

ENI SPA  
Form 6-K  
May 10, 2005  
Table of Contents

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**Form 6-K**

**REPORT OF FOREIGN ISSUER**  
Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of April 2005

**Eni S.p.A.**

(Exact name of Registrant as specified in its charter)

**Piazzale Enrico Mattei 1 - 00144 Rome, Italy**  
(Address of principal executive offices)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F                       Form 40-F

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(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes                       No

(If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
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**Table of Contents**

**TABLE OF CONTENTS**

- Press Release dated April 13, 2005

- Notice of Shareholders Meeting

- Report on the proposals of the Board of Directors on the items in the Shareholders Meeting Agenda

- By Laws amended to comply with the new regulation on the Special Powers of the Italian Government

- Press Release dated April 27, 2005

- Fact Book 2004

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**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Fabrizio Cosco  
Title: Company Secretary

Date: April 30, 2005

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**Table of Contents**

**PRESS RELEASE**

**Eni: By-laws amended to comply with the new regulation on the golden share and Shareholders Meeting called to:**

- **approve the 2004 Financial Statements and the distribution of the dividend**
- **extend the treasury stock buy-back programme**
- **authorize the Board of Directors to make available 5.4 million company's own shares for the 2005 stock option assignment**
- **renew the corporate bodies**

***By-laws amended***

The Board of Directors has amended the text of the by-laws to comply with the decree issued on 1 April by the Ministry of Economy and Finance. This decree regulates the special powers held by the Minister of Economy and Finance exercised in Eni<sup>1</sup>.

Following the new formulation of the special rights mentioned, the Chairman of the Board of Auditors is no longer appointed by the Minister of Economy and Finance in agreement with the Minister of Production Activities but by the Shareholders' Meeting.

***Shareholders Meeting called***

The Board of Directors has called the ordinary shareholders meeting for the 26 and 27 May 2005 on first and second call respectively, to submit the proposals for the approval of the Financial Statements at 31 December 2004 and the allocation of the 2004 profit, amongst which the distribution of 0.90 euro dividend per share already announced on 30 March, as well as the proposal to extend the buy-back programme, and the 2005 stock option plan and appoint the corporate bodies.

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(1) The amendments regard: a) opposition and no longer acceptance of the possession of shareholdings representing at least 3% of the share capital as a condition for exercising the right of vote and other non-asset linked rights; b) opposition and no longer acceptance of shareholders agreements in which at least 3% of the share capital is represented; c) duly justified power of veto with reference to objective damage to the vital interests of the State resulting from the passing of motions on the winding up or transfer of companies, mergers, demergers, the transfer of registered offices abroad, amendments to the business purpose or by-laws which revoke or modify special powers; d) the appointment of a director without right of vote whose presence is not considered for the purposes of the formation of the quorum of board of directors meetings; moreover, no powers of attorney or particular posts can be assigned.

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**Table of Contents**

***Treasury stock buy-back programme***

The Board of Directors has resolved to propose to the Shareholders Meeting to extend of one year the deadline firstly set for November 2005 of the treasury stock purchase programme authorised by the Shareholders in the meeting of 28 May 2004.

***Authorisation of the Board of Directors to make available up to 5.4 million own shares for the 2005 assignment of stock option***

The Board of Directors has resolved to ask the Shareholders Meeting to authorise the availability, for the purposes of the 2005 assignment, of up to 5,443,400 treasury shares to be offered, 3 years following assignment of the option to purchase, to Eni managers holding positions most directly responsible for the Group's results, or positions of strategic interest, at a price corresponding to the higher value between the arithmetic average of the official prices on the Mercato Telematico Azionario in the month prior to the date of assignment of the purchase rights of the shares and the average cost of the company's own shares in portfolio on the day prior to the date of assignment.

***Renewal of the corporate bodies***

The Board of Directors has resolved to invite the Shareholders Meeting to appoint expiring corporate bodies and to set at ten the number of board directors, of whom nine appointed by the Shareholders Meeting.

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**How to contact the company**

**Website:** [www.eni.it](http://www.eni.it)

**Switchboard:** +39-0659821

**Freefone no.:** 800940924

**Email:** [segreteria societaria.azionisti@eni.it](mailto:segreteria societaria.azionisti@eni.it)

***Investor Relations Team:***

Jadran Trevisan, Manager

Antonio Pinto - Marco Porro

**Email:** [investor.relations@eni.it](mailto:investor.relations@eni.it)

Eni SpA

Piazza Vanoni, 1

20097 San Donato Milanese (MI) Italia

tel.: 0252051651 - fax:0252031929

***Eni Press Office:***

Luciana Santaroni, Manager

Domenico Negrini - Giuseppe Currà

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*The text of the release can be consulted on the Eni website: "www.eni.it".*

San Donato Milanese, April 13, 2005

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**Table of Contents**

**NOTICE OF SHAREHOLDERS MEETING**

Eni S.p.A.  
Registered Office: Piazzale Enrico Mattei, No. 1, Rome - Italy  
Company Share capital euro 4,004,425,176.00 fully paid up  
Rome Companies Register Tax Identification Number 00484960588  
VAT Number 00905811006 R.E.A. Rome No. 756453

**NOTICE OF SHAREHOLDERS' MEETING**

Shareholders of Eni S.p.A. are hereby invited to attend the Ordinary Shareholders' Meeting, which will be held in Rome, Via del Serafico, 89/91, on May 26, 2005 at 10:00 a.m. (CET) on first call and, if necessary, on May 27, 2005, on second call, respectively, at the same time and location.

**AGENDA**

1. Eni Financial Statements at December 31, 2004, Eni Consolidated Financial Statements at December 31, 2004, Report of the Directors on the course of the business, Report of the Board of Statutory Auditors and Report of the Independent Auditors.
2. Allocation of net income.
3. Purchase of Eni shares.
4. Disposition of Eni's own shares to implement a stock option plan for Eni Group Managers.
5. Determination of the number of the Board of Directors' members.
6. Determination of the Directors' term.
7. Appointment of Directors.
8. Appointment of the Chairman of the Board of Directors.
9. Determination of the remuneration of the Chairman of the Board of Directors and that of the Directors.
10. Appointment of the Statutory Auditors;
11. Appointment of the Chairman of the Board of Statutory Auditors.
12. Determination of the remuneration of the Chairman of the Board of Statutory Auditors and that of the effective Auditors.

Pursuant to the By-laws, Directors and the Statutory Auditors will be appointed from lists, with the exception of the Director, with no voting right, who may be appointed by the Minister of Economy and Finance in agreement with the Minister of the Productive Activities.

Shareholders representing at least 1% of the Company's share capital may present a list of candidates for the appointment of Directors and the Statutory Auditors. The current Board of Directors may present a list of candidates for the appointment of Directors.

Companies that are controlling entities of or are under common control of the same entity as the shareholder presenting a list shall not present nor take part in the presentation of another candidate list. The term "control" has the meaning defined by Article 2359, first Paragraph, of the Civil Code.

Lists shall be deposited and published according to the procedures set in the By-laws; the candidates to be appointed Statutory Auditors shall have the qualifications set forth by the Legislative Decree No. 58 dated February 24, 1998, the moral and professional qualifications set forth by the Decree No. 162 issued by the Minister of Justice dated March 30, 2000 and the professional qualifications set forth by Article 28, first Paragraph, of the By-laws.

**Table of Contents**

Admission to the Shareholders Meeting is subject to the delivery of the notification of attendance issued by financial intermediaries at least two labour days before the date of the shareholders meeting on first call.

In order to take part in the Shareholders Meeting, Shareholders holding shares not yet in uncertificated form, shall previously deliver said shares to a financial intermediary in order to have them deposited with Monte Titoli S.p.A. (the Italian Securities Register Centre) and subsequently transformed into uncertificated form and request the above-mentioned notification of attendance.

The report on the proposals of resolutions of the Board of Directors to the Shareholders on each item of the Agenda and the related documentation will be deposited at the Company's Registered Office and with the Borsa Italiana S.p.A. (the Italian Stock Exchange) within April 26, 2005 and shall remain at the Shareholders disposal until the date of the Shareholders Meeting.

Vote may be exercised also by mail pursuant to current legislation. Shareholders willing to exercise their vote by mail are entitled to request the Vote by Mail Card and a return envelope to the Company or the following Depositories: Banca Intesa S.p.A., Banca Nazionale del Lavoro S.p.A., Banca Monte dei Paschi di Siena S.p.A., Banca di Roma S.p.A., Banca Fideuram S.p.A., Sofid Sim S.p.A., Citibank N. A., JPMorgan Chase Bank and Morgan Guaranty Trust Company of New York.

In order to consider the votes by mail valid, envelopes containing the Vote by Mail Card, duly filled in and signed, shall be received by Eni S.p.A. - Segreteria societaria, Piazzale Enrico Mattei, 1 - 00144 Rome, Italy by May 24, 2005, 10:00 a. m. (CET). Votes by mail contained in the Vote by Mail Cards received after said term will not be taken into consideration.

Vote by mail must be exercised personally by the person entitled to vote.

Beneficial Owners of ADRs, listed on the New York Stock Exchange, each ADR representing five Eni ordinary shares, who are recorded in Eni ADRs register of JPMorgan Chase Bank by April 29, 2005 will be entitled to participate in the Meeting or to exercise votes by mail, after having complied with the deposit and registration requirements. Beneficial Owners who have taken advantage of Proxy Vote or Vote by Mail options are entitled to assist at the Meeting upon written request to be made to JPMorgan Chase Bank, ADRs Depository.

In order to simplify controls of powers entitling the participation in the Shareholders Meeting, people who intend to participate in the Meeting as legal or voluntary representatives of Shareholders or other people entitled to take part in it are requested to deliver to Eni S.p.A.'s Corporate Secretary the deeds entitling them to said participation, by mail, also in copy, or by fax, at least two days before the date of the Meeting.

Experts, financial analysts and journalists wishing to attend the Shareholders Meeting shall deliver, by mail or fax, a request to Eni S.p.A.'s Corporate Secretary at least two days before the date of the Meeting.

Eni S.p.A.'s Corporate Secretary is available for any further information Shareholders may need at the toll-free number 800 940 924 or fax number + 39 6 59822233.

The Notice and the documentation regarding the Shareholders Meeting will be available on [www.eni.it](http://www.eni.it) and may be requested by e-mail at [segreteria societaria.azionisti@eni.it](mailto:segreteria societaria.azionisti@eni.it) or by calling the above-mentioned toll-free number.

The Chairman of the Board of Directors



**Mr. Roberto Poli**

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To timely comply with admission and registration procedures, Shareholders are kindly requested to arrive at the Meeting in advance of the start time of the Meeting itself. Registration for the Meeting will take place at the same location as the Meeting and will start at 9:00 a.m. (CET).

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**Table of Contents**

**REPORT ON THE PROPOSALS OF THE BOARD OF DIRECTORS ON THE ITEMS IN THE  
SHAREHOLDERS MEETING AGENDA**

**Eni SpA**

**Ordinary Shareholders Meeting to be held on May 26 and May 27, 2005 on first and second call, respectively**  
*Report on the proposals of the Board of Directors on the items*  
*in the Shareholders Meeting Agenda*

**Item 1**

**Eni Financial Statements at December 31, 2004, Consolidated Financial Statements at December 31, 2004,  
Report of the Directors on the course of the business, Report of the Board of Statutory Auditors and Report of  
the Independent Auditors**

To the Shareholders:

for the illustration of Eni Financial Statements please refer to Eni Annual Report 2004 deposited at the Company's  
Registered Office and with the Borsa Italiana S.p.A. (the Italian Stock Exchange).

To the Shareholders:

You are invited to approve Eni Financial Statements at December 31, 2004, which disclose a net income of euro  
4,684,165,491.89.

**Item 2**

**Allocation of net income**

To the Shareholders:

in consideration of Eni 2004 results, the Board of Directors proposes to approve:

- the allocation of the net income of euro 4,684,165,491.89 as follows:
    - to the Legal Reserve the amount necessary so that it totals one fifth of  
Eni share capital outstanding at the Shareholders Meeting date;
    - to pay a dividend of 0.90 euro for each share outstanding on the  
ex-dividend date, Eni treasury shares excluded on that date;
    - to the Distributable Reserve the amount left after the previous  
allotments;
  - the payment of the dividends as from June 23, 2005, being the ex-dividend date June 20, 2005.
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**Table of Contents**

**Item 3**

**Purchase of Eni shares**

To the Shareholders:

on May 28, 2004 the Shareholders Meeting authorised to purchase up to 400 million Eni ordinary shares, nominal value euro 1, within eighteen months as of the Shareholders Meeting date. The purchase would not have exceeded the expense of 5,400 million euro and the purchase price would not have been lower than Eni share nominal value nor higher than the reference price recorded on the day preceding each purchase increased of 5%. On April 12, 2005, Eni owns 237,773,706 treasury shares; the related purchase cost totals 3,295 million euro.

The Board intends to prosecute the buy-back programme initiated in 2000; therefore it presents to the Shareholders Meeting the following proposal.

To the Shareholders:

You are invited to:

- authorise the Board of Directors to purchase of Eni shares for the period of eighteen months as of the date of this Shareholders Meeting according to the terms and conditions approved by the Shareholders Meeting held on May 28, 2004;
- delegate any and all powers to the Managing Director to execute, directly or through attorneys-in-fact, any and all acts necessary to enforce such resolution.

**Item 4**

**Disposition of Eni's own shares to implement a stock option plan for Eni Group Managers**

To the Shareholders:

the Board intends to extend to 2005 the stock option Plan 2002-2004; for the implementation of said Plan the Shareholders Meeting held on May 30, 2002 authorised the use of up to 15 million Eni treasury shares. The Board therefore proposes to be authorised by the Shareholders Meeting to use 2,785,000 Eni treasury shares not yet assigned for the execution of said Plan and 2,658,400 of the 4,258,400 Eni treasury shares available for the 2005 assignation in the 2003-2005 stock grant Plan; for the implementation of said Plan the Shareholders Meeting held on May 30, 2003 authorised the use of up to 6,500,000 Eni treasury shares.

The Board proposes to be empowered in order to approve the assignation plan of said stock options and the related regulation. Facilities from Eni Group financial intermediary company are available to the stock options assignees in order to fund the purchase of the shares assigned, subject to the commitment of the assignee to irrevocably delegate said company to sell the shares purchased.

To the Shareholders:

You are invited to authorise the Board of Directors to:

- dispose of up 7,043,400 Eni treasury shares as follows:

up to 1,600,000 Eni treasury shares to implement the stock grant Plan 2003-2005;

up to 5,443,400 Eni treasury shares, to implement the stock option Plan 2005. Said shares will be sold to the managers who occupy those positions qualified as those that mainly contribute to Eni Group results or have a strategic interest for the Group, employed by the Company and its subsidiaries controlled directly or indirectly by Eni S.p.A. pursuant to Article 2359 of the Civil Code, listed subsidiaries excepted ("Assignees"). The sale price of the shares offered is the higher than the arithmetic average of the official prices of Eni shares recorded on the electronic stock market, organised and managed by the Italian Stock Exchange (Borsa Italiana S.p.A.) in the month preceding the assignation date and the average cost of the Eni treasury shares calculated on the day before the assignation date. The Assignees will be individuated by the Board of Directors on the basis of the evaluation criteria used by Eni;

- define the assignation plan and the related regulation.
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**Table of Contents**

**Item 5**

**Determination of the number of the Board of Directors members**

To the Shareholders:

the office of the current Board of Directors appointed by the Shareholders Meeting held on May 30, 2002 will lapse on the date of the Shareholders Meeting convened to approve Eni 2004 Financial Statements.

Pursuant to Article 17, first Paragraph, of the By-laws, the Company is managed by a Board of Directors made up by a minimum of three to a maximum of nine members. The Minister of Economy and Finance in agreement with the Minister of Productive Activities may appoint another Board member, with no voting rights. The determination of such number is submitted to the Shareholders Meeting.

In order to ensure that the Board may adequately face the tasks connected with the dimensions and complexity of Eni Group, the Board proposes to set the number of Directors to be appointed by the Shareholders Meeting at nine.

To the Shareholders:

You are invited to approve the proposal of determining in nine the number of the Directors to be appointed by the Shareholders Meeting.

**Item 6**

**Determination of the Directors term**

To the Shareholders:

pursuant to Article 17, second Paragraph, of the By-laws, the Board of Directors members are to be elected for a term up to three financial years.

To ensure adequate continuity in the management of the Company, the Board proposes to set the term of Directors appointed to three financial years, this term expiring on the date of approval of Eni 2007 Financial Statements.

To the Shareholders:

You are invited to approve the proposal to set the term of Directors appointed to three financial years, this term expiring on the date of the Shareholders meeting convened to approve Eni 2007 Financial Statements.

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**Table of Contents**

**Item 7**

**Appointment of Directors**

To the Shareholders:

pursuant to Article 6, second Paragraph, letter d) of the By-laws, the Minister of the Economy and Finance, in agreement with the Minister of Productive Activities, may appoint a Director with no voting rights.

The Shareholders Meeting is called to appoint nine Directors who, in accordance with Article 17, third Paragraph, of the By-laws, will have to be appointed from the lists presented and deposited at the Company's Registered Office and published in newspapers within the terms set forth in the By-laws.

To the Shareholders:

You are invited to vote one of the lists presented and published pursuant to the By-laws.

**Item 8**

**Appointment of the Chairman of the Board of Directors**

To the Shareholders:

pursuant to Article 18, first Paragraph, of the By-laws, the Chairman of the Board of Directors is appointed by the Shareholders Meeting, or, if it doesn't provide for, by the Board, among the Board members with voting right.

The Board proposes to the Shareholders Meeting to appoint Chairman of the Board of Directors the first candidate of the list that gets the majority of votes.

To the Shareholders:

You are invited to appoint Chairman of the Board of Directors the first candidate of the list that gets the majority of votes.

**Item 9**

**Determination of the remuneration of the Chairman of the Board of Directors and that of the Directors**

To the Shareholders:

pursuant to Article 26, first Paragraph, of the By-laws, the Shareholders Meeting determines the Chairman's and the Directors' remuneration.

The Board therefore presents to the Shareholders Meeting the following proposal.

To the Shareholders:

You are invited to set the fix and variable Chairman's and Directors' annual compensation, respectively as follows:

fixed annual compensation:

- 250,000 euro and 100,000 euro, respectively;

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**Table of Contents**

**variable annual compensation:**

- up to 80,000 euro and up to 20,000 euro, respectively; the amount to be paid will be determined in consideration of the ranking of Eni in respect of the other first seven international oil companies for market capitalisation (altogether the "Companies") to be selected in respect of the Shareholder return ("Return") in the year the variable part of the remuneration refers to (the "Reference Year").

The market capitalisation is calculated on the basis of the official share price, or the price that may be similar to it, recorded on the main stock exchange where the shares of each Company are listed in the last day of trading of the Reference Year.

The Return is the ratio between: (a) the annual fluctuation of the shares, increased of the dividend if paid, and (b) the official share price, or the price that may be similar to it, of the last trading day in the year preceding the Reference Year on the main stock exchange where the shares of each Company are listed. In order to calculate it:

the annual fluctuation of the share price is the difference between: (a) the average of the official share prices, or the prices that may be similar to them, recorded on the main stock exchange where the shares of each Company are traded in the fourth quarter of the year preceding the Reference Year and (b) the average of the official share prices, or the prices that may be similar to them, recorded on the main stock exchange where the shares of each Company are traded in the fourth quarter of the Reference Year;

the dividend is the dividend paid in the Reference Year.

The variable part of the remuneration will be paid as follows:

1. 80,000 euro for the Chairman and 20,000 euro for the Directors if Eni Return in the Reference Year is the first or second highest of those considered, respectively;
2. 40,000 euro for the Chairman and 10,000 euro for the Directors if Eni Return in the Reference Year is the third or fourth highest of those considered, respectively.

No variable part of the remuneration will be paid in the other cases;

- euro 1,000 for the participation to each meeting of the company bodies established in the By-laws and of the Board Committees established by the Board of Directors, in addition to the reimbursement of the expenses incurred because of the office.

**Item 10**

**Appointment of the Statutory Auditors**

To the Shareholders:

the office of the current Board of Statutory Auditors appointed by the Shareholders Meeting held on May 30, 2002 will lapse on the date of the Shareholders Meeting convened to approve Eni 2004 Financial Statements.

Pursuant to Article 28, second Paragraph, of the By-laws, the Shareholders Meeting is called to appoint the Statutory Auditors on the basis of the lists deposited at the Company's Registered Office and published in newspapers within the terms set forth in the By-laws. Candidates shall have the qualifications set by Article 149 of Legislative Decree no. 58 issued on February 24, 1998 and the moral and professional qualifications set forth by the Decree of the Minister of Justice No. 162 issued on March 30, 2000 and the professional requirements set forth by Article 28, first Paragraph, of the By-laws that sets out the matters and sectors strictly connected with those of interest of the Company.



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The Auditors will remain in force three financial years; the term will expire at the date of the Shareholders meeting convened to approve Eni 2007 Financial Statements.

Pursuant to Article 28, second Paragraph, of the By-laws, the Shareholders Meeting appoints the Chairman of the Board of Statutory Auditors among the effective Auditors appointed on the basis of lists.

To the Shareholders:

You are invited to vote one of the lists presented and published pursuant to the By-laws.

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**Table of Contents**

**Item 11**

**Appointment of the Chairman of the Board of Statutory Auditors**

To the Shareholders:

pursuant to Article 28, second Paragraph, of the By-laws, the Shareholders Meeting appoints the Chairman of the Board of Statutory Auditors among the effective Auditors appointed on the basis of lists.

To the Shareholders:

You are invited to appoint as Chairman of the Board of Statutory Auditors one of the effective Auditors appointed.

**Item 12**

**Determination of the remuneration of the Chairman of the Board of Statutory Auditors and that of the effective Auditors**

To the Shareholders:

pursuant to Article 2402 of the Civil Code, the Shareholders Meeting determines the Chairman s of the Board of Statutory Auditors and of the other effective Auditors annual remuneration.

The Board, in consideration of the activity of the Statutory Auditors, proposes to the Shareholders Meeting to set the Chairman s of the Board of Statutory Auditors annual remuneration to 150,000 euro and each effective Auditor s annual remuneration to 100,000 euro, in addition to 1,000 euro for the participation to each meeting of the company bodies established in the By-laws and of the Board Committees established by the Board of Directors and the reimbursement of the expenses incurred.

To the Shareholders:

You are invited to set the Chairman s of the Board of Statutory Auditors annual remuneration to 150,000 euro and each effective Auditor s annual remuneration to 100,000 euro, in addition to 1,000 euro for the participation to each meeting of the company bodies established in the By-laws and of the Board Committees established by the Board of Directors and the reimbursement of the expenses incurred.

The Chairman of the Board of Directors  
**Mr. Roberto Poli**

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**Table of Contents**

**By Laws**

**(amended to comply with the new regulation on the Special Powers of the Italian Government)**

**ARTICLE 1**

1.1 "Eni S.p.A." resulting from the transformation of Ente Nazionale Idrocarburi, a public law agency, established by Law 136 of February 10, 1953, is regulated by these by-laws.

**ARTICLE 2**

2.1 The registered head office of the company is located in Rome, Italy and the company has two branches in San Donato Milanese (MI).

2.2 Main representative offices, affiliates and branches may be established and/or wound up in Italy or abroad in compliance with the law.

**ARTICLE 3**

3.1 The company is expected to exist until December 31, 2100. Its duration may be extended one or more times by resolution of the shareholders' meeting.

**ARTICLE 4**

4.1 The company objects are the direct and/or indirect management, by way of shareholdings in companies, agencies or businesses, of activities in the field of hydrocarbons and natural vapours, such as exploration and development of hydrocarbon fields, construction and operation of pipelines for transporting the same, processing, transformation, storage, utilisation and trade of hydrocarbons and natural vapours, all in respect of concessions provided by law.

The company also has the object of direct and/or indirect management, by way of shareholdings in companies, agencies or businesses, of activities in the fields of chemicals, nuclear fuels, geothermy and renewable energy sources, in the sector of engineering and construction of industrial plants, in the mining sector, in the metallurgy sector, in the textile machinery sector, in the water sector, including derivation, drinking water, purification, distribution and reuse of waters; in the sector of environmental protection and treatment and disposal of waste, as well as in every other business activity that is instrumental, supplemental or complementary with the aforementioned activities. The company also has the object of managing the technical and financial co-ordination of subsidiaries and affiliated companies as well as providing financial assistance on their behalf. The company may perform any operations necessary or useful for the achievement of the company objects; by way of example, it may initiate operations involving real estate, moveable goods, trade and commerce, industry, finance and banking asset and liability operations, as well as any action that is in any way connected with the company objects with the exception of public fund raising and the performance of investment services as regulated by Legislative Decree No. 58 of February 24, 1998.

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**Table of Contents**

The company may take shareholdings and interests in other companies or businesses with objects similar, comparable or complementary to its own or those of companies in which it has holdings, either in Italy or abroad, and it may provide real and or personal bonds for its own and others' obligations, especially guarantees.

**ARTICLE 5**

5.1 The company capital is euro 4,004,425,176.00 (four billion four million four hundred and twenty-five thousand one hundred and seventy-six) represented by 4,004,425,176 (four billion four million four hundred and twenty-five thousand one hundred and seventy-six) shares of ordinary stock with a nominal value of euro 1 (one) each.

5.2 Shares may not be split up and each share is entitled to one vote.

5.3 The fact of being a Shareholder in itself constitutes approval of these by-laws.

5.4 The Board of Directors in execution of the delegation of authority resolved pursuant to Article 2443 of the Civil Code by the Shareholders' Meeting held on June 6, 2000 approved in the Meetings held on June 21, 2000 and June 7, 2001 to increase the company capital up to euro 3,500,000 (three million five hundred thousand). Therefore the Board resolved to issue up to 3,500,000 (three million five hundred thousand) ordinary shares nominal value euro 1 (one) each, bearing regular coupon, by using the Reserve for the issue of shares pursuant to Article 2349 of the Civil Code for a corresponding amount. The shares have been assigned pursuant to Article 2349 of the Civil Code to managers employed by the company and its subsidiaries controlled directly or indirectly by Eni S.p.A. pursuant to Article 2359 of the Civil Code who have achieved the pre-set annual corporate and individual targets. In the two-year period concerned by the Plan the total figure of the commitments of share offerings was 1,428,550 in the year 2000 and 1,851,750 in the year 2001 for a total amount of 3,280,300 shares. Eni share capital will be increased up to the amount corresponding to the shares subscribed until the term of December 31, 2004.

5.5 Pursuant to Article 2443 of the Civil Code, the Board of Directors is delegated to increase the company share capital, for no consideration and within December 31, 2002, in one or more times, pursuant to Article 2349 of the Civil Code, up to euro 1,500,000 (one million five hundred thousand). The Board may therefore issue up to 1,500,000 (one million five hundred thousand) ordinary shares nominal value 1 (one) euro each, bearing regular coupon, by using the Reserve for the issue of shares pursuant to Article 2349 of the Civil Code for a corresponding amount. The shares to be issued will be assigned pursuant to Article 2349 of the Civil Code to managers employed by the company and its subsidiaries controlled directly or indirectly by Eni S.p.A. pursuant to Article 2359 of the Civil Code, listed subsidiaries excepted, who have achieved the pre-set 2001 individual targets. The shares will be offered for subscription for no consideration within a month from the expiration of a three-year term commencing as of the date of the communication of the commitment of the offer to the assignee. The company capital will be increased up to the amount corresponding to the shares subscribed until the term of June 30, 2006.

The Board of Directors is empowered to adopt any act to define terms and conditions for the execution of the share capital increase, including but not limited to the approval of the "Regulations of the 2002 Plan of Assignment of Eni S.p.A. shares to be issued pursuant to Article 2349 of the Civil Code".

**ARTICLE 6**

6.1 Pursuant to Article 3 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474 of July 30, 1994, no one, in any capacity, may own company shares that entail a holding of more than 3 per cent of voting share capital.

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**Table of Contents**

Such maximum shareholding limit is calculated by taking into account the aggregate shareholding held by the controlling entity, either a physical or legal person or company; its directly or indirectly controlled entities, as well as entities controlled by the same controlling entity; affiliated entities as well as people related to the second degree by blood or marriage, also in the case of a legally separated spouse. Control exists, with reference also to entities other than companies, in the cases envisaged by Article 2359, paragraphs 1 and 2 of the Civil Code. Affiliation exists in the case set forth in Article 2359, paragraph 3 of the Civil Code as well as between entities that directly or indirectly, by way of subsidiaries, other than those managing investment funds, are bound, even with third parties, in agreements regarding the exercise of voting rights or the transfer of shares or portions of third companies or, in any event, in agreements or pacts as per Article 122 of Legislative Decree No. 58 of February 24, 1998 regarding third party companies if said agreements or pacts concern at least 10 per cent of the voting capital, if they are listed companies, or 20 per cent if they are unlisted companies.

The aforementioned shareholding limit (3 per cent) is calculated by taking into account shares held by any fiduciary nominee or intermediary. Any voting rights attributable to voting capital held or controlled in excess of the maximum limit indicated in the foregoing cannot be exercised and the voting rights of each entity to whom such limit on shareholding applies are reduced in proportion, unless otherwise jointly provided in advance by the parties involved. In the event that shares exceeding this limit are voted, any Shareholders' resolution adopted pursuant to such a vote may be challenged pursuant to Article 2377 of the Civil Code, if the required majority had not been reached without the votes exceeding the aforementioned maximum limit. Shares not entitled to vote are included in the determination of the quorum at shareholders' meetings.

