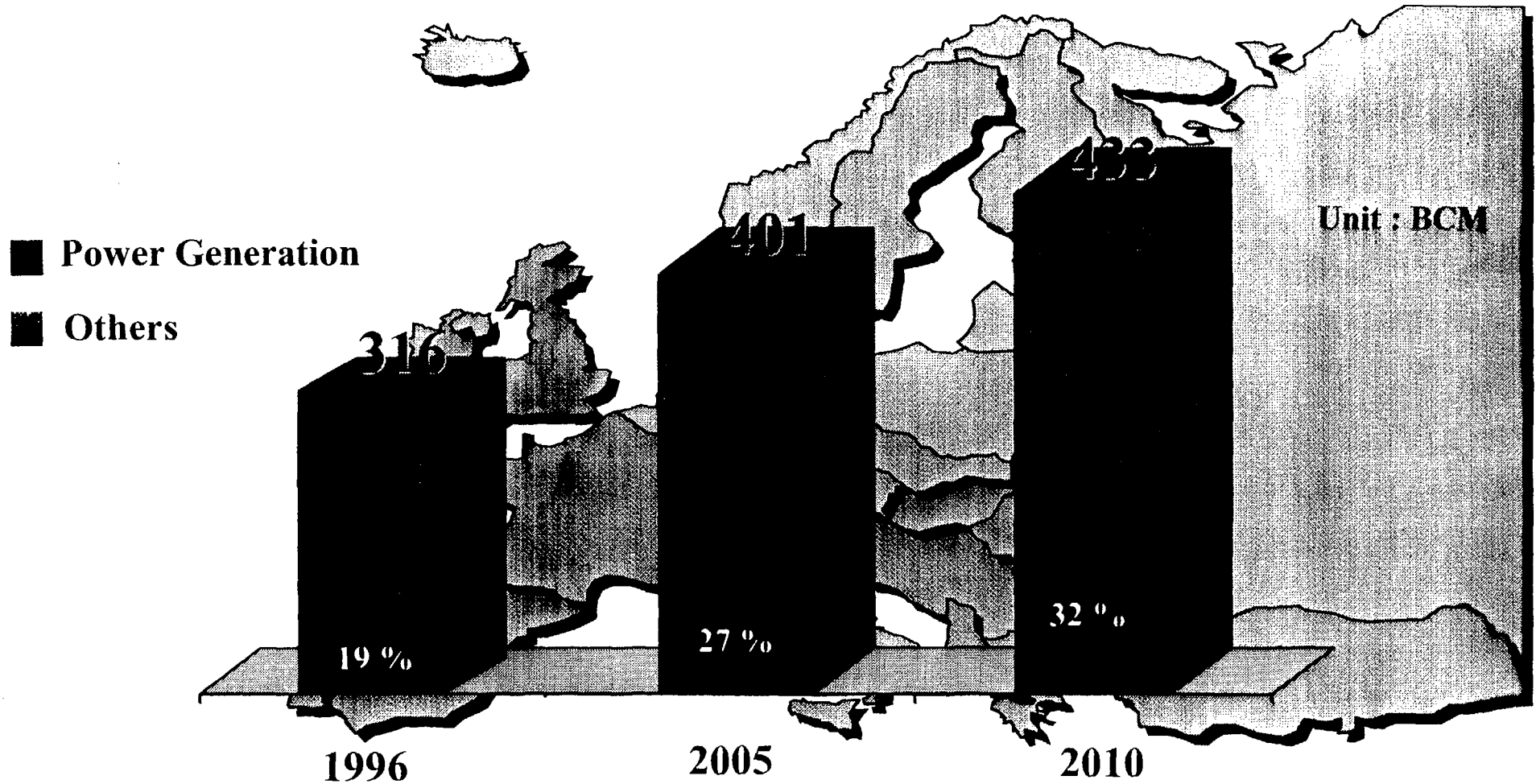
European Consumption Shares



⇒ In 1997, algerian gas represented 22% of the european gas imports and 13% of its consumption.



