

Cepsa and Sonatrach sign a new Exploitation Contract with Alnaft for the RKF field in Algeria

- **The new contract will have a duration of 25 years**
- **It is the first contract signed under the hydrocarbon law 05-07 for an oilfield in production**
- **The agreement validates the historical collaboration between Sonatrach and Cepsa in place for over 30 years**

Cepsa, Sonatrach and Alnaft, the National Resources Development Agency of Algeria, have signed a new concession contract today for the operation of the Rhoude el Krouf (RKF) oilfield, located in the Berkine basin in Algeria.

This new agreement, which will last for 25 years, entails the significant redevelopment of a mature oilfield after 19 years in production with the objective of increasing crude production significantly and producing LPG for the first time, thanks to new hydrocarbon recovery techniques for this field.

This project, which has an expected investment of \$1 billion, is expected to have a significant economic impact generating between 1,000 and 1,500 jobs during the peak construction stage.

The redevelopment includes the drilling of 30 new wells, the construction of a new processing plant including a LPG recovery unit, and installations for the expedition of LPG. The new treatment facilities will have a daily production capacity of 24,000 barrels of crude oil per day and 10,000 barrels per day of LPG. The design of the installations will meet the highest technical standards in the industry with regards to efficiency, safety, and respect for the environment.

The agreement has been signed by Pedro Miró, CEO of Cepsa, Abdelmoumen Ould Kaddour, CEO of Sonatrach, and Arezki Hocini, President of Alnaft, at the headquarters of Alnaft in the Ministry of Energy in Algiers. This agreement reflects Cepsa's commitment to Algeria and it represents an important step for the project and the strengthening of the historical association between Cepsa and Sonatrach.

The contract arises from the agreement signed between the two companies in November 2016, where the bases were set to extend the collaboration over the long term, and it will come into force once it is published in the Algeria's Official

Bulletin. The contract will be the first production field in Algeria that will be governed under the hydrocarbon law 05-07.

The RKF oilfield was discovered 25 years ago and was the first oilfield put into operation by Sonatrach and Cepsa in Algeria.

CEPSA IN ALGERIA

Cepsa began its operation and production activity in Algeria alongside Sonatrach over three decades ago, and has since extended its activity to other areas such as Colombia, Peru, Brazil, Suriname, Spain, Thailand, Abu Dhabi and Malaysia.

Together with its strategic partner, Sonatrach, the company develops its operations in Algeria in three important oilfields in the Berkine basin: the RKF field, Ourhoud (ORD), the second largest field in Algeria, and Bir el M'sana (BMS). In total, the deposits operated by Cepsa produce 130,000 barrels per day.

Also in the Berkine basin, at the Rhourde er Rouni II deposit, Cepsa completed the exploration phase together with Sonatrach in early 2015, discovering crude oil, and the field is currently at the development stage. Likewise, Cepsa participates in the natural gas field of Timimoun, in the southwest of the country, which is scheduled to go into production in spring this year.

Cepsa has a 42% stake in the Medgaz pipeline, which offers an alternative route for the supply of natural gas from Algeria to Europe through Spain. The submarine gas pipeline, operated by Cepsa, has a transport capacity of 8,000 million m³/year and a length of 210 km.

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Cepsa a global energy company with integrated operations across the entire hydrocarbon value chain, manufactures raw materials for the chemicals industry from natural sources, and has a renewables business. Its sole shareholder is Mubadala Investment Company, one of the largest sovereign wealth funds in the world.

The Company has over 85 years of experience and a team of close to 10,000 professionals, working with technical excellence and an ability to adapt. Cepsa operates across five continents through its Exploration and Production, Refining, Chemicals, Marketing, Gas & Power, and Trading business areas.

For more information go to www.cepsa.com

Cepsa - Communications

comunicacion@cepsa.com

Tel.: (34) 91 337 62 02



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Tel.: (34) 91 337 60 00