6.2 Pursuant to Article 2, paragraph 1 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474 of July 30, 1994, as modified by Article 4, Paragraph 227, of Law December 24, 2003 no. 350, the Minister of Economy and Finance retains the following special powers to be exercised in agreement with the Minister of Productive Activities and according to the criteria contained in the Decree issued by the President of the Council of Ministers on June 10, 2004:

a) opposition with respect to the acquisition of material shareholdings by entities affected by the shareholding limit as set forth in Article 3 of Law Decree 332 of May 31, 1994, converted with amendments into Law 474 of July 30, 1994, by which as per Decree issued by the Minister of Treasury on October 16, 1995 are meant those representing at least 3% of share capital with the right to vote at the ordinary shareholders' meeting. The opposition is expressed within ten days of the date of the notice to be filed by the Board of Directors at the time request is made for registration in the Shareholders' Register if the Minister considers that such an acquisition may prejudice the vital interests of the Italian State. Until the ten-day term is not lapsed, the voting rights and the non-asset linked rights connected with the shares representing a material shareholding may not be exercised. If the opposition power is exercised, through a duly motivated act in connection with the prejudice that may be caused by the operation to the vital interests of the Italian State, the transferee may not exercise the voting rights and the other non-asset linked rights connected with the shares representing a material shareholding and must sell said shares within one year. Failing to comply, the law court, upon request of the Minister of Economy and Finance, will order the sale of the shares representing a material shareholding according to the procedures set forth in Article 2359-ter of the Civil Code. The act through which the opposition power is exercised may be sued by the transferee before the Regional Administrative Court of Latium within sixty days as of its issue;

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**Table of Contents**

b) opposition with respect to the subscription of Shareholders' pacts or agreements as per Article 122 of Legislative Decree No. 58 of February 24, 1998, involving as per Decree issued by the Minister of Treasury on October 16, 1995 at least 3% of the share capital with the right to vote at ordinary shareholders' meetings. In order to allow the exercise of the above mentioned opposition power, Consob notifies the Minister of Economy and Finance of the relevant pacts or agreements communicated to it pursuant to the aforementioned Article 122 of Legislative Decree No. 58 of February 24, 1998. The opposition power may be exercised within ten days as of the date of the notice by Consob. Until the ten-day term is not lapsed, the voting right and the other non-asset linked rights connected with the shares held by the shareholders who have subscribed the above mentioned pacts or agreements may not be exercised. If the opposition power is exercised through the issue of an act that shall be duly motivated in consideration of the prejudice that may be caused by said pacts or agreements to the vital interests of the Italian State, the shareholders pacts or agreements shall be null and void. If in the shareholders meetings the shareholders who have signed shareholders pacts or agreements behave as if those pacts or agreements disciplined by Article 122 of Legislative Decree No. 58 of February 24, 1998 were still in effect, the resolutions approved with their vote, if determining for the approval, may be sued. The act through which the opposition power is exercised may be sued by the shareholders who joined the above mentioned pacts or agreements before the Regional Administrative Court of Latium within sixty days as of its issue;

c) veto power with respect to resolutions to dissolve the company, to transfer the business, to merge, to demerge, to transfer the company's registered office abroad, to change the company objects and to amend the by-laws cancelling or modifying the powers indicated in this Article. The act through which the veto power is exercised shall be duly motivated in consideration of the prejudice the related resolution may cause to the vital interests of the Italian State and may be sued by the dissenting Shareholders before the Regional Administrative Court of Latium within sixty days as of its issue;

d) appointment of one Board member with no voting rights. Should such appointed Director lapse, the Minister of Economy and Finance in agreement with the Minister of Productive Activities will appoint his substitute.

**ARTICLE 7**

7.1 When shares are fully paid, and if the law so allows, they may be issued to the bearer. Bearer shares may be converted into registered shares and vice-versa. Conversion operations are performed at the Shareholder's expense.

**ARTICLE 8**

8.1 In the event, and for whatever reason, a share belongs to more than one person, the rights relating to said share may not be exercised by other than one person or by a proxy for all co-owners.

**ARTICLE 9**

9.1 The shareholders' meeting may resolve to increase the company capital and establish terms, conditions and means thereof.

9.2 The shareholders' meeting may resolve to increase the company capital by issuing shares, including shares of different classes, to be assigned for no consideration pursuant to Article 2349 of the Civil Code.

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**Table of Contents**

**ARTICLE 10**

10.1 Payments on shares are requested by the Board of Directors in one or more times.

10.2 Shareholders who are late in payment are charged an interest calculated at the official discount rate established by the Bank of Italy besides the provisions envisaged in Article 2344 of the Civil Code.

**ARTICLE 11**

11.1 The company may issue bonds, including convertibles and warrant bonds in compliance with the law.

**ARTICLE 12**

12.1 Ordinary and extraordinary shareholders' meetings are usually held at the company registered office unless otherwise resolved by the Board of Directors, provided however they are held in Italy.

12.2 Ordinary shareholders' meetings must be called at least once a year to approve the financial statements, within 180 days of the end of the business year, as the Company approves the Group Financial Statements.

**ARTICLE 13**

13.1 Shareholders' meetings are convened through a notice to be published on the Italian Official Gazette, according to the current legislation and in compliance with the rules in force regulating the exercise of the vote by mail.

13.2 Admission to the shareholders' meeting is subject to the delivery, also for registered shares, of the certification issued by financial intermediaries at least two days before the date of the shareholders' meeting on first call.

**ARTICLE 14**

14.1 Each Shareholder entitled to attend the Meeting may also be represented in compliance with the law by a person appointed by written proxy. Incorporated entities and companies may attend the Meeting by way of a person appointed by written proxy. In order to simplify collection of proxies issued by Shareholders who are employees of the company or its subsidiaries and members of Shareholders associations incorporated under and managed pursuant to current legislation regulating proxies collection, notice boards for communications and rooms to allow proxies collection are made available to said associations according to terms and conditions agreed from time to time by the company with the associations representatives.

14.2 The Chairman of the Meeting has to assure the regularity of written proxies and, in general, the right to attend the Meeting.

14.3 The right to vote may also be exercised by mail according to the laws and regulations in force concerning this matter.

14.4 Eni S.p.A. shareholders' meetings are disciplined by Eni S.p.A.'s shareholders' meeting Regulation approved by the ordinary shareholders' meeting.

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**Table of Contents**

**ARTICLE 15**

15.1 The Meeting is chaired by the Chairman of the Board of Directors, or in the event of absence or impediment, by the Managing Director; in absence of both, by another person, duly delegated by the Board of Directors, failing which the Meeting may elect its own Chairman.

15.2 The Chairman of the Meeting is assisted by a Secretary, who need not be a Shareholder, to be designated by the Shareholders present, and may appoint one or more scrutineers.

**ARTICLE 16**

16.1 The ordinary shareholders' meeting decides on all the matters for which it is legally entitled and authorises the transfer of the business.

16.2 Resolutions either at ordinary or extraordinary meetings, either on first, second or third call, must be taken with the majority required by the law in each case.

16.3 Resolutions of the Meeting taken in compliance with the law and these by-laws are binding for all Shareholders even if absent or dissenting.

16.4 The minutes of ordinary meetings must be signed by the Chairman and the Secretary.

16.5 The minutes of extraordinary meetings must be drawn up by a notary public.

**ARTICLE 17**

17.1 The company is managed by a Board of Directors consisting of no fewer than three and no more than nine members. The shareholders' meeting determines the number within these limits. The Minister of Economy and Finance in agreement with the Minister of Productive Activities may appoint another member, with no voting rights, pursuant to Article 6, second Paragraph, letter d), of the by-laws.

17.2 The Board of Directors is appointed for a period of up to three financial years; this term lapses on the date of the shareholders' meeting convened to approve the financial statements of the last year of their office. They may be reappointed.

17.3 The Board members, except for the one appointed pursuant to Article 6.2, letter d) of these by-laws, are appointed by the shareholders' meeting on the basis of lists presented by Shareholders and by the Board of Directors, in such lists the candidates must be listed in numerical order. Should the retiring Board of Directors present its own candidate list, it must be deposited at the company's registered office and published in at least three Italian newspapers of general circulation, two of them business dailies, at least twenty days before the date set for the first call of the shareholders' meeting. Candidate lists presented by Shareholders must be deposited at the company registered office and published as indicated in the foregoing at least ten days before the date set for the first call of the shareholders' meeting.

Each Shareholder may present or take part in the presenting of only one candidate list and each candidate may appear in one list only or he will be ineligible. Companies that are controlling entities or are under common control, as defined by Article 2359, first Paragraph, of the Civil Code, by the same entity of the company presenting a list shall not present nor take part in the presentation of another candidate list. Each candidate may appear in one list only or he will be ineligible. Only those Shareholders who, alone or together with other Shareholders, represent at least 1 per



cent of voting share capital at the ordinary shareholders' meeting may present candidate lists. In order to

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**Table of Contents**

demonstrate the title on the number of shares necessary to present candidate lists, the Shareholders must present and/or deliver to the company registered office a copy of the certification issued by the authorised financial intermediaries that are depositaries of their shares at least five days prior to the date set for the first call of the shareholders' meeting.

Together with each list, within the aforementioned time limits, statements must be presented in which each candidate accepts his nomination and attests, in his own responsibility, that he possesses the requisites required by the norms in force for the corresponding appointments and that causes for his ineligibility and incompatibility are non existing.

Each person entitled to vote may vote for a candidate list only.

Board members will be elected in the following manner:

- a. seven tenths of the members to be elected will be drawn out from the candidate list that receives the majority of votes expressed by the Shareholders in the numerical order in which they appear on the list, rounded off in the event of a fractional number to the next lower number;
- b. the remaining Board members will be drawn out from the other candidate lists; to this purpose the votes obtained by each candidate list will be divided by one or two depending on the number of the members to be elected. The quotients thus obtained will be assigned progressively to candidates of each said list in the order given in the lists themselves. Quotients thus assigned to candidates of said lists will be set in one decreasing numerical order. Those who obtain the highest quotients will be elected. In the event that more than one candidate obtains the same quotient, the candidate elected will be the one of the list that has not hitherto had a Board member elected or that has elected the least number of Board members. In the event that none of the lists has yet elected a Board member or that all of them have elected the same number of Board members, the candidate from all such lists who has obtained the largest number of votes will be elected. In the event of equal list votes and equal quotient, a new vote will be taken by the entire shareholders' meeting and the candidate elected will be the one who obtains a simple majority of the votes;
- c. to appoint Board members for any reason not covered by the terms of the aforementioned procedure, the shareholders' meeting will make a resolution with the majorities prescribed by the law.

17.4 The shareholders' meeting may, even during the Board's term of office, change the number of members of the Board of Directors, always within the limits set forth in paragraph 17.1 above, and make the relating appointments. Board members so elected will expire at the same time as the rest of the Board.

17.5 If during the term of office one or more members leave the Board, action will be taken in compliance with Article 2386 of the Civil Code with exception of the Board member appointed pursuant to Article 6.2 letter d) of these by-laws. If a majority of members leaves the Board, the whole Board will be considered lapsed and the Board must promptly call a shareholders' meeting to appoint a new Board.

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**Table of Contents**

**ARTICLE 18**

18.1 If the shareholders' meeting has not appointed a Chairman, the Board will elect one of its members. The Director appointed pursuant to Article 6, second Paragraph, letter d) of the by-laws cannot be appointed as Chairman.

18.2 The Board, at the Chairman's proposal, appoints a Secretary, who need not belong to the company.

**ARTICLE 19**

19.1 The Board meets in the place indicated in the notice whenever the Chairman or, in case of absence or impediment, the Managing Director deems necessary, or when written application has been made by the majority of the members. The Board of Directors may be convened also pursuant to Article 28.4 of the by-laws. The Board of Directors' meetings may be held by video or teleconference if each of the participants to the meetings may be identified and if each is allowed to follow the discussion and take part to it in real time. If said conditions are met, the Meeting is considered duly held in the place where the Chairman and the Secretary are present.

19.2 Usually notice is given at least five days in advance. In cases of urgency notice may be sent earlier. The Board of Directors decides on how to convene its meetings.

19.3 The Board of Directors must likewise be convened when so requested by at least two Board members or by one member if the Board consists of three members to decide on a specific matter considered of particular importance, pertaining to management, matter to be indicated in the request.

**ARTICLE 20**

20.1 The Chairman of the Board or, in his absence, the oldest Board member in attendance chairs the Meeting.

**ARTICLE 21**

21.1 A majority of members of the Board having a voting right must be present for a Board meeting to be valid.

21.2 Resolutions are taken with the majority of votes of the Board members having a voting right present; should votes be equal, the person who chairs the Meeting has a casting vote.

**ARTICLE 22**

22.1 Resolutions of the Board are entered in the minutes, which are recorded in a book kept for that purpose pursuant to the law, and said minutes are signed by the Chairman of the Meeting and by the Secretary.

22.2 Copies of the minutes are bona fide if they are signed by the Chairman or the person acting for him and countersigned by the Secretary.

**ARTICLE 23**

23.1 The Board of Directors is invested with the fullest powers for ordinary and extraordinary management of the company and, in particular, the Board has the power to perform all acts it deems advisable for the implementation and achievement of the company objects, except for the acts that the law or these by-laws reserve for the shareholders' meeting.

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**Table of Contents**

23.2 The Board of Directors is allowed to resolve on the following matters:

- the merger and the demerger of at least 90% directly owned subsidiaries;
- the establishment and winding up of branches;
- the amendment to the by-laws in order to comply with the current legislation.

23.3 The Board of Directors and the Managing Director report timely, at least every three months and however in the Board of Directors meetings, to the Board of Statutory Auditors on the activities and on the most relevant operations regarding the operational, economic and financial management of the company and its subsidiaries; in particular the Board of Directors and the Managing Director report to the Board of Statutory Auditors on operations entailing an interest on their behalf or on behalf of third parties.

**ARTICLE 24**

24.1 The Board of Directors delegates its powers to one of its members with the exception of the Director appointed pursuant Article 6, second Paragraph, letter d) of the by-laws, in compliance with the limits set forth in Article 2381 of the Civil Code. In addition the Board of Directors may delegate powers to the Chairman for researching and promoting integrated projects and strategic international agreements. The Board of Directors may at any time withdraw the delegations of powers hereon; if the Board of Directors withdraws powers delegated to the Managing Director, a new Managing Director is simultaneously appointed.

The Board of Directors, upon proposal of the Chairman and in agreement with the Managing Director, may confer powers for single acts or categories of acts to other members of the Board of Directors with the exception of the Director appointed pursuant Article 6, second Paragraph, letter d) of the by-laws. The Chairman and the Managing Director, in compliance with the limits of their delegations, may delegate and empower company employees or persons not belonging to the company to represent the company for single acts or specific categories of acts.

Further, on proposal of the Managing Director and in agreement with the Chairman, the Board of Directors may also appoint one or more General Managers and determines the powers to be conferred to them.

**ARTICLE 25**

25.1 Legal representation towards any judicial or administrative authority and towards third parties, together with the company signature, are vested either onto the Chairman or the Managing Director.

**ARTICLE 26**

26.1 The Chairman and the members of the Board are remunerated in an amount established by the ordinary shareholders' meeting. Said resolution, once taken, will remain valid for subsequent business years until the shareholders' meeting decides otherwise.

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**Table of Contents**

**ARTICLE 27**

27.1 The Chairman:

- a) represents the company according to the provisions of Article 25.1;
- b) chairs the shareholders' meeting pursuant to Article 15.1;
- c) convenes and chairs meetings of the Board of Directors pursuant to Articles 19.1 and 20.1;
- d) ascertains whether Board resolutions have been implemented;
- e) exercises the powers delegated to him by the Board of Directors pursuant to Article 24.1 of these by-laws.

**ARTICLE 28**

28.1 The Board of Statutory Auditors consists of five effective members and two alternate members. The Auditors shall have the professional and honour requirements set forth by the Ministerial Decree No. 162, dated March 30, 2000 issued by the Ministry of Justice.

Pursuant to the aforementioned Ministerial Decree, the matters strictly connected to those of interest of the Company are: companies law, business economics and corporate finance.

Pursuant to said Ministerial Decree, the sectors strictly connected with those of interest of the Company are the engineering and geological sectors.

Those who are already appointed effective auditor or supervisory board member or audit committee member in at least five companies with securities listed on regulated securities markets other than Eni S.p.A. subsidiaries may not be appointed Statutory Auditor; if elected, they will lapse.

28.2 The effective Auditors and the alternate Auditors are appointed by the shareholders' meeting on the basis of lists presented by the Shareholders; in such lists candidates are listed in numerical order. For the presentation, deposit and publication of candidate lists the procedures set forth in Article 17.3 shall apply.

Lists shall be divided into two sections: the first one for the candidates to be appointed effective Auditors and the second one for the candidates to be appointed alternate Auditors. At least the first candidate of each section shall be chartered accountant and have exercised audit activities for not less than three years.

Three effective Auditors and one alternate Auditor will be drawn from the list that obtains the majority of votes. The other two effective Auditors and the other alternate Auditor will be appointed pursuant to Article 17.3, letter b) of the by-laws. The procedure described in this last Article shall be applied to each section of the lists involved separately.

The shareholders' meeting appoints the Chairman of the Board of Statutory Auditors among the effective Auditors appointed.

To appoint effective or alternate Auditors for any reason not elected according to the terms of the aforementioned procedure, the shareholders' meeting will resolve with the majorities prescribed by the law.

Should an effective Auditor drawn out from the candidate list that receives the majority of votes expressed by the Shareholders be replaced, he will be succeeded by the alternate Auditor drawn out from the same candidate list; should an effective Auditor drawn out from the other candidate list be replaced, he will be substituted pursuant to Article 17.3, letter b) of the by-laws.

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**Table of Contents**

28.3 Retiring Auditors may be reelected.

28.4 Subject to a previous communication to the Chairman of the Board of Directors, the Board of Statutory Auditors is empowered to convene the shareholders' meeting and the Board of Directors. At least two effective Auditors are empowered to convene the shareholders' meeting and the Board of Directors, too.

**ARTICLE 29**

29.1 The business year ends on December 31 every year.

29.2 At the end of each business year, the Board of Directors sees to the preparation of the company financial statements in conformity with the law.

29.3 The Board of Directors may, during the course of the business year, pay interim dividends to the Shareholders.

**ARTICLE 30**

30.1 Dividends not collected within five years of the day on which they are payable will be prescribed in favour of the company and allocated to reserves.

**ARTICLE 31**

31.1 In the event the company is wound up, the shareholders' meeting will decide the manner of liquidation, appoint one or more liquidators and determine their powers and remuneration.

**ARTICLE 32**

32.1 For matters not expressly regulated by these by-laws, the norms of the Civil Code and specific laws concerning these matters will apply.

32.2 The Ministry of Economy and Finance may retain his shareholding in the company share capital in excess of the limit set forth in Article 6.1 of these by-laws and will not be subject to the provisions of said Article 6.1 for the period set by the law.

**ARTICLE 33**

33.1 The company retains all assets and liabilities held before its transformation by the public law agency Ente Nazionale Idrocarburi.

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**Table of Contents**

**PRESS RELEASE**

**Eni: presentation of the effects of the adoption of International Financial Reporting Standards (IFRS)**

Eni has illustrated today the effects of the adoption of International Financial Reporting Standards (IFRS)<sup>2</sup> on its 2004 consolidated financial statements. Starting in 2005, companies with securities listed on regulated markets of Member States of the European Union are required to prepare their consolidated financial statements in accordance with international financial reporting standards.

The adoption of IFRS has no impact on Eni's financial and industrial targets.

Following the adoption of IFRS, Eni prepared a consolidated opening balance sheet as of January 1, 2004, applying the retrospective methodology<sup>3</sup>, which shows an increase in net capital employed of euro 2.6 billion with respect to the consolidated balance sheet as of December 31, 2003 (from euro 41.9 billion to euro 44.5 billion). This increase is primarily related to: (i) the review of the useful life of natural gas transport and distribution network and compression stations on a retrospective basis. This revision was carried out applying the useful life generally accepted internationally until year 1999 and the useful life assessed by the Authority for electricity and natural gas in its decision of May 2000 starting in year 2000 onwards (the impact of this revision amounts to euro 2.5 billion); (ii) the application of the weighted average cost method in the evaluation of hydrocarbon inventories instead of the previously applied Last In First Out (LIFO) method (with an impact of euro 0.8 billion); (iii) the capitalization of financial charges incurred that could have been saved if capital expenditure had not been made (with an impact of euro 0.6 billion); and (iv) the exclusion from consolidation, consistently with US GAAP, of certain joint ventures that were previously consolidated on a proportional basis (with an impact of euro 0.2 billion). These increases were partly offset by the recognition of deferred income taxes (with an impact of euro 1 billion) and the exclusion from consolidation of Saipem (euro 0.6 billion), due to the circumstance that for reporting purposes IFRS prohibit to consolidate on a line-by-line basis an affiliate of which the parent company does not hold the majority of voting rights (Eni's share in Saipem is 43%), even though it exercises control at this affiliate's Annual General Meetings due to a substantial ownership interest. This applies also to US GAAP.

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(2) Data of 2004 income statement and opening balance sheet as of January 1, 2004 restated according to IFRS may be modified after the completion of the audit by Eni's principal auditor PricewaterhouseCoopers.

(3) Under the retrospective methodology, assets and liabilities are aligned to those book values that would have been determined if IFRS had been applied from their initial recognition.

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**Table of Contents**

In connection with the adjustments described, with respect to Eni's consolidated balance sheet as of December 31, 2003, at January 1, 2004 Eni's shareholders' equity, including minority interest, increases by euro 2.4 billion (from euro 28.3 billion to euro 30.7 billion), net borrowings increase by euro 0.2 billion (from euro 13.5 billion to euro 13.7 billion) and net income decreases by euro 0.2 billion (from euro 7.3 billion to euro 7.1 billion) due mainly to the adjustments of the consolidated opening balance sheet as of January 1, 2004.

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**Table of Contents**  
**Contents**

Table of Contents  
Contents

# Fact Book

## 2004



**Table of Contents**  
**Contents**

Eni's Fact Book is a supplement to Eni's 2004 Annual Report and intends to provide supplemental economic and operating information. It contains forward-looking statements about return on capital employed, capital expenditure, project implementation, production and sales growth. These statements are based on current information, industrial plans and expectations. Actual results may differ materially, and plans and expectations could change, depending on a variety of factors. These factors could include: changes in the demand for, supply of, and market prices of crude oil, natural gas and refined products; changes in refining margins and marketing margins; success in partnering, in implementing projects and internal plans; reliability of operating facilities and external services; effects of regulations of the hydrocarbon and electricity generation industries as well as environmental regulations; success of commercial negotiations; and political events.

April 29, 2005

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**Table of Contents****Contents**

|   |               |  |
|---|---------------|--|
|   | <b>5</b>      | <b><u>Activities</u></b>                           |
|   | <b>6</b>      | <b><u>Integration</u></b>                          |
|   | <b>7</b>      | <b><u>Main data</u></b>                            |
| <b>Exploration &amp; Production</b>                   | <b>10</b>     | <b><u>Overview</u></b>                             |
|   | <b>13</b>     | <b><u>Production</u></b>                           |
|   | <b>25</b>     | <b><u>Exploration areas</u></b>                    |
|   | <b>29</b>     | <b><u>Development projects</u></b>                 |
|   | <b>36</b>     | <b><u>Main data</u></b>                            |
| <b>Gas &amp; Power</b>                                | <b>42</b>     | <b><u>Natural gas overview</u></b>                 |
|   | <b>44</b>     | <b><u>The Italian Natural Gas System</u></b>       |
|   | <b>51</b>     | <b><u>Development projects</u></b>                 |
|   | <b>54</b>     | <b><u>Power generation overview</u></b>            |
|   | <b>55</b>     | <b><u>Main data</u></b>                            |
| <b>Refining &amp; Marketing</b>                       | <b>58</b>     | <b><u>Overview</u></b>                             |
|   | <b>60</b>     | <b><u>Refining</u></b>                             |
|   | <b>62</b>     | <b><u>Logistics</u></b>                            |
|   | <b>63</b>     | <b><u>Marketing</u></b>                            |
|   | <b>66</b>     | <b><u>Other businesses</u></b>                     |
|   | <b>67</b>     | <b><u>Main data</u></b>                            |
| <b>Oilfield Services Construction and Engineering</b> | <b>70</b>     | <b><u>Oilfield Services and Construction</u></b>   |
|   | <b>78</b>     | <b><u>Engineering</u></b>                          |
| <b>New technologies</b>                               | <b>81</b>     | <b><u>Overview</u></b>                             |
| <b>Tables</b>   | <b>85</b>     | <b><u>Financial data</u></b>                       |
|   | <b>94</b>     | <b><u>Employees</u></b>                            |
|   | <b>95</b>     | <b><u>Supplemental oil and gas information</u></b> |
|   | <b>113</b>    | <b><u>Energy conversion table</u></b>              |
|   | <b>114</b>    | <b><u>Quarterly information</u></b>                |
| <b>Abbreviations</b>                                  | <b>bbls</b>   | barrels  |
|   | <b>bbls/d</b> | barrels/day  |
|   | <b>bn</b>     | billion  |
|   | <b>boe</b>    | barrels of oil equivalent                          |
|   | <b>boe/d</b>  | barrels of oil equivalent/day                      |
|   | <b>cm</b>     | cubic meters                                       |
|   | <b>d</b>      | day  |
|   | <b>EPC</b>    | Engineering Procurement Construction               |
|   | <b>EPIC</b>   | Engineering Procurement Installation Construction  |
|   | <b>FEED</b>   | Front End Engineering Design                       |
|   | <b>FPSO</b>   | Floating Production Storage and Offloading System  |
|   | <b>GWh</b>    | gigawatthour                                       |

## Edgar Filing: ENI SPA - Form 6-K

|             |                                 |
|-------------|---------------------------------|
| <b>km</b>   | kilometers                      |
| <b>ktoe</b> | thousand tons of oil equivalent |
| <b>LNG</b>  | liquefied natural gas           |
| <b>LPG</b>  | liquefied petroleum gas         |
| <b>mn</b>   | million                         |
| <b>NLG</b>  | natural gas liquids             |
| <b>no.</b>  | number                          |
| <b>PCA</b>  | Production Concession Agreement |
| <b>PMC</b>  | Project Management Consultant   |
| <b>ppm</b>  | parts per million               |
| <b>PSA</b>  | Production Sharing Agreement    |
| <b>th</b>   | thousand                        |
| <b>ton</b>  | metric ton                      |
| <b>TWh</b>  | terawatthour                    |
| <b>y</b>    | year                            |

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Contents

**Eni** With a market capitalization amounting to over euro 69 billion as of December 31, 2004, Eni is one of the most important integrated energy companies in the world which operates in the oil and gas industry, power generation and oilfield services, construction and engineering. In these businesses it has a strong edge and leading international market positions.

**STRATEGIES****Growth in core business****Continue the integration of core activities****Focus on operating efficiency and efficacy****Maximize return for shareholders**

Eni's strategic objective is to increase its producing scale in the oil & gas business, while, at the same time, developing midstream activities in order to support this growth. Eni intends to maintain strong hydrocarbon production growth by leveraging in particular on the contribution of large projects in the development phase and increasing efficiency both in exploration and in development/production through the selection of exploration projects, the geographic concentration of production, the rationalisation of marginal assets and assets with low development prospects, strengthening its role as operator. Special attention will be paid to reserve replacement in order to support the sustainability of long-term growth. In natural gas activities Eni intends to expand sales on European markets and implement a break-through strategy in the LNG business with the objective of attaining a worldwide presence and exploiting its natural gas reserves. Eni intends to maintain the leadership in the Italian natural gas market through a proactive approach towards the liberalization process ongoing, a higher degree of flexibility and the diversification of its import system, the gradual reduction of its presence in regulated businesses and the completion in time of the plan of expansion of power generation capacity. In downstream oil Eni intends to complete the strategic repositioning of its Agip branded distribution network in Italy, leveraging on the sale/closure of marginal service stations and developing non oil activities, while developing/consolidating its presence in target European markets where it can leverage on operating synergies and a well established brand. In refining Eni intends to increase the conversion rate and flexibility of refineries in order to produce high quality fuels anticipating the environmental requirements of new European regulations. In oilfield services, construction and engineering activities Eni intends to concentrate its presence in the strategic segment of large projects for the development of offshore hydrocarbon reserves and construction of industrial plants and infrastructure based on the application of technologies for hydrocarbon production, treatment and transmission and natural gas and heavy crudes upgrading.

Key growth targets set for 2008 are the following: (i) daily hydrocarbon production of about 2 million boe corresponding to a compound average growth rate higher than 5% in the 2004-2008 period (net of the effects of portfolio rationalization); (ii) the sale of 92 billion cubic meters of gas in European markets. Overall natural gas sales, including natural gas volumes produced by the Exploration & Production segment outside Italy, are expected to reach 120 billion cubic meters in 2008 (102 billion in 2004); (iii) the reaching of an installed power generation capacity of about 5.3 gigawatts by 2007.

Eni intends to reduce capital employed in non core businesses and to improve operational efficiency and efficacy targeting cost savings of about euro 3.4 billion at 2006 (over 80% of which already achieved in the 1999-2004 period). The improvement in competitive positioning will be achieved also through the integration of its core activities.

Strong attention will be devoted to R&D, the key factor for the future development of the oil industry. Eni intends to invest over euro 1 billion in the next four years. Expenditure will be focused on those strategic projects through which Eni can achieve competitive advantages in the medium to long-term, in particular in the areas of exploration and recovery of hydrocarbons and of upgrading of heavy crudes and natural gas.

Eni intends to support its growth strategy by implementing a four year capital expenditure

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plan of euro 26.9 billion, about 90% of which will be concentrated in the Exploration & Production, Gas & Power and Refining & Marketing segments.

4

ENI

FACT BOOK 2004

ENI

---



**Contents****activities****exploration  
& production**

Eni is engaged in exploration and production of hydrocarbons in Italy, North Africa, West Africa, the North Sea, the Gulf of Mexico and Australia. It is also engaged in areas with great development potential such as the Caspian Sea, the Middle and Far East. In 2004, Eni produced 1,624,000 boe per day and, at December 31, 2004, it had proved reserves of 7,218 million boe with a life index of 12.1 years.