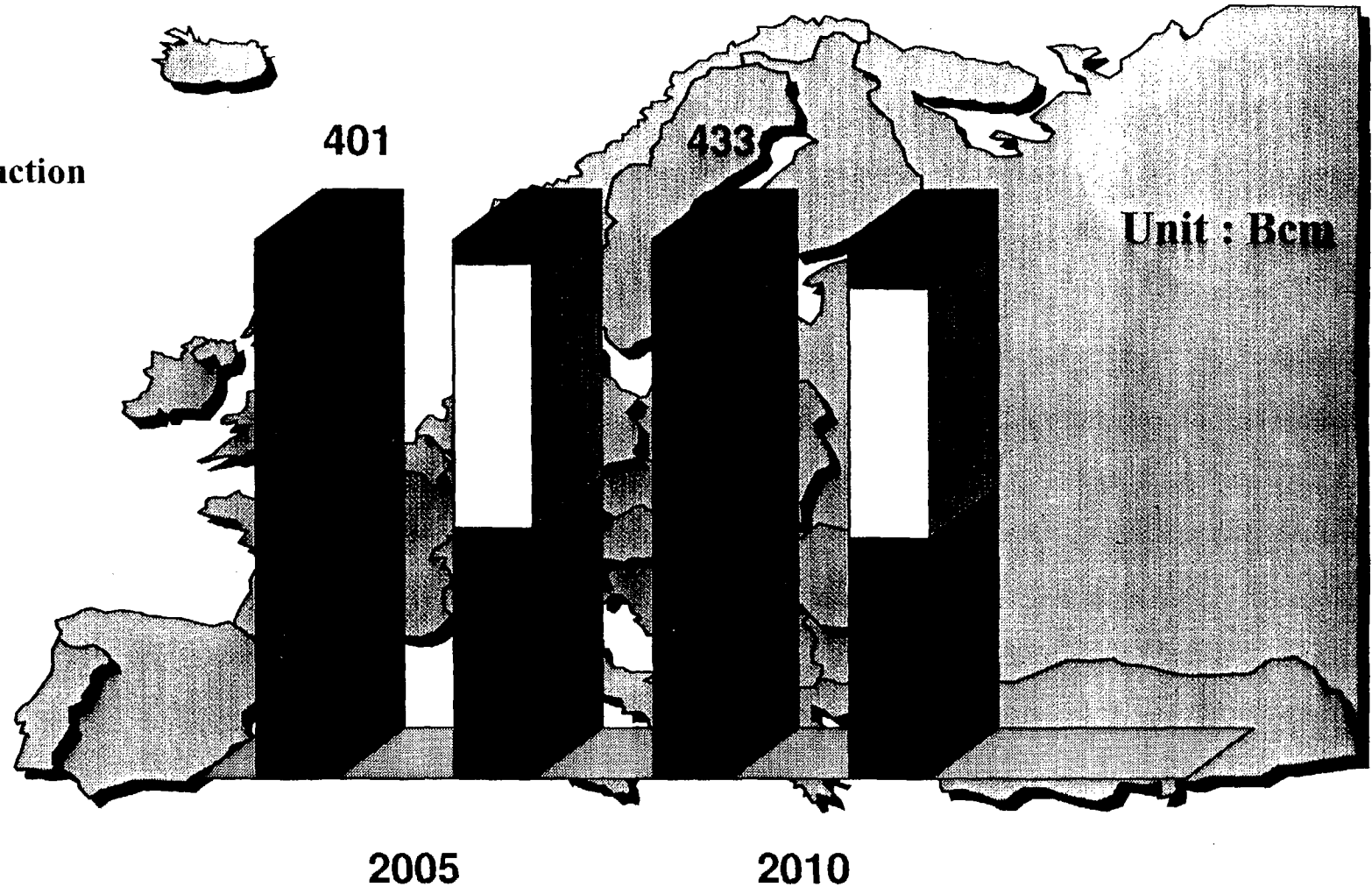
NATURAL GAS DEMAND IN EUROPEAN UNION



⇒ Power Generation is the driving force