

October 20, 2007

Answers to questions asked by representatives of non-governmental organizations on the EIA procedure for the Nord Stream Project

- 1. The SEG Project is divided into several projects: onshore (Gryazovets-Vyborg), a 122km long section in the Russian part of the Finnish Bay +1.5km onshore section, the 1,200km long seabed section and an on-shore section in Germany; and it has at least two operators. How do you explain this?**

According to a decision taken by the Project shareholders, the Nord Stream gas pipeline is a pipeline from the scraper launcher chamber at the coast of the Port Bay, Vyborg, to the respective chamber at the coast at Greifswald. The gas pipeline crosses the territorial sea (TS) and the exclusive economic zone (EEZ) of Russia, the EEZ of Finland, the EEZ of Sweden, TS and EEZ of Denmark, as well as TS and EEZ of Germany. As a transboundary project, Nord Stream is subject to environmental impact assessment in conformity with the Espoo Convention and in compliance with the respective national legislations of the countries, whose TS or EEZ are crossed by the gas pipeline in relation to the respective route section. The Nord Stream AG Company is responsible for design development, construction and subsequent operation of the gas pipeline.

About 122km of the gas pipeline route are within the Russian EEZ and TS + 1.5km on shore up to the scraper launcher chamber.

The onshore gas pipeline Gryazovets-Vyborg is part of the integral gas transport network of Russia to be designed and constructed by OAO Gazprom. It also connects the existing networks with the Nord Stream gas pipeline.

Preparations are conducted for construction of two onshore gas pipelines within the territory of Germany for connection of the Nord Stream pipeline and the existing networks. Their names are OPAL (from Greifswald to Olbernhau) and NEL (from Greifswald to Ahima). VINGAZ and E.ON Ruhrgas are responsible for their design development and construction.

The name SEG was the working designation for the project aimed at developing infrastructure in order to increase supplies of gas to Europe until the structure of the project has been determined in well-defined terms. The name of SEG is not applied anymore and has been replaced by Nord Stream in October 2006.

- 2. Since the operators of both onshore and offshore sections of the SEG are companies related to Gazprom (probably, the latter was initially the company who ordered the EIA for the onshore section of the gas pipeline), is there any connection between these two projects.**

The Nord Stream and Gryazovets-Vyborg gas pipelines are separate projects implemented by two different companies – Nord Stream AG and OAO Gazprom, respectively. There is the following connection between these two projects: (a) gas will be supplied from one gas pipeline to the other; (b) OAO Gazprom is a shareholder of Nord Stream AG.

- 3. Will the EIA for 122km + 1.5km onshore section be carried out only according to the Russian legislation?**

As a transboundary project, Nord Stream is subject to environmental impact assessment in conformity with the Espoo Convention, as well as in compliance with the national legislation of the countries, whose TS or EEZ are crossed by the respective gas pipeline route sections.

The EIA within the territory of Russia will be conducted in accordance with the Russian legislation taking also into account the relevant provisions of the international environmental law (in particular, the International Convention on the Environmental Impact Assessment in a Transboundary Context, i.e. Espoo Convention), which do not contravene the Russian legislation.

- 4. Why the particular 1.5km of the onshore section has been added? Why the CS “Portovaya” has not been included?**

According to a decision taken by the Project shareholders, the Nord Stream gas pipeline is a pipeline from the scraper launcher chamber at the coast of the Port Bay, Vyborg, to the respective chamber at the coast at Greifswald.

- 5. Were there any Terms of Reference prepared for the EIA of the 122km long section in the Finnish Bay? If yes, where and when?**

The terms of reference for the EIA for this stage of the investment process, for which the Nord Stream AG Company is responsible (i.e., development of project documentation (feasibility study / design development)), were signed on March 29, 2007. They are available on the Company’s web site <http://www.nord-stream.com/113.html?&L=2> along with the preliminary version of the EIA materials for this stage of the investment process.

During the previous stage of the investment documentation development for the gas pipeline (stage “Substantiation of Investments”), public hearings were carried out in the city of Vyborg in September 2006.

6. At what stage is the EIA for the 122km long section in the Finnish Bay? The materials presented in Vyborg are called “preliminary EIA”. For what stage of the project had they been prepared – is it the investment substantiation stage? What is planned further within the framework of the EIA for the 122km long section in the Finnish Bay?

First, the EIA in a transboundary context for the Nord Stream seabed gas pipeline in the EEZ and TS of Russia is conducted within the framework of the international EIA procedure according to the Espoo Convention.

A report on the EIA in transboundary context will be prepared at the beginning of the next year and will be presented to the relevant governmental agencies and the public.

Second, the EIA within the territory of Russia is conducted in compliance with the Russian legislation. Currently, the preparation of a preliminary version of the EIA materials is nearing completion with respect to that stage of the investment process, for which Nord Stream AG is responsible (preparation of the design documentation, i.e., feasibility study and project design).