**gas & power**

Eni is engaged in natural gas supply, transmission, distribution and sale. In 2004, sales of natural gas (including own consumption and Eni's share of sales of affiliates) totaled 84.5 billion cubic meters. Eni's gas pipeline network is about 30,000-kilometer long in Italy, while outside Italy Eni holds transmission rights on over 5,000 kilometers of pipelines. In 2004, Eni transported 80.41 billion cubic meters of natural gas on the Italian network, of which 28.26 billion on behalf of third parties. Through EniPower, Eni operates in electricity generation and sale with a total installed capacity of about 3.3 gigawatts. In 2004 Eni sold about 17 terawatt-hours of electricity (of which about 13.85 of produced electricity), corresponding to over 5% of the Italian domestic market, and 10 million tonnes of steam.

**refining  
& marketing**

Eni is engaged in the refining and marketing of refined products mainly in Italy and the rest of Europe. Through its Agip and IP brands, Eni is leader in the retail market in Italy, with a 36.3% market share. In 2004, sales of refined products totaled 53.5 million tonnes, of which 30.7 millions in Italy. At December 31, 2004 the balanced refining capacity of Eni's wholly-owned refineries amounted to 504,000 barrels per day.

**oilfield services  
construction  
and engineering**

Eni through Saipem (Eni's interest 43%) is one of the world leaders in the construction of large offshore projects for the oil industry and in subsea pipelaying and construction of production platforms. Eni owns and operates a fleet of world class marine service vessels, able to drill wells over 9,000 meters deep in water depths of up to over 3,000 meters and to lay pipelines in water depths up to 3,000 meters. Eni through Snamprogetti (Eni's interest 100%) is one of the world's largest operators in the construction of plants for the oil and petrochemical industries based on advanced operating and technological know-how in particular in hydrocarbon production, treatment and transmission as well as natural gas and heavy crudes upgrading.

5

ENI

FACT BOOK 2004

ACTIVITIES

Contents

## integration

Eni's business portfolio is characterized by a strong vertical integration, which allows for efficient long-term planning. This advantage is essential in the uncertain scenario of international oil prices and reduces the impact of price volatility on Eni's results.

6

ENI  
FACT BOOK 2004  
INTEGRATION

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**Contents****Key financial data**

(million euro)

|   | 1993   | 1994   | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004          |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| Net sales from operations                                     | 27,310 | 25,740 | 29,381 | 29,790 | 31,359 | 28,341 | 31,008 | 47,938 | 49,272 | 47,922 | 51,487 | <b>58,382</b> |
| Operating income <sup>(1)</sup>                               | 2,950  | 3,839  | 5,316  | 4,960  | 5,345  | 3,810  | 5,480  | 10,772 | 10,313 | 8,502  | 9,517  | <b>12,463</b> |
| <i>Exploration &amp; Production</i>                           | 1,536  | 1,924  | 2,094  | 2,612  | 2,590  | 594    | 2,834  | 6,603  | 5,984  | 5,175  | 5,746  | <b>8,017</b>  |
| <i>Gas &amp; Power</i>  | 1,605  | 1,606  | 1,073  | 2,024  | 2,012  | 2,513  | 2,580  | 3,178  | 3,672  | 3,244  | 3,627  | <b>3,463</b>  |
| <i>Refining &amp; Marketing</i>                               | 553    | 316    | 456    | 214    | 578    | 730    | 478    | 986    | 985    | 321    | 583    | <b>965</b>    |
| <i>Petrochemicals</i>   | (406)  | 187    | 1,042  | 101    | 187    | -      | (362)  | 4      | (415)  | (126)  | (176)  | <b>271</b>    |
| <i>Oilfield</i>   |        |        |        |        |        |        |        |        |        |        |        |               |
| <i>Services</i>   |        |        |        |        |        |        |        |        |        |        |        |               |
| <i>Construction and Engineering</i>                           | 161    | 129    | 144    | 159    | 169    | 198    | 149    | 144    | 255    | 298    | 311    | <b>260</b>    |
| <i>Other activities</i>                                       |        |        |        |        |        |        |        |        |        | (214)  | (293)  | <b>(244)</b>  |
| <i>Corporate and financial companies</i>                      | (315)  | (136)  | (118)  | (98)   | (138)  | (168)  | (199)  | (143)  | (168)  | (196)  | (281)  | <b>(269)</b>  |
| <i>Activities to be divested</i>                              | (184)  | (187)  | (5)    | (52)   | (53)   | (57)   |        |        |        |        |        |               |
| Net income  | 125    | 1,659  | 2,235  | 2,299  | 2,643  | 2,328  | 2,857  | 5,771  | 7,751  | 4,593  | 5,585  | <b>7,274</b>  |
| Net cash flow provided by operating activities                | 4,164  | 4,454  | 6,595  | 5,029  | 6,515  | 6,864  | 8,248  | 10,583 | 8,084  | 10,578 | 10,827 | <b>12,362</b> |
| Capital expenditure and investments                           | 5,251  | 3,773  | 3,977  | 3,959  | 4,362  | 5,589  | 5,597  | 9,815  | 11,270 | 9,414  | 13,057 | <b>7,819</b>  |
| <i>Capital expenditure</i>                                    | 5,064  | 3,523  | 3,680  | 3,792  | 4,169  | 5,152  | 5,483  | 5,431  | 6,606  | 8,048  | 8,802  | <b>7,503</b>  |
| <i>Investments</i>  | 187    | 250    | 297    | 167    | 193    | 437    | 114    | 4,384  | 4,664  | 1,366  | 4,255  | <b>316</b>    |
| Shareholders equity including minority interests              | 9,170  | 10,939 | 12,779 | 13,969 | 16,244 | 17,390 | 19,749 | 24,073 | 29,189 | 28,351 | 28,318 | <b>32,466</b> |
| Net borrowings  | 16,605 | 14,062 | 10,789 | 9,559  | 8,050  | 7,070  | 6,267  | 7,742  | 10,104 | 11,141 | 13,543 | <b>10,228</b> |
| Net capital employed <sup>(1)</sup>                           | 25,775 | 25,001 | 23,568 | 23,528 | 24,294 | 24,460 | 26,016 | 31,815 | 39,293 | 39,492 | 41,861 | <b>42,694</b> |
| <i>Exploration &amp; Production</i>                           | 6,157  | 5,504  | 4,903  | 5,554  | 6,469  | 6,862  | 9,279  | 12,646 | 18,252 | 17,318 | 17,340 | <b>17,992</b> |
| <i>Gas &amp; Power</i>  | 7,372  | 7,996  | 8,191  | 8,121  | 8,518  | 8,289  | 8,481  | 10,721 | 12,777 | 12,488 | 15,617 | <b>16,160</b> |
| <i>Refining &amp; Marketing</i>                               | 3,857  | 4,682  | 4,705  | 4,249  | 4,071  | 4,186  | 4,028  | 4,563  | 4,476  | 5,093  | 5,089  | <b>4,343</b>  |
| <i>Petrochemicals</i>   | 5,645  | 4,963  | 4,150  | 3,504  | 3,099  | 2,956  | 2,604  | 2,581  | 1,075  | 2,130  | 1,821  | <b>2,033</b>  |
| <i>Oilfield</i>   |        |        |        |        |        |        |        |        |        |        |        |               |
| <i>Services</i>   |        |        |        |        |        |        |        |        |        |        |        |               |
| <i>Construction and Engineering</i>                           | 200    | (57)   | (246)  | (63)   | 195    | 392    | 1,103  | 1,395  | 1,635  | 2,335  | 2,119  | <b>2,084</b>  |
| <i>Corporate and financial companies and other activities</i> | 2,544  | 1,913  | 1,865  | 2,163  | 1,942  | 1,775  | 521    | (91)   | 1,078  | 128    | (125)  | <b>82</b>     |
| Return On Average Capital Employed (ROACE) (%)                | 3.7    | 8.8    | 11.5   | 11.4   | 12.2   | 10.7   | 12.5   | 21.5   | 23.9   | 13.7   | 15.6   | <b>18.8</b>   |
| Leverage  | 1.81   | 1.29   | 0.84   | 0.68   | 0.5    | 0.41   | 0.32   | 0.32   | 0.35   | 0.39   | 0.48   | <b>0.31</b>   |

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(1) In 2003 Eni's activities have been grouped differently:

- Syndial (former EniChem) was included in the Other activities segment, which includes all Eni companies not included in specific segments (such as, among others, EniData, Sieco, Tecnomare, EniTecnologie, Eni Corporate University, AGI);
- the new Corporate and financial companies segment was created, which includes Eni Corporate, Sofid and the financial companies formerly included in the Other Activities segment.

In addition following its merger into Eni, EniData SpA which managed Eni's IT activities, formerly included in Other Activities, is now included in Corporate and financial companies.

Data for 2002 and 2003 have been reclassified accordingly, in order to allow for a homogeneous comparison.

### Key market indicators

|   | 1993  | 1994  | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004         |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Average price of Brent dated crude oil <sup>(1)</sup> | 17.00 | 15.82 | 17.04 | 20.67 | 19.10 | 12.74 | 17.87 | 28.39 | 24.46 | 24.98 | 28.84 | <b>38.22</b> |
| Average EUR/USD exchange rate <sup>(2)</sup>          | 1.232 | 1.201 | 1.189 | 1.255 | 1.137 | 1.115 | 1.067 | 0.924 | 0.896 | 0.946 | 1.131 | <b>1.244</b> |
| Average price in euro of Brent dated crude oil        | 13.89 | 13.17 | 14.33 | 16.47 | 16.80 | 11.43 | 16.75 | 30.73 | 27.30 | 26.41 | 25.50 | <b>30.72</b> |
| Average European refining margin <sup>(3)</sup>       | 2.58  | 1.74  | 1.18  | 1.52  | 1.86  | 1.99  | 1.21  | 3.99  | 1.97  | 0.80  | 2.65  | <b>4.02</b>  |
| Euribor - three-month euro rate (%)                   | 10.3  | 8.6   | 10.3  | 8.8   | 6.9   | 5.0   | 3.0   | 4.4   | 4.3   | 3.3   | 2.3   | <b>2.1</b>   |

(1) In US dollars per barrel. Source: Platt's Oilgram.

(2) Source: ECB.

(3) In US dollars per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt's Oilgram data.

7

ENI  
FACT BOOK 2004  
MAIN DATA

**Contents****Key operating data**

|   | 1993           | 1994         | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |               |
|---|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Exploration &amp; Production</b>                                     |                |              |              |              |              |              |              |              |              |              |              |              |               |
| Proved reserves of hydrocarbons at period end                           | (mn boe)       | 4,175        | 4,224        | 4,318        | 4,675        | 5,073        | 5,255        | 5,534        | 6,008        | 6,929        | 7,030        | 7,272        | <b>7,218</b>  |
| Reserve life index  | (y)            | 12.8         | 12.4         | 11.9         | 13.1         | 13.6         | 13.4         | 14.0         | 14.0         | 13.7         | 13.2         | 12.7         | <b>12.1</b>   |
| Daily production of hydrocarbons  | (th boe/d)     | 901          | 941          | 982          | 984          | 1,021        | 1,038        | 1,064        | 1,187        | 1,369        | 1,472        | 1,562        | <b>1,624</b>  |
| <b>Gas &amp; Power</b>  |                |              |              |              |              |              |              |              |              |              |              |              |               |
| Sales of natural gas to third parties                                   | (bn cm)        | 48.65        | 47.43        | 52.55        | 56.03        | 55.94        | 58.41        | 62.92        | 62.63        | 63.72        | 64.12        | 69.49        | <b>73.43</b>  |
| Own consumption of natural gas  | (bn cm)        |              |              |              |              |              |              | 2.00         | 2.00         | 2.02         | 1.90         |              | <b>3.70</b>   |
| Sales to third parties and own consumption                              | (bn cm)        |              |              |              |              |              |              | 64.63        | 65.72        | 66.14        | 71.39        |              | <b>77.13</b>  |
| Sales of natural gas of affiliates and relevant companies (Eni's share) | (bn cm)        |              |              | 0.11         | 0.11         | 0.13         | 0.16         | 0.16         | 0.87         | 1.38         | 2.40         | 6.94         | <b>7.32</b>   |
| <b>Total sales and own consumption of natural gas</b>                   | <b>(bn cm)</b> | <b>48.65</b> | <b>47.43</b> | <b>52.66</b> | <b>56.14</b> | <b>56.07</b> | <b>58.57</b> | <b>63.08</b> | <b>65.50</b> | <b>67.10</b> | <b>68.54</b> | <b>78.33</b> | <b>84.45</b>  |
| Natural gas transported on behalf of third parties in Italy             | (bn cm)        | 1.28         | 1.32         | 1.48         | 2.42         | 4.35         | 6.07         | 6.90         | 9.45         | 11.41        | 19.11        | 24.63        | <b>28.26</b>  |
| Electricity production sold   | (TWh)          |              |              |              |              |              |              | 4.77         | 4.99         | 5.00         | 5.55         |              | <b>13.85</b>  |
| <b>Refining &amp; Marketing</b>   |                |              |              |              |              |              |              |              |              |              |              |              |               |
| Products available from processing                                      | (mn ton)       | 33.70        | 40.50        | 38.10        | 37.80        | 36.40        | 40.10        | 38.31        | 38.89        | 37.78        | 35.55        | 33.52        | <b>35.75</b>  |
| Balanced capacity of wholly-owned refineries at period end              | (th bbl/d)     | 824          | 824          | 824          | 664          | 664          | 664          | 664          | 664          | 664          | 504          | 504          | <b>504</b>    |
| Utilization rate of balanced capacity of wholly-owned refineries        | (%)            | 90           | 89           | 86           | 87           | 94           | 103          | 96           | 99           | 97           | 99           | 100          | <b>100</b>    |
| Sales of refined products   | (mn ton)       | 53.10        | 52.30        | 51.90        | 51.36        | 51.60        | 54.19        | 51.82        | 53.46        | 53.24        | 52.02        | 49.91        | <b>53.54</b>  |
| Service stations at period end (in Italy and outside Italy)             | (units)        | 13,705       | 13,699       | 13,574       | 13,150       | 12,756       | 12,984       | 12,489       | 12,085       | 11,707       | 10,762       | 10,647       | <b>9,140</b>  |
| Average throughput per service station (in Italy and outside Italy)     | (th liters/y)  | 1,399        | 1,402        | 1,431        | 1,448        | 1,463        | 1,512        | 1,543        | 1,555        | 1,621        | 1,674        | 1,771        | <b>1,967</b>  |
| <b>Oilfield Services Construction and Engineering</b>                   |                |              |              |              |              |              |              |              |              |              |              |              |               |
| Orders acquired   | (mn euro)      | 1,586        | 2,710        | 2,616        | 2,965        | 3,865        | 3,248        | 2,600        | 4,726        | 3,716        | 7,852        | 5,876        | <b>5,784</b>  |
| Order backlog at period end   | (mn euro)      | 2,598        | 3,471        | 4,035        | 4,374        | 5,180        | 4,934        | 4,439        | 6,638        | 6,937        | 10,065       | 9,405        | <b>8,521</b>  |
|   | (units)        | 108,556      | 91,544       | 86,422       | 83,424       | 80,178       | 78,906       | 72,023       | 69,969       | 72,405       | 80,655       | 76,521       | <b>71,497</b> |

Employees at  
period end**Share data**

|  |                    | <b>1993</b> | <b>1994</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b>    |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| Net income <sup>(1)</sup>  | (euro)             | 0.03        | 0.41        | 0.56        | 0.57        | 0.66        | 0.58        | 0.71        | 1.44        | 1.98        | 1.20        | 1.48        | <b>1.93</b>    |
| Dividend   | (euro)             |             | 0.121       | 0.222       | 0.248       | 0.289       | 0.310       | 0.362       | 0.424       | 0.750       | 0.750       | 0.750       | <b>0.90</b>    |
| Dividends paid <sup>(2)</sup>  | (mn<br>euro)       |             | 483         | 890         | 992         | 1,157       | 1,239       | 1,446       | 1,664       | 2,876       | 2,833       | 2,828       | <b>3,388</b>   |
| Cash flow  | (euro)             | 1.04        | 1.11        | 1.65        | 1.26        | 1.63        | 1.72        | 2.06        | 2.65        | 2.07        | 2.76        | 2.87        | <b>3.28</b>    |
| Dividend yield <sup>(3)</sup>  | (%)                |             |             | 4.0         | 3.1         | 2.8         | 2.9         | 3.4         | 3.2         | 5.6         | 5.2         | 5.1         | <b>4.9</b>     |
| Net income per<br>ADS <sup>(4)</sup>                                     | (US<br>dollar)     | 0.18        | 2.48        | 3.41        | 3.65        | 3.60        | 3.40        | 3.61        | 6.79        | 8.82        | 6.29        | 9.31        | <b>13.05</b>   |
| Dividend per ADS<br><sup>(4)</sup>                                       | (US<br>dollar)     |             | 0.71        | 1.40        | 1.43        | 1.58        | 1.61        | 1.70        | 1.81        | 3.71        | 4.29        | 4.56        | <b>6.09</b>    |
| Cash flow per<br>ADS <sup>(4)</sup>                                      | (US<br>dollar)     | 5.87        | 6.65        | 10.06       | 7.98        | 8.88        | 10.04       | 10.41       | 12.45       | 9.20        | 14.49       | 18.05       | <b>22.19</b>   |
| Dividend yield per<br>ADS <sup>(3)</sup>                                 | (%)                |             |             | 4.2         | 2.8         | 2.8         | 2.6         | 3.2         | 3.0         | 6.2         | 5.8         | 5.0         | <b>5.0</b>     |
| Pay-out  | (%)                |             | 29          | 40          | 43          | 44          | 53          | 51          | 29          | 37          | 62          | 51          | <b>47</b>      |
| Number of shares<br>at December 31<br>representing share<br>capital      | (10 <sup>6</sup> ) | 3,999.6     | 3,999.6     | 3,999.6     | 3,999.6     | 3,999.6     | 4,000.1     | 4,001.1     | 4,001.1     | 4,001.3     | 4,001.8     | 4,002.9     | <b>4,004.4</b> |
| Average number<br>of shares<br>outstanding in the<br>year <sup>(5)</sup> | (10 <sup>6</sup> ) | 3,999.6     | 3,999.6     | 3,999.6     | 3,999.6     | 3,999.6     | 4,000.1     | 4,001.3     | 3,995.1     | 3,911.9     | 3,826.9     | 3,778.4     | <b>3,771.7</b> |

(1) Calculated on the average number of Eni SpA shares outstanding during the year.

(2) Per fiscal year. 2004 data are estimated.

(3) Ratio between dividend of the year and average share price in December.

(4) One ADS represents 5 shares. Net income, dividends and cash flows were converted at the Noon Buying Rate of December 31 (1 EUR=1.3538 USD as of December 31, 2004). Dividends of 1994-2003 were converted at the Noon Buying Rate of the pay-out date.

(5) Calculated by excluding own shares in portfolio.

8

ENI

FACT BOOK 2004

MAIN DATA

**Contents****Share information**

|   |                    | 1995 <sup>(1)</sup> | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    | 2003    | 2004           |
|---|--------------------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|
| <b>Share price - Milan Stock Exchange</b>                 |                    |                     |         |         |         |         |         |         |         |         |                |
| High  | (euro)             | 5.78                | 8.33    | 11.36   | 13.80   | 12.60   | 14.50   | 15.60   | 17.15   | 15.75   | <b>18.75</b>   |
| Low   | (euro)             | 5.09                | 5.67    | 8.06    | 9.19    | 10.18   | 9.54    | 11.56   | 12.94   | 11.88   | <b>14.72</b>   |
| Average   | (euro)             | 5.47                | 7.05    | 9.79    | 11.28   | 11.40   | 11.78   | 14.10   | 15.29   | 13.64   | <b>16.94</b>   |
| End of period   | (euro)             | 5.72                | 8.06    | 10.43   | 11.21   | 10.88   | 13.64   | 14.05   | 15.15   | 14.96   | <b>18.42</b>   |
| <b>ADS price <sup>(2)</sup> - New York Stock Exchange</b> |                    |                     |         |         |         |         |         |         |         |         |                |
| High  | (US dollar)        | 34.38               | 53.00   | 63.13   | 73.50   | 69.00   | 64.88   | 69.70   | 82.11   | 94.98   | <b>126.45</b>  |
| Low   | (US dollar)        | 30.88               | 34.38   | 48.13   | 50.50   | 52.38   | 46.56   | 52.50   | 60.90   | 66.15   | <b>92.35</b>   |
| Average   | (US dollar)        | 32.85               | 44.16   | 55.62   | 63.04   | 60.94   | 54.18   | 63.22   | 72.20   | 77.44   | <b>105.60</b>  |
| End of period   | (US dollar)        | 34.25               | 51.63   | 57.06   | 67.75   | 55.13   | 64.31   | 61.96   | 78.49   | 94.98   | <b>125.84</b>  |
| Average daily exchanged shares                            | (mn share)         | 6.9                 | 5.9     | 7.9     | 11.1    | 12.3    | 17.3    | 17.4    | 19.4    | 22.0    | <b>20.0</b>    |
| Value   | (mn euro)          | 38.3                | 42.7    | 78.8    | 126.0   | 141.0   | 203.9   | 245.0   | 295.4   | 298.5   | <b>338.7</b>   |
| Number of shares outstanding at period end <sup>(3)</sup> | (10 <sup>6</sup> ) | 3,999.6             | 3,999.6 | 3,999.6 | 4,000.1 | 4,001.1 | 3,956.7 | 3,846.9 | 3,795.1 | 3,772.3 | <b>3,770.0</b> |
| Market capitalization: <sup>(4)</sup>                     |                    |                     |         |         |         |         |         |         |         |         |                |
| EUR   | (billion)          | 22.9                | 32.2    | 41.7    | 44.8    | 43.5    | 54      | 54      | 57.5    | 56.4    | <b>69.4</b>    |
| USD   | (billion)          | 27.9                | 40.9    | 45.5    | 52.5    | 44      | 50.7    | 48.1    | 60.4    | 71.1    | <b>94.9</b>    |

(1) From November 28 to December 31.

(2) Each ADS represents 5 shares.

(3) Excluding treasury shares.

(4) Number of outstanding shares by reference price at period end.

**Data on Eni share placements**

|  |                    | 1995  | 1996  | 1997  | 1998  | 2001  |
|--|--------------------|-------|-------|-------|-------|-------|
| Offer price                                | (euro/share)       | 5.42  | 7.40  | 9.90  | 11.80 | 13.60 |
| Number of shares placed                    | (10 <sup>6</sup> ) | 601.9 | 647.5 | 728.4 | 608.1 | 200.1 |
| of which through bonus shares              | (10 <sup>6</sup> ) |       | 1.9   | 15.0  | 24.4  | 39.6  |
| Percentage of share capital <sup>(1)</sup> | (%)                | 15.0  | 16.2  | 18.2  | 15.2  | 5.0   |
| Proceeds                                   | (mn euro)          | 3,254 | 4,596 | 6,869 | 6,714 | 2,721 |

(1) Refers to share capital at December 31, 2004.

**Methodological note:** On June 1, 2001 Eni Shareholders Meeting resolved to convert the nominal value of Eni shares into euro and to group two shares of nominal value 0.5 euro into one share with nominal value one euro. In order to

make an homogeneous comparison possible, data presented in the Share data , Share Information and Data on Eni Share Placements tables were calculated assuming that the above mentioned grouping occurred starting from the first year of each table.

9  
ENI  
FACT BOOK 2004  
MAIN DATA

---



**Contents**

**exploration & production**

**STRATEGIES**

**Maintain strong  
production growth**

**Guarantee medium  
to long-term business  
sustainability by focusing on  
reserve replacement**

**Rationalize  
asset portfolio**

**Select  
exploration expenditure**

**Continue to pursue  
efficiency improvement**

Eni operates in the exploration and production of hydrocarbons in Italy, North Africa, West Africa, the North Sea, the Gulf of Mexico and Australia. It also operates in areas with great exploration and production potential such as the Caspian Sea, the Middle and Far East. In 2004, Eni produced 1,624,000 boe per day and, at December 31, 2004, Eni's proved reserves totaled 7,218 million boe. Eni is pursuing an aggressive production growth strategy aimed at achieving a daily production target of about 2 million boe by 2008, which corresponds to an average annual growth rate of over 5%. Production growth will be pursued by leveraging in particular on the contribution of the great projects in the development phase in Libya, Angola, Nigeria, Iran and Kazakhstan. Eni intends to pay special attention to reserve replacement in order to guarantee the medium to long-term sustainability of its business. Eni intends to continue the rationalization of its asset portfolio, started after the purchase of British-Borneo and Lasmò, in order to increase its value by focusing on strategic areas with the highest growth potential and divesting marginal assets with limited development prospects. Exploration expenditure will be selected by balancing initiatives in areas with high mineral potential with mature projects with a lower risk profile. Eni will continue to improve its performance by searching for operating solutions with lower operating costs and synergies.

10

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION

---

**Contents****MAIN RESULTS**

Hydrocarbon production was 1,624,000 boe/day with a 62,000 boe increase over 2003 (up 4% which becomes 6.4% without taking into account the effect on prices in Production Sharing Agreements - PSA); in the fourth quarter of 2004 production amounted to 1.7 million boe/day. Eni intends to maintain a strong production growth rate in the medium-term leveraging in particular on the contribution of the great projects in the development phase and targeting a production level of approximately 2 million boe/day in 2008, with a compound average growth rate of over 5%

At December 31, 2004 Eni's proved hydrocarbon reserves were 7,218 million boe with a replacement rate of 132% without taking into account the effects of higher realized oil prices in PSAs and asset divestment; this rate declines to 91% net of these effects. In the medium-term the replacement of reserves will be supported by the relevant mineral potential of Eni's assets located in core areas such as the Caspian Sea, West and North Africa and the Norwegian section of the North Sea. The average reserve life index was 12.1 years

Within the North Caspian Sea PSA, in March 2005 Eni's interest in the operated project increased from 16.67% to 18.52% following the pre-emptive right exercised in May 2003 for the purchase of the share of British Gas that left the project. The development plan of the Kashagan field, approved by the Kazakh authorities on February 25, 2004, to be implemented in multiple phases aims at the production of recoverable reserves up to 13 billion barrels by means of partial reinjection of natural gas by 2008 with a total expenditure amounting to dollar 29 billion (dollar 5.4 billion being Eni's share). At March 2005 contracts for the development of this field had been awarded for a total of dollar 6.7 billion. Production plateau is targeted at 1.2 million barrels/day. Appraisal activities performed confirmed the mineral potential of the discoveries made in the area under contract

Within the Western Libyan Gas Project production started at the onshore gas and liquid Wafa field, while development of the offshore Bahr Essalam field is underway with start-up expected in the first half of 2005. The two fields, holding recoverable reserves of approximately 1,750 million boe, will have a target production of 10 billion cubic meters/year of natural gas, of which 8 billion (Eni's interest is 50%) will be exported to European markets through the underwater Greenstream gasline

In Angola in Block 15 (Eni's interest 20%) in August 2004 the Hungo and Chocalho oil fields (with recoverable reserves of approximately 880 million barrels) started production within Phase A of the development project for the fields discovered in the area called Kizomba. Production is expected to peak at 43,000 barrels/day net to Eni by 2006. In this same area Phase B is underway, aimed at the development of the Kissanje and Dikanza fields with recoverable reserves of about 910 million barrels. Production is expected to start in the second half of 2005 and to peak at 43,000 barrels/day net to Eni by 2007

In Iran in October 2004 production of the natural gas and condensate South Pars field phases 4 and 5 (Eni is operator with a 60% interest) started. When fully operational production is expected to reach 20 billion cubic meters/year of gas and, through separation, one million tonnes/year of propane and butane and 80,000 barrels/day of condensates

11

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION  
MAIN RESULTS

**Contents**

In Kazakhstan in June 2004 within the development plan of the Karachaganak field (Eni co-operator with a 32.5% interest) the first supplies of liquids produced were delivered to the Novorossiysk terminal on the Russian coast of the Black Sea. In October liquid production reached the average level of 70,000 barrels/day net to Eni. The field, holding recoverable reserves of 3.6 billion boe, is planned to be developed in further stages with the objective of increasing natural gas production sold and maintaining peak production

In February 2004 production started from the offshore gas and liquid Bayu Undan field (Eni's interest 12.04%) located in the international cooperation area between Australia and East Timor with recoverable reserves of over 900 million boe. The second phase of the project entails production and development of natural gas reserves through the construction of an onshore LNG plant near Darwin in Australia and the export of LNG to the Japanese market. Production is scheduled to peak at about 18,000 boe/day net to Eni in 2009

In October 2004 production of the ROD and satellites oil fields (Eni operator with a 63.96% interest in the production phase) in the Eastern Desert of Algeria with recoverable reserves of approximately 280 million barrels, started. Production makes use of the nearby Bir Rebaa oil center operated by Eni. Production net to Eni is expected to reach a 28,000 barrels/day peak in 2005

Development of the Kristin gas and oil field (Eni's interest 9%) located in the Norwegian Sea continued. The field holds over 500 million boe of recoverable reserves, is expected to start-up in late 2005 and to peak at 19,000 boe/day net to Eni in 2006

Rationalization of Eni's mineral portfolio, aimed at increasing its value by focusing on strategic areas with good growth potential and leaving marginal areas, continued with the sale of assets mainly in the North Sea, Italy, Azerbaijan, Gabon and Mauritania

A total of 66 new exploratory wells were drilled (29.5 of which represented Eni's share). Overall success rate was 52.1% (57.3% representing Eni's share). The major discoveries were achieved in the Caspian Sea (in the area of the North Caspian Sea PSA), Nigeria (onshore), Egypt (offshore in the Gulf of Suez and in the Nile Delta), Italy (onshore in Sicily and Central Italy), Norway (Norwegian Sea) and in the deep offshore of Angola and Congo

**Main financial data**

(million euro)

|   | 1995  | 1996  | 1997  | 1998  | 1999  | 2000   | 2001   | 2002   | 2003   | 2004          |
|---|-------|-------|-------|-------|-------|--------|--------|--------|--------|---------------|
| Net sales from operations                     | 5,664 | 6,578 | 6,897 | 5,206 | 6,840 | 12,308 | 13,960 | 12,877 | 12,746 | <b>15,349</b> |
| Operating income                              | 2,094 | 2,612 | 2,590 | 594   | 2,834 | 6,603  | 5,984  | 5,175  | 5,746  | <b>8,017</b>  |
| Exploration expenditure                       | 396   | 555   | 677   | 755   | 636   | 811    | 757    | 902    | 635    | <b>499</b>    |
| Acquisition of proved and unproved properties | 5     | 292   | 95    | 103   | 752   | 416    | 67     | 317    | 31     |               |
| Development costs and capital goods           | 1,184 | 816   | 1,550 | 2,024 | 1,880 | 2,312  | 3,452  | 4,396  | 5,015  | <b>4,413</b>  |
| Investments                                   | 24    |       |       |       | 10    | 2,511  | 4,149  | 31     | 1,076  | <b>46</b>     |

**Main operating data**

|                             | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004         |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Proved hydrocarbon (mn boe) | 4,318 | 4,675 | 5,073 | 5,255 | 5,534 | 6,008 | 6,929 | 7,030 | 7,272 | <b>7,218</b> |

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|                    |             |       |       |       |       |       |       |       |       |       |              |
|--------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| reserves           |             |       |       |       |       |       |       |       |       |       |              |
| oil and            |             |       |       |       |       |       |       |       |       |       |              |
| condensates        | (mn bbls)   | 2,402 | 2,484 | 2,844 | 2,881 | 3,137 | 3,422 | 3,948 | 3,783 | 4,138 | <b>4,008</b> |
| natural gas        | (mn boe)    | 1,916 | 2,191 | 2,229 | 2,374 | 2,397 | 2,586 | 2,981 | 3,247 | 3,134 | <b>3,210</b> |
| Daily hydrocarbon  |             |       |       |       |       |       |       |       |       |       |              |
| production         | (th boe/d)  | 982   | 984   | 1,021 | 1,038 | 1,064 | 1,187 | 1,369 | 1,472 | 1,562 | <b>1,624</b> |
| oil and            |             |       |       |       |       |       |       |       |       |       |              |
| condensates        | (th bbls/d) | 612   | 614   | 646   | 653   | 674   | 748   | 857   | 921   | 981   | <b>1,034</b> |
| natural gas        | (th boe/d)  | 370   | 370   | 375   | 385   | 390   | 439   | 512   | 551   | 581   | <b>590</b>   |
| Reserve life index | (years)     | 11.9  | 13.1  | 13.6  | 13.4  | 14.0  | 14.0  | 13.7  | 13.2  | 12.7  | <b>12.1</b>  |

12

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION  
MAIN RESULTS

---

Contents

## production

### Italy

In 2004, Eni's hydrocarbon production in Italy totaled 271,000 boe/day and represented 17% of Eni's total production. Eni's exploration and development interests in Italy are concentrated in the Adriatic Sea, the Central Southern Apennines, Sicily and the Sicilian offshore and the Po Valley. Natural gas production averaged 191,000 boe/day and represented approximately 70% of Eni's hydrocarbon production in Italy. Eni's principal natural gas fields are located in the Adriatic Sea (Barbara, Angela/Angelina, Porto Garibaldi/Agostino, Cervia/Arianna, Porto Corsini, Regina and Bonaccia which collectively accounted for 54% of Eni's natural gas production in Italy in 2004) and in the Ionian Sea (Luna, which accounted for 9%).

