

BAPLINE

Joint Venture

HELPE S.A.-THRAKI S.A.



The Initiator & Promoter of the Pipeline



The Greek Shareholder of the project

Burgas - Alexandroupolis Oil Pipeline Project

Christos Dimas

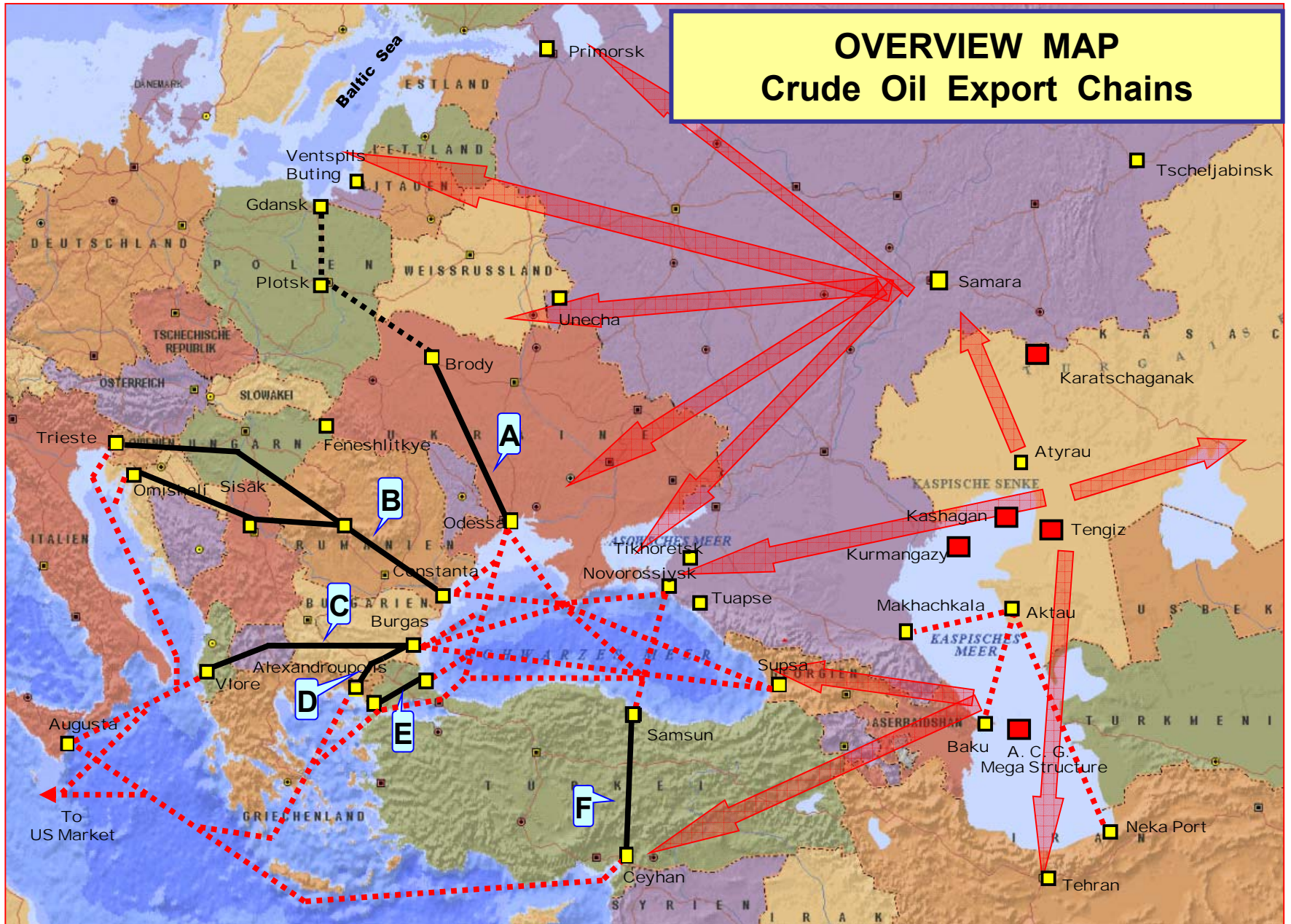
General Manager

J/V HELPE S.A.-THRAKI S.A.