in the growth of natural gas demand

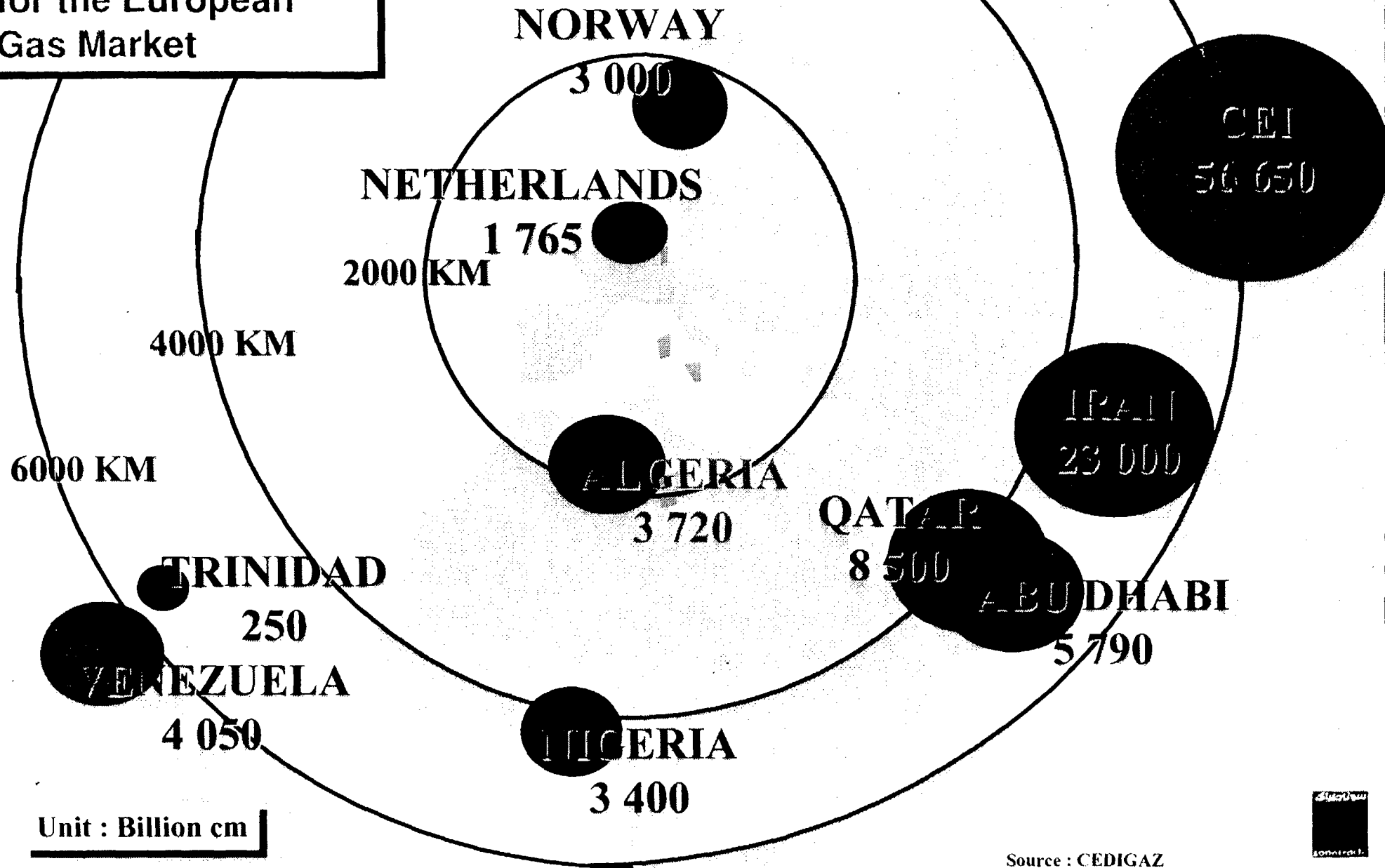
EUROPEAN UNION : SUPPLY / DEMAND BALANCE

