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Prot. SESO-CORP/17/2011

Roma, 8 giugno 2011

Gent.le Signora
Caterina Amicucci
Via Tracia n. 2
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OGGETTO: *Domande poste durante l'Assemblea Eni S.p.A. 2011*

Gentile azionista,
in riferimento alle domande poste dal Suo delegato, Signor Osayande Omokaro, in occasione dell'Assemblea ordinaria degli azionisti di Eni S.p.A. tenutasi in data 5 maggio u.s., Le invio una nota contenente maggiori dati e informazioni a completamento delle risposte già fornite.

Distinti saluti.

Eni S.p.A.
Direzione Affari Societari e Governance
Segreteria Societaria Eni S.p.A.
Il Responsabile
Antonio Cristodoro

All.to: c.s.

eni spa

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Assemblea degli azionisti eni - 5 maggio 2011

Domande dell'azionista Osayande Omokaro, Environmental Rights Action Nigeria.

Question₁: "In order to end gas flaring operations in Nigeria, Agip built a gas gathering and gas utilization plant in Okpai/Benoku, in the Delta State of Nigeria and the projects were registered with UNFICCC (United Nations Framework Convention on Climate Change) as a CDM (Clean Development Mechanism) project meant to generate carbon credit for eni. The project was designed to achieve an emission target of 14.9 million tons of CO₂e for ten years (2005-2015) and to produce about 480 megawatts of electricity for Nigeria. But one recent research shows that eni is still flaring gas from its oil facilities in that area.

We were able to identify about 8 gas flaring sites operating by eni in Okpai/Beniku. So we would be very happy if eni may disclose us the amount of emission reductions that it has achieved since this project started in 2005 and the number of gas flaring sites that it has closed down to achieve the emission reductions."

Answer₁: Eni has completed and continues to implement a number of initiatives in Nigeria to both provide electrical power to assist in the development of the country and also to reduce the volume of gas flared to 5% in 2014.

These initiatives started since 70s when NAOC began the injection in the reservoir of associated gas in the fields of Akri, Obiafu - Obrikom (Ob-Ob) and Kwale - Okpai.

Already in the late 90's, NAOC used about 40% of gas produced, and at that time the project "Zero Gas Flaring" in the Niger Delta region started, aiming to eliminate the flaring of associated gas in the atmosphere. In recent years, NAOC has developed numerous projects, allowing the use of gas and therefore a further reduction of flared gas in the atmosphere.

In particular, in 2010, NAOC has completed the projects of "Gas Ebocha Early Recovery" and "Ob-Ob gas supply to NLNG Trains 4 and 5" for an investment of 500 MUSD, which allowed the reduction of gas flared up to 17% of produced gas.

In the period 2011 - 2014 the implementation of further projects to reduce gas flaring is foreseen. The investment will be of approximately MUSD 750, including flaring down projects of Idu, Ogbainbiri, Akri, and Obama, for a total reduction of about 140 MMScf / day

The Kwale/Okpai Power Plant completed by eni with its Partners (NNPC 60% and CoP 20%) in the NAOC Joint Venture generates electricity to contribute to the local development of Nigeria. The Plant produces 480 MW of electricity and is the most efficient in the country.

From the IPP project start up in April/May 2005 to the end of 2010, an amount of emissions' reductions of 5.41 million ton of CO₂e has been achieved. This quantity of avoided CO₂e has been calculated considering the whole volume of gas recovered and sent to the Okpai IPP from April/May 2005 to the end of 2010.

Six flaring points are installed at Kwale Flowstation but since 2005, when Okpai IPP (Integrated Power Plant) was commissioned, the gas flaring has been significantly reduced. Zero gas flaring at Kwale flowstation is planned for June 2011.

Question₂: "The eni power plant in Okpai currently produces about 480 megawatts of electricity using the gas extracted from its oil area 60 in the Delta States. The documents we have show that 450 megawatts of this electricity is transferred to the eastern part of Nigeria for consumption while the remaining 30 megawatts are used by eni.

The host communities around the power plant are left in the darkness without electricity, even though it was stated in the EIA (Environmental Impact Assessment) of the project that the local communities would be given electricity from the plant. Now the communities are agitated and they have been coming to us with the request to ask eni to give some electricity to them. So we want to know why eni is refusing to engage the communities in a peaceful discussion and to step down some electricity."

Answer₂: NAOC host communities in Ndokwa are Beneku, Okpai, Aboh, Ase-Omuku and Abalagada communities in Ndokwa EAST and Umusadege-Ogbe Community in Ndokwa West (transit community). NAOC has no facilities in the other communities.

Okpai Community, located in Ndokwa EAST area is the Okpai IPP Hosting community. For this reason, a Memorandum of understanding (MoU), was signed April 30, 2004 with this Community and among the various infrastructures/facilities that Naoc is providing (eg roads, water scheme, teachers quarters) there is also the electrification network.

For the Okpai IPP Project, contract was awarded in 2006 for the electrification of the Okpai villages, namely, Oluchi, Obodo-Oyibo, Umuagulu, Obeze, Ashaka, Anieze, Ibusu. Contractor commenced work in August 2006 but due to intra community crises contractor demobilized in December 2006. Peace was restored in late 2009 and in March 2010, the contract was revalidated with the consent of JV Partners. Presently work is in progress on the electrification project. Total project status is 40% Completion.

For the Ndokwa EAST host communities, apart from Okpai which has been explained above, NAOC has provided power to the communities through the supply of diesel generators. Currently projects are being implemented to supply Beneku, Abalagada and Aboh communities power from the Kwale Okpai Gas plant as there is no presence of National grid network for supply of public power through Power Holding Company.

As noted above NAOC's host community in Ndokwa WEST is Umusadege Ogbe with whom NAOC also has subsisting MOU providing various projects including the upgrade of the existing public power network of the Power Holding Company of Nigeria in 2011.

In Nigeria Eni invests great effort in establishing effective and positive relations with host communities, carrying out concrete projects in order to benefit local economy and contribute to a sustainable and autonomous development. Over the last three years eni invested in the Country more than 27 million Euro in projects carried out on the territory to promote local development and aimed at improving the living conditions of populations.

In 2010, 55 infrastructural projects has been carried out and 16 of them in electrification projects, in order to improve electricity access to the host communities. In conformity with eni's regulatory system and commitment to create value to host countries, community involvement at local level is regulated by procedures as part of the Integrated Sustainability Implementation Plan that include: Procedure for involving communities, and Procedure for Sustainable Investments for Communities.

Question₃: *"Finally we would also appreciate eni to make public disclosure of the quantity and composition of the gas it is flaring from its oil fields in okapi and explain the chemical effects of the flares on rain waters, surface waters, soil quantity and crops."*

Answer₃: currently, eni is carrying out a regular monitoring of gas composition at Kwale flowstation at different sampling points of the plant. Compositions of gas flow detected at different monitoring points are very similar one another. The most updated data have been collected in March 2011 and it can be stated that gas separated from oil in Kwale has a CH₄ content defined in a range between 70%mol and 80%mol. The rest of the flow is mainly composed by C₂ and C₃ and contains a small portion (~2.5% mol of the total flow) of CO₂.

As regard effects from operational activities, Eni identifies and evaluates all potential impacts from its operations on environment, habitats and ecosystems. The integrated system for the management of Health, Safety and the Environment (HSE) constitutes a single model of reference for the HSE activities of the operating units and aims to harmonise the process of identification, measurement and evaluation of HSE performance and to promote continuous improvement.