3rd Emerging Europe Energy Summit

8 – 9 NOVEMBER 2007, FRANKFURT MARRIOTT HOTEL

OVERVIEW MAP Crude Oil Export Chains

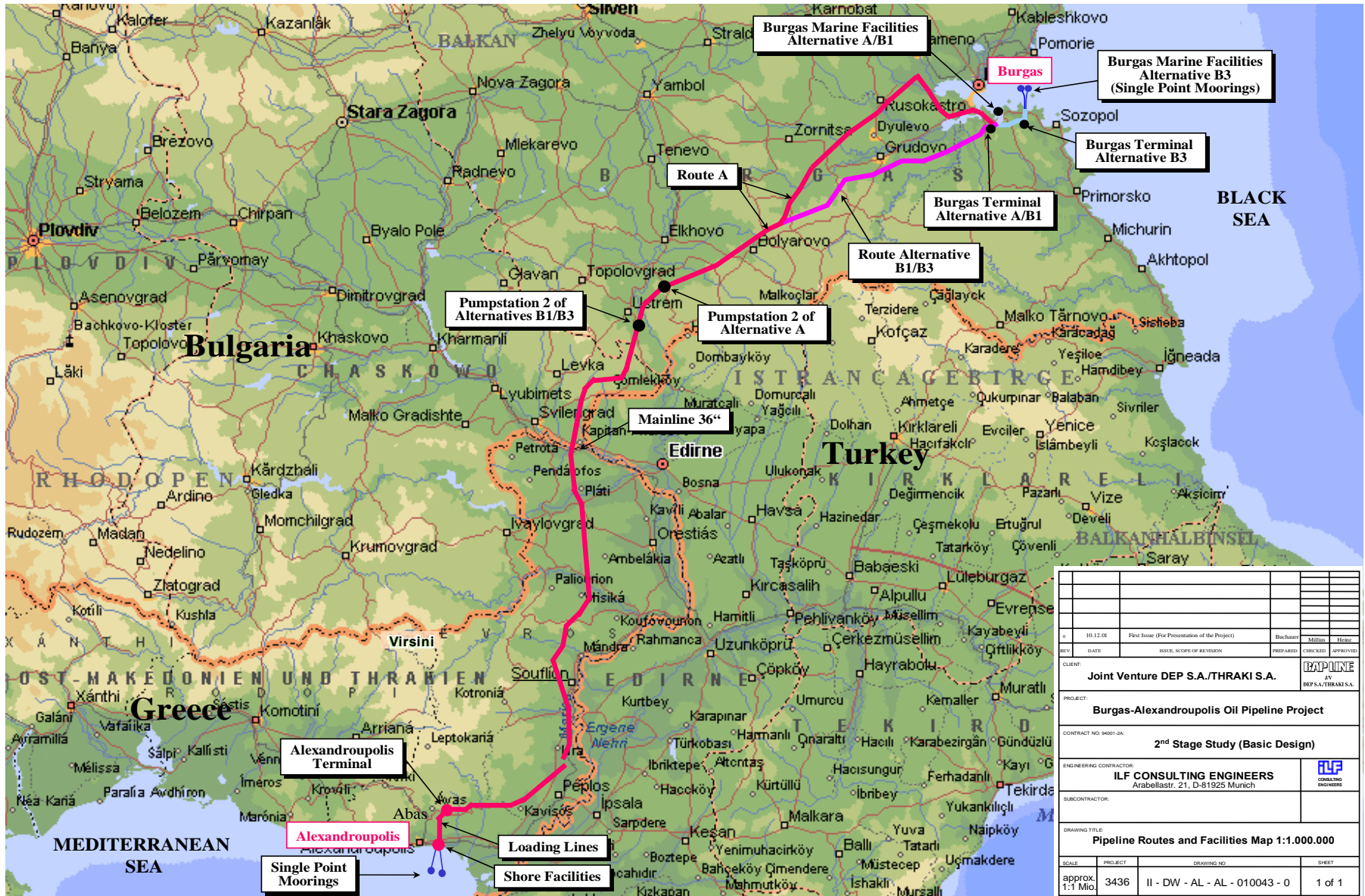


Russian & Kazakh Potential New Export Routes

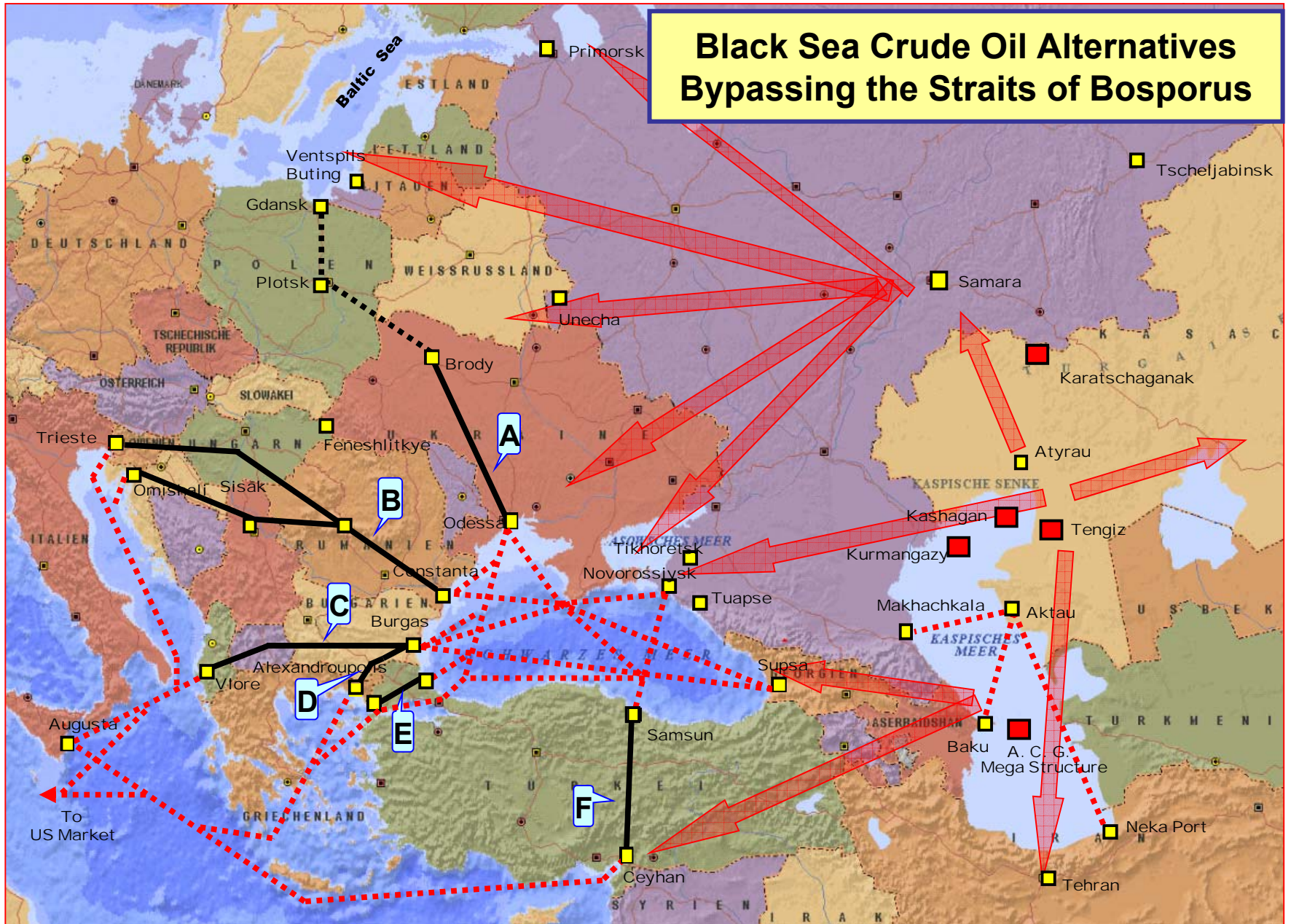
November 2007



BURGAS-ALEXANDROUPOLIS OIL PIPELINE



REV		DATE		ISSUE, SCOPE OR REVISION		PREPARED	CHECKED	APPROVED
CLIENT:								BAPLINE DEP.SA/THR.SA.S.A.
PROJECT:								Burgas-Alexandroupolis Oil Pipeline Project
CONTRACT NO. 9001-2A:								2nd Stage Study (Basic Design)
ENGINEERING CONTRACTOR:						ILF CONSULTING ENGINEERS Arabellast. 21, D-61925 Munch		ILF CONSULTING ENGINEERS
DRAWING TITLE:								Pipeline Routes and Facilities Map 1:1.000.000
SCALE	PROJECT	DRAWING NO.		SHEET				
approx. 1:1 Mo.	3436	II - DW - AL - AL - 010043 - 0		1 of 1				