Daily production of oil in Italy averaged 80,000 barrels. Eni's three major oil fields, Val d'Agri in Southern Italy, Villafortuna in the Po Valley and Gela in Sicily, represented 75% of Eni's total oil production in Italy in 2004. Other oil fields are Aquila in the Adriatic offshore of Southern Italy, Rospo in the Adriatic Sea, Prezioso and Vega offshore southern Sicily, Giaurone and Ragusa in Sicily.

In the Val d'Agri the fourth treatment train of the oil center was started-up and three new wells are being drilled that add up to the existing 33 (19 of these are in production). Production is expected to peak at 73,000 boe/day net to Eni in 2006.

Within its portfolio rationalization process in May 2004 Eni sold the assets in exploration and production of natural gas of Società Petrolifera Italiana pA - SPI (Eni's interest 99%) whose production in 2003 amounted to about 5,000 boe/day, consisting mainly of natural gas.

The achievement of full production of the Val d'Agri fields and the maintenance initiatives for natural gas production will partly offset declines of mature fields.



**Contents**

**North Africa**

**Egypt**

Eni has been present in Egypt since 1954 and is the leading international oil operator. In 2004, fields operated by Eni with a production of 472,000 boe/day (200,000 net to Eni) accounted for 40% of Egypt's total annual hydrocarbon production.

In 2004 oil and condensate production averaged 94,000 barrels/day net to Eni and came mainly from the Eni operated Belayim and Ashrafi fields in the Gulf of Suez which covered 83% of Eni's production in Egypt.

In 2004, natural gas daily production averaged 106,000 boe net to Eni. The main natural gas producing interests operated by Eni are concentrated in the Nile Delta: onshore the Abu Madi and el Qara interests and in the Mediterranean offshore, the North Port Said (former Port Fouad), Baltim, Ras el Barr and el Temsah interests. Production from this concessions covered over 95% of Eni's natural gas production in Egypt.

In December 2004 the LNG production plant at Damietta was started-up. The plant (Eni's interest 40%) has a treatment capacity of 7.6 billion cubic meters/year. Eni will supply 3 billion cubic meters/year of natural gas to this plant in the next 20 years. A second liquefaction train is going to be installed on the plant with the same capacity of the first one. Eni will supply its gas to this line as agreed in an intent protocol signed with the Egyptian Government in March 2005.

In January 2005 the NGL plant in Port Said was started up. The plant (owned by UGDC - Eni's interest 33%) has a treatment capacity of 31 million cubic meters of gas per day and yearly production of 330,000 tonnes of propane, 280,000 tonnes of LPG and 1.2 million barrels of condensates.

In the medium term development initiatives for natural gas production, such as in particular the Temsah T4, Barboni and Baltim North offshore projects, expected to start-up in 2005, will allow to increase Eni's hydrocarbon production in Egypt, despite the decline of mature oil fields.

**Libya**

Eni started operations in Libya in 1959 and is the leading international operator, with oil fields operated by Eni accounting for approximately 19% of Libya's annual oil production. In 2004 Eni's hydrocarbon production averaged



97,000 boe/day, of these 92% was oil. The main oil fields operated by Eni are Bu-Attifel (Eni's interest 50%) onshore in the central-eastern desert and Bouri (Eni's interest 30%) in the Mediterranean offshore facing Tripoli which accounted for 73% of Eni's production in Libya.

In September 2004 production of gas and liquids started at the Wafa onshore field in permit NC-169 A. By year end production reached approximately 45,000 boe/day net to Eni (about 50% was natural gas). Development of the Bahr Essalam field located in the NC-41 permit in the Mediterranean offshore is underway, production is expected to start in mid-2005 within the joint development of the two fields (Eni's interest 50%) (see Development Projects below).

14

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION  
PRODUCTION

---

**Contents**

Early production was started in January 2004 at the Elephant (El Feel) oil field in the NC-174 onshore permit (Eni operator with a 33.33% interest) at 6,000 barrels/day net to Eni. The development of this field aims at reaching peak production of 150,000 barrels/day (27,000 net to Eni) in 2007. Production will be delivered to the Mellitah terminal through a 725-kilometer long pipeline with a 30-inch diameter, currently under construction.

In the medium term the reaching of full production of fields under development will lead to a significant increase in Eni's hydrocarbon production in Libya.

**Algeria**

Eni has been present in Algeria since 1981. In 2004, Eni's oil production averaged 66,000 barrels/day. The principal oil producing fields operated by Eni are located in the Bir Rebaa area in the south-eastern desert: (i) BRN, BRW, BRWS, HBN, ROM, ZEK, ZEA and ROME, which accounted for approximately 48% of Eni's production in 2004; (ii) ROD and satellites (Eni operator of the production phase with a 63.96% interest); production from this field started in October 2004 at 8,000 barrels/day net to Eni and is delivered to the Bir Rebaa oil center, currently under completion; peak production is expected at 70,000 barrels/day (28,000 net to Eni) in 2005. Recoverable reserves amount to approximately 280,000 barrels.

Other interests held by Eni are HBNS (Eni's interest 12.25%) and Ourhoud (Eni's interest 4.59%), which in 2004 accounted for approximately 39% of Eni's production in Algeria.

In the medium term Eni's oil production is expected to increase.



**Contents****West Africa****Nigeria**

Eni has been present in Nigeria since 1962. In 2004, Eni's hydrocarbon production averaged 161,000 boe/day and accounted for approximately 10% of Nigeria's hydrocarbon production.

Eni's principal producing fields in Nigeria are located in: (i) four onshore blocks (OML 60, 61, 62 and 63) in the Niger Delta (Eni's interest 20%), which in 2004 accounted for 22% of Eni's production in Nigeria; (ii) the offshore OML 125 block (Eni's interest 50.19%), where the Abo field is located which produced over 13,000 barrels/day net to Eni. The development of other levels of the Abo field will allow to reach a production peak of 45,000 barrels/day (18,000 net to Eni) in 2007; (iii) the offshore OML 119 block (former OPL 91), operated through a service contract, where the Okono and Okpoho oil fields are located, which produced at the end of 2004 approximately 55,000 barrels/day (27,000 net to Eni).

The Bonga oil field located in offshore block OML 118, where Eni holds a 12.5% interest, is under development and start-up is expected at the end of 2005 (see Development Projects below).

Eni also holds a 5% interest in the 36 onshore blocks of NASE, the largest oil joint venture in the country. In 2004 production net to Eni of this joint venture accounted for about 50% of Eni's production in Nigeria. The major development projects underway are the Cawthorne Channel and Forcados/Yokri oil fields. Peak production of oil from these fields at 90,000 barrels/day (5,000 net to Eni) is expected in 2006. Natural gas produced will be supplied to the Bonny liquefaction plant, starting in March 2005 at Cawthorne Channel (3.8 million cubic meters/day) and in October 2005 at Forcados/Yokri (2.3 million cubic meters/day).

Development initiatives are ongoing for guaranteeing natural gas supplies to the six trains of the Bonny's liquefaction plant (three already operating, two with start-up expected in 2005) which will bring the completed plant to a production capacity of 26.5 billion cubic meters/year of LNG in 2007 (Eni's interest 10.4%, see Gas & Power - Development Initiatives below). When the plant is in full operation, Eni will supply 24.1 million cubic meters/day of its natural gas.

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION  
PRODUCTION

---

**Contents**

The Kwale-Okpai combined cycle power station (Eni's interest 20%) started operations in April 2005, with a generation capacity of 480 megawatts on two turbogenerators. The power station will be fired with gas from the Kwale fields in Block OML 60 (Eni operator with a 20% interest) which will provide 2 million cubic meters/day. The project is part of the Nigerian Government's and Eni's plan for zero gas flaring. In the medium term, the development initiatives underway will lead to a significant increase in Eni's production in Nigeria.

**Congo**

Eni has been present in Congo since 1968 and is the second largest international oil producer, with oil fields operated by Eni accounting for 34% of Congo's total oil production in 2004 (72,000 barrels/day net to Eni). Eni's principal oil producing interests operated in Congo are located in the deep offshore facing Pointe Noire: the Zatchi, Foukanda, Mwafi and Djambala fields (Eni's interest 65%), the Loango field (Eni's interest 50%) and the Kitina field (Eni's interest 35.75%) that accounted for approximately 60% of Eni's production in Congo in 2004. Other fields are Pointe Noire Grand Fond and Pex (Eni's interest 35%) which accounted for approximately 40% of Eni's production in Congo.

In the medium term Eni's daily production is expected to remain stable.

**Angola**

Eni has been present in Angola since 1980. In 2004 Eni's oil production averaged 78,000 barrels/day. Eni's main oil producing fields are located in Block 0 in Cabinda (Eni's interest 9.8%), Block 14 and Block 15 (Eni's interest 20%).

The main oil fields in Block 0 are Takula, Nemba and Malongo, which in 2004 accounted for approximately 50% of Eni's production in Angola. In area B of this Block in January 2005 production started at the Bomboco oil field, while development is underway at the North Sanha field, which will produce condensates and LPG, and is expected to start-up in the second quarter of 2005.



**Contents**

**West Africa**

These fields hold recoverable reserves of approximately 430 million boe; peak production is targeted at 100,000 barrels/day (11,000 net to Eni) in 2007.

The main field in the deep waters of Block 14 is Kuito which in 2004 produced approximately 57,000 barrels/day (10,000 net to Eni). In this block development is underway of the Benguela/Belize and Lobito/Tomboco oil fields, with expected to start-up in 2006 (see Development Projects below).

In 2004 in the deep waters of Block 15 the Xikomba oil field produced 80,000 barrels/day (14,000 net to Eni). In August 2004 first oil was reached at the Kizomba A project (Hungo and Chocalho fields) at an initial level of 28,000 barrels/day net to Eni. Recoverable reserves amount to approximately 880 million barrels. Production is expected to peak at 250,000 barrels/day (43,000 net to Eni) in 2006.

In the medium term, the reaching of full production of fields started-up in 2004 and the contribution of new development projects will allow Eni's production to increase significantly.

**North Sea**

**United Kingdom**

Eni has been present in the United Kingdom since 1964. In 2004 Eni's net production of hydrocarbons averaged 164,000 boe/day. Eni's principal producing interests in the United Kingdom are Elgin/Franklin (21.87%), MacCulloch (40%), fields located in the Liverpool Bay (Eni's interest 53.9%) and J-Block (33%). In 2004 these fields accounted for 71% of Eni's production in the United Kingdom.

Within the rationalization process of Eni's asset portfolio in the North Sea following the purchase of British-Borneo and Lasmo, Eni sold its interests in the T-Block (Eni operator with an 88.87% interest) which contains the Thelma, Tiffany and Tony oil fields, and in the B-Block (Eni operator with an average interest of 60%), where the Balmoral, Glamis and Stirling oil fields are located, as well as its interest in the Markham gas field (Eni operator with a 37.53% interest) offshore the Netherlands. In the medium term, Eni's hydrocarbon production is expected to decline due to the decline of mature fields.



EXPLORATION &  
PRODUCTION  
PRODUCTION

---

**Contents**

**Norway**

Eni has been operating in Norway since 1964. In 2004 Eni's hydrocarbon production averaged 143,000 boe/day. Eni's principal producing interests are the Ekofisk field (12.39% interest) in the North Sea and the Aasgard (14.9%) and Norne (6.9%) fields in the Norwegian Sea which accounted for 85% of Eni's production in Norway in 2004. Development is underway at the Kristin gas and oil field (Eni's interest 9%) located near Aasgard and Norne with production expected to start in late 2005 (see Development Projects below). In the medium term, production is expected to remain stable.

19  
ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION  
PRODUCTION

---

**Contents**

Rest of the World

**United States**

Eni has been present in the United States since 1966 and holds various mineral interests in the Gulf of Mexico. In 2004 Eni's hydrocarbon production averaged 44,000 boe/day. The main producing fields operated by Eni are Allegheny (Eni's interest 100%) Morpeth (Eni's interest 100%) and King Kong (Eni's interest 50%) which accounted for 64% of Eni's production in 2004.

Eni is operator in the development of the K2 oil field (Eni's interest 18.17%) with start-up expected in 2005. A peak production of 32,000 barrels/day (5,000 net to Eni) is expected in late 2005.

In the medium term Eni's production is expected to decline due to the decline in mature fields.

**Kazakhstan**

Eni has been present in Kazakhstan since 1992. Eni is co-operator with British Gas with a 32.5% interest of the Karachaganak oil, gas and condensate field with recoverable reserves of about 3.6 billion boe. In 2004 production from this field (net to Eni) averaged 54,000 barrels/day of liquids and 34,000 boe/day of natural gas. In June 2004 the export of liquids to Western markets through the Caspian Pipeline Consortium pipeline (Eni's interest 2%) started. The pipeline connects the field to the Novorossiysk terminal on the Russian coast of the Black Sea. In the last months of 2004 total production from this field averaged 357,000 boe/day (108,000 net to Eni, of which 70,000 barrels/day of liquids). A further

20

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION  
PRODUCTION

---

## **Contents**

development phase has been planned which includes the construction of a gas treatment plant.

Within the North Caspian Sea PSA, Eni is operator with a 18.52% interest of the consortium developing the Kashagan oil field (see Development Projects below).

### **Indonesia**

Eni has been present in Indonesia since 2000. Eni's producing interests are located in the onshore area in east Kalimantan (Borneo) regulated by the Sanga Sanga PSA (Eni's interest 37.81%) operated by Virginia Indonesia Co in which Eni holds a 50% interest. This area produces mainly natural gas (about 80%). This gas is treated at the Bontang liquefaction plant, the largest in the world, and is exported to the Japanese, South Korean and Taiwanese markets. In 2004 daily hydrocarbon production net to Eni averaged 34,000 boe/day.

### **Venezuela**

Eni has been present in Venezuela since 1998 and is operator with a 100% interest of the Dación oil field regulated by a service contract with a 20 year term. In 2004 daily production from this field averaged 67,000 barrels/day net to Eni. Drilling and workover interventions on producing wells are planned for maintaining current production levels.

Eni holds a 26% interest in the Corocoro oil field in the West Paria Gulf block under development, located at the mouth of the Orinoco river. Production is expected to start in 2007 with a peak of 14,000 barrels/day net to Eni in 2008.

Daily oil production net to Eni is expected to increase in the medium term.



**Contents**

**Rest of the World**

**Pakistan**

Eni has been present in Pakistan since 2000. In 2004 production net to Eni averaged 46,000 boe/day, mainly of natural gas. The main natural gas producing fields operated by Eni are Bhit (Eni's interest 40%) and Kadanwari (Eni's interest 18.42%), which in 2004 accounted for 44% of Eni's production in Pakistan. Eni also holds interests in the Sawan (23.68%), Zamzama (17.75%), and Miano (15.16%) fields. In the first quarter of 2005 the Rehmat field (Eni's interest 30%) was started-up.

In the medium term Eni's production in Pakistan is expected to increase.

**Croatia**

Eni through a 50/50 joint venture with INA, the national Croatian company, operates the Ivana natural gas field, located 40 kilometers west of Pola in the Adriatic offshore in approximately 40 meter deep waters. The field is operated through a main production platform, called Ivana A and three satellite platforms, Ivana B, D and E. In 2004 the Marica gas field started production.

In the medium term the development of the other fields discovered in the area – Ivana C/K, Ika, Ida, Katarina and Annamaria – will allow to double Eni's current production level of 6,000 boe/day by 2007.

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION  
PRODUCTION

---



**Contents**

**Iran**

Eni has been present in Iran since 1957. In 2004 liquid production net to Eni averaged 9,000 barrels/day. The main producing oil fields operated by Eni under buy back contracts are South Pars phases 4 and 5 (Eni operator with a 60% interest) in the offshore of the Persian Gulf and Darquain (Eni operator with a 60% interest) onshore. Eni also holds interests in the Dorood (45%) and Balal (38%) fields in the offshore of the Persian Gulf.

In October 2004 production of the South Pars field phases 4 and 5 started and is targeted at 20 billion cubic meters/year of gas and, after the separation, one million tonnes/year of LPG and 80,000 barrels/day of condensates. The contract provides that the field's liquid production be used to compensate costs incurred and to provide return on invested capital. Production of liquids started in December 2004.

In the medium term the increase in production of South Pars and Darquain will allow to increase Eni's production of liquids in Iran over current levels.

23

ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION  
PRODUCTION

---

**Contents**

**Rest of the World**

**Australia**

Eni has been present in Australia since 2000. In 2004 hydrocarbon production net to Eni averaged 21,000 boe/day mainly of oil. Eni is operator with a 65% interest of the offshore Woollybutt oil field, which in 2004 accounted for 71% of Eni's production in Australia.

In February 2004 the liquids and gas Bayu Undan field (Eni's interest 12.04%) was started-up (see Development projects below).

Eni holds a 46.15% interest in the Blacktip field under development in the offshore Bonaparte basin with start-up expected in 2007. In November 2004 Eni signed a 20-year contract for the supply of 21.3 billion cubic meters of gas from this field to Alcan, an aluminum manufacturing company.

In the medium term Eni's hydrocarbon production in Australia is expected to increase.

**Contents****Deep offshore****West Africa**

In **Angola**, Eni holds a 20% interest in offshore Blocks 14 and 15, where despite the intense exploration activity of the past few years, exploration potential is still relevant. The National Company Sonangol renewed the exploration licence for Block 14 until March 1, 2007, based on a new exploration program. The exploration licence for offshore Block 0 -former Cabinda (Eni's interest 9.8%) was renewed until December 31, 2030.

In **Nigeria** Eni is operator of three deep offshore blocks: OPL 244 (Eni's interest 90%), OPL 211 and OML 125 (former OPL 316) both with a 50.19% interest. Eni also holds a 12.5% interest in OPL 219 and OML 118 (former OPL 212), where during the year the Bonga N&W 1X Dir A well was discovered.

In the **Congo** Eni holds relevant interests in two exploration blocks Mer Très Profonde Nord (Eni operator with a 60% interest) and Mer Très Profonde Sud (Eni's interest 30%), where a significant discovery was made in 2004.

**Gulf of Mexico**

Eni holds interests in more than 300 exploration licences, in particular is operator with interests varying from 30 to 100% in over 50 licences. A wide exploration campaign is ongoing that had positive outcome in 2004 with three new oil discoveries: the South Allegheny (Eni operator with a 100% interest), North Black Widow (Eni's interest 30%) and Ulysses (Eni's interest 29.375%) wells. Production is expected to start in 2005 using the production facilities of the nearby Allegheny, Morpeth (Eni's interest 100%) and Medusa (Eni's interest 25%) wells.

The appraisal wells in the St. Malo discovery (Eni's interest 1.25%) and the Hadrian exploration well (Eni's interest 25%) had positive outcome.

**Brazil**

Eni holds interests in 4 exploration licenses (with shares from 20 to 100%), the second exploration phase started and will expire in September 2005.

**North Sea**

In **Norway** Eni is operator with interests ranging from 20 to 70% in 9 licences, 2 of which acquired in 2004 with the 18th bidding round. In the Barents Sea Eni holds interests in 30 licences with interests varying from 5 to 50% and is operator of the PL 201 and PL 229 permits (with interests of 67 and 65% respectively), where the Goliath field was discovered in 2000.

In 2004 in the PL 128 permit (Eni's interest 11.5%) exploration activities led to the drilling of the Linerle well containing oil.

In the **United Kingdom** Eni holds interests in various exploration licences in the deep offshore. In Block 206/1 (Eni's interest 20%) located west of Shetland, the appraisal campaign was successfully completed with the gas and condensate Laggan discovery, which confirmed the field's extension.

exploration  
areas  
Eni is among  
the best positioned  
companies  
in the new  
and most  
promising  
mining areas.  
In the future  
such areas will give  
a substantial  
contribution  
to the growth  
in Eni's reserves  
and production.

**Ireland**

In the Atlantic offshore of Ireland Eni holds as operator permits 7/97 and 1/99 with a 100% interest and holds a 40% interest in permit 2/94 where the Dooish discovery was made in 2002.

25

ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION  
EXPLORATION AREAS

---

**Contents**

## exploration areas

### **Farøe Islands**

Eni is operator in 2 exploration permits off the coast with a 75% interest.

### **Indonesia**

Eni's exploration activities in Indonesia focus on the deep offshore of East Kalimantan (Borneo). Eni holds interests in 8 exploration permits with interests ranging from 20% to 50% (Ganal, Rapak, Popodi, Papalang, Muara Bakau, Ambalat and Bukat), and with a 100% interest in the Bulungan Block in the Tarakan basin. Eni is operator of Muara Bakau, Ambalat, Bukat and Bulungan located in the Kutei and Tarakan oil basins.

In the Ganal permit, the Gehem-2 and Gehem-3 appraisal wells confirmed the extension of the gas and condensates bearing strata already identified by the discovery and identified a new oil bearing area. Appraisal activities on the Gula discovery had positive outcome. Development plans are being prepared for the discoveries made in the Kutei basin (Gendalo, Gandang, Gehem, Gula, Gada and Ranggag).

In the Bukat permit in Tarakan, Eni as operator made an oil and gas discovery, the first relevant one in this basin.

## Exploration onshore and in conventional waters

### **Saudi Arabia**

In March 2004 Eni was awarded an exploration licence for exploration, development and production of natural gas in the so called C area covering approximately 52,000 square kilometers in the Rub al Khali basin at the border with Qatar and the United Arab Emirates (Eni operator with a 50% interest).

### **Caspian Sea**

Geologically the Caspian Sea is one of the most promising areas in the world for hydrocarbon exploration.

In **Kazakhstan** in 2004 the exploration campaign in the area of the North Caspian Sea PSA was completed with the testing of the sixth and last commitment well Kairan-1. The campaign had a 100% success rate. Appraisal activities of the other discoveries made in the area (Kalamkas, Kashagan SW, Aktote and Kairan) gave positive results with the Kashagan KE-6 and Aktote AK-2 Dir wells.

26

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION

EXPLORATION AREAS

**Contents**

**Australia**

Eni holds interests in 9 exploration licenses in the north-western offshore, in seven of these is operator with interests ranging from 65% to 100%. Three of these are located in the Timor Sea (WA-280-P, AC/P-21 and TP-22), and four in the western offshore (WA-326-P, WA-328-P, WA-25-L and WA-22-L). In permit WA-25-L where the Woollybutt field is located, the drilling of the Scallybutt appraisal well gave positive results.

**Algeria**

Appraisal activities of the BKNE 15 discovery in Block P 404 (Eni's interest 15%) gave positive results.

**China**

Within the CACT consortium Eni operates Block 16/19 in the South China Sea, where new studies for the definition of the exploration potential near existing facilities were started.

**Egypt**

In Egypt exploration activity takes place in exploration permits and production concessions. The major exploration areas in geomineral terms are: (i) gas in the Nile Delta with interesting potential; (ii) oil in the Suez Gulf; (iii) oil, gas and condensates in the Western Desert.

In 2004 exploration gave positive results with 5 oil discoveries in the Gulf of Suez – Belayim Marine (Eni's interests 50%) and Ashrafi (Eni's interests 50%) concessions, and six gas discoveries in the Nile Delta offshore – Seth/Ras el Barr, Denise, Temsah and P. Fouad /N. Port Said concessions – and two discoveries in the Western Desert - Melehia. In 2004, Eni was assigned three new areas in the Delta (Blocks 32, 24 and 26) and one in the Western Desert (Block 10).

**Italy**

Exploration activities onshore yielded positive results with the wells operated by Eni: (i) Civita 1 Dir (Eni's interest 70%) a gas bearing well located in the Civita concession in central Italy; (ii) Tresauero 1 Dir (Eni's interest 45%) in the Tresauero concession in Sicily containing oil; (iii) Monte dell' Aquila 1 Dir (Eni's interest 100%) in the Bronte S. Nicola concession in Sicily containing gas and condensates; (iv) the non operated Monte Guzzo 1 Dir well, in the Montegrano concession (Eni's interest 25%) containing gas in central Italy.

**Nigeria**

Five discoveries were made in onshore production areas: (i) in the OML 60/61/62/63 permits (Eni operator with a 20% interest) with the Osiana Creek South 1 Dir and 2 Dir, Obutoru Creek 1 Dir ST1 and Obiafu 34 wells all containing mainly oil; (ii) in the OML 74 permit (Eni's interest 12.86%) with the JKG1-X well containing oil and gas; (iii) in the OML 116 permit with the Agbara Deep 1 Dir ST1 Appr. A well deep levels mineralized with gas and condensates.



**Contents**

## exploration areas

### **Pakistan**

Eni is operator in the Manchar (Eni's interest 55%) and Gorakh (Eni's interest 92.5%) permits in the Kirthar Foldbelt area and holds interests between 30% and 40% in four exploration permits in the Middle Indus Basin. In February 2005, two permits were acquired in the Indus offshore (Blocks M and N, Eni's interest 100%).

### **Russia**

Eni operates in the Volgo Donsky and Gashunsky permits (Eni's interest 50%) located in the Rostov area in the Donbass Fold Belt. Two exploration wells are being drilled in the Volgo Donsky permit.

### **Venezuela**

Eni holds interests in two exploration permits: Gulf of Paria East (Eni's interest 30%) and Gulf of Paria West (Eni's interest 40%) both in conventional waters. In 2004 two hydrocarbon discoveries were made (Punta Sur and Tiburon) and an evaluation plan is being prepared.

28

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION

EXPLORATION AREAS

---



**Contents**

## development projects

Eni is involved in a number of development projects that will contribute to the medium and long-term growth of its hydrocarbon production. What follows is an outline of the most important development projects.

### **Libya - Wafa and Bahr Essalam**

Joint development of the gas, oil and condensate fields of Wafa, located in NC-169 A permit, 520 kilometers south west of Tripoli, and Bahr Essalam in the NC-41 permit, located in the Mediterranean offshore, 110 kilometers north of Tripoli is underway. These fields (where Eni is partner of the development with a 50% interest) hold recoverable reserves of 1.7 billion boe (about 950 million boe net to Eni). Within the development of the Wafa field 24 of the 30 planned producing wells have been completed, as well as the condensate treatment plant and the laying of the pipeline for the transmission of liquids and gas to the Mellitah treatment plant. In September the first gas shipments were made for the Greenstream gasline and the first shipments of liquids for the Mellitah plant. Within the development of the Bahr Essalam offshore field, 17 producing wells of the 27 planned were completed, the Sabratha platform is nearing completion along with the laying of the underwater pipeline for the transmission of liquids and gas to the Mellitah treatment plant. Production is expected to start in the first half of 2005. Peak production from the two fields at 240,000 boe/day (124,000 net to Eni) is expected in 2006. Eni's share of capital expenditure amounts to approximately euro 3.1 billion only for the upstream phase.