Those materials will be discussed with the public starting from October 23, 2007 after their publication in official media of the respective federal executive bodies, in official media of the executive authorities of the member territories of the Russian Federation (Leningrad Oblast, City of Saint-Petersburg) and by local self-government bodies (Administration of the Vyborg District municipality, Leningrad Oblast). Starting from October 23, 2007 the preliminary version of the EIA materials to be discussed will be available for the public in the library of the city of Vyborg. Furthermore, it will be sent in the CD format to interested representatives of the public. All materials are available on the Nord Stream AG web site: <http://www.nord-stream.com/113.html?&L=2>

Public hearings on the preliminary EIA version (Stage of Feasibility Study/Design Development) will be carried out in the building of the Viborg District Municipality Administration on November 23, 2007. Information about the exact date and the venue for the public hearings as published on October 23 in the mass media mentioned above.

After the public hearings the final version of the EIA materials for the Russian section of the seabed pipeline of Nord Stream will be prepared taking into account the comments and proposals made by the interested parties, including the comments and proposals by the public.

7. Will be the preliminary EIA materials made available in Saint-Petersburg and Moscow as it had been requested by the NGO representatives at the meeting on June 28, 2007?

The preliminary EIA materials are available at the site of Nord Stream AG and in the Library of the city of Vyborg. In addition, they will be circulated in the CD format to all participants of the information meeting held on June 28, 2007.

Such a procedure is complete and available to a maximum degree to the public. Thus, all interested representatives of the public will be able to get familiar with the relevant materials and present their proposals and comments.

8. When and where it is planned to carry out the next public hearings and at what stage of the Project? If it will be only in Vyborg, will representatives of the public from Saint-Petersburg be able to participate in them?

As mentioned in the answer to Question 6, the public hearings on the preliminary EIA materials will be conducted in the building of the Viborg District Municipality Administration on November 23, 2007. Information about the exact date and the venue for the public hearings will be published in due time (30 days prior to the hearings) on October 23 in the mass media mentioned above.

Currently, the preparation of the preliminary EIA materials for the investment process stage, for which Nord Stream AG is responsible is nearing completion (i.e. preparation of the project documentation – feasibility study / design development).

There are absolutely no limitations as to participation of representatives of the public from Saint-Petersburg (or any other city).

9. In what other ways the public will be involved in the EIA procedure for the 122km pipeline section in the Finnish Bay?

The Russian public will be able to get familiar with the following documents and express their comments and proposals:

- a) Preliminary version of the EIA materials for the Russian section of the seabed gas pipeline of Nord Stream;
- b) Final version of the EIA materials for the Russian section of the seabed gas pipeline of Nord Stream;
- c) Draft materials for the EIA in transboundary context for the entire Nord Stream pipeline route, including the Russian section.

10. When and who will carry out the environmental review (expertiza) for the 122km long section in the Finnish Bay?

The environmental review of the Russian section of the seabed Nord Stream gas pipeline will be carried out by the State Environmental Review (Expertise) Department of the Federal Service for Supervision in the field of use of natural resources during the first half of 2008.

11. When and where will be available the environmental review statement relating to that gas pipeline section?

In accordance with the Federal Law “On Environmental Review”, No.174-FZ of November 23, 1995 with subsequent amendments, Article 19 (Rights of Citizens and Public Organizations (Associations) in Relation to Environmental Review), citizens and public organizations (associations) in the field of environmental review are entitled to “... obtain from the federal body of executive authority and bodies of governmental authorities of member territories of the Russian Federation organizing governmental environmental review of specific facilities, the information about the review results.

Thus, the information about the results of the environmental review will be available after its completion.

12. How complete are the preliminary EIA materials for the 122km long seabed pipeline section in the Finnish Bay?

For the given stage of the preparation of the investment documentation, the degree of completeness of the EIA assessment is considered to be sufficient.

13. At what stage of the environmental studies they have been collected? Is it considered that the duration of the period was sufficient for collection of objective EIA materials?

In conformity with the national and international EIA practice, the EIA materials for the Russian section of the Nord Stream seabed pipeline were prepared on the basis of the archive and scientific data collected during the 10-year periods of observations, as well as the results of special field surveys carried out during 2005-2007, which has ensured collection of objective materials for the EIA.

14. In what way will be the Russian public involved in the EIA procedure for the 1,208km long seabed pipeline section? What events are planned in this connection and at what time? Which legislation will be applied – only international or also national?

Similarly to the stage of publication of the “Information about the Project”, within the framework of the Notification Procedure according to the Espoo Convention (November 2006 – February 2007), after the completion and publication on the Company’s web site of the EIA report in the transboundary context it is planned to conduct (in early 2008) public consultations during a period of 2 to 3 months. Comments will be submitted by the public to the respective national governmental organizations with possible submission of copies to the Nord Stream Company. See also the answer to Question 6.