Black Sea Crude Oil Export Alternatives Bypassing the Straits

	By-pass Pipeline	Length (Km)	Pros / Cons
A	Odessa – Brody – Plock – Gdansk	1.480	High investment; Export terminals in Gdansk & Rostock can be used; Problem again with the Danish Straits
B	Constanza – Trieste Pipeline	1.375	Relatively high initial investment requirements, many transit countries, direct pipeline supply of Central European refineries with Caspian light grades through the Trans Alpine Pipeline (TAL)
C	Burgas – Vlore Pipeline (AMBO)	913	Long and mountainous route, relatively high initial investment requirements, three transit countries, supply to refineries along the pipeline route, some questions regarding the political situation in the region.
D	Burgas – Alex/polis Pipeline (BAPLine)	256-279	Short route, smooth terrain, relatively low initial investment requirements; Advanced studies requiring only partial updating; Permits incl. EIA first stage finished, therefore fast implementation feasible; Diversification of oil routing. Cost efficient comparable with the Straits; European Union corridor.
E	Kiyikoy – Ibrice Pipeline	200	Short route, smooth terrain, relatively low initial investment requirements; Russian and Caspian Black Sea exports depending on one country.
F	Samsun – Ceyhan Pipeline	510-560	Long and mountainous bypass route, Caspian exports depending on one country, use of BTC pipeline corridor / supply to Kirikkale refinery

CRITERIA FOR SELECTING THE MOST SUITABLE BYPASS ALTERNATIVE

- 1. Cost Efficiency**
- 2. Diversification of Routings**
- 3. Political Risks**
 - a. Political stability of territory**
 - b. Political support**
- 4. Technical & Technological Risks**
- 5. Environmental Risks**
- 6. Viability and Financial Risks**
 - a. Oil availability and guarantees**
 - b. Legal and economical governmental commitments.**
 - c. The transport cost to be financially comparable with the existing through the Straights routing.**

PROJECT CHARACTERISTICS FOR A CAPACITY OF 35 MTA

Pipeline

- Main Pipeline Length: 256 ÷ 279 km
- Overall Pipeline Length: 280 ÷ 303 km
- Pipeline Diameter: 36"
- Intermediate Pumpstation

Burgas Tank Farm and Marine Facilities

- Tank Farm Capacity: 450.000 m³ + 2 Swing Tanks x 20.000 m³
- Marine Facilities: 2 Piers x 2 Berthing Points for Tankers of 150.000 dwt

Alexandroupolis Tank Farm and Marine Facilities

- Tank Farm Capacity: 750.000 m³ + 2 Swing Tanks x 20.000 m³
- Marine Facilities: 2 SPMs x Accommodating 2 Tankers of 300.000 dwt each

Capex

- Total CAPEX for Both Countries Including Facilities for 300.000 dwt tankers in Alex/lis:
- 1 Bln Euros (updated prices for 2006)

The transportation cost through the BAP is competitive to the one through the Straits



Transport Cost Comparison Between Straits and BAP-Line From Novorossiysk (Old Port) to U.S. Gulf

