

# Georgia Ukraine European Union (GUEU) gas pipeline project

## A new regional project to bring Caspian gas into CE and SE Europe



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*Report on the progress of ongoing projects of regional dimension*



# GUEU project overview

- **A new export route for Caspian gas to Ukraine and then to CE and SE Europe**
- **Crossing the Black Sea – avoiding any other transit countries**
- **Provides a real diversification option for Europe’s gas supply**
- **Additional export route for Caspian gas reduces investment risks for Caspian gas developers**
- **Independent project development consortium**

# Existing Caspian export routes

## East-West Energy Corridor pipelines for oil and gas paved a way for Caspian gas to Europe

Nabucco can take gas from SCP pipeline at Erzurum



Picture from CB&I John Brown Limited

# GUEU – a new route across the Black Sea

**GUEU: an additional and innovative way to link Caspian gas resources with demand in Europe**

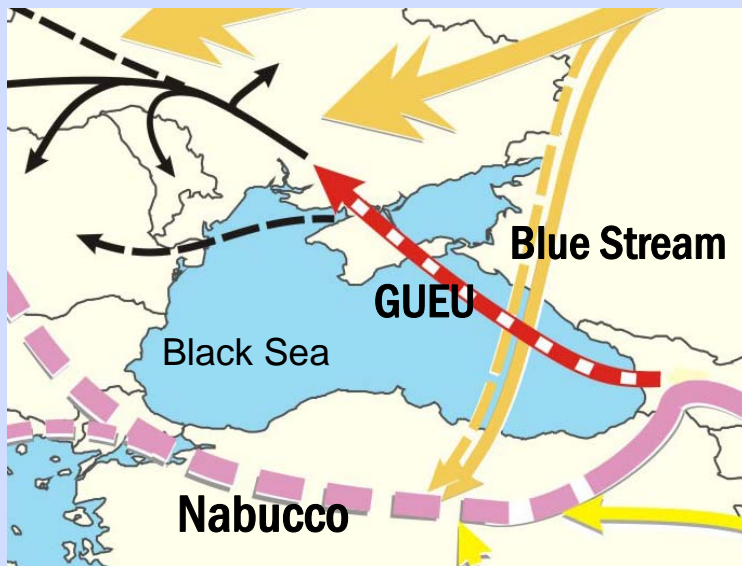
**Reduces risks and encourages investments in Caspian gas by diversification of export options**

**Diversification of gas supply and diversification of route**

**Advances time of large scale exploitation of Caspian gas resources**

**Synergy with southern loop gas projects (through Turkey)**

**Competitive alternative and additional source to existing gas supply in Ukraine and Eastern Europe**





## Saipem 7000 J-laybarge laid the Blue Stream Pipeline across the Black Sea

**Georgia to  
Ukraine gas  
pipeline  
technology  
Saipem 7000**

**Existing  
technology**



# Project fundamentals

## Initial Black Sea crossing

- **Pipeline length (approximate)**
  - **Georgia** **100 km**
  - **Undersea** **650 km**
  - **Ukraine (Crimea)** **200 km**
  
- **Capacity 8 bcm/y increasing in stages to 32 bcm/y**
  
- **Pipeline cost \$2.5 bn for initial 8 bcm string**

# Long-term development plan

Development Phase	bcm/y
<b>Phase one</b>	
Azeri gas	8
<b>Phase two</b>	
Azeri gas (or other Caspian gas)	8
<b>Phase three</b>	
Additional Kazakh/Turkmen gas	16
<b>Total Quantity</b>	<b>32</b>

# Next steps:

- **Pre-feasibility study to cover:**
- **Technical aspects**
  - Pipeline technical feasibility
  - Engineering cost estimates
- **Commercial aspects**
  - market study
  - commercial terms for gas trade and transport
- **Legal and institutional arrangements**

**Confirmed project concept**

# Overall Schedule

- **Schedule to be confirmed after completion of pre-feasibility study**
- **Target date for entry of gas into Europe 2012-14**

Task	1				2				3				4				5				6			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Completion of Pre-Feas. Study	█	█																						
Feasibility Study			█	█	█	█																		
Gas Sales Negotiations				█	█	█	█																	
Third-Countries Negotiations				█	█	█	█																	
Basic Engineering				█	█	█	█																	
Project Sanction							█	█																
Appoint Financial Consultant							█	█																
Detailed Design								█	█	█	█	█	█	█	█	█								
Procurement Long Leads								█	█	█	█	█	█	█	█	█								
Procurement Equipment / Bulks												█	█	█	█	█								
Procurement Line Pipe												█	█	█	█	█								
Construction Stations													█	█	█	█	█	█	█	█				
Construction Pipeline (on/offshore)																█	█	█	█	█				
Pre-Commissioning																			█	█	█	█		
Commissioning and Start-up																							█	█