

Progress for **Galsi** project after pipeline deal is agreed

THE **Galsi** project, that will create a new conduit for natural gas from Algeria to Italy, took a step forward this week with a new agreement on the construction of the Italian section of the 900 km pipeline, writes *John McLaughlin*.

Under the terms of the deal, the **Galsi** consortium will develop the engineering and secure the necessary permits for the project.

Eni subsidiary Snam Rete Gas will build and manage the pipeline.

The construction of the pipeline, which will have an initial capacity for 8bn cu m a year, is part of a strategic effort by Algeria to carve out a major presence for itself in the European markets.

Algerian oil and gas company Sonatrach has scored a number of recent successes, buying into Portugal's Energias de Portugal, securing authorisation to boost its sales to Spain, and tying up deals for pipelines to carry Algerian gas to Spain as well as Italy.

The **Galsi** project, which is due to come onstream in 2012, also has strategic value for Italy as the country seeks to diversify its sources of supply and improve its energy security.

It will also provide Sardinia with a methane supply for the first time.

The participants in the **Galsi** consortium reflect the interest of both countries in making this project a success.

Sonatrach holds a 41.6% stake, Italy's Edison has 20.8%, Italian state electricity company Enel 15.6%, Hera Trading 10.4% and the region of Sardinia 11.6%.

The pipeline is due to run for 600 miles under the Mediterranean Sea at depths of up to 2,800 m from the Algerian coast to Cagliari in southern Sardinia, then north to Olbia before crossing the Tirrenian Sea to Piombino in Tuscany.

It will then be connected to the main Italian gas network.