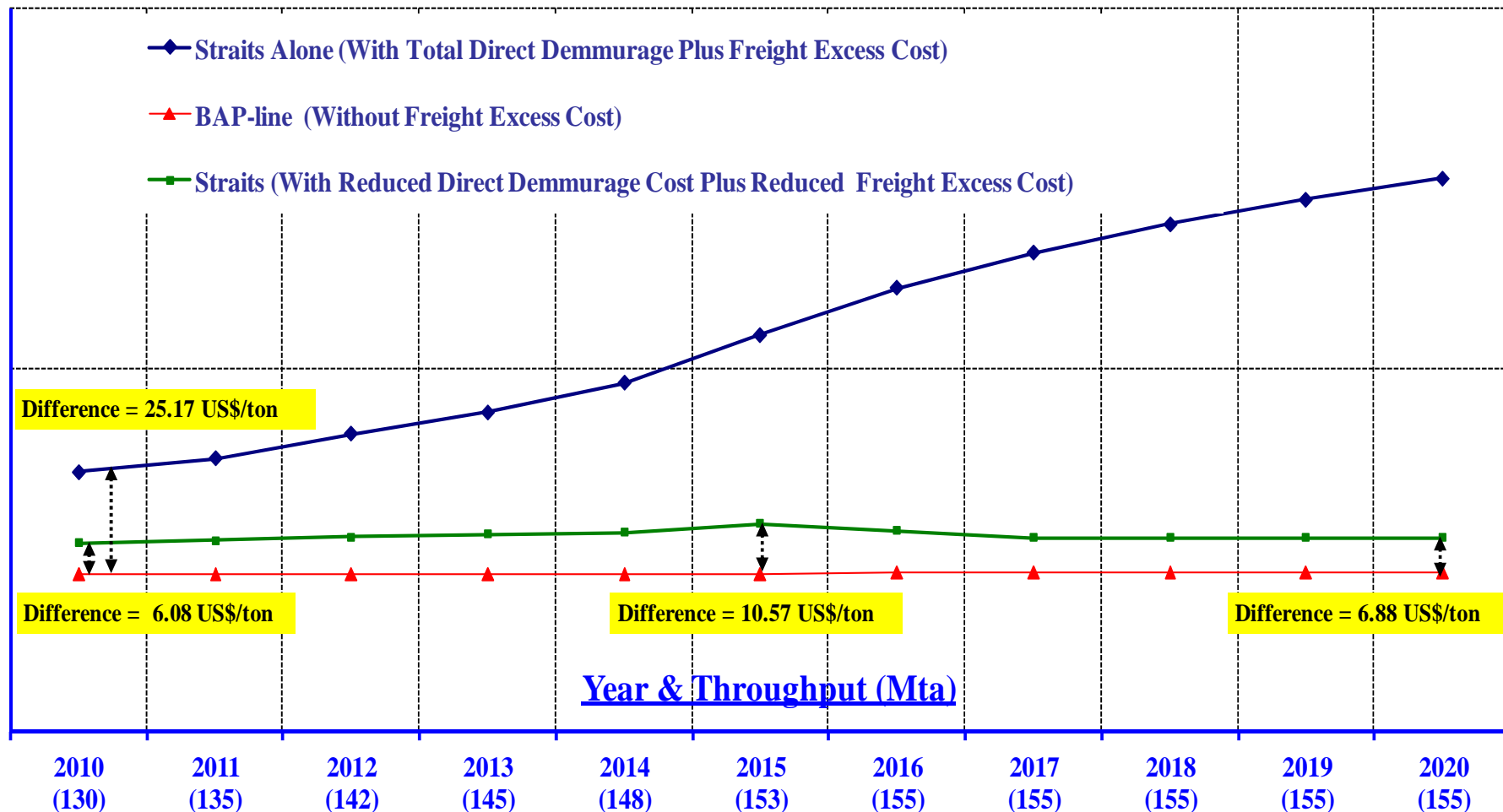
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Black Sea Crude Exports → Prevailing Scenario

Exponential Delays Model

Freights Avg 2004, BAP CAPEX 1 Bln €, Throughput 35 Mta 2010 & 50 Mta 2016

Oil Transport: From Novorossiysk → Suezmax Tanker From Alex/lis → VLCC Tanker



Transport Cost Comparison Between Straits and BAP-Line From Novorossiysk (Old Port) to Rotterdam