Supply in Italy of natural gas through the underwater Greenstream gasline linking

29

ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION  
DEVELOPMENT PROJECTS

---

**Contents**

| <b>Wafa and Bahr Essalam - Project summary data</b> |            |       |
|---|------------|-------|
| Peak production                                     | (th boe/d) | 240   |
| Expenditure   | (mn euro)  | 6,200 |
| Recoverable reserves                                | (mn boe)   | 1,700 |
| Eni interest  | (%)        | 50    |

Mellitah to Gela in Sicily started on October 1. When fully operational the gasline will allow the export and sale to third parties of 8 of 10 billion cubic meters per year of natural gas produced from these two fields (see, Gas & Power).

**Angola - Block 15 - Kizomba phases B and C**

Eni is engaged in the development of oil fields discovered in the Kizomba area situated in Block 15 (Eni's interest 20%) in the deep offshore of Angola, the most important development project in the West African deep offshore. The project foresees three phases, A, B and C. Within phase A in August 2004 production started at the Hungo and Chocalho fields, containing recoverable reserves of about 880 million barrels. Peak production at 250,000 barrels/day (43,000 net to Eni) is expected in 2006.

| <b>Block 15 - Kizomba B (Kissanje e Dikanza) - Project summary data</b> |            |       |
|---|------------|-------|
| Peak production   | (th boe/d) | 250   |
| Expenditure   | (mn USD)   | 3,300 |
| Recoverable reserves  | (mn boe)   | 910   |
| Eni interest  | (%)        | 20    |
| Expected start-up   |            | 2005  |

**Contents****Block 15 - Kizomba C (Mondo) - Project summary data**

|                      |            |       |
|----------------------|------------|-------|
| Peak production      | (th boe/d) | 120   |
| Expenditure          | (mn USD)   | 1,500 |
| Recoverable reserves | (mn boe)   | 260   |
| Eni interest         | (%)        | 20    |
| Expected start-up    |            | 2007  |

Phase B concerns the development and start-up of production of the Kissanje and Dikanza fields, with recoverable reserves of about 910 million barrels. The project provides for the drilling of 35 wells (19 producing and 16 injection) on Kissanje and 17 wells (10 producing and 7 injection) on Dikanza, the use of a Tension Leg Platform for Kissanje and an underwater production system for Dikanza. Production will be treated at an FPSO vessel common to both fields with a capacity of 250,000 barrels/day and a storage capacity of over 2 billion barrels. Four EPC contracts for the completion of the project have been assigned, while drilling of development wells is underway. Production start-up is scheduled before the end of 2005, peaking at 43,000 barrels/day net to Eni in 2007. Eni's share of capital expenditure amounts to approximately dollar 700 million.

Phase C concerns the development of the Mondo, Saxi and Batuque fields. The Mondo field contains recoverable reserves amounting to 260 million barrels. The project provides for the drilling of 17 wells, 10 producing, 2 water injection and 5 water/gas injection wells and the installation of an FPSO vessel with a treatment capacity of 125,000 barrels/day. Production is expected to start in 2007, peaking at 18,000 barrels/day net to Eni in 2008. Eni's share of capital expenditure amounts to approximately dollar 300 million.

**Angola - Benguela/Belize/Lobito/Tomboco**

The Benguela, Belize, Lobito and Tomboco oil fields hold recoverable reserves amounting to 440 million barrels and are located in the deep waters of Block 14 (Eni's interest 20%). The project provides for two phases; the first one between 2005 and 2006 for the development of Benguela/Belize by means of the installation of a Compliant Piled Tower (CPT) at a depth of 400 meters; the second one between 2006 and 2007 for the development of Lobito/Tomboco through the drilling of underwater wells and their linkage to the production facilities of the CPT. A total of 52 development wells will be drilled (31 producing and 21 water injection wells). Production is scheduled to start in 2006 by means of the Kuito FPSO vessel, reaching a peak of 34,000 barrels/day net to Eni in 2008. Eni's share of capital expenditure amounts to approximately dollar 440 million.

**Block 14 - Benguela/Belize/Lobito/Tomboco - Project summary data**

|                      |            |       |
|----------------------|------------|-------|
| Peak production      | (th boe/d) | 214   |
| Expenditure          | (mn USD)   | 2,200 |
| Recoverable reserves | (mn boe)   | 440   |
| Eni interest         | (%)        | 20    |
| Expected start-up    |            | 2006  |

31

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION  
DEVELOPMENT PROJECTS

**Contents****Bonga - Project summary data**

|                      |             |       |
|----------------------|-------------|-------|
| Peak production      | (th bbls/d) | 200   |
| Expenditure          | (mn USD)    | 3,900 |
| Recoverable reserves | (mn boe)    | 577   |
| Eni interest         | (%)         | 12.5  |
| Expected start-up    |             | 2005  |

**Nigeria - Bonga Project**

The Bonga oil field (Eni's interest 12.5%) with recoverable reserves amounting to 577 million barrels, is situated in the OML 118 permit offshore Nigeria in waters of a depth between 950 and 1,150 meters. A total of 16 of the 34 underwater wells planned were drilled for exploiting 20 production levels. An FPSO vessel is under construction with a treatment capacity of 225,000 barrels/day and a storage capacity of 2 million barrels. Associated gas will be collected at a platform in the EA field from which it will be sent to the Offshore Gas Gathering System pipeline that in turn will carry it to the Bonny liquefaction plant. Production is scheduled to begin in late 2005 with a peak flow of about 21,000 barrels/day net to Eni in 2007. Eni's share of the development expenditure amounts to over dollar 500 million.

**Kazakhstan - North Caspian Sea**

Within the North Caspian Sea PSA, Eni with an 18.52% interest is operator of a consortium of six international oil companies and the national Kazakh company Kazmunaygaz (KMG). The consortium changed its structure in March 2005 when British Gas left the project. The remaining members exercised their pre-emptive right and acquired British Gas's interest (16.67%) in proportional shares and sold half of this newly acquired interest to KMG, new partner of the PSA. The consortium aims at exploration and production of hydrocarbons in the offshore area where the Kashagan field was discovered; this field is considered the most important discovery in the world in the past thirty years. On February 25, 2004 the development plan for Kashagan was approved by the Kazakh authorities.

**Kashagan - Project summary data**

|                      |            |        |
|----------------------|------------|--------|
| Peak production      | (th boe/d) | 1,200  |
| Expenditure          | (mn USD)   | 29,000 |
| Recoverable reserves | (mn boe)   | 13,000 |
| Eni interest         | (%)        | 18.52  |
| Expected start-up    |            | 2008   |

32

ENI

FACT BOOK 2004

EXPLORATION &

PRODUCTION

DEVELOPMENT PROJECTS

---

**Contents**

The plan, which will be implemented in multiple phases, aims at the production of 7 to 9 billion barrels of recoverable reserves, extendible to 13 billion barrels through partial gas reinjection. Production is expected to start in 2008 at an initial level of 75,000 barrels/day and to increase to 450,000 barrels/day at the end of the first development phase. Production plateau is targeted at 1.2 million barrels/day. The total capital expenditure is estimated at dollar 29 billion (5.4 billion being Eni's share), excluding the capital expenditure for the construction of the infrastructure for exporting production to international markets, for which various options are under scrutiny by the consortium. One of these options includes the laying of a pipeline connecting Kashagan with the Baku-Tbilisi-Cechnyan pipeline now in the final phase of construction (Eni's interest 5%). The development of the field provides for the drilling of 280 wells and the construction of platforms and artificial islands (hubs) which will collect production from satellite islands. Oil and non reinjected gas will be treated in the hubs and delivered, through two separate lines, to onshore treatment plants (located at Eskene West, near Atyrau). The oil will be further stabilized and purified; natural gas will be treated for the removal of hydrogen sulphide and will be mostly used as fuel for the production plants. The remaining amounts will be marketed. At March 2005, within the first phase of the field's development contracts for a total of dollar 6.7 billion were awarded for the construction of infrastructure for developing the field and for offshore production (drilling, treatment and reinjection of sour gas) and onshore treatment plants. The most advanced techniques are going to be applied in the completion of the project in order to cope with high pressures in the field and the presence of hydrogen sulphide.

**Saudi Arabia - C area**

In March 2004 Eni, in a consortium with another international oil company and Saudi Aramco, was awarded an exploration license (Eni operator with a 50% interest) for exploration, development and production of natural gas in the so called C area covering approximately 52,000 square kilometers in the Rub al Khali basin at the border with Qatar and the United Arab Emirates. The project provides for geophysical surveys and the drilling of 4 exploratory wells in a period of five years. In case of commercial

discoveries, the contract term of the production phase will last 25 years, with a possible extension to a maximum of 40 years. The gas discovered will be sold to the domestic market for power generation, sea water desalinization and as a feedstock for petrochemical plants. Condensates and LPG extracted from the gas will be exported to international markets. This project marks Eni's return to upstream activities in a country where it had operated in the early 1970s.

33

ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION  
DEVELOPMENT PROJECTS

---



**Contents**

| <b>Bayu Undan - Project summary data</b> |            |       |
|--|------------|-------|
| Peak production                          | (th boe/d) | 160   |
| Expenditure (in the upstream phase)      | (mn USD)   | 1,900 |
| Recoverable reserves                     | (mn boe)   | 900   |
| Eni interest                             | (%)        | 12.04 |

**Australia - The Bayu Undan Integrated Project**

The offshore Bayu Undan field (Eni's interest 12.04%) containing gas and liquids with recoverable reserves amounting to over 900 million barrels is located in Block Zoca 91/12-13 in the international cooperation area between Australia and East Timor, at a water depth of 80 meters.

The project includes two phases. The first one, started in February 2004, for the development of liquids and the second one for the development of LNG. In phase 1 three production and treatment platforms, relevant facilities and an FSO vessel for the storage of liquids have been installed. The second phase entails the construction of a 26-inch diameter 500-kilometer long sealine that will link the field to Darwin where an onshore LNG plant with a 3.5 million tonnes/year capacity is under construction. Under a 17-year long contract, gas produced will be sold to two Japanese companies, Tokyo Electric and Tokyo Gas, that bought a 10.08% interest in the integrated project. LNG production is scheduled for the first quarter of 2006.

Production is scheduled to peak at about 160,000 boe/day (18,000 net to Eni) in 2008. Eni's share of capital expenditure will be approximately dollar 400 million, of which 200 for the upstream portion.



**Contents****Kristin - Project summary data**

|                      |            |       |
|----------------------|------------|-------|
| Peak production      | (th boe/d) | 211   |
| Expenditure          | (mn USD)   | 2,849 |
| Recoverable reserves | (mn boe)   | 520   |
| Eni interest         | (%)        | 9     |
| Expected start-up    |            | 2005  |

**Norway - Kristin Project**

The Kristin gas and oil field (Eni's interest 9%) with recoverable reserves of 520 million boe, is located in the PL 134 permit in the Haltenbanken area in the Norwegian Sea, where the Norne and Aasgard fields are in production. The development plan foresees the drilling of 12 underwater wells, the installation of a semi-submersible platform with treatment facilities and the laying of a gas pipeline connecting it with the Aasgard Transport Pipeline, 10-kilometer from Kristin, and of a 20-kilometer long oil pipeline to carry condensates to the Aasgard C storage vessel. Production is scheduled to start at the end of 2005 with a production peak of 211,000 boe/day (19,000 net to Eni) expected in 2006. Eni's expenditure in this project amounts to approximately dollar 256 million.

35

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION

DEVELOPMENT PROJECTS

**Contents****Proved oil and condensate reserves by geographic area**

(million barrels)

| (at December 31)           | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Italy</b>               | <b>1,418</b> | <b>1,321</b> | <b>1,286</b> | <b>1,245</b> | <b>1,149</b> | <b>1,093</b> | <b>1,006</b> | <b>944</b>   | <b>744</b>   | <b>665</b>   |
| North Africa               | 111          | 467          | 544          | 662          | 778          | 890          | 951          | 961          | 944          | <b>1,124</b> |
| West Africa                | 121          | 127          | 125          | 120          | 167          | 159          | 160          | 265          | 286          | <b>301</b>   |
| North Sea                  | 209          | 227          | 226          | 233          | 229          | 245          | 327          | 327          | 383          | <b>357</b>   |
| Rest of World              | 57           | 49           | 48           | 114          | 74           | 199          | 537          | 750          | 777          | <b>763</b>   |
| <b>Total outside Italy</b> | <b>498</b>   | <b>870</b>   | <b>943</b>   | <b>1,129</b> | <b>1,248</b> | <b>1,493</b> | <b>1,975</b> | <b>2,303</b> | <b>2,390</b> | <b>2,545</b> |
|                            | <b>1,916</b> | <b>2,191</b> | <b>2,229</b> | <b>2,374</b> | <b>2,397</b> | <b>2,586</b> | <b>2,981</b> | <b>3,247</b> | <b>3,134</b> | <b>3,210</b> |

**Proved natural gas reserves by geographic area <sup>(1)</sup>**

(million boe)

| (at December 31)           | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Italy</b>               | <b>318</b>   | <b>316</b>   | <b>360</b>   | <b>329</b>   | <b>328</b>   | <b>296</b>   | <b>309</b>   | <b>255</b>   | <b>252</b>   | <b>225</b>   |
| North Africa               | 869          | 953          | 985          | 1,024        | 1,071        | 1,039        | 1,171        | 1,072        | 1,080        | <b>993</b>   |
| West Africa                | 749          | 720          | 728          | 790          | 900          | 934          | 976          | 1,022        | 1,038        | <b>1,056</b> |
| North Sea                  | 375          | 416          | 428          | 433          | 417          | 455          | 552          | 498          | 529          | <b>450</b>   |
| Rest of World              | 91           | 79           | 343          | 305          | 421          | 698          | 940          | 936          | 1,239        | <b>1,284</b> |
| <b>Total outside Italy</b> | <b>2,084</b> | <b>2,168</b> | <b>2,484</b> | <b>2,552</b> | <b>2,809</b> | <b>3,126</b> | <b>3,639</b> | <b>3,528</b> | <b>3,886</b> | <b>3,783</b> |
|                            | <b>2,402</b> | <b>2,484</b> | <b>2,844</b> | <b>2,881</b> | <b>3,137</b> | <b>3,422</b> | <b>3,948</b> | <b>3,783</b> | <b>4,138</b> | <b>4,008</b> |

- (1) From January 1, 2004 in order to conform to the practice of other international oil companies, Eni unified the conversion rate of natural gas from cubic meters to boe. The new rate adopted is 0.00615 barrels of oil per one cubic meter of natural gas. In the past Eni used a rate of 0.0063 for natural gas produced in Italy and 0.0061 for natural gas produced outside Italy. The change introduced does not affect the amount of proved reserves recorded in boe at December 31, 2003 and has a negligible impact on production expressed in boe in 2004.

**Proved hydrocarbon reserves by geographic area**

(million boe)

| (at December 31)           | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Italy</b>               | <b>1,736</b> | <b>1,637</b> | <b>1,646</b> | <b>1,574</b> | <b>1,477</b> | <b>1,389</b> | <b>1,315</b> | <b>1,199</b> | <b>996</b>   | <b>890</b>   |
| North Africa               | 980          | 1,420        | 1,530        | 1,686        | 1,849        | 1,929        | 2,122        | 2,033        | 2,024        | <b>2,117</b> |
| West Africa                | 870          | 847          | 852          | 910          | 1,067        | 1,093        | 1,136        | 1,287        | 1,324        | <b>1,357</b> |
| North Sea                  | 584          | 643          | 655          | 666          | 646          | 700          | 879          | 825          | 912          | <b>807</b>   |
| Rest of World              | 148          | 128          | 390          | 419          | 495          | 897          | 1,477        | 1,686        | 2,016        | <b>2,047</b> |
| <b>Total outside Italy</b> | <b>2,582</b> | <b>3,038</b> | <b>3,427</b> | <b>3,681</b> | <b>4,057</b> | <b>4,619</b> | <b>5,614</b> | <b>5,831</b> | <b>6,276</b> | <b>6,328</b> |
|                            | <b>4,318</b> | <b>4,675</b> | <b>5,073</b> | <b>5,255</b> | <b>5,534</b> | <b>6,008</b> | <b>6,929</b> | <b>7,030</b> | <b>7,272</b> | <b>7,218</b> |

36

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION

---

**Contents****Oil and condensate production by country**

(thousand barrels/day)

|                            | 1995       | 1996       | 1997       | 1998       | 1999       | 2000       | 2001       | 2002       | 2003       | 2004         |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| <b>Italy</b>               | <b>93</b>  | <b>96</b>  | <b>105</b> | <b>100</b> | <b>88</b>  | <b>76</b>  | <b>69</b>  | <b>86</b>  | <b>84</b>  | <b>80</b>    |
| <b>North Africa</b>        | <b>214</b> | <b>218</b> | <b>212</b> | <b>213</b> | <b>221</b> | <b>227</b> | <b>228</b> | <b>252</b> | <b>250</b> | <b>261</b>   |
| Egypt                      | 76         | 68         | 75         | 88         | 109        | 112        | 97         | 97         | 92         | 94           |
| Libya                      | 113        | 112        | 103        | 92         | 80         | 82         | 84         | 79         | 82         | 89           |
| Algeria                    | 7          | 22         | 20         | 19         | 18         | 21         | 35         | 65         | 65         | 66           |
| Tunisia                    | 18         | 16         | 14         | 14         | 14         | 12         | 12         | 11         | 11         | 12           |
| <b>West Africa</b>         | <b>199</b> | <b>182</b> | <b>177</b> | <b>194</b> | <b>202</b> | <b>213</b> | <b>219</b> | <b>222</b> | <b>236</b> | <b>285</b>   |
| Nigeria                    | 78         | 82         | 77         | 68         | 65         | 75         | 84         | 83         | 108        | 134          |
| Angola                     | 53         | 55         | 55         | 58         | 59         | 63         | 64         | 62         | 58         | 78           |
| Congo                      | 68         | 45         | 45         | 67         | 75         | 72         | 69         | 75         | 68         | 72           |
| Gabon                      |            |            |            | 1          | 3          | 3          | 2          | 2          | 2          | 1            |
| <b>North Sea</b>           | <b>80</b>  | <b>83</b>  | <b>114</b> | <b>112</b> | <b>116</b> | <b>124</b> | <b>204</b> | <b>213</b> | <b>235</b> | <b>203</b>   |
| Norway                     | 42         | 42         | 45         | 47         | 52         | 65         | 70         | 74         | 105        | 102          |
| United Kingdom             | 38         | 41         | 69         | 65         | 64         | 59         | 134        | 139        | 130        | 101          |
| <b>Rest of World</b>       | <b>26</b>  | <b>35</b>  | <b>38</b>  | <b>34</b>  | <b>47</b>  | <b>108</b> | <b>137</b> | <b>148</b> | <b>176</b> | <b>205</b>   |
| Venezuela                  |            |            |            |            |            |            | 39         | 42         | 54         | 67           |
| Kazakhstan                 | 7          | 14         | 16         | 12         | 19         | 27         | 23         | 32         | 41         | 54           |
| United States              | 10         | 7          | 6          | 4          | 5          | 38         | 26         | 29         | 25         | 25           |
| Australia                  |            |            |            |            |            |            |            |            | 14         | 21           |
| Ecuador                    |            |            |            |            | 2          | 22         | 25         | 22         | 21         | 19           |
| Iran                       |            |            |            |            |            |            |            | 3          | 9          | 9            |
| China                      | 9          | 14         | 13         | 12         | 14         | 14         | 12         | 10         | 7          | 5            |
| Indonesia                  |            |            |            |            |            |            | 6          | 5          | 5          | 4            |
| Pakistan                   |            |            |            |            |            |            |            |            |            | 1            |
| Qatar                      |            |            | 3          | 6          | 7          | 7          | 6          | 5          |            |              |
| <b>Total outside Italy</b> | <b>519</b> | <b>518</b> | <b>541</b> | <b>553</b> | <b>586</b> | <b>672</b> | <b>788</b> | <b>835</b> | <b>897</b> | <b>954</b>   |
|                            | <b>612</b> | <b>614</b> | <b>646</b> | <b>653</b> | <b>674</b> | <b>748</b> | <b>857</b> | <b>921</b> | <b>981</b> | <b>1,034</b> |

**Natural gas production by country**

(thousand boe/day)

|                     | 1995       | 1996       | 1997       | 1998       | 1999       | 2000       | 2001       | 2002       | 2003       | 2004       |
|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Italy</b>        | <b>320</b> | <b>309</b> | <b>299</b> | <b>294</b> | <b>270</b> | <b>257</b> | <b>239</b> | <b>230</b> | <b>216</b> | <b>191</b> |
| <b>North Africa</b> | <b>4</b>   | <b>10</b>  | <b>17</b>  | <b>23</b>  | <b>48</b>  | <b>79</b>  | <b>89</b>  | <b>102</b> | <b>101</b> | <b>119</b> |
| Egypt               | 4          | 10         | 17         | 23         | 48         | 77         | 83         | 95         | 95         | 106        |
| Libya               |            |            |            |            |            |            | 3          | 4          | 2          | 8          |
| Tunisia             |            |            |            |            |            | 2          | 3          | 3          | 3          | 3          |
| Algeria             |            |            |            |            |            |            |            |            | 1          | 2          |
| <b>West Africa</b>  | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>2</b>   | <b>4</b>   | <b>11</b>  | <b>14</b>  | <b>15</b>  | <b>24</b>  | <b>31</b>  |
| Nigeria             | 3          | 3          | 3          | 2          | 4          | 11         | 14         | 15         | 24         | 27         |
| Angola              |            |            |            |            |            |            |            |            |            | 2          |
| Congo               |            |            |            |            |            |            |            |            |            | 2          |
| <b>North Sea</b>    | <b>28</b>  | <b>31</b>  | <b>40</b>  | <b>44</b>  | <b>38</b>  | <b>44</b>  | <b>84</b>  | <b>95</b>  | <b>110</b> | <b>105</b> |
| United Kingdom      | 9          | 13         | 22         | 32         | 31         | 34         | 68         | 73         | 72         | 63         |
| Norway              | 18         | 18         | 18         | 12         | 7          | 10         | 14         | 20         | 37         | 41         |
| Netherlands         |            |            |            |            |            |            | 2          | 2          | 1          | 1          |

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|                            |            |            |            |            |            |            |            |            |            |            |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Rest of World</b>       | <b>15</b>  | <b>17</b>  | <b>16</b>  | <b>22</b>  | <b>30</b>  | <b>48</b>  | <b>86</b>  | <b>109</b> | <b>130</b> | <b>144</b> |
| Pakistan                   |            |            |            |            |            |            | 2          | 7          | 28         | 45         |
| Kazakhstan                 |            |            |            | 11         | 18         | 23         | 19         | 26         | 28         | 34         |
| Indonesia                  |            |            |            |            |            |            | 41         | 39         | 36         | 30         |
| United States              | 15         | 17         | 16         | 11         | 12         | 23         | 20         | 30         | 23         | 19         |
| Trinidad & Tobago          |            |            |            |            |            |            |            | 2          | 10         | 10         |
| Croatia                    |            |            |            |            |            | 2          | 4          | 5          | 5          | 6          |
| <b>Total outside Italy</b> | <b>50</b>  | <b>61</b>  | <b>76</b>  | <b>91</b>  | <b>120</b> | <b>182</b> | <b>273</b> | <b>321</b> | <b>365</b> | <b>399</b> |
|                            | <b>370</b> | <b>370</b> | <b>375</b> | <b>385</b> | <b>390</b> | <b>439</b> | <b>512</b> | <b>551</b> | <b>581</b> | <b>590</b> |

37

ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION

**Contents**

|                            | Hydrocarbon production by country <sup>(1)</sup> |            |              |              |              |              |              |              |              |              |
|----------------------------|--|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                            | 1995   | 1996       | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
|                            | (thousand boe/day)                               |            |              |              |              |              |              |              |              |              |
| <b>Italy</b>               | <b>413</b>                                       | <b>406</b> | <b>403</b>   | <b>394</b>   | <b>358</b>   | <b>333</b>   | <b>308</b>   | <b>316</b>   | <b>300</b>   | <b>271</b>   |
| <b>North Africa</b>        | <b>218</b>                                       | <b>228</b> | <b>229</b>   | <b>236</b>   | <b>269</b>   | <b>306</b>   | <b>317</b>   | <b>354</b>   | <b>351</b>   | <b>380</b>   |
| Egypt                      | 80   | 78         | 92           | 111          | 157          | 189          | 180          | 192          | 187          | 200          |
| Libya                      | 113  | 112        | 103          | 92           | 80           | 82           | 87           | 83           | 84           | 97           |
| Algeria                    | 7  | 22         | 20           | 19           | 18           | 21           | 35           | 65           | 66           | 68           |
| Tunisia                    | 18   | 16         | 14           | 14           | 14           | 14           | 15           | 14           | 14           | 15           |
| <b>West Africa</b>         | <b>202</b>                                       | <b>184</b> | <b>180</b>   | <b>196</b>   | <b>206</b>   | <b>224</b>   | <b>233</b>   | <b>237</b>   | <b>260</b>   | <b>316</b>   |
| Nigeria                    | 81   | 84         | 80           | 70           | 69           | 86           | 98           | 98           | 132          | 161          |
| Angola                     | 53   | 55         | 55           | 58           | 59           | 63           | 64           | 62           | 58           | 80           |
| Congo                      | 68   | 45         | 45           | 67           | 75           | 72           | 69           | 75           | 68           | 74           |
| Gabon                      |  |            |              | 1            | 3            | 3            | 2            | 2            | 2            | 1            |
| <b>North Sea</b>           | <b>108</b>                                       | <b>114</b> | <b>155</b>   | <b>156</b>   | <b>154</b>   | <b>168</b>   | <b>288</b>   | <b>308</b>   | <b>345</b>   | <b>308</b>   |
| United Kingdom             | 47   | 54         | 92           | 97           | 95           | 93           | 202          | 212          | 202          | 164          |
| Norway                     | 61   | 60         | 63           | 59           | 59           | 75           | 84           | 94           | 142          | 143          |
| Netherlands                |  |            |              |              |              |              | 2            | 2            | 1            | 1            |
| <b>Rest of World</b>       | <b>41</b>  | <b>52</b>  | <b>54</b>    | <b>56</b>    | <b>77</b>    | <b>156</b>   | <b>223</b>   | <b>257</b>   | <b>306</b>   | <b>349</b>   |
| Kazakhstan                 | 7  | 14         | 16           | 23           | 37           | 50           | 42           | 58           | 69           | 88           |
| Venezuela                  |  |            |              |              |              |              | 39           | 42           | 54           | 67           |
| Pakistan                   |  |            |              |              |              |              | 4            | 7            | 28           | 46           |
| United States              | 25   | 24         | 22           | 15           | 17           | 61           | 46           | 59           | 48           | 44           |
| Indonesia                  |  |            |              |              |              |              | 47           | 44           | 41           | 34           |
| Australia                  |  |            |              |              |              |              |              |              | 14           | 21           |
| Ecuador                    |  |            |              |              | 2            | 22           | 25           | 22           | 21           | 19           |
| Trinidad & Tobago          |  |            |              |              |              |              |              | 2            | 10           | 10           |
| Iran                       |  |            |              |              |              |              |              | 3            | 9            | 9            |
| Croatia                    |  |            |              |              |              | 2            | 2            | 5            | 5            | 6            |
| China                      | 9  | 14         | 13           | 12           | 14           | 14           | 12           | 10           | 7            | 5            |
| Qatar                      |  |            | 3            | 6            | 7            | 7            | 6            | 5            |              |              |
| <b>Total outside Italy</b> | <b>569</b>                                       | <b>578</b> | <b>618</b>   | <b>644</b>   | <b>706</b>   | <b>854</b>   | <b>1,061</b> | <b>1,156</b> | <b>1,262</b> | <b>1,353</b> |
|                            | <b>982</b>                                       | <b>984</b> | <b>1,021</b> | <b>1,038</b> | <b>1,064</b> | <b>1,187</b> | <b>1,369</b> | <b>1,472</b> | <b>1,562</b> | <b>1,624</b> |

(1) Includes natural gas consumed in operations (16,000, 23,000, 26,000 and 38,000 boe/day in 2001, 2002, 2003 and 2004 respectively).



ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION

---

**Contents****Hydrocarbon production sold**

(million boe)

|   | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004          |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|
| Hydrocarbon production                          | 358.4 | 360.3 | 372.5 | 378.8 | 388.4 | 434.5 | 499.7 | 537.3 | 570.0 | <b>594.6</b>  |
| Over/under lifting and other items              | (4.9) | 0.9   | (1.4) | (3.3) | (1.5) | (1.9) | (3.1) | (4.0) | (4.3) | <b>(4.2)</b>  |
| Withdrawals from (input to) natural gas storage | (0.6) | (4.0) | (1.0) | 6.9   | 6.7   | (4.6) | 9.1   | (1.8) |       |               |
| Own consumption of gas                          |       |       |       |       |       |       | (6.0) | (8.4) | (9.5) | <b>(13.9)</b> |
| Hydrocarbon production sold                     | 352.9 | 357.2 | 370.1 | 382.4 | 393.6 | 428.0 | 499.7 | 523.1 | 556.2 | <b>576.5</b>  |

**Principal oil and natural gas interests at December 31, 2004**

|                      | Commencement of operations | Number of interests | Net exploration <sup>(1)</sup> and development acreage | Net development acreage | Type of fields   | Number of producing fields | Number of other fields |
|----------------------|----------------------------|---------------------|--|-------------------------|------------------|----------------------------|------------------------|
| <b>Italy</b>         | 1926                       | 214                 | 33,635   | 13,184                  | Onshore/Offshore | 81                         | 85                     |
| <b>North Africa</b>  |                            |                     |  |                         |                  |                            |                        |
| Algeria              | 1981                       | 29                  | 3,225  | 760                     | Onshore          | 20                         | 12                     |
| Egypt                | 1954                       | 40                  | 12,429   | 1,881                   | Onshore/Offshore | 34                         | 27                     |
| Libya                | 1959                       | 7                   | 21,268   | 8,053                   | Onshore/Offshore | 11                         | 7                      |
| Tunisia              | 1961                       | 11                  | 3,784  | 1,888                   | Onshore/Offshore | 8                          | 5                      |
|                      |                            | <b>87</b>           | <b>40,706</b>  | <b>12,582</b>           |                  | <b>73</b>                  | <b>51</b>              |
| <b>West Africa</b>   |                            |                     |  |                         |                  |                            |                        |
| Angola               | 1980                       | 52                  | 1,651  | 715                     | Offshore         | 32                         | 37                     |
| Congo                | 1968                       | 17                  | 6,240  | 741                     | Offshore         | 16                         | 8                      |
| Nigeria              | 1962                       | 55                  | 7,771  | 4,878                   | Onshore/Offshore | 119                        | 12                     |
|                      |                            | <b>124</b>          | <b>15,662</b>  | <b>6,334</b>            |                  | <b>167</b>                 | <b>173</b>             |
| <b>North Sea</b>     |                            |                     |  |                         |                  |                            |                        |
| Norway               | 1965                       | 50                  | 7,086  | 316                     | Offshore         | 12                         | 13                     |
| United Kingdom       | 1964                       | 55                  | 1,518  | 665                     | Offshore         | 28                         | 16                     |
|                      |                            | <b>105</b>          | <b>8,604</b>   | <b>981</b>              |                  | <b>40</b>                  | <b>29</b>              |
| <b>Rest of World</b> |                            |                     |  |                         |                  |                            |                        |
| Australia            | 2001                       | 13                  | 16,968   | 1,643                   | Offshore         | 2                          | 1                      |
| China                | 1983                       | 4                   | 218  | 106                     | Offshore         | 8                          | 4                      |
| Croatia              | 1996                       | 3                   | 3,028  | 988                     | Offshore         | 2                          | 6                      |
| Ecuador              | 1988                       | 1                   | 2,000  | 2,000                   | Onshore          | 1                          | 1                      |
| Indonesia            | 2001                       | 11                  | 16,408   | 984                     | Onshore/Offshore | 7                          | 8                      |
| Iran                 | 1957                       | 4                   | 423  | 423                     | Onshore/Offshore | 4                          |                        |
| Kazakhstan           | 1995                       | 6                   | 879  | 455                     | Onshore/Offshore | 1                          | 2                      |
| Pakistan             | 2000                       | 13                  | 8,050  | 635                     | Onshore          | 5                          | 2                      |
| Trinidad & Tobago    | 1970                       | 1                   | 66   | 66                      | Offshore         | 3                          | 2                      |
| United States        | 1968                       | 299                 | 2,240  | 373                     | Onshore/Offshore | 14                         | 5                      |
| Venezuela            | 1998                       | 3                   | 713  | 131                     | Onshore/Offshore | 5                          | 2                      |
|                      |                            | <b>358</b>          | <b>50,993</b>  | <b>7,804</b>            |                  | <b>52</b>                  | <b>33</b>              |
| Other                |                            | 9                   | 1,280  | 1,112                   |                  |                            | 1                      |
|                      |                            | 22                  | 83,299   |                         |                  |                            |                        |

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|  |            |                |               |            |            |
|--|------------|----------------|---------------|------------|------------|
| Other countries with only exploration activity |            |                |               |            |            |
| Outside Italy                                  | 705        | 200,544        | 28,813        | 332        | 287        |
| <b>Total</b>                                   | <b>919</b> | <b>234,180</b> | <b>41,997</b> | <b>413</b> | <b>372</b> |

(1) Square kilometers.

39  
ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION

---

**Contents****Fields with residual proved reserves (net to Eni) amounting to over 50 million boe at December 31, 2004**

|                        | <u>Onshore/Offshore</u> | <u>Type of hydrocarbons</u> | <u>Type of contract <sup>(1)</sup></u> | <u>Expiry of concession/contract</u> | <u>Expiry of production</u> |
|------------------------|-------------------------|-----------------------------|--|--------------------------------------|-----------------------------|
| <b>Italy</b>           |                         |                             |  |                                      |                             |
| Monte Alpi Enoc unif.  | Onshore                 | oil/gas                     | C                                      | 2019 <sup>(2)</sup>                  | 2025                        |
| Barbara                | Offshore                | gas                         | C                                      | 2018 <sup>(2)</sup>                  | 2021                        |
| <b>Egypt</b>           |                         |                             |  |                                      |                             |
| Belayim Land           | Onshore                 | oil                         | PSC                                    | 2020                                 | 2020                        |
| Port Fouad M. + SW     | Offshore                | condensates/gas             | PSC                                    | 2021                                 | 2019                        |
| Belayim Marine         | Offshore                | oil                         | PSC                                    | 2020                                 | 2020                        |
| El Temsah              | Offshore                | condensates/gas             | PSC                                    | 2026                                 | 2017                        |
| <b>Libya</b>           |                         |                             |  |                                      |                             |
| Bahr Essalam (C-NC41)  | Offshore                | condensates/gas             | PSC                                    | 2031 <sup>(5)</sup>                  | 2026 <sup>(3)</sup>         |
| Wafa                   | Onshore                 | oil/condensates/gas         | PSC                                    | 2031 <sup>(5)</sup>                  | 2024 <sup>(3)</sup>         |
| Bu Attifel             | Onshore                 | oil/condensates             | C                                      | 2016                                 | 2016                        |
| Gas Bu Attifel/Intisar | Onshore                 | gas                         | C                                      | <sup>(4)</sup>                       | 2028                        |
| Bouri                  | Offshore                | oil                         | PSC                                    | 2029 <sup>(6)</sup>                  | 2019                        |
| E-NC41                 | Offshore                | condensates/gas             | PSC                                    | 2031 <sup>(5)</sup>                  | 2021 <sup>(3)</sup>         |
| <b>Iran</b>            |                         |                             |  |                                      |                             |
| South-Pars             | Offshore                | condensates                 | SC                                     | 2011                                 |                             |
| <b>Nigeria</b>         |                         |                             |  |                                      |                             |
| Nase Oil               | Onshore/Offshore        | oil/gas                     | C                                      | 2019                                 | 2019                        |
| Naoc LNG               | Onshore                 | oil/condensates/gas         | C                                      | 2027                                 | 2027                        |
| Nase LNG               | Onshore                 | oil/condensates/gas         | C                                      | 2019                                 | 2019                        |
| <b>Norway</b>          |                         |                             |  |                                      |                             |
| Ekofisk 1.1.99         | Offshore                | oil/condensates/gas         | C                                      | 2028                                 | 2028                        |
| Smorbukk (Aasgard)     | Offshore                | oil/condensates/gas         | C                                      | 2027                                 | 2027                        |
| Midgard (Aasgard)      | Offshore                | oil/condensates/gas         | C                                      | 2027                                 | 2027                        |
| <b>UK</b>              |                         |                             |  |                                      |                             |
| Elgin/Franklin 2004    | Offshore                | oil/gas                     | C                                      | 2025                                 | 2028                        |
| <b>Australia</b>       |                         |                             |  |                                      |                             |
| Bayu Undan             | Offshore                | condensates/gas             | PSC                                    | 2025                                 | 2026                        |
| <b>Ecuador</b>         |                         |                             |  |                                      |                             |
| Villano                | Onshore                 | oil                         | SC                                     | 2017                                 | 2017                        |
| <b>Kazakhstan</b>      |                         |                             |  |                                      |                             |
| Karachaganak           | Onshore                 | condensates/gas             | PSC                                    | 2038                                 | 2035                        |
| Kashagan               | Offshore                | oil/gas                     | PSC                                    | 2041                                 | 2035 <sup>(3)</sup>         |
| <b>Pakistan</b>        |                         |                             |  |                                      |                             |
| Bhit                   | Onshore                 | gas/condensates             | C                                      | 2020                                 | 2015                        |
| <b>Venezuela</b>       |                         |                             |  |                                      |                             |
| Dación West            | Onshore                 | oil                         | SC                                     | 2018                                 | 2018                        |
| Dación East            | Onshore                 | oil                         | SC                                     | 2018                                 | 2018                        |

(1) C: concession, PSC: production sharing contract, SC: service contract.

(2) Extendable every 10 years by 10 years upon request of concessionary.

(3) Not yet producing.

(4) Date not defined in contract.

(5) Date referred to expiry of concession.

(6) Extension of 10 years after present expiry date (2019) considered.

**Exploration wells**

|                               | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004      | (units) |
|-------------------------------|------|------|------|------|------|------|------|------|------|-----------|---------|
| Wells drilled                 | 95   | 113  | 127  | 121  | 60   | 95   | 110  | 120  | 105  | <b>66</b> |         |
| Outside Italy                 | 67   | 81   | 98   | 82   | 43   | 75   | 99   | 111  | 97   | <b>60</b> |         |
| Italy                         | 28   | 32   | 29   | 39   | 17   | 20   | 11   | 9    | 8    | <b>6</b>  |         |
| Wells drilled (net to<br>Eni) | 49   | 66   | 74   | 66   | 29   | 47   | 47   | 52   | 43   | <b>30</b> |         |
| Outside Italy                 | 28   | 41   | 52   | 35   | 16   | 30   | 37   | 45   | 36   | <b>26</b> |         |
| Italy                         | 21   | 25   | 22   | 31   | 13   | 17   | 10   | 7    | 7    | <b>4</b>  |         |

40

ENI

FACT BOOK 2004

EXPLORATION &  
PRODUCTION

**Contents****Reserve life index**

|               | (years)     |             |             |             |             |             |             |             |             |             |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|               | 1995        | 1996        | 1997        | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        |
| Italy         | 11.4        | 11.2        | 11.5        | 10.2        | 10.7        | 11.7        | 10.9        | 10.8        | 9.0         | <b>8.8</b>  |
| North Africa  | 12.3        | 16.7        | 18.0        | 19.3        | 18.6        | 17.5        | 18.4        | 15.8        | 15.9        | <b>15.5</b> |
| West Africa   | 11.6        | 12.8        | 12.8        | 12.4        | 14.6        | 13.3        | 13.4        | 14.8        | 13.9        | <b>11.7</b> |
| North Sea     | 14.6        | 15.4        | 11.0        | 11.7        | 12.0        | 11.4        | 8.4         | 7.4         | 7.2         | <b>7.2</b>  |
| Rest of World | 9.1         | 6.7         | 19.7        | 20.9        | 16.8        | 15.6        | 18.0        | 17.1        | 18.1        | <b>16.1</b> |
|               | <b>11.9</b> | <b>13.1</b> | <b>13.6</b> | <b>13.4</b> | <b>14.0</b> | <b>14.0</b> | <b>13.7</b> | <b>13.2</b> | <b>12.7</b> | <b>12.1</b> |

**Reserve replacement ratio**

|               | (%)        |            |            |            |            |            |            |            |            |            |
|---------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|               | 1995       | 1996       | 1997       | 1998       | 1999       | 2000       | 2001       | 2002       | 2003       | 2004       |
| Italy         | 67         | 32         | 106        | 53         | 30         | 26         | 39         | ..         | ..         | ..         |
| North Africa  | 93         | 618        | 229        | 277        | 265        | 172        | 267        | 30         | 93         | <b>168</b> |
| West Africa   | 176        | 65         | 107        | 179        | 312        | 132        | 151        | 273        | 138        | <b>128</b> |
| North Sea     | 246        | 244        | 120        | 119        | 113        | 185        | 271        | 53         | 168        | <b>6</b>   |
| Rest of World | 311        | (5)        | 1,410      | 245        | 196        | 825        | 818        | 324        | 396        | <b>124</b> |
|               | <b>126</b> | <b>200</b> | <b>207</b> | <b>147</b> | <b>171</b> | <b>210</b> | <b>282</b> | <b>119</b> | <b>142</b> | <b>91</b>  |

**Economic indicators per boe**

|   | (USD/boe) |       |       |       |       |       |       |       |       |              |
|---|-----------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
|   | 1995      | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004         |
| Revenues  | 17.30     | 20.66 | 19.02 | 13.68 | 16.95 | 24.67 | 21.52 | 22.07 | 24.82 | <b>31.22</b> |
| Lifting cost <sup>(1)</sup>   | 3.72      | 3.97  | 3.98  | 3.56  | 3.64  | 3.75  | 4.02  | 3.87  | 4.09  | <b>4.80</b>  |
| Income  | 4.12      | 4.95  | 3.86  | 0.13  | 4.11  | 7.86  | 5.48  | 5.08  | 5.95  | <b>9.20</b>  |
| Exploration cost (three-year average) - discovery cost <sup>(2)</sup> | 1.31      | 1.56  | 1.67  | 1.78  | 1.77  | 1.70  | 1.55  | 1.38  | 1.21  | <b>1.21</b>  |
| Finding and development cost (three-year average) <sup>(3)</sup>      | 4.27      | 4.33  | 4.72  | 5.16  | 5.43  | 5.35  | 5.33  | 5.67  | 6.53  | <b>7.26</b>  |

(1) Ratio of production costs (incurred for well and facilities maintenance and royalties) and volumes produced.

(2) Exploration cost for each boe of new reserves discovered or proved represented by the ratio of costs incurred with respect to exploration activity and purchase of unproved property and increases in proved reserves related to improved recovery, extensions and new discoveries and revisions of previous estimates. 2001, 2002 and 2003 averages were calculated excluding purchase costs of unproved property of Lasmo in 2001 and of Fortum Petroleum in 2003.

(3) For each boe of new proved reserves, represented by the ratio of the sum of costs incurred with respect to exploration and development activities and purchase of unproved property and increases in proved reserves related to improved recovery, extensions and new discoveries and revisions of previous estimates. In order to allow for an homogeneous comparison the following adjustments were carried out: (i) averages for the 2001-2004 period were calculated with the exclusion of the purchase cost of unproved property of Lasmo (purchased in 2001) and Fortum Petroleum (purchased in 2003); (ii) averages in the 2002-2004 period were calculated with the exclusion of Iranian buy-back contracts; (iii) averages in the 2003-2004 period were calculated with the exclusion of estimated costs for asset retirement obligations. Following the recently enacted Statement of Financial Accounting Standard No. 143 Accounting for Asset Retirement Obligations these costs are capitalized when the related capital expenditure is incurred; further adjustments of previous estimates are recognized whenever an estimate needs to be updated.

**Capital expenditure**

|             | (million euro) |            |            |            |            |            |            |            |            |            |
|-------------|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|             | 1995           | 1996       | 1997       | 1998       | 1999       | 2000       | 2001       | 2002       | 2003       | 2004       |
| Exploration | <b>396</b>     | <b>555</b> | <b>677</b> | <b>755</b> | <b>636</b> | <b>811</b> | <b>757</b> | <b>902</b> | <b>635</b> | <b>499</b> |

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|  |              |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Italy  | 143          | 192          | 178          | 191          | 132          | 156          | 80           | 66           | 59           | <b>51</b>    |
| Outside Italy  | 253          | 363          | 499          | 564          | 504          | 655          | 677          | 836          | 576          | <b>448</b>   |
| <b>Acquisition of proved and unproved properties</b> | <b>5</b>     | <b>292</b>   | <b>95</b>    | <b>103</b>   | <b>752</b>   | <b>416</b>   | <b>67</b>    | <b>317</b>   | <b>30</b>    |              |
| Italy  |              | 55           | 48           |              | 54           |              | 13           |              |              |              |
| Outside Italy  | 5            | 237          | 47           | 103          | 698          | 416          | 54           | 317          | 30           |              |
| <b>Development and capital goods</b>                 | <b>1,184</b> | <b>816</b>   | <b>1,550</b> | <b>2,024</b> | <b>1,880</b> | <b>2,312</b> | <b>3,452</b> | <b>4,396</b> | <b>5,016</b> | <b>4,413</b> |
| Italy  | 440          | 383          | 581          | 507          | 435          | 543          | 600          | 442          | 469          | <b>390</b>   |
| Outside Italy  | 744          | 433          | 969          | 1,517        | 1,445        | 1,769        | 2,852        | 3,954        | 4,547        | <b>4,023</b> |
|  | <b>1,585</b> | <b>1,663</b> | <b>2,322</b> | <b>2,882</b> | <b>3,268</b> | <b>3,539</b> | <b>4,276</b> | <b>5,615</b> | <b>5,681</b> | <b>4,912</b> |

41

ENI  
FACT BOOK 2004  
EXPLORATION &  
PRODUCTION

**Contents**

**STRATEGIES**  
**Consolidate**  
**market leader position in Italy**

**Secure and increase market**  
**share in valuable markets in Europe**

**Develop the LNG business**  
**worldwide in order to give value to own**  
**natural gas reserves**

**Complete plan**  
**for the construction**  
**of power stations fired with natural gas**

**gas & power****natural gas**

Eni operates in the supply, transmission, distribution and sale of natural gas. In 2004, Eni sold 84.5 billion cubic meters of natural gas (including own consumption<sup>1</sup> and Eni's share of sales of affiliates<sup>2</sup>). Eni's transmission network in Italy through medium and high pressure pipelines is about 30,000-kilometer long. Outside Italy Eni owns transportation rights on over 5,000 kilometers of pipelines. Eni is pursuing the development of sales in the rest of Europe and in the LNG business in order to compensate the lower growth opportunities on the domestic market, due to the limits imposed to operators by the sector regulation. In Italy, Eni intends to maintain sales volumes within the regulatory limits through the optimal allocation of supplies between direct sales in Italy and in the rest of Europe and by using natural gas at its own electricity generation plants and, at the same time, leveraging on the expected consumption growth. Eni's marketing policy will aim to customer satisfaction by means of market segmentation, the integration of marketing actions and structures and the expansion and customization of services offered to customers.

The development of sales on the European gas market will leverage on the competitive advantage of Eni's diversified portfolio of supply contracts and extensive gas pipeline network which allows the supply of natural gas from several sources as well as the long standing relationships with producing countries. Eni intends to consolidate its presence in target markets (Iberian Peninsula, Germany and Turkey) and develop sales in markets with significant growth and profitability prospects (in particular France and the United Kingdom).

Eni also intends to expand its presence in LNG in order to increase the value of its own natural gas reserves in West and North Africa, in the Far East and in Latin America. Eni intends to participate in projects concerning natural gas liquefaction and regasification, targeting sales of 12 billion cubic meters in 2008.

Based on contracts signed and actions defined or planned, Eni expects to sell about 92 billion cubic meters of natural gas on European markets in 2008.

- 
- (1) In accordance with article 19, paragraph 4 of Legislative Decree No. 164/2000, the volumes of natural gas consumed in operations by a company or its subsidiaries are excluded from the calculation of ceilings for sales to end customers and from volumes input into the Italian network to be sold in Italy.
- (2) Include also sales of Nigeria LNG Ltd (Eni's interest 10.4%).



|                |    |
|----------------|----|
|                | 42 |
| ENI            |    |
| FACT BOOK 2004 |    |
| GAS & POWER    |    |

---

**Contents****MAIN RESULTS**

With the starting of operations of the Greenstream (Eni's interest 75%) underwater gasline in October 2004, supplies of natural gas from Libyan fields started and, when fully operational in 2006, will reach 8 billion cubic meters/year (of which 4 billion net to Eni), already booked under long-term contracts with operators of this segment

Eni continued its program for developing its electricity generation capacity targeted at 5.3 gigawatts of installed power by 2007 with total capital expenditure amounting to approximately euro 2.2 billion (of which 1.6 were already expended). When fully operational the new gas fired combined cycle plants will allow to consume over 6 billion cubic meters/year of natural gas produced by Eni. In 2004, about 1.3 gigawatts were installed at the Ferrera Erbognone, Ravenna and Mantova power stations, thus bringing Eni's total installed capacity to 3.3 gigawatts

Within its strategy of international expansion in natural gas, Eni and its partners in Nigeria LNG (Eni's interest 10.4%) have approved expenditure plans for the construction of the sixth train for LNG production at the Bonny treatment plant, that, when fully operational in 2007, will have a production capacity of 26.5 billion cubic meters/year. This initiative will allow Eni to fully exploit its natural gas reserves in Nigeria

In March 2005 Eni signed a preliminary agreement for the purchase of a share of regasification capacity corresponding to 4 to 6 billion cubic meters/year of LNG at the Cameron terminal, under construction on the coast of Louisiana (USA) for a term of 20 years. The terminal is expected to be completed in 2008 with an initial capacity of 15 billion cubic meters/year. This deal provides Eni with access to the North American gas market which will absorb part of Eni's African reserves

In January 2005 the first LNG shipping was delivered to the Damietta treatment plant (Eni's interest 40%). When fully operational the plant will produce approximately 7 billion cubic meters/year of LNG mainly directed to the Spanish market

Eni sold shares corresponding to 9.054% of Snam Rete Gas share capital in partial execution of Law No. 290/2003 that prohibits companies operating in the natural gas business to hold interest higher than 20% in companies owning natural gas transmission network from July 1, 2007

In January 2005 Eni agreed a 14 year contract, starting in 2006, for the supply of 1.2 billion cubic meters/year of natural gas to the German company Wingas. The gas will be delivered at Eynatten at the German-Belgian border

**Main financial data**

|                           | (million euro) |       |       |       |       |        |        |        |        |               |
|---------------------------|----------------|-------|-------|-------|-------|--------|--------|--------|--------|---------------|
|                           | 1995           | 1996  | 1997  | 1998  | 1999  | 2000   | 2001   | 2002   | 2003   | 2004          |
| Net sales from operations | 8,400          | 9,352 | 9,985 | 9,625 | 9,900 | 14,427 | 16,098 | 15,297 | 16,067 | <b>17,258</b> |
| Operating income          | 1,703          | 2,024 | 2,012 | 2,513 | 2,580 | 3,178  | 3,672  | 3,244  | 3,627  | <b>3,463</b>  |
| Capital expenditure       | 1,232          | 1,207 | 881   | 921   | 906   | 794    | 1,065  | 1,315  | 1,760  | <b>1,446</b>  |
| Investments               | 146            | 5     | 17    | 34    | 17    | 1,180  | 128    | 158    | 3,156  | <b>177</b>    |

**Main operating data**

|  | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|------|------|------|------|------|------|------|------|------|------|
|--|------|------|------|------|------|------|------|------|------|------|

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|   |         |       |       |       |       |       |       |       |       |       |              |
|---|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Sales of natural gas to third parties                       | (bn cm) | 52.55 | 56.03 | 55.94 | 58.41 | 62.92 | 62.63 | 63.72 | 64.12 | 69.49 | <b>73.43</b> |
| Own consumption of natural gas                              | (bn cm) |       |       |       |       |       | 2.00  | 2.00  | 2.02  | 1.90  | <b>3.70</b>  |
| Sales to third parties and own consumption                  | (bn cm) |       |       |       |       |       | 64.63 | 65.72 | 66.14 | 71.39 | <b>77.13</b> |
| Sales of natural gas of Eni's affiliates (net to Eni)       | (bn cm) | 0.11  | 0.11  | 0.13  | 0.16  | 0.16  | 0.87  | 1.38  | 2.40  | 6.94  | <b>7.32</b>  |
| Total sales and own consumption of natural gas              | (bn cm) | 52.66 | 56.14 | 56.07 | 58.57 | 63.08 | 65.50 | 67.10 | 68.54 | 78.33 | <b>84.45</b> |
| Natural gas transported on behalf of third parties in Italy | (bn cm) | 1.48  | 2.42  | 4.35  | 6.07  | 6.90  | 9.45  | 11.41 | 19.11 | 24.63 | <b>28.26</b> |
| Electricity production sold                                 | (TWh)   |       |       |       |       |       | 4.77  | 4.99  | 5.00  | 5.55  | 13.85        |

43  
 ENI  
 FACT BOOK 2004  
 GAS & POWER  
 MAIN RESULTS

**Contents**

## the Italian natural gas system

In the next decade world consumption of natural gas is expected to increase, due to: (i) the continuous improvement in technologies applicable to all phases of natural gas chain and capable of reducing distances between mineral assets and consumption areas (LNG, GTL, TAP); (ii) the higher environmental compatibility of natural gas as compared to other hydrocarbons in particular in electricity generation; (iii) the expected demographic, economic and social developments; (iv) the steady increase in natural gas reserves. Europe represents one of the areas with the highest growth rate, where the average increase in consumption is expected to be about 3% per year.

Given the recent regulatory and organizational developments, the Italian national natural gas system takes part in the structural change ongoing in Europe with the prospect of a single market for energy. In this context Italy will be able to make good use of its geographical position and its double integration with the European internal market and the Mediterranean area. Eni has the know-how and experience necessary for becoming a leader in this process of European development.

One of the new features of the development process ongoing in Europe is the importance acquired by international hubs, the major interconnection points in international transmission networks where volumes of natural gas are traded on a spot basis. The development of these hubs, currently located in Great Britain, Belgium and Germany, can be attributed to the progressive cancellation of the territorial destination clause in supply contracts, to the new regulations on third party access to transmission networks and to increased gas availability in markets. Hubs represent an opportunity for Eni for selling increasing gas volumes, as Eni can take advantage from its diversified supply portfolio and the flexibility provided by long-term supply contracts.

### The demand for natural gas in Italy

With consumption amounting to 80 billion cubic meters in 2004 (increasing by over 3% over 2003) Italy is the third European market for natural gas after Great Britain and Germany. In 2004, about 20% of natural gas requirements were met through domestic production (including natural gas volumes withdrawn from storage), while imports covered 80%.

Eni expects natural gas consumption in Italy to reach about 91 billion cubic meters in 2010, corresponding to an annual average increase of about 2%. The share of natural gas on total domestic energy requirements is expected to reach nearly 36% as compared to the present 33%.

Most of this increase will concern natural gas used in electricity generation, because of the significant advantages of the use of natural gas in combined cycle plants, thanks to its lower investment cost, higher yields and reduced polluting emissions as compared to other fuels. Demand is expected to increase also from residential and commercial users, due to the increased use of natural gas in residential space heating in households and services, in large tertiary firms and as vehicle fuel.

44

ENI

FACT BOOK 2004

GAS & POWER

THE ITALIAN NATURAL  
GAS SYSTEM

---

**Contents**

### Supply of natural gas

In 2004, Eni's requirements for natural gas are met for over 83% with supplies from foreign countries (mainly Algeria, Russia, the Netherlands and Norway) under long-term contracts. The remaining part is covered by gas supplied by Eni's Exploration & Production segment. Eni is a party of long-term purchase contracts with producing countries that currently have a residual average term of approximately 16 years. Existing contracts, which in general contain take-or-pay clauses, will ensure a total of about 67.3 billion cubic meters of natural gas per year (Russia 28.5, Algeria 21.5, Netherlands 9.8, Norway 6 and Nigeria 1.5) by 2008. These contracts concern total volumes amounting to approximately 1,088 billion cubic meters.

### Transmission, dispatching and regasification

Transmission, dispatching and regasification activities in Italy are carried out by Snam Rete Gas, a company listed on the Italian Stock Exchange (in which Eni holds a 50.07% interest). Eni's primary transmission network was conferred to Snam Rete Gas in July 2001 in implementation of Legislative Decree No. 164/2000 concerning the Italian natural gas market, which provides for the separation of transmission, dispatching and regasification activities from all other activities in the natural gas segment. This Decree also establishes that transport activity qualifies as a public concern activity and consequently is regulated.

The Italian natural gas transmission system is made up of a national pipeline network and a regional pipeline network for a total length of 32,190 kilometers, of which 30,545 owned by Eni.

45  
ENI  
FACT BOOK 2004  
GAS & POWER  
THE ITALIAN NATURAL  
GAS SYSTEM

---

**Contents**

The Italian national transmission network is made up of high pressure trunklines, mainly with a large diameter, which carry natural gas from the entry points to the system – import lines, storage sites and main Italian natural gas fields – to the linking points with the regional transmission network. The national network includes also some interregional lines reaching important markets.

The regional transmission network is made up of the remaining lines and allows the transmission of natural gas to industries, power stations and local distribution companies of the various local areas served.

At December 31, 2004 the national pipeline network owned by Eni extended for 8,196 kilometers. Underground pipelines have a maximum diameter of 48 inches and carry natural gas at pressures of 24 to 75 bars. The underwater pipeline crossing the Messina Strait has a diameter of 20 to 26 inches and carries natural gas at a pressure equal to or higher than 115 bars.

The major pipelines interconnected with import trunklines that are part of Eni's national network are:

*for natural gas imported from Algeria and Libya:*

two lines<sup>3</sup> with a 48/42-inch diameter, each approximately 1,500-kilometer long, including the smaller pipes that cross underwater the Messina strait, which link Mazara del Vallo (on the Southern coast of Sicily) to Minerbio (near Bologna). These lines are linked to the import pipelines that carry natural gas from Algeria through the Sicily Channel and from Libya through the Gela-Enna pipeline and the underwater Greenstream gasline. The pipeline transmission capacity at the Mazara and Gela entry points is approximately 90 million cubic meters/day;

*for natural gas imported from Russia:*

two lines with 48/42/36/34-inch diameters extending for a total length of approximately 1,000 kilometers that are linked to the Austrian network in Tarvisio and cross the Po Valley reaching Sergnano (near Cremona) and Minerbio. The pipeline transmission capacity amounts to 84.4 million cubic meters/day. The pipeline is going to be upgraded by the laying of a third 264-kilometer long line (of which 199 kilometers started operations at the end of 2004);

*for natural gas imported from the Netherlands and Norway:*

two lines, with a 48/34-inch diameter, 301-kilometer long

extending from the Italian border at Passo Gries (Verbania), point of connection with the Swiss network, to the node of Mortara, in the Po Valley. The pipeline transmission capacity amounts to 57.5 million cubic meters/day.

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- (3) At the end of 2004 the 69-kilometer long section of the triple line started operations. By 2007 a total of 290 kilometers are expected to be on triple line.

46

ENI

FACT BOOK 2004

GAS & POWER

THE ITALIAN NATURAL  
GAS SYSTEM

---



**Contents**

In 2004 Eni's national network increased by 203 kilometers due to the entry into service of: (i) a new line connecting Gela, entry point of the Greenstream gasline from Libya, to the national network near Enna. The 36-inch diameter pipe covers 66 kilometers and has a transport capacity of 25 million cubic meters/day; (ii) the completion of a 30-inch diameter line connecting Pontremoli to Parma for the transmission of natural gas from the Panigaglia regasification terminal to northern Italy (70 kilometers); (iii) a 32-kilometer line upgrading the pipeline for importing natural gas from Russia; (iv) the sections from Palmi to Martirano and from Campochiaro to Sulmona as part of the upgrade of the Transmed pipeline through a third line for a total length of 53 kilometers.