The materials for the EIA report will be submitted in compliance with the provisions of the Espoo Convention (Articles 4 and 5) to the competent agencies (i.e. agencies responsible for implementation of the Espoo Convention) of Germany, Denmark, Russia,

Finland and Sweden for circulation of the given documentation among the bodies and the public of the affected Party in areas, which most probably will be exposed to the impact and for submission of comments to the competent body of the Party of Origin directly or, if required through the Party of Origin within reasonable time until the final decision relating to the planned activities will be taken (par.1 of Article 4 of the Espoo Convention).

Thus, in Russia (and in other countries as well) the competent body in charge of the Espoo Convention, i.e. the RF Ministry of Natural Resources, will be responsible for discussion of the EIA materials for the entire seabed gas pipeline route.

The Nord Stream AG Company provides and will provide all required assistance to the competent agencies (i.e., the agencies in charge of the Espoo Convention implementation) in all the above states, including Russia.

15. Is it planned to disseminate the EIA information for the 1,208km long section of the project in any other ways, in addition to its publication on the Nord Stream site, for the Russian stakeholders?

As it has been mentioned in the response to the previous questions, according to the norms of the international environmental law (Articles 4 and 5 of the Espoo Convention), dissemination of information (EIA documents) and consultations with the stakeholders, including the public, is within the competence of the relevant official agencies of Germany, Denmark, Russia, Finland and Sweden responsible for compliance with the provisions of the Espoo Convention.

It is also planned to present the materials relating to the EIA report in the transboundary context for the entire Nord Stream on the Company's site.

16. Who and when will carry out the environmental review of the 1,208km long pipeline section?

According to an agreement reached between the official agencies of Germany, Denmark, Russia, Finland and Sweden (i.e. the states, whose territories will be crossed by the pipeline), the international procedure for EIA in transboundary context will be applied to the entire seabed gas pipeline of Nord Stream in accordance with the provisions of the Espoo Convention (the procedure has been developed within the framework of the UN ECE International Convention on the Environmental Impact Assessment in a Transboundary Context).

An environmental review procedure is not foreseen by the international environmental law for the Baltic Sea states.

The EIA in a transboundary context will be performed by the Ramboll Company, one of Europe's leading companies in the field of engineering and environment. Ramboll will also have qualified contractors for some specific types of work, for example, for marine surveys.

17. Will the final EIA materials for the entire marine part of the Nord Stream project and environmental review statements be made available to the Russian public?

As has been pointed out in the answers to Questions 14 and 15, the EIA materials in a transboundary context for the entire Nord Stream pipeline route will be placed on the Nord Stream AG web site. Furthermore, at the stage of consultations relating to the EIA materials, they will be presented to the Russian public in conformity with the norms of the international environmental law (Articles 4 and 5 of the Espoo Convention) to the official agencies of Russia representing the country for the Espoo Convention (i.e., the RF Ministry of Natural Resources).

As far as the environmental review (expertiza) is concerned, as mentioned in the response to Question 11, according to the Federal Law "On Environmental Review" (No.174-FZ of November 23, 1995 with subsequent amendments, Article 19 (Rights of Citizens and Public Organizations (Associations) in Relation to Environmental Review), citizens and public organizations (associations) in the field of environmental review are entitled to "... obtain from the federal body of executive authority and bodies of governmental authorities of member territories of the Russian Federation organizing governmental environmental review of specific facilities, the information about the review results.

Thus, the information about the results of the environmental review will be available after its completion.

18. On January 26-27, 2007 the Coalition of Clean Baltic had sent a letter on behalf of 26 NGOs of the Baltic Sea countries to the RF Government setting forth its position with respect to the Project and made some proposals, which were to be taken into account in the process of the EIA. Until now, no response has been obtained. Has that letter and the proposals reached the Nord Stream Company? If yes, which of the comments and proposals have been taken into consideration in the process of the EIA development?

The letter by the Coalition of Clean Baltic (CCB comments and requests for studies to be included in the Environmental Impact Assessment for the planned North European Gas Pipeline, in the Baltic Sea, under the Espoo Convention) was received by the Nord Stream Company and considered in the version, which had been sent by the Coalition to the environmental protection agencies of a number of countries of the Baltic Sea region as a response to the notification circulated under the Espoo Convention.

That letter was considered and all issues touched upon in the letter will be included in the EIA materials in a transboundary context. In conformity with the common international practice, no individual replies are sent in connection with comments made by the public.

In accordance with the requirements of the Russian legislation (Regulation on environmental impact assessment of planned commercial and other activities in the Russian Federation approved by RF GoskomEcologia Committee, Order No.372 of May 16, 2000, Annex, Par.12.6), the EIA materials will also contain a list of “comments and proposals made by the public with indication whether those proposals and comments have been taken into account or not by the customer, and if yes, in what form or if no, then with indication of the reasons for rejection”.