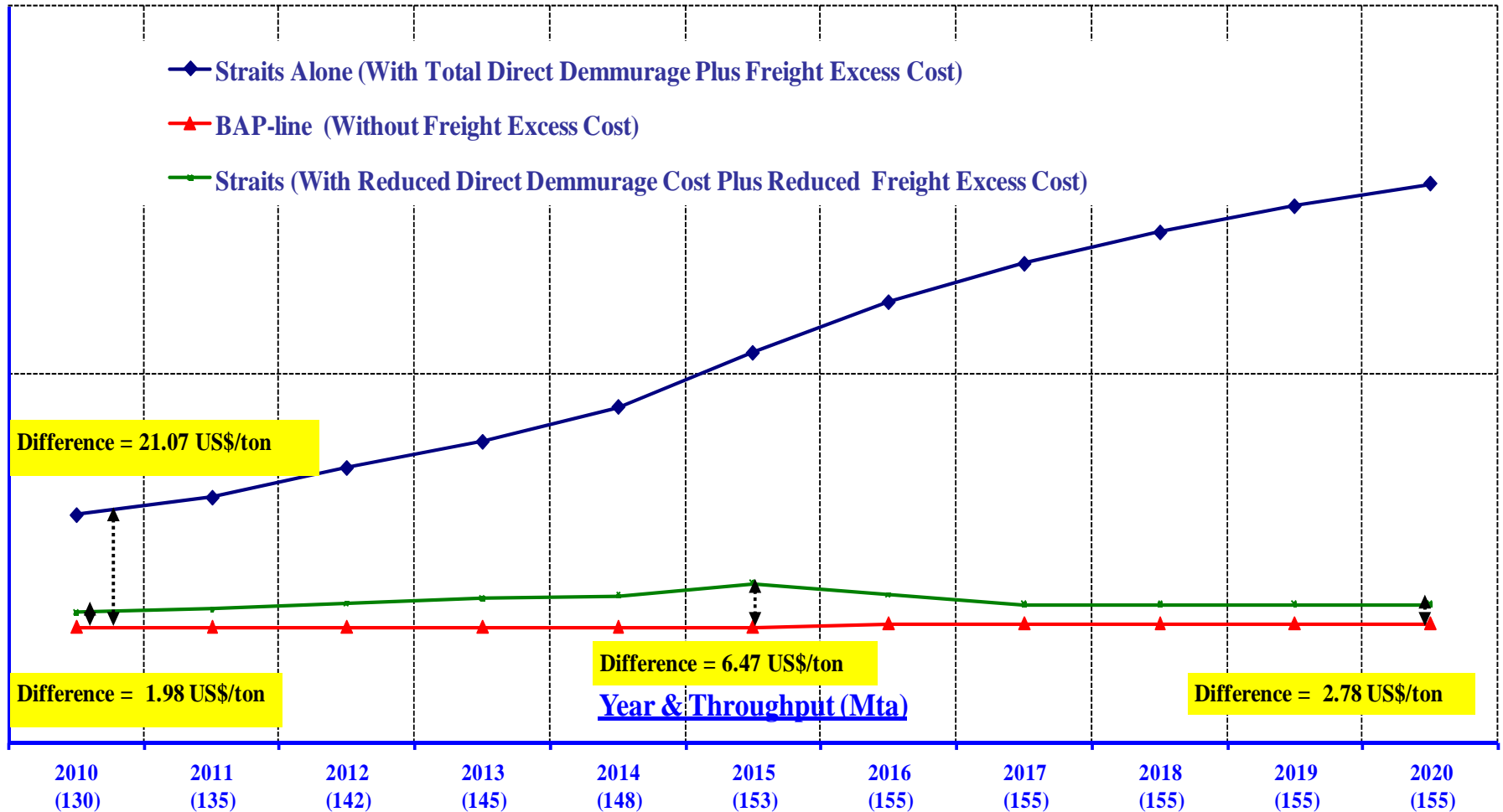
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Black Sea Crude Exports → Prevailing Scenario

Exponential Delays Model

Freights Avg 2004, BAP CAPEX 1 Bln € Throughput 35 Mta 2010 & 50 Mta 2016

Oil Transport: From Novorossiysk → Suezmax Tanker From Alex/lis → VLCC Tanker



Transport Cost Comparison Between Straits and BAP-Line From Novorossiysk (Old Port) to Augusta