Eni's regional transmission network is made up of pipes with smaller diameter than the national lines for a total length 22,349 kilometers. These pipes carry natural gas at pressures between 5 and 12 bars, between 12 and 24 bars and between 24 and 75 bars. In 2004, Eni's regional network increased by 222 kilometers due to the entry into service of new lines, upgrades and of various connections to end users.

Eni's system is completed by: (i) 11 compressor stations with a total power of 625 megawatts; (ii) 5 marine terminals linking underwater pipelines with the on-land network at Mazara del Vallo, Messina and Gela in Sicily and Favazzina and Palmi in Calabria.

The control room of the dispatching system is located in San Donato Milanese and oversees and monitors the whole transmission network in cooperation with peripheral units. In 2003 this system obtained the ISO 9001-2000 certification. Peripheral units are represented by 8 districts that monitor the transmission network through 69 centers that guarantee operation, maintenance and control of the whole system. Each unit is responsible for operations in accordance with technical specifications and applicable laws and regulations.

In addition to the international pipeline transmission system, natural gas enters Eni's system also through the Panigaglia (Liguria) LNG terminal, which receives liquefied natural gas (LNG) carried by tanker ships. This terminal is the only one in Italy, at its maximum it can input 3.5 billion cubic meters/year into the transmission network. LNG is downloaded from tanker ships and stored, then vaporized in a regasification plant made up of cryogenic pumps and submerged flame vaporizers. When it has recovered the



**Contents**

gaseous state, natural gas is input in the transmission network. In 2004, volumes of LNG regasified amounted to the equivalent of approximately 2.1 billion cubic meters of natural gas. Upgrading of this terminal is underway by means of an enhancement of the boil-off gas recovery system.

In 2004 a total of 80 billion cubic meters of natural gas were input in the national network, of these 65% were owned by Eni.

The Italian natural gas system is supplied for about 80% with imported gas, transmitted to Italy through a network of international high pressure pipelines for a total of over 4,300 kilometers; in which Eni owns transportation rights, in particular:

the **TENP pipeline**, 968-kilometer long (a 500-kilometer long single line and a 468-kilometer long doubling line) with transit capacity<sup>4</sup> of 44 million cubic meters/day and four compression stations, transports natural gas from the Netherlands through Germany, from the German-Dutch border of Bocholtz to Wallbach at the German-Swiss border;

the **Transitgas pipeline**, 291-kilometer long, with one compression station, which transports natural gas from the Netherlands and from Norway crossing Switzerland with its 165-kilometer long main line and a 71-kilometer long doubling line, from Wallbach where it joins the TENP pipeline to Passo Gries at the Italian border. It has a transit capacity of 61 million cubic meters/day. A new 55-kilometer long line from Rodersdorf at the French-Swiss border to Lostorf, an interconnection point with the line coming from Wallbach was built for the transport of Norwegian gas;

the **TAG pipeline**, 1,018-kilometer long, made up of two lines, each about 380-kilometer long and a third line 258-kilometer long, with a transit capacity of 81 million cubic meters/day and three compression stations, which transports natural gas from Russia across Austria from Baumgarten, the delivery point at the border of Austria and Slovakia, to Tarvisio, point of entry in the Italian natural gas transport system;

the **TTPC pipeline**, 742-kilometer long, made up of two lines each 371-kilometer long with a transit capacity of 78 million cubic meters/day and three compression stations, which transports natural gas from Algeria across Tunisia from Oued Saf Saf at the Algerian border to Cap Bon on the Mediterranean coast where it links with the TMPC pipeline;

the **TMPC pipeline** for the import of Algerian gas, 775-kilometer long, made up of five lines each 155-kilometer long with a transit capacity of 101 million cubic meters/day which crosses underwater the Sicily Channel from Cap Bon to Mazara del Vallo in Sicily, the point of entry into the Italian natural gas transport system;

the **Greenstream pipeline** for the import of Libyan gas, 520-kilometer long, with a transit capacity of 24.4 million cubic meters/day which crosses underwater the Mediterranean Sea from Mellitah to Gela in Sicily, the point of entry into the Italian natural gas transport system. The pipeline started operations in October 2004, when fully operational it will transport 8 billion cubic meters/year (of these 4 billion are Eni's share).

Eni plans to upgrade the TAG and TTPC pipelines in order to adjust import capacity to the expected increase in demand in Italy.

Eni holds a 50% interest in the Blue Stream underwater pipeline linking the Russian and Turkish coast of the Black Sea. When fully operational, this 774-kilometer long pipeline with a transmission capacity of 49 million cubic meters/day, will transport 16 billion cubic meters per year in 2010 (Eni's share 8 billion) of Russian natural gas to be sold on the Turkish market (see Development Projects below).

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(4) Transit capacity is the maximum daily capacity entering in different access points of a trunkline and carried to the next trunkline.

GAS & POWER  
THE ITALIAN NATURAL  
GAS SYSTEM

---

**Contents****Sales in Italy**

In 2004, Eni's natural gas sales in Italy amounted to 54.1 billion cubic meters (including own consumption). The Italian natural gas market is made up of three main segments: residential and commercial, industrial and thermoelectric. Customers can be divided into three groups: (i) high consumption final users directly linked to the national and regional natural gas networks; (ii) final customers such as residential and commercial users, hospital, schools, public utilities, small enterprises located in urban centers supplied by wholesalers through low pressure lines; (iii) wholesalers (mainly local distribution companies and distributors of natural gas for automotive use) purchasing natural gas to sell it to final customers.

In 2004, Eni's natural gas sales to wholesalers amounted to 14.2 billion cubic meters (down 7.7% over 2003). Natural gas consumption in the industrial segment amounted to approximately 22.6 billion cubic meters (29% of total final consumption), with a 3.5% increase over 2003. In 2004, Eni's sales of natural gas to industrial users amounted to about 12.4 billion cubic meters (down 5.9% over 2003).

Natural gas consumption in the thermoelectric segment amounted to approximately 28 billion cubic meters (35% of total final consumption), with an approximately 9% increase over 2003. In 2004, Eni's sales of natural gas to thermoelectric users amounted to 15.9 billion cubic meters (up 5.9% over 2003).

Natural gas consumption in the residential and commercial segment amounted to over 28 billion cubic meters (36% of total final consumption), with a 1% decrease over 2003 due to the effect of weather conditions. Following the merger of Italgas Più Eni manages directly over 5 million residential customers and in 2004 sales Eni's sales amounted to 7.4 billion cubic meters (up 0.8% over 2003).

As a consequence of decisions of the Antitrust Authority (so called gas release plan) Eni sold 0.5 billion cubic meters to operators in the natural gas segment.

In 2004 own consumption amounted to 3.7 billion cubic meters and concerned essentially supplies to EniPower (2.6 billion cubic meters) and to Eni's petrochemical plants and refineries.

Eni's commercial structure is organized by branches in Italy in order to react promptly and efficiently to the requirements of large and medium enterprises, thermoelectric producers and wholesalers. Eni's marketing policy towards clients of those segments provides for customized contractual options including, among others, various price formulas and types of indexations aimed at controlling price volatility, on the basis of purchase needs of clients. Eni's commercial policy leverages on: (i) a dedicated sales team; (ii) a contact center business; (iii) a website providing new services of analysis and monitoring of costs and gas offtake; (iv) a portfolio of over 50 different kinds of technical assistance and consultancy services.

As a consequence of the merger with Italgas Più SpA, leader in Italy in retail sales of natural gas, Eni integrated its structure with a network of channels dedicated to households, public entities, the tertiary sector, condominiums, and small enterprises: the traditional counters, a network of contact centers, the website with an online opportunity for managing one's contract and the network of franchisors under the Assistenza Italgas Più brand name, that in 2004 were 150.

Customers are offered a wide range of services. Residential users can contact the franchisor for supplies, installation and ordinary and extraordinary maintenance of their heating systems, while condominiums, public administrations and enterprises are offered a turn-key service for all what concerns their heating requirements.

**Contents****Distribution activities**

Distribution involves the delivery of natural gas to residential and commercial users in urban centers through low pressure networks. Eni, through its 100% subsidiary Italgas and other subsidiaries, is engaged in the distribution activity in Italy serving 1,236 municipalities through a low pressure network consisting of over 47,000 kilometers of pipelines at December 31, 2004. Legislative Decree No. 164/2000 concerning the opening up of the natural gas market in Italy defines distribution a public service which is subject to regulation and its management is entrusted to natural gas companies by local governments exclusively under bid procedures. Concessions existing at the coming into force of the Decree and awarded with a bid procedure expire on December 31, 2012; all other concession expire on December 31, 2007 (with an optional one-year extension in case of public interest).

**Sales in the rest of Europe**

Eni signed seven long-term supply contracts with operators in the natural gas sector who in turn import supplied volumes of natural gas in Italy. These contracts, when fully operational in 2006, will enable Eni to supply about 15 billion cubic meters of natural gas per year, including 8 billion cubic meters (Eni's share 4 billion) from the Libyan fields. Until the production from Libyan fields comes on stream, these supplies will be covered with gas derived from Eni's wide and diversified portfolio of supply contracts.

In 2004 sales in European markets amounted to 28.5 billion cubic meters, including sales through affiliates; in particular: (i) 17.5 billion related to sales in target markets, among which the Iberian Peninsula (4.3 billion, of which 1.4 billion to the Spanish electric company Iberdrola and 0.70 billion cubic meters of LNG treated at the liquefaction plant of Nigeria LNG Ltd - Eni's interest 10.4%), Germany (4 billion), Hungary (3.4 billion), Northern Europe (2.9 billion), Turkey (1.7 billion), France (0.70 billion cubic meters of LNG treated at the liquefaction plant of Nigeria LNG); (ii) over 10.4 billion related to the above-mentioned supply contracts with Italian operators in the natural gas sector.

**Sales outside Europe**

In 2004 Eni sold on extra-European markets 1.9 billion cubic meters of natural gas, including Eni's share of sales of affiliates, in particular: (i) 1.6 billion cubic meters in Argentina (1.1 billion by Eni's subsidiary Distribuidora de Gas Cuyana and 0.5 by Eni's affiliate Distribuidora de Gas del Centro); (ii) 0.1 billion cubic meters in Brazil, through its subsidiary Gas Brasileiro Distribuidora; (iii) 0.2 billion cubic meters treated at the Nigeria LNG Ltd liquefaction plant (Eni's interest 10.4%) sold on the US market.

50

ENI

FACT BOOK 2004

GAS &amp; POWER

THE ITALIAN NATURAL

GAS SYSTEM

Contents

## development projects

Eni is engaged in various development projects concerning the sale of natural gas in European markets and in the LNG business in order to compensate the lower growth opportunities on the domestic market, due to the limits set to operators by the sector regulation. In these European markets Eni can leverage on a favorable competitive positioning ensured by gas availability, access to infrastructure, long standing relations with producing countries and knowledge of markets. Eni intends to develop its presence also in the LNG business which provides interesting growth prospects, leveraging on the value of its assets, on its participation in liquefaction projects aimed at exploiting its natural gas reserves (mainly in North and West Africa, the Far East and Australia) and on the purchase of interests in regasification terminals located in strategic consumption markets (United States, United Kingdom, Far East).

## GERMANY

Eni is present on the German natural gas market since late 2002 through GVS (Gasversorgung Süddeutschland GmbH) in which it acquired a 100% interest in joint venture with the German electricity operator EnBW. GVS is the sixth operator in the German gas market and the fourth in terms of volumes transported. Through a 1,863-kilometer long gas pipeline network (of these 1,750 are owned and 113 are managed) it transports and markets about 7 billion cubic meters of gas per year to local distribution companies serving about 750 municipalities in the south-western areas of the country.

In January 2005 Eni agreed a 14 year contract, starting in 2006, for the supply of 1.2 billion cubic meters/year of natural gas to the German company Wingas. The gas will be delivered at Eynatten at the German-Belgian border. In 2008 Eni expects to sell over 6 billion cubic meters, of which 3.3 billion cubic meters of natural gas through GVS, corresponding to a 6% market share.





**Contents**

## IBERIAN PENINSULA

### **Portugal**

Eni operates on the Portuguese market through Galp Energia (Eni's interest 33.34%). Eni and its other partners (the Portuguese Government with 34.81% and Energias de Portugal with 14.27%) are planning a restructuring of Galp's activities. In 2004, Galp Energia sold about 4.4 billion cubic meters of natural gas to about 820,000 customers through a network of high, medium and low pressure pipelines about 11,700-kilometer long. Galp's assets include among others interests in two import infrastructures, the Transmaghreb pipeline and the Sines LNG terminal, which provide an access to the Iberian market.

### **Spain**

Eni operates on the Spanish market through the Unión Fenosa Gas group (Eni's interest 50%, the remaining 50% being held by Unión Fenosa SA) active in natural gas supply and sale to final users and to power generation companies. In 2004 natural gas sales of Unión Fenosa Gas amounted to 1.2 billion cubic meters. Unión Fenosa Gas active in LNG through an 80% interest in a liquefaction plant with a capacity of over 7 billion cubic meters per year, located at Damietta on the Egyptian coast that started operations in January 2005, and through a 7.36% interest in a liquefaction plant under construction in Oman, which is expected to start operations in 2006. In addition, it holds an 18.9% and a 42.5% interest in the El Ferrol and Sagunto regasification plants under construction, managed by the Reganosa and Saggas companies. The Sagunto plant is expected to start operations at the end of 2005, while the El Ferrol plant is expected to start operations in 2006.

Through Unión Fenosa Gas, Gas de Portugal and the development of direct sales, Eni targets to sell about 8 billion cubic meters by 2008 in the Iberian Peninsula, corresponding to an 18% market share.



**Contents**

**TURKEY - BLUE STREAM**

Eni and Gazprom hold equal shares in Blue Stream Pipeline Company BV, which operates the Blue Stream transport system, that links the Russian (Dzhubga) to the Turkish (Samsun) coast of the Black Sea. The gasline transports natural gas produced in Russia which is sold jointly by Eni and Gazprom in Turkey to the Turkish company Botas under a long-term contract. In 2004 Botas withdrew approximately 3.2 billion cubic meters of natural gas (of which 1.6 billion were Eni's share). Volumes transported and marketed will increase progressively in future years and are targeted to about 16 billion cubic meters per year (8 billion net to Eni) in 2010.

**LNG**

Eni is a party in various initiatives in the area of LNG. What follows is a description of the main ones.

**Nigeria**

Eni holds a 10.4% interest in Nigeria LNG Ltd that manages the Bonny liquefaction plant for the treatment and export of LNG. The plant, made up of three treatment trains with an overall capacity of 11.2 billion cubic meters/year of liquefied natural gas is undergoing an upgrade by means of the installation of three further trains expected to be completed between 2005 and 2007, which will increase its capacity to 26.5 billion cubic meters by 2008.

Eni also takes part in a study for the construction of a liquefaction terminal at Brass on the Nigerian coast, about 100 kilometers west of Bonny. The plant will have a capacity of approximately 14 billion cubic meters/year of LNG (and 1.2 million tonnes/year of LPG). Natural gas supplies to this plant will derive from Eni's production.

**Australia**

Eni holds a 12.04% interest in the Bayu Undan project (see: Exploration & Production - Development Projects, above) which provides for the construction of a liquefaction plant for the production of approximately 4.5 billion cubic meters/year of LNG destined to the Japanese market.



Contentspower  
generation

Eni, through EniPower, is one of the major operators in electricity generation on the Italian market. Operating since 2000, EniPower owns power stations located at Eni's sites in Brindisi, Ferrara Erbognone, Livorno, Mantova, Ravenna, Ferrara and Taranto with installed capacity in operation of approximately 3.3 gigawatt at December 31, 2004. In 2004, Eni sold 17 terawatt-hour of electricity, of which about 13.85 produced by EniPower, corresponding to over 5% of the Italian market, and 10 million tonnes of steam.

Eni is implementing a plan for expanding its electricity generation capacity targeting in 2007 an installed capacity of 5.3 gigawatts, corresponding about 10-11% of electricity generated in Italy at that date. Planned expenditure amounts to euro 2.2 billion, of this 1.6 already expensed. In 2004 the Ferrara Erbognone and Ravenna power stations started their full commercial operation, while construction is still underway at Brindisi, Mantova and Ferrara.

High efficiency, low environmental impact, reduced expenditure and construction times are the main features of these plants, which show interesting profitability prospects due to the expected increase in demand for electricity and the ability to operate in co-generation (combined electricity and steam generation). The co-generation mode has been acknowledged by the Authority for Electricity and Gas as a production mode that entails priority on the national dispatching network and the exemption from the purchase of "green certificates".

Eni estimates that given the same amount of energy (electricity and heat) produced, EniPower power stations will allow to reduce emissions of carbon dioxide by approximately 11.8 million tonnes, as compared to emissions caused by conventional power stations. This amount corresponds to approximately 8% of the total carbon dioxide generation of the Italian thermoelectric segment in 2002. These power stations will also generate negligible amounts of particulate and sulphur oxides as well as very low emissions of nitric oxides.

EniPower intends to become a cost leader in the Italian electricity industry thanks to the high technology content and optimal size the plants it is building. When fully operational in 2008,

consumption of natural gas of Eni's plants will reach over 6 billion cubic meters/year, supplied by Eni.

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- (5) Article 11 of Legislative Decree No. 79/1999 concerning the opening up of the Italian electricity market obliges importers and producers of electricity from non renewable sources to input into the national electricity system a share of electricity produced from renewable sources set at 2% of electricity imported or produced from non renewable sources exceeding 100 gigawatt. Calculations are made on total amounts net of co-generation and own consumption. This obligation can be met also by purchasing volumes or rights from other producers employing renewable sources (the so called "green certificates") to cover all or part of such 2% share. Legislative Decree No. 387/2003 established that from 2004 to 2006 the minimum amount of electricity from renewable sources to be input in the grid in the following year be increased by 0.35% per year. The Minister for Productive Activities, with decrees issued in consent with the Minister of the Environment will define further increases for the 2007-2009 and 2010-2012 periods.

54

ENI

FACT BOOK 2004

GAS & POWER

POWER GENERATION

---

**Contents**

|  | (billion cubic meters) |              |              |              |              |              |              |              |              |               |
|--|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|  | 1995                   | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004          |
| <b>Natural gas supplies</b>                |                        |              |              |              |              |              |              |              |              |               |
| <i>Italy</i>                               | <b>18.05</b>           | <b>17.05</b> | <b>16.81</b> | <b>17.70</b> | <b>16.16</b> | <b>13.64</b> | <b>14.62</b> | <b>12.67</b> | <b>12.16</b> | <b>11.30</b>  |
| Russia for Italy                           | 13.83                  | 13.56        | 13.75        | 16.69        | 19.09        | 21.03        | 19.51        | 18.62        | 18.92        | <b>20.62</b>  |
| Russia for Turkey                          |                        |              |              |              |              |              |              |              | 0.63         | <b>1.60</b>   |
| Algeria                                    | 17.43                  | 18.55        | 16.02        | 16.83        | 20.40        | 21.56        | 18.39        | 16.35        | 16.53        | <b>18.86</b>  |
| Netherlands                                | 3.62                   | 4.45         | 5.00         | 3.02         | 2.87         | 6.09         | 7.00         | 7.55         | 7.41         | <b>8.45</b>   |
| Norway                                     |                        |              |              |              |              |              | 1.10         | 4.83         | 5.44         | <b>5.74</b>   |
| Croatia                                    |                        |              |              |              |              |              |              | 0.31         | 0.65         | <b>0.68</b>   |
| United Kingdom                             |                        |              |              |              |              |              |              | 1.48         | 1.98         | <b>1.76</b>   |
| Hungary                                    |                        | 2.80         | 2.79         | 2.73         | 2.67         | 2.67         | 3.11         | 3.05         | 3.56         | <b>3.57</b>   |
| Libya                                      |                        |              |              |              |              |              |              |              |              | <b>0.55</b>   |
| Algeria (LNG)                              | 0.05                   |              | 1.89         | 1.99         | 2.06         | 2.01         | 1.79         | 1.92         | 1.98         | <b>1.27</b>   |
| Others (LNG)                               |                        |              |              |              |              |              |              | 0.30         | 0.72         | <b>1.00</b>   |
| Other supplies via gasline                 |                        |              |              |              |              |              |              |              |              | <b>0.08</b>   |
| Other supplies                             |                        |              | 0.01         | 0.01         | 0.01         | 0.02         | 0.03         | 0.03         | 0.04         | <b>0.04</b>   |
| Others outside Europe                      |                        |              |              |              |              | 0.94         | 0.96         | 0.96         | 1.14         | <b>1.20</b>   |
| <b>Outside Italy</b>                       | <b>34.93</b>           | <b>39.36</b> | <b>39.46</b> | <b>41.27</b> | <b>47.10</b> | <b>54.32</b> | <b>51.89</b> | <b>55.40</b> | <b>59.00</b> | <b>65.42</b>  |
| <b>Total supplies</b>                      | <b>52.98</b>           | <b>56.41</b> | <b>56.27</b> | <b>58.97</b> | <b>63.26</b> | <b>67.96</b> | <b>66.51</b> | <b>68.07</b> | <b>71.16</b> | <b>76.72</b>  |
| Withdrawals from (inputs to) storage       |                        |              |              |              |              | (2.43)       | 0.13         | (1.43)       | 0.84         | <b>0.93</b>   |
| Network losses and measurement differences | (0.43)                 | (0.38)       | (0.33)       | (0.56)       | (0.34)       | (0.90)       | (0.92)       | (0.50)       | (0.61)       | <b>(0.52)</b> |
| <b>Available for sale</b>                  | <b>52.55</b>           | <b>56.03</b> | <b>55.94</b> | <b>58.41</b> | <b>62.92</b> | <b>64.63</b> | <b>65.72</b> | <b>66.14</b> | <b>71.39</b> | <b>77.13</b>  |

|  | (billion cubic meters) |              |              |              |              |              |              |              |              |              |
|--|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 1995                   | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
| <b>Natural gas sales</b>                                     |                        |              |              |              |              |              |              |              |              |              |
| <i>Italy</i>   | <b>52.55</b>           | <b>53.23</b> | <b>53.10</b> | <b>55.62</b> | <b>60.19</b> | <b>57.82</b> | <b>56.74</b> | <b>50.43</b> | <b>50.86</b> | <b>50.39</b> |
| Wholesalers  | 19.77                  | 20.77        | 19.97        | 21.59        | 22.68        | 20.68        | 21.09        | 17.02        | 15.36        | <b>14.18</b> |
| Gas release  |                        |              |              |              |              |              |              |              |              | <b>0.54</b>  |
| End customers  | 32.78                  | 32.46        | 33.13        | 34.03        | 37.51        | 37.14        | 35.65        | 33.41        | 35.50        | <b>35.67</b> |
| Industrial users   | 16.96                  | 16.72        | 17.02        | 17.11        | 17.84        | 18.37        | 18.53        | 14.43        | 13.17        | <b>12.39</b> |
| Thermoelectric users   | 9.79                   | 9.47         | 10.14        | 10.47        | 13.01        | 12.27        | 12.21        | 12.48        | 15.03        | <b>15.92</b> |
| Residential  | 6.03                   | 6.27         | 5.97         | 6.45         | 6.66         | 6.50         | 4.91         | 6.50         | 7.30         | <b>7.36</b>  |
| <b>Rest of Europe</b>  |                        | <b>2.80</b>  | <b>2.84</b>  | <b>2.79</b>  | <b>2.73</b>  | <b>3.90</b>  | <b>6.05</b>  | <b>12.77</b> | <b>17.54</b> | <b>21.87</b> |
| <b>Outside Europe</b>  |                        |              |              |              |              | <b>0.91</b>  | <b>0.93</b>  | <b>0.92</b>  | <b>1.09</b>  | <b>1.17</b>  |
| <b>Total sales to third parties</b>                          | <b>52.55</b>           | <b>56.03</b> | <b>55.94</b> | <b>58.41</b> | <b>62.92</b> | <b>62.63</b> | <b>63.72</b> | <b>64.12</b> | <b>69.49</b> | <b>73.43</b> |
| Own consumption  |                        |              |              |              |              | 2.00         | 2.00         | 2.02         | 1.90         | <b>3.70</b>  |
| <b>Total sales to third parties and own consumption</b>      | <b>52.55</b>           | <b>56.03</b> | <b>55.94</b> | <b>58.41</b> | <b>62.92</b> | <b>64.63</b> | <b>65.72</b> | <b>66.14</b> | <b>71.39</b> | <b>77.13</b> |
| <b>Sales of natural gas of Eni's affiliates (net to Eni)</b> | <b>0.11</b>            | <b>0.11</b>  | <b>0.13</b>  | <b>0.16</b>  | <b>0.16</b>  | <b>0.87</b>  | <b>1.38</b>  | <b>2.40</b>  | <b>6.94</b>  | <b>7.32</b>  |
| Europe   |                        |              |              |              |              | 0.41         | 0.93         | 1.93         | 6.23         | <b>6.60</b>  |
| Outside Europe   | 0.11                   | 0.11         | 0.13         | 0.16         | 0.16         | 0.46         | 0.45         | 0.47         | 0.71         | <b>0.72</b>  |
| <b>Total sales of natural gas</b>                            | <b>52.66</b>           | <b>56.14</b> | <b>56.07</b> | <b>58.57</b> | <b>63.08</b> | <b>65.50</b> | <b>67.10</b> | <b>68.54</b> | <b>78.33</b> | <b>84.45</b> |





**Contents****Natural gas transported in Italy<sup>(1)</sup>**

(billion cubic meters)

|                      | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Eni</b>           | <b>52.55</b> | <b>53.23</b> | <b>53.14</b> | <b>55.69</b> | <b>59.67</b> | <b>63.73</b> | <b>58.17</b> | <b>54.56</b> | <b>51.74</b> | <b>52.15</b> |
| <b>Third parties</b> | <b>1.48</b>  | <b>2.42</b>  | <b>4.35</b>  | <b>6.07</b>  | <b>6.90</b>  | <b>9.45</b>  | <b>11.41</b> | <b>19.11</b> | <b>24.63</b> | <b>28.26</b> |
| Enel                 |              | 0.52         | 2.48         | 4.04         | 4.50         | 6.27         | 6.28         | 8.28         | 9.18         | <b>9.25</b>  |
| Edison Gas           |              |              |              | 1.27         | 1.52         | 2.10         | 2.98         | 4.61         | 7.49         | <b>8.00</b>  |
| Other                | 1.48         | 1.90         | 1.87         | 0.76         | 0.88         | 1.08         | 2.15         | 6.22         | 7.96         | <b>11.01</b> |
|                      | <b>54.03</b> | <b>55.65</b> | <b>57.49</b> | <b>61.76</b> | <b>66.57</b> | <b>73.18</b> | <b>69.58</b> | <b>74.40</b> | <b>76.37</b> | <b>80.41</b> |

(1) Include volumes input to domestic storage.

**Transport infrastructure**

| Route  | Length of main line (km) | Lines (units)         | Diameter (inch) | Pressure min-max (bar) | Transport capacity (mn cm/d) | Transit capacity (mn cm/d) | Compressor stations (units) |
|--|--------------------------|-----------------------|-----------------|------------------------|------------------------------|----------------------------|-----------------------------|
| <b>Italy</b>                                   |                          |                       |                 |                        |                              |                            |                             |
| Mazara del Vallo-Minerbio (under upgrading)    | 1,540                    | 2/3                   | 48/42           | 75                     | 87.0                         |                            | 7                           |
| Tarvisio-Sergnano-Minerbio (under upgrading)   | 445                      | 2/3                   | 48/42/36/34     | 58/70                  | 84.4                         |                            | 2                           |
| Passo Gries-Mortara                            | 177                      | 2                     | 48/34           | 54/75                  | 57.5                         |                            | 1                           |
| <b>Outside Italy<sup>(1)(2)</sup></b>          |                          |                       |                 |                        |                              |                            |                             |
| TENP (Bocholtz-Wallbach)                       | 500                      | 1+1 468 km            | 36/38/40        |                        | 66.0                         | 44.0                       | 4                           |
| Transitgas (Rodendorf-Lostorf)                 | 165                      | 1+1 71 km + one 55 km | 36/48           |                        | 76.5                         | 61.0                       | 1                           |
| TAG (Baumgarten-Tarvisio) (under upgrading)    | 380                      | 2+1 258 km            | 36/38/40/42     |                        | 95.7                         | 81.3                       | 3                           |
| TTPC (Oued Saf Saf-Cap Bon)                    | 371                      | 2                     | 48              |                        | 79.3                         | 78.2                       | 3                           |
| TMPC (Cap Bon-Mazara del Vallo)                | 155                      | 5                     | 20/26           |                        | 101.0                        | 101.0                      |                             |
| Greenstream (Mellitah-Gela) <sup>(3)</sup>     | 520                      | 1                     | 32              |                        | 24.4                         | 24.4                       | 1                           |
| Blue Stream (Beregovaya-Samsun) <sup>(3)</sup> | 391                      | 1+1 383 km            | 24              |                        | 49.0                         | 49.0                       | 1                           |

(1) As of December 31, 2004.

(2) Capacity is related to standard conditions: pressure 1.01325 bar; temperature 288.15 K.

(3) Data relate to full operation of the transport system.

Transport capacity includes both transit capacity and maximum daily volumes of natural gas destined to local markets and withdrawn at various points along the pipeline.

Transit capacity is the maximum daily volume of natural gas which is input at various entry points along the pipeline and transported to the next pipeline.