- Demand
- Imports
- Domestic production
- GAP



⇒ The GAP will reach 16 Bcm in 2005 and 37 Bcm in 2010

Potential Suppliers for the European Gas Market



Unit : Billion cm

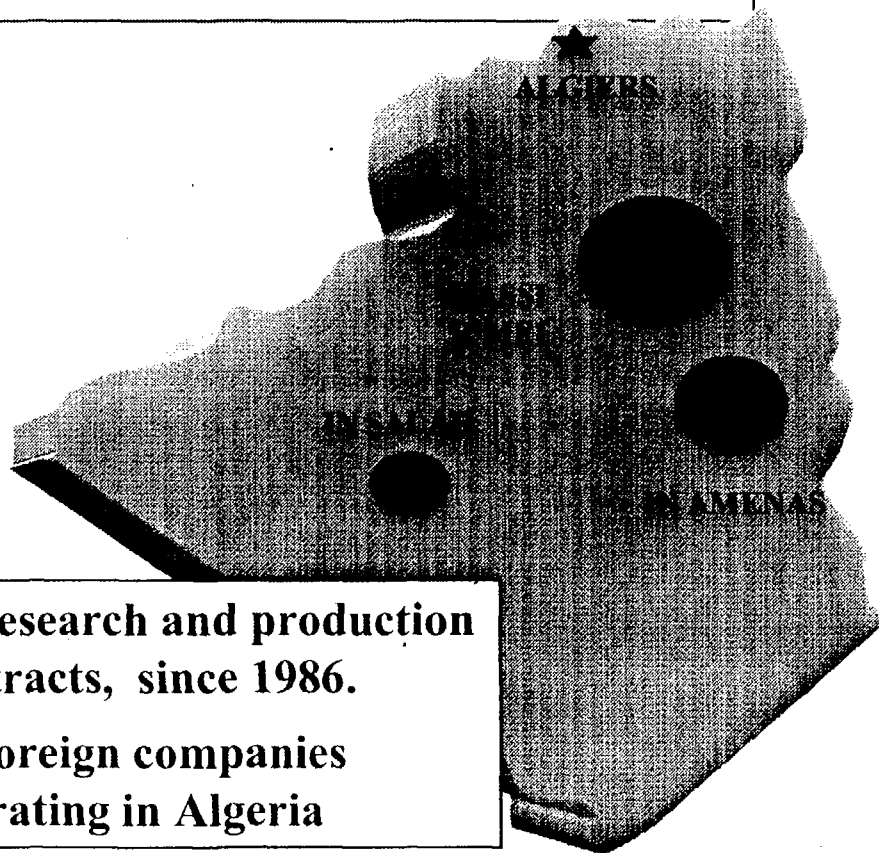
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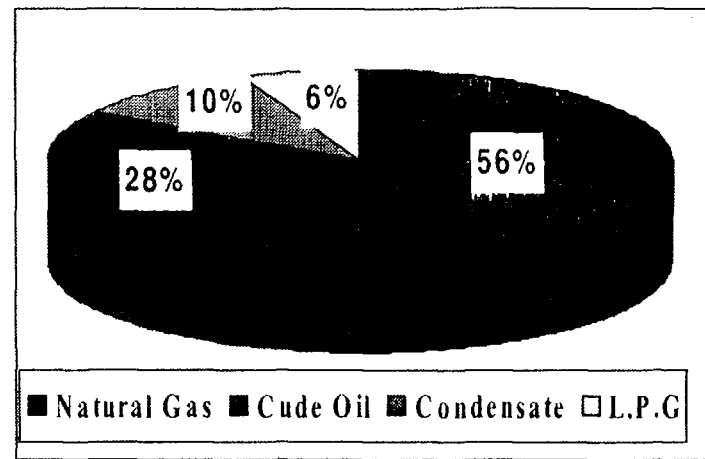
Important Hydrocarbons Reserves

- Total hydrocarbons in place (proven+probable) : 112 Billions BOE
- Total hydrocarbons reserves : 38.5 Billions BOE

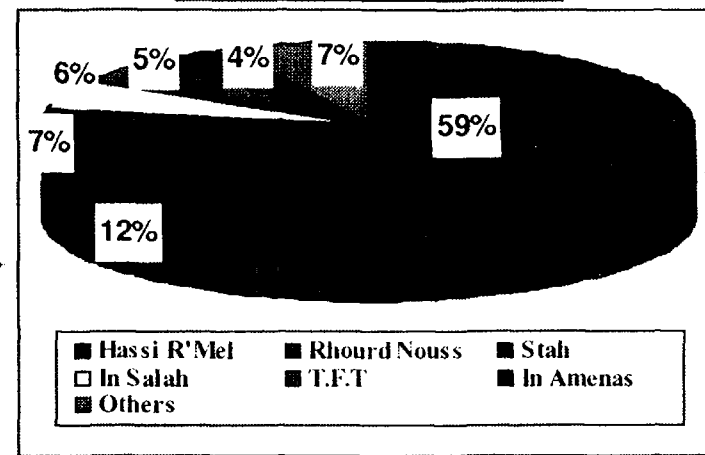


- 46 research and production contracts, since 1986.
- 19 foreign companies operating in Algeria