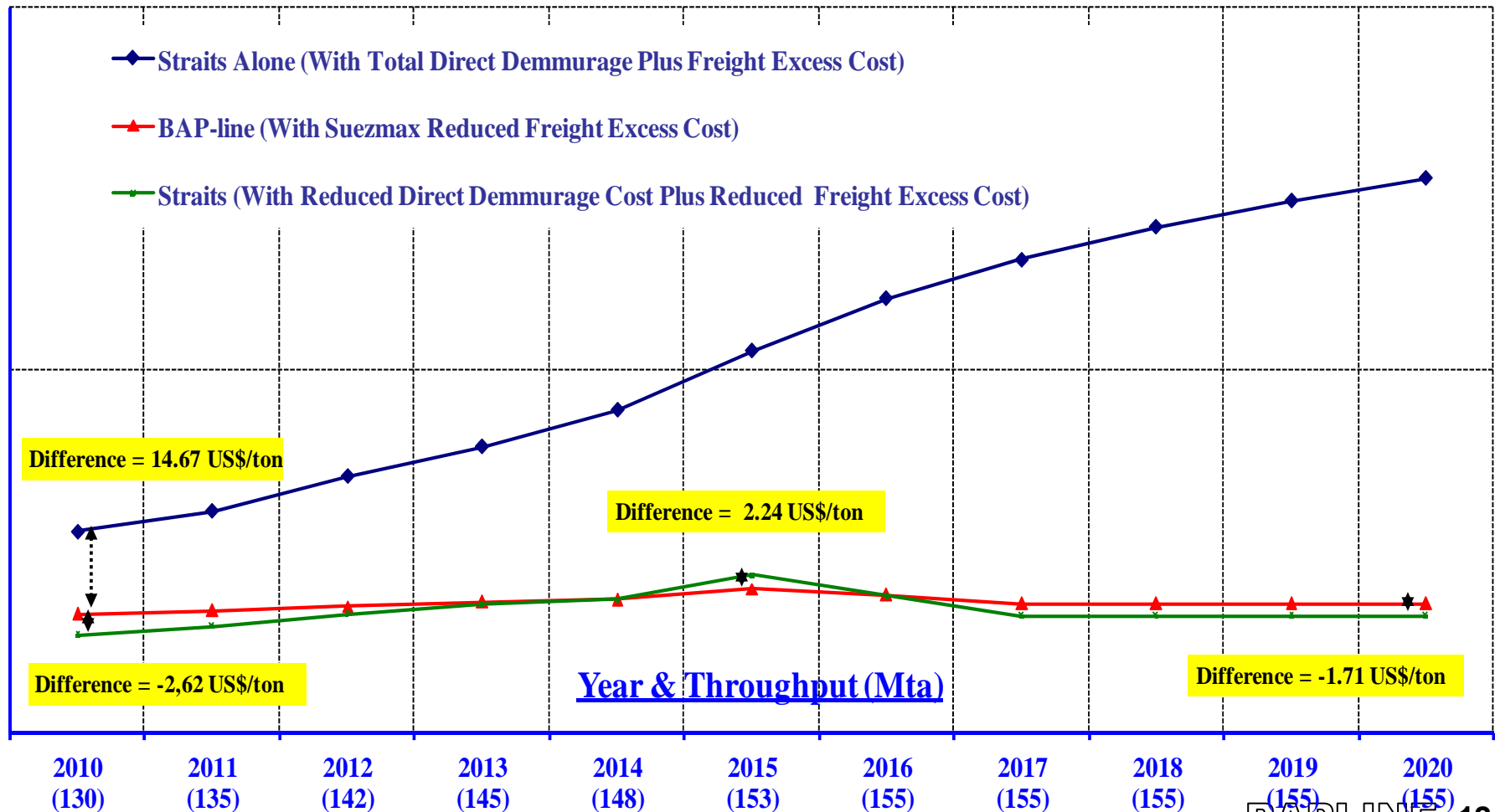
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Black Sea Crude Exports → Prevailing Scenario