**Contents****EniPower power stations**

| <b>Power stations</b>     | <b>Installed capacity at 2004 year end</b><br>(MW) | <b>Installed capacity in full operation (2007)</b><br>(MW) | <b>Effective/planned start-up</b> | <b>Fuel</b> | <b>Full production of electricity (2008)</b><br>(TWh/y) | <b>Full production of steam (2008)</b><br>(mn t/y) |
|---------------------------|--|--|-----------------------------------|-------------|---|--|
| Brindisi                  | 302  | 1,321  | 2006                              | gas         | 7.6   | 1.4  |
| Ferrera Erbognone (Pavia) | 1,030  | 1,030  | 2004                              | gas/syngas  | 6.7   | 1.3  |
| Livorno                   | 199  | 199  | 2000                              | gas         | 1.4   | 1.8  |
| Mantova                   | 505  | 836  | 2005                              | gas         | 4.9   | 2.8  |
| Ravenna                   | 1,097  | 972  | 2004                              | gas         | 6.5   | 2.0  |
| Taranto                   | 87   | 75   | 2000                              | gas         | 0.4   | 1.2  |
| Ferrara                   | 80   | 841  | 2007                              | gas         | 5.0   | 0.9  |
|                           | <b>3,300</b>                                       | <b>5,274</b>   |                                   |             | <b>32.5</b>   | <b>11.4</b>  |

Full installed capacity net of standstill of obsolete plants.

**Power generation**

|                                      |          | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b>   |
|--------------------------------------|----------|-------------|-------------|-------------|-------------|---------------|
| <b>Purchases</b>                     |          |             |             |             |             |               |
| Natural gas                          | (mn cm)  | 827         | 784         | 819         | 940         | <b>2,617</b>  |
| Other fuels                          | (th toe) | 842         | 936         | 885         | 847         | <b>695</b>    |
| <b>Sales</b>                         |          |             |             |             |             |               |
| Electricity production sold          | (TWh)    | 4.77        | 4.99        | 5.00        | 5.55        | <b>13.85</b>  |
| Electricity trading                  | (TWh)    |             | 1.56        | 1.74        | 3.10        | <b>3.10</b>   |
| Steam production sold                | (th t)   | 9,535       | 10,025      | 9,302       | 9,303       | <b>10,040</b> |
| <b>Installed generation capacity</b> | (GW)     | <b>1.0</b>  | <b>1.0</b>  | <b>1.0</b>  | <b>1.9</b>  | <b>3.3</b>    |

57

ENI  
FACT BOOK 2004  
GAS & POWER

Contents

## refining & marketing

### **STRATEGIES**

**Improve the competitive positioning of the refining system**

**Enhance Italian distribution network by promoting customer loyalty and developing non oil activities**

**Launch innovative fuels in terms of environmental results and engine performance**

**Continue expansion in selected European regions**

**Intensify efficiency and competitiveness improvement actions**

Eni is engaged in the refining and marketing of refined products mainly in Italy and the rest of Europe. In distribution, with its Agip and IP brands, Eni is market leader in Italy. In 2004, Eni's sales of refined products amounted to 53.5 million tonnes, of which 30.7 million tonnes in Italy. At December 31, 2004 Eni's intake processing (on own account and for third parties) in wholly-owned refineries was 26.8 million tonnes with full utilization of balanced capacity.

The scenario of refining in Europe in future years will be characterized by: (i) decline in gasoline consumption in favor of diesel fuel, related to the renewal of the car fleet that favors diesel cars; (ii) progressive substitution of fuel oil with natural gas; (iii) increase in differential between light and heavy crudes that favors high conversion capacity refineries; (iv) the evolution of European fuel specifications as concerns sulphur content (50 ppm from 2005 and 10 ppm from 2009). In this context Eni intends to strengthen its competitive positioning by increasing the conversion capacity and flexibility of its refineries in order to upgrade its production to meet European environmental standards and differentiate its range of products dedicated to specific market segments.

Eni intends to continue the process of requalification and strategic repositioning of its distribution network in Italy in order to reach European standards in terms of average throughput and services to customers. In this area Eni intends to increase its offer of diversified fuels with low environmental impact and to promote customer loyalty initiatives and develop non oil activities. In the rest of Europe Eni intends to strengthen its position in target areas where it can obtain logistical and operating synergies and exploit the well-known Agip brand. Sales volumes will be increased by buying or leasing well equipped and high throughput services stations and building new ones.

Eni will intensify its efforts for efficiency improvement in all its business lines.



**Contents****MAIN RESULTS**

Within its strategy of improving fuel quality Eni launched the new BluSuper gasoline which reduces polluting emissions and guarantees better engine performance. This fuel anticipates the new EU requirements in force from 2009

The average throughput of Agip branded service stations in Italy increased by 4.5% (from 2.4 to 2.5 million liters) due to the network rationalization process, the commercial success of new fuels and of the Do-It-Yourself campaign that at year end had 3.8 million customers provided with fidelity cards

Within Eni's initiatives for developing non oil activities, 103 service stations entered new franchising agreements under the AgipCafè® catering format

Retail sales of fuels on Eni's network in the rest of Europe reached 4.4 billion liters, with a 15% increase over 2003 as a consequence of a selective development strategy in markets with interesting growth prospects where Eni can leverage on its well known brand name and on logistic and operational synergies

Eni sold its entire interest in Agip do Brasil, operating in the distribution of refined products through over 1,500 service stations and of bottled LPG

In April 2005 Eni defined an agreement for the sale of its 90% interest in Italiana Petroli (IP) with a call-and-put option for the remaining 10% to be exercised in the second half of 2010. The transaction amounts to euro 186 million for 100% of the shares and will be submitted to the approval of the Italian Antitrust Authority. In 2004 IP sold 2.6 billion liters of fuels with an average throughput of 896,000 liters; at year end IP's network included 2,915 service stations, of these approximately 2,700 were leased

**Main financial data**

|                           | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004          |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| Net sales from operations | 10,594 | 11,326 | 11,834 | 10,374 | 14,415 | 25,462 | 22,083 | 21,546 | 22,148 | <b>26,094</b> |
| Operating income          | 456    | 214    | 578    | 730    | 478    | 986    | 985    | 321    | 583    | <b>965</b>    |
| Capital expenditure       | 520    | 584    | 495    | 586    | 524    | 533    | 496    | 550    | 730    | <b>669</b>    |
| Investments               | 40     | 48     | 17     | 282    | 2      | 570    | 51     | 54     | 10     | <b>46</b>     |

(million euro)

**Main operating data**

|   | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004         |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|
| Oil products available from processing (mn ton)                     | 38.10  | 37.80  | 36.40  | 40.10  | 38.31  | 38.89  | 37.78  | 35.55  | 33.52  | <b>35.75</b> |
| Sales of petroleum products (mn ton)                                | 51.90  | 51.36  | 51.60  | 54.19  | 51.82  | 53.46  | 53.24  | 52.24  | 50.43  | <b>53.54</b> |
| Italy (mn ton)  | 37.62  | 37.56  | 36.15  | 36.00  | 35.45  | 35.54  | 34.99  | 31.54  | 29.76  | <b>30.69</b> |
| Outside Italy (mn ton)  | 14.28  | 13.80  | 15.45  | 18.19  | 16.37  | 17.92  | 18.25  | 20.70  | 20.67  | <b>22.85</b> |
| Service stations at period end (in Italy and outside Italy) (units) | 13,529 | 13,150 | 12,756 | 12,984 | 12,489 | 12,085 | 11,707 | 10,762 | 10,647 | <b>9,140</b> |

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|   |                  |       |       |       |       |       |       |       |       |       |              |
|---|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Average throughput<br>(in Italy and outside<br>Italy)                                 | (th<br>liters/y) | 1,431 | 1,448 | 1,463 | 1,512 | 1,543 | 1,555 | 1,621 | 1,674 | 1,771 | <b>1,967</b> |
| Balanced refining<br>capacity of<br>wholly-owned<br>refineries at period<br>end       | (th<br>bbls/d)   | 824   | 664   | 664   | 664   | 664   | 664   | 664   | 504   | 504   | <b>504</b>   |
| Utilization rate of<br>balanced refining<br>capacity of<br>wholly-owned<br>refineries | (%)              | 86    | 87    | 94    | 103   | 96    | 99    | 97    | 99    | 100   | <b>100</b>   |

59  
 ENI  
 FACT BOOK 2004  
 REFINING & MARKETING  
 MAIN RESULTS

Contents

## refining

Eni is engaged in refining activities in Italy and owns interests in refineries in Germany and the Czech Republic with a total refining capacity (balanced with conversion capacity) of 34 million tonnes (equal to 681,000 barrels/day) with 29.2 million tonnes capacity in Italy.

## ITALY

Eni's refining system in Italy is made up of five wholly owned refineries and a 50% interest in the Milazzo refinery in Sicily. In March 2005 Eni sold its 28% interest in Erg Raffinerie Mediterranee SpA (Priolo refinery) to Erg SpA. Eni's wholly owned refineries in Italy had a balanced capacity of 25.2 million tonnes (equal to 504,000 barrels/day), corresponding to over a fourth of Italian capacity and a conversion capacity of approximately 16.4 million tonnes, with a 59.2% conversion equivalent capacity, one of the highest in Europe.

In 2004 total intake processing on own account amounted to 33.4 million tonnes (of these 8.1 million tonnes on refineries belonging to third parties, in particular Milazzo, Priolo and Saras). Total intake processing on wholly owned refineries amounted to 26.8 million tonnes with full utilization of balanced capacity.

Eni intends to consolidate its refining activity by: (i) increasing flexibility and conversion capacity with the aim of producing fuels adequate to demand and meeting European environmental standards, in particular Eni aims at increasing the conversion index of its wholly and partiality owned refineries in Italy from 61% in 2004 to 67% in 2008; (ii) reducing FOB refining capacity in order to dampen its exposition to the volatility of margins, typical of low complexity refineries located far from their end markets. The constant improvement in Eni's refining system will allow it to increase its integration with the Exploration & Production segment in order to increase intake volumes of own crudes. The share of own crudes processed will increase from 33% in 2004 to over 36% in 2008.

Each of Eni's Italian refineries is specialized based on its logistical configuration, geographic location and integration with other Eni business segments.

**Sannazzaro**, with a balanced primary refining capacity of 160,000 barrels/day and an equivalent conversion index of 42.5% is one of the most efficient refineries in Europe. Located in the south-west of the Po Valley, at the confluence of the rivers Po and Ticino, it produces mainly gasolines, gasoil and other light products for the supply of markets in north-western Italy, Switzerland and Bavaria. Besides its primary distillation plants, this refinery contains two catalytic reforming plants used to increase the octane number of gasolines, an isomerization plant and three desulfurization plants, which allow a high degree of flexibility of production related to market and environmental conditions. The conversion plants are: a fluid catalytic cracker (FCC), an HDCK middle distillate conversion, and a visbreaking thermal conversion unit. This refinery processes mainly oil from Russia, Africa and the North Sea, oil from Eni's nearby Villafortuna field and, more recently, CPC Blend crude oil from the Caspian Sea carried through the CPC pipeline. From a logistical standpoint this refinery is located along the route of the Central Europe Pipeline, which

60

ENI

FACT BOOK 2004

REFINING & MARKETING

REFINING

---



**Contents**

links the Genova terminal with French speaking Switzerland and Bavaria. In 2004 works continued for the completion of the tar (heavy residue from visbreaking) gasification plant that will produce syngas that will be used to fire the nearby EniPower power station at Ferrera Erbognone.

In the medium term Eni plans an increase in the conversion capacity of this refinery by building a new hydrocracking unit (for the production of high quality diesel fuel, kerosene for aircrafts and lubricant bases for the Livorno refinery). Capital expenditure is expected to amount to euro 170 million.

**Gela**, with a balanced primary refining capacity of 100,000 barrels/day and an equivalent conversion index of 140.1% represents an upstream integrated pole with the production of heavy crudes obtained from nearby Eni fields offshore and onshore Sicily, while downstream it is integrated with Eni's nearby petrochemical plants. Located on the southern coast of Sicily, it manufactures fuels for automotive use and residential heating purposes, as well as petrochemical feedstocks. Its high conversion level allows it to minimize the yield of fuel oil and semi-finished products. Besides its primary distillation plants, this refinery contains the following plants: an FCC unit with advanced technology for the conversion of low grade feedstocks and two coking plants for the vacuum conversion of heavy residues. All these plants are integrated in order to process heavy residues and feedstocks and manufacture valuable products. This refinery also contains modern residue and exhaust fume treatment plants which allow the complex to comply with the most exacting environmental standards. Oil and oil products are handled on land and by sea.

**Taranto**, with a balanced primary refining capacity of 90,000 barrels/day and an equivalent conversion index of 71.6%, can process a wide range of crudes and semi-finished products with great operational flexibility. It mainly produces fuels for automotive use and residential heating purposes for the south-eastern Italian markets. Besides its primary distillation plants, this refinery contains desulfurization plants and conversions plants such as: a two-stage thermal conversion plant (visbreaking/thermal cracking) and an RHU conversion plant, one of the most advanced plants in the world that allows to convert high sulphur content residues into valuable products with low environmental impact. It processes most of the oil produced in Eni's Val d'Agri fields carried to Taranto through the Monte Alpi pipeline; in 2004 a total of 2.3 million tonnes of this oil were processed.

In the medium term Eni plans an increase of the conversion capacity of this refinery through the conversion of one of the four RHU reactors into a hydrocracking plant for the manufacture of high quality diesel fuel and virgin naphtha destined to Eni's Brindisi petrochemical plant. Planned expenditure amounts to approximately euro 60 million.

**Livorno**, with a balanced primary refining capacity of 84,000 barrels/day and an equivalent conversion index of 11.4%, manufactures mainly gasolines, fuel oil for bunkering, specialty products and lubricant bases. Besides its primary distillation plants, this refinery contains two gasoline treatment plants, an isomerization plant and an octanization plant for the manufacture of highly environmental friendly gasolines, as well an advanced solvex cycle for lubricant manufacture. Its pipeline links with the local harbor and with the Florence storage sites allow the Livorno facility to operate with great efficiency as concerns reception, handling and distribution of products.

**Porto Marghera**, with a balanced primary refining capacity of 70,000 barrels/day and an equivalent conversion index of 22.8%, produces mainly gasolines and other light products for the supply of markets in north-eastern Italy, Austria, Slovenia and Croatia. Besides its primary distillation plants, this refinery contains a gasoline treatment plant, octanization plants and a two-stage thermal conversion plant (visbreaking/thermal cracking) for increasing yields of valuable products.

61

ENI

FACT BOOK 2004

REFINING &amp; MARKETING

REFINING

**Contents**

## OUTSIDE ITALY

In Germany Eni holds an 8.3% interest in the **Schwedt** refinery and a 20% interest in **Bayernoil**, an integrated industrial pole including the Ingolstadt, Vohburg and Neustadt refineries. Eni's refining capacity in Germany amounts to approximately 70,000 barrels/day. Eni's share of the production of the three integrated refineries and of the Schwedt refinery is mainly used to supply Eni's distribution network in Bavaria and Eastern Germany.

Eni holds a 16.33% interest in **Ceska Rafinerska** which owns and manages two refineries, Kralupy and Litvinov, in the Czech Republic. Eni's overall balanced conversion capacity from this refinery amounts to 27,000 barrels/day.

Eni is evaluating a restructuring of the Bayernoil refinery pole and the purchase of interests in strategically located refineries aimed at supporting growth in its distribution activities in the rest of Europe.

## logistics

Eni is a leader in storage and transport of petroleum products in Italy. Its logistical integrated infrastructure consists of 12 directly managed storage sites and a network of petroleum product pipelines.

Eni holds interests in five companies established by the major Italian operators in the oil business in Vado Ligure-Genova (Petrolog), Arquata Scrivia (Sigemi), Venice (Petroven), Ravenna (Petra) and Trieste (DCT) aimed at reducing costs, increasing efficiency and providing integrated services to customers.

For the transport of refined products on land Eni also owns a pipeline network, integrated by leased pipelines extending over 3,210 kilometers, of these 1,513 are wholly owned.

Eni's logistics system also makes use of a leased fleet of tanker ships and tanker trucks for the distribution of refined products on the retail and wholesale markets.

Eni also holds a 65% interest in Costiero Gas Livorno, a company that operates an underground storage facility in Livorno with the capacity to store 45,000 cubic meters of propane.

Eni intends to improve the efficiency of its logistics system also through the creation of joint ventures and agreements with other oil companies. In the short term actions are planned on the logistics systems of Rome, Naples and Trieste with the aim of cutting costs and expenditures.

62

ENI

FACT BOOK 2004

REFINING &amp; MARKETING

REFINING

Contents

## marketing

## Retail sales

## ITALY

In 2004 Eni sold 13.8 billion liters of fuels and its market share was 36.3%. At December 31, 2004, Eni's retail distribution network consisted of 7,244 service stations (60% of which under the Agip brand).

Eni is implementing a process of requalification and strategic repositioning of its distribution network in Italy with the objective to reach European standards in terms of throughput and services provided to customers. To this end it intends to promote initiatives aimed at developing customer loyalty and developing non oil activities (catering and convenience stores) and to offer a range of different fuels. Eni targets for 2008 an Agip branded network consisting of 4,270 service stations with average throughput of about 2.8 million liters.

In 2004 Eni started to sell the new BluSuper gasoline, which guarantees better engine performance and efficiency and reduces polluting emissions, thanks to its high antidetonating power resulting from a higher octane number (98 as compared to 95 of ordinary gasolines) and its lack of sulfur. BluSuper complements BluDiesel, sold since 2002, and is part of Eni's strategy to improve the quality of its fuels, anticipating their compliance with EU regulations (mandatory from 2009) and targeting its offer to customers' requirements, leveraging on Eni's integrated refining-logistics-distribution system. In 2004 BluSuper sales amounted to 83 million liters. At year end Agip branded service stations selling BluSuper were about 1,000 corresponding to about 23% of the network.

In 2004 markets confirmed the success of BluDiesel, with sales of 1.2 billion liters (up 37.8% over 2003), corresponding to 21% of total diesel fuel volumes sold on the Agip branded network (16% in 2003) and to 7% of all diesel fuel sales on the Italian market (5.2% in 2003). At the end of 2004 about 3,900 Agip branded service stations were selling BluDiesel, corresponding to about 90% of the Agip network.

In 2004 Eni carried out a Do-It-Yourself campaign which allowed customers accessing self-service outlets provided with an electronic card to obtain price discounts or gifts in proportion to the total amount of purchased fuel, plus a bonus for the most loyal customers and long-distance drivers. At year end the number of cards distributed exceeded 3.8 million. The amount of fuel purchased with these cards was about 30% of all fuel sold on Agip branded service stations. Service stations participating in this initiative were approximately 3,200. Points registered by fidelity cards increased by about 50% over 2003.

Eni continued also its AgipMaxi promotional initiative addressed to truck drivers who purchase diesel fuel at the approximately 800 Agip branded service stations participating in the program. Active fidelity cards were over 38,000. The improvement in the quality of service to customers led to a further expansion of the automation process of the domestic network. At December 31, 2004 nearly all Agip branded service stations were provided with a corporate credit card system.

In 2004 Eni continued the development of the European Multicard Routex paying card

63

ENI

FACT BOOK 2004

REFINING & MARKETING  
MARKETING

**Contents**

addressed to professional transport (transporters and car fleets) with sales of 1.4 billion liters (up 9.2% over 2003), while the number of customers provided with this card increased by about 3,000 to 45,000 users at year end. Multicard is used internationally and is part of the international Routex consortium, made up by four oil companies. Eni continued the development of its non oil retail activities aimed at promoting the development of its network in line with European standards, such as the diffusion of self-service facilities, high-tech car care systems, catering services and innovative commercial outlets. To this end Eni owns master franchisor rights with exclusive rights for the oil sector for some international brands of the restaurant and catering sector. In 2004, a total of 103 new affiliations were added to the AgipCafè® branded outlets launched in 2003, and by year end 207 franchises were active, while 2 new Pans & Co outlets and 7 new convenience stores under the SpazioAgip brand name were opened. A total of 88 new car-wash facilities were opened on Agip branded service stations. In the next four years Eni intends to continue the development of its non oil activities and expects to provide 70% of its Agip branded network with these structures by 2008 (50% in 2004).

64

ENI

FACT BOOK 2004

REFINING & MARKETING

MARKETING

---

**Contents**

## OUTSIDE ITALY

Following the divestment of distribution activities in Brazil (which included over 1,500 service stations and LPG activities) at December 31, 2004, Eni's retail distribution network outside Italy was represented by 1,896 service stations located only in the rest of Europe. In 2004, retail sales of fuels in the rest of Europe amounted to 4.4 billion liters, increasing by about 15% over 2003. Average throughput was 2.4 million liters. The areas where Eni's presence is relevant are south-central Germany, Spain, Austria, Switzerland and south-western France.

Eni intends to develop or consolidate its presence in these countries, where it can leverage on its well known brand name and on logistic and operational synergies. By 2008 Eni intends to reach sales volumes of about 7 billion liters and an average throughput of 2.8 million liters in the rest of Europe by purchasing, leasing and building service stations. Non oil activities outside Italy is performed under the "CiaoAgip" brand name in 1,100 service stations, of these 353 are in Germany and 163 in France.

## Wholesale marketing and other sales

Eni sells gasolines and fuels for automotive use and for heating purposes, fuels for agricultural vehicles and for vessels, gasolines and fuel oil. Major customers are wholesalers, the agricultural and manufacturing industries, public utilities and transports. Agricultural customers and fishing fleets are supplied directly at 60 agricultural centers and 100 owned or leased marine fuel outlets.

Eni provides its customers with its experience in the area of fuels with a wide range of products that cover all market requirements. Along with traditional products provided with the high quality Eni standard, there is also an innovative low environmental impact line, which includes Advancediesel and Biodiesel (with very low content of hydrogen sulphide, particulates and carbon dioxide) especially targeted for public and private transports and heating. Customer care is provided by a very widespread commercial and logistical organization present all over Italy and articulated in local sales offices aided by a network of agents, sales persons and concessionaires. Eni also sells jet fuel directly at 38 airports, of which 27 in Italy, and marine fuel (bunkering) directly at 38 ports, of which 23 in Italy.

65

ENI  
FACT BOOK 2004  
REFINING & MARKETING  
MARKETING

**Contents**

## other businesses

### LPG

In Italy Eni is a leader in the manufacture, distribution and sale of LPG. In 2004 Eni sold 676,000 tonnes of LPG for heating and automotive use, with a 19.1% market share. Additional 400,000 tonnes of LPG were sold through other channels mainly to oil companies and traders.

LPG activities in Italy derive their products from 5 Italian refineries and from imports received at the 3 coastal storage sites located in Livorno, Naples and Ravenna.

Product availability and customer requirements are met also with other 10 owned plants/storage sites in Italy and 45 contracts for bottling and storage with third parties facilities.

Eni's LPG sales network is organized over seven sale areas with 19 direct sales offices, 17 agencies and 26 concessionaires. Products are sold also to over 145,000 customers owning small tanks, while the sale network of LPG bottles includes over 12,000 outlets.

In the past few years LPG pipelines were developed and over 12,000 customers are served through direct links with 95 storage facilities.

Following the sale of LPG activities in Brazil, Eni is present only in Ecuador with a 36.6% market share in 2004.

### Lubricants

Eni operates 10 (owned and co-owned) blending plants, in Italy, Europe, North and South America, Africa and the Far East.

In Italy Eni is a market leader in lubricants with the manufacturing of base oils and with a range of products including over 650 different blends. Eni masters international state-of-the-art know-how for the formulation of products for vehicles (engine oil, special fluids and transmission oils) and industries (lubricants for hydraulic systems, industrial machinery and metal processing). Base oils are manufactured primarily at its refinery in Livorno. Eni owns a 33% interest in Viscolube, the main facility in Italy for the reprocessing of used oils. Eni owns two facilities for the production of additives and solvents. In 2004, retail and wholesale sales in Italy amounted to over 142,000 tonnes with a 25.8% market share. Eni also sold approximately 5,000 tonnes of special products (white oils, transformer oil and anti-freeze fluids). Outside Italy sales amounted to approximately 110,000 tonnes, of these about 50% were registered in Europe (mainly Germany, Netherlands and Spain) and 26% in the Americas (mainly United States and Argentina).

### Oxygenates

Eni, through its subsidiary Ecofuel (Eni's interest 100%), sells about 2 million tonnes/year of oxygenates mainly MTBE (8% of world demand) and methanol. About 71% of products are manufactured in Eni's plants in Ravenna, Venezuela (in joint venture with Pequiven) and Saudi Arabia (in joint venture with Sabic), the remaining 29% is bought. In Venezuela Eni plans to convert its MTBE plants to the manufacture of isoethane, due to the environmental problems posed by MTBE.

66

ENI

FACT BOOK 2004

REFINING & MARKETING

OTHER BUSINESSES

**Contents****Refining system in 2004**

|  | Ownership share | Conversion equivalent (%) | Primary balanced refining capacity Eni share (%) | Primary balance refining capacity total (bbls/d) | Fluid catalytic cracking FCC (bbls/d) | Residue Conversion (bbls/d) | Go-Finer (bbls/d) | Mild Hydro-cracking/ Hydro-cracking (bbls/d) | Visbreaking/ Thermal Cracking (bbls/d) | Coking (bbls/d) |           |
|--|-----------------|---------------------------|--|--|---------------------------------------|-----------------------------|-------------------|--|--|-----------------|-----------|
| <b>Wholly owned refineries</b>                   |                 |                           | <b>59.2</b>                                      | <b>504</b>                                       | <b>504</b>                            | <b>69</b>                   | <b>20</b>         | <b>34</b>                                    | <b>28</b>                              | <b>85</b>       | <b>47</b> |
| Italy  |                 |                           |  |  |                                       |                             |                   |  |  |                 |           |
| Sannazzaro                                       | 100.0           | 42.5                      | 160  | 160  | 34                                    |                             |                   | 28   | 28                                     |                 |           |
| Gela   | 100.0           | 140.1                     | 100  | 100  | 35                                    |                             | 34                |  |  |                 | 47        |
| Taranto  | 100.0           | 71.6                      | 90   | 90   |                                       | 20                          |                   |  |  | 35              |           |
| Livorno  | 100.0           | 11.4                      | 84   | 84   |                                       |                             |                   |  |  |                 |           |
| Porto Marghera                                   | 100.0           | 22.8                      | 70   | 70   |                                       |                             |                   |  |  | 22              |           |
| <b>Partially owned refineries <sup>(1)</sup></b> |                 |                           | <b>49.7</b>                                      | <b>177</b>                                       | <b>804</b>                            | <b>169</b>                  | <b>24</b>         | <b>27</b>                                    | <b>54</b>                              | <b>97</b>       |           |
| Italy  |                 |                           |  |  |                                       |                             |                   |  |  |                 |           |
| Milazzo  | 50.0            | 69.6                      | 80   | 160  | 38                                    | 24                          |                   | 32   |  |                 |           |
| Germany  |                 |                           |  |  |                                       |                             |                   |  |  |                 |           |
| Ingolstadt/Vohburg/Neustadt (Bayernoil)          | 20.0            | 32.6                      | 52   | 258  | 58                                    |                             |                   |  |  | 33              |           |
| Schwedt  | 8.3             | 41.8                      | 19   | 223  | 49                                    |                             | 27                |  |  | 49              |           |
| Czech Republic                                   |                 |                           |  |  |                                       |                             |                   |  |  |                 |           |
| Kralupy and Litvinov (Ceska Rafinerska)          | 16.3            | 28.8                      | 27   | 163  | 24                                    |                             |                   | 22   |  | 14              |           |
| <b>Total Refineries</b>                          |                 |                           | <b>56.7</b>                                      | <b>681</b>                                       | <b>1,308</b>                          | <b>238</b>                  | <b>44</b>         | <b>62</b>                                    | <b>82</b>                              | <b>181</b>      | <b>47</b> |

(1) Capacity of conversion plants is 100%.

**Refining capacity**

|  |             | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004       |
|--|-------------|------|------|------|------|------|------|------|------|------|------------|
| Balanced capacity at period end <sup>(1)</sup>             | (th bbls/d) | 977  | 897  | 853  | 859  | 859  | 859  | 814  | 654  | 681  | <b>681</b> |
| Balanced capacity of wholly-owned refineries at period end | (th bbls/d) | 824  | 664  | 664  | 664  | 664  | 664  | 664  | 504  | 504  | <b>504</b> |
| Processing at wholly-owned refineries                      | (th bbls/d) | 712  | 718  | 621  | 681  | 640  | 659  | 645  | 501  | 502  | <b>535</b> |
| Balanced capacity utilization of wholly-owned refineries   | (%)         | 86   | 87   | 94   | 103  | 96   | 99   | 97   | 99   | 100  | <b>100</b> |

(1) Eni s share.

**Petroleum products availability**

(million tons)

|  | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004          |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Italy</b>   |              |              |              |              |              |              |              |              |              |               |
| Products processed in wholly-owned refineries            | 35.60        | 35.90        | 31.10        | 34.05        | 32.00        | 32.93        | 32.24        | 30.09        | 25.09        | <b>26.75</b>  |
| Products processed for third parties                     | (3.60)       | (3.50)       | (3.50)       | (3.24)       | (2.78)       | (3.41)       | (1.45)       | (1.88)       | (1.72)       | <b>(1.50)</b> |
| Products processed in non owned refineries               | 4.80         | 4.80         | 8.00         | 7.90         | 8.08         | 8.41         | 5.92         | 6.27         | 8.43         | <b>8.10</b>   |
| Products consumed and lost                               | (2.00)       | (2.00)       | (2.00)       | (1.94)       | (2.07)       | (2.11)       | (1.95)       | (1.91)       | (1.64)       | <b>(1.64)</b> |
| <b>Products available</b>                                | <b>34.80</b> | <b>35.20</b> | <b>33.60</b> | <b>36.77</b> | <b>35.23</b> | <b>35.82</b> | <b>34.76</b> | <b>32.57</b> | <b>30.16</b> | <b>31.71</b>  |
| Purchases of finished products and change in inventories | 5.92         | 5.16         | 6.75         | 5.74         | 5.45         | 4.30         | 5.19         | 6.27         | 5.86         | <b>5.07</b>   |
| Finished products transferred to foreign cycle           | (3.10)       | (2.80)       | (4.20)       | (6.51)       | (5.23)       | (4.58)       | (4.96)       | (5.56)       | (5.19)       | <b>(5