TOTAL HYDROCARBONS RESERVES



MAIN GAS FIELDS





Algerian Gas Balance - 1998

Gross Production
125 Bcm

Marketed Production
68 Bcm

Exports
52.7 Bcm

SALES

54%

Domestic

75%

Exports

REINJECTED

46%

LNG

47%

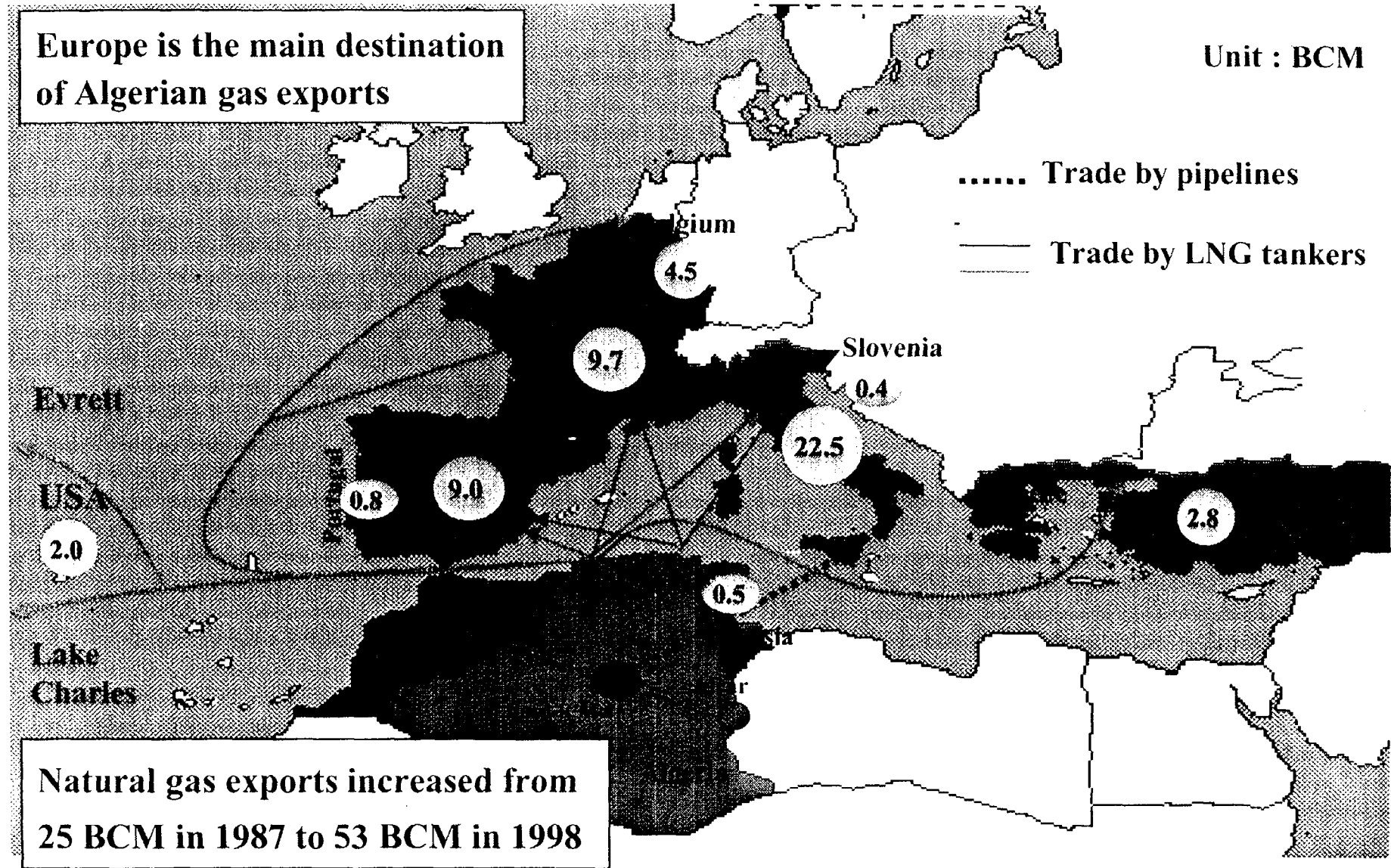
NG

Nearly 46% of the total gas production is reinjected

Exports account for 75% of marketed volumes



Natural Gas Exports In 1998





SONATRACH OBJECTIVES



Diversification in domestic and international downstream business (distribution, power generation,...).



Target the utilisation sectors, such as power generation, that enable to disconnect the gas price from the oil price.



Gas valorisation in domestic and international non energetic sectors (petrochemicals, fertilisers,..).



Sonatrach Main Missions

Meet Algeria's present and future hydrocarbons needs

Maximise the long-term value of Algeria's hydrocarbons resources

Contribute to the national development



Sonatrach Organization

The General Assembly

: The Minister of Energy and Mines

- ↙ **The Minister of Finance**
- ↙ **The Governor of the Bank of Algeria**
- ↙ **The head of the Authority in charge of Planning**
- ↙ **A representative of the Presidency of the Republic**

With the participation of the President and Chief Executive Officer of Sonatrach

The Board

The President and Chief Executive Officer of Sonatrach

- ↙ **2 representatives of the Ministry of Energy and Mines**
- ↙ **2 representatives of the Ministry of Finance**
- ↙ **1 representative of the Bank of Algeria**
- ↙ **2 representatives of the workers (Union)**
- ↙ **4 members of Sonatrach Executive Committee**
- ↙ **1 member chosen by the Minister of Energy and Mines for his competence in the field of hydrocarbons.**



Sonatrach Organization