Exponential Delays Model

Freights Avg 2004, BAP CAPEX 1 Bln €, Throughput 35 Mta 2010 & 50 Mta 2016

Oil Transport: From Novorossiysk → Aframax Tanker From Alex/lis → Suezmax Tanker



BUSINESS CASE

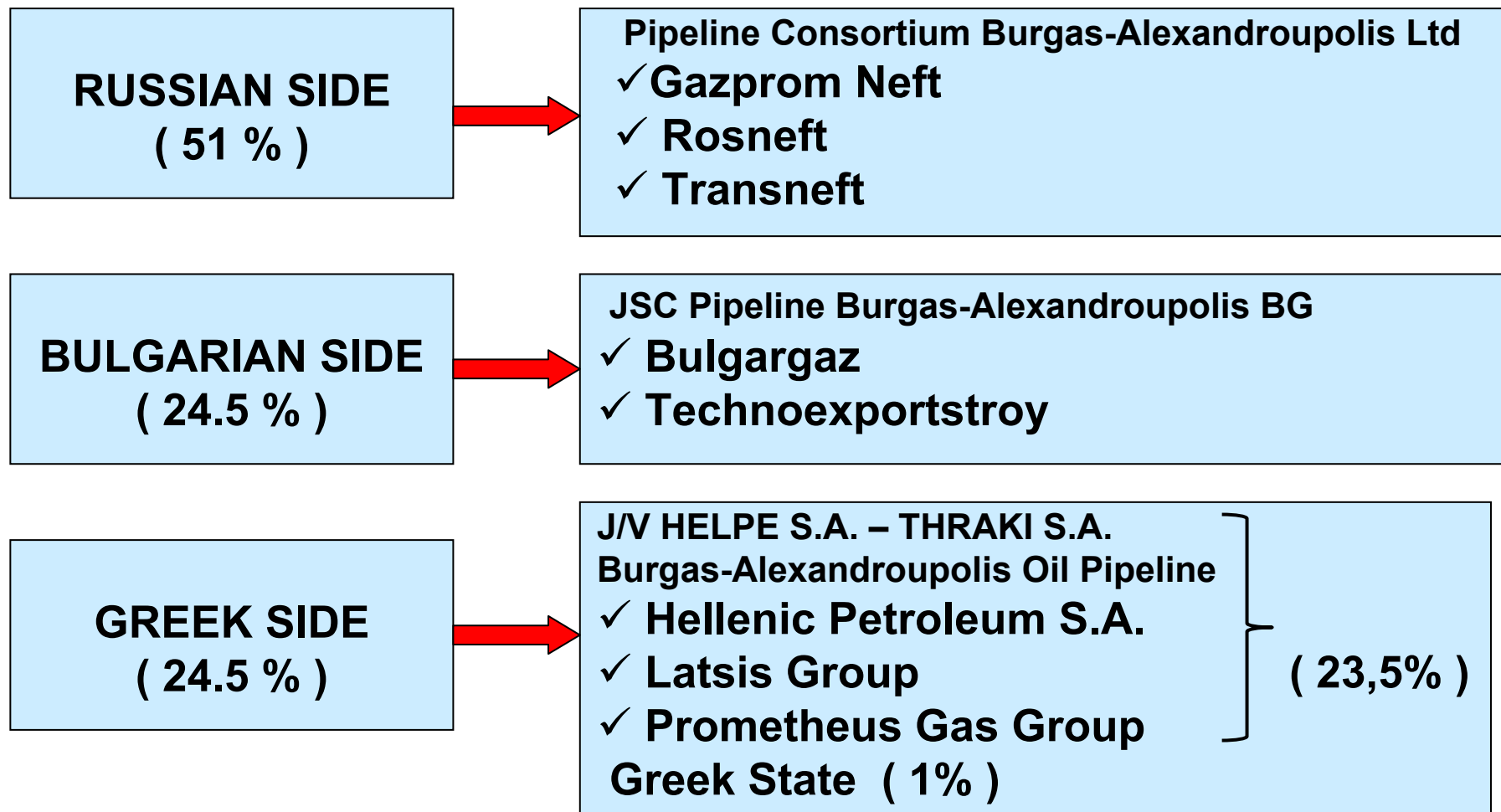
- **BAP is a short pipeline (256÷279 km), runs through flat terrain of two EU countries, has broad political and geopolitical support, and has already obtained the first licenses;**
- **BAP is cost competitive to the existing transportations routings;**
- **BAP provides safe route to world markets for Russian and Caspian crude reaching the Black Sea and ensures safer operation of the Straits seaway;**
- **BAP is not competitive with existing pipelines;**
- **BAP is a geopolitically–advantaged and economically efficient Bosphorus bypass;**

The business case to invest in the BAP is strong

PROJECT BACKGROUND

1993-1994	Athens	<ul style="list-style-type: none"> Establishment of THRAKI S.A, which is the initiator and promoter of the project..
Feb. 1998	Athens	<ul style="list-style-type: none"> Establishment of the J V HELPE S.A. – THRAKI S.A., the Greek participant in the project.
Jan. 2002	Project Studies	<ul style="list-style-type: none"> Extensive studies completed by ILF Consulting Engineers.
Nov. 2004	Athens	<ul style="list-style-type: none"> Political Memorandum initialed among Bulgaria, Greece and Russia.
Jan. 2005	Moscow	<ul style="list-style-type: none"> Legal and economical transit framework initially agreed. Group of Initiating Companies (GIC) created.
Apr. 2005	Sofia	<ul style="list-style-type: none"> Russia, Bulgaria and Greece signed a Memorandum on cooperation.
Sep. 2006	Athens	<ul style="list-style-type: none"> Russia, Bulgaria and Greece signed a Trilateral Declaration of Cooperation.
Mar. 2007	Athens	<ul style="list-style-type: none"> Russia, Bulgaria and Greece signed an Intergovernmental Agreement.

IPC PARTICIPANTS / SHAREHOLDERS



Main issues being discussed

- The updating of the Project's Studies and its time schedule
 - The financing scheme of the project
 - The Shareholders Agreement
 - The Articles of Associations and the type of the International Company of the project
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