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Saipem S.p.A.

Saipem 10000 drillship

Saipem S.p.A. ("Saipem") announces that it has signed a binding letter of commitment with ENI's E & P Agip Division ("Agip") for the provision of advanced drilling services through a new ultra-deepwater dynamically positioned drillship, the Saipem 10000.

The Saipem 10000 will be contracted to Agip for a firm period of five years, starting from the second quarter of 2000 with a two year option period thereafter.

The construction cost is estimated to be US\$ 270 million (Lit 490 billion). Saipem requires new investments to provide an after tax rate of return of 15%. Taking account of the expected useful life of the drillship and projected day rates and costs, the construction of the Saipem 10000 fully meets such requirement.

The 228 metre (691 feet) long, double-hulled Saipem 10000 will be certified for deployment in US and UK waters. It will be designed to operate in 3000 metres (10,000 feet) depth of water from commissioning and, with 140,000 bbls capacity, will have the flexibility to perform extended well testing.

The drillship will be built by Samsung of Korea and construction managed by Saipem on an open-book basis in conjunction with Agip. The estimated US\$ 270 million cost of construction will be funded by Saipem and is included within Saipem's capital investment programme of Lit 1,700 billion announced on 1 December 1997.

Fabrizio d'Adda, Chairman and Chief Executive of Saipem S.p.A., commenting on the drillship, said:

"The Saipem 10000 demonstrates our continued commitment to providing our customers with technologically advanced deepwater capabilities.

This investment is a major step forward for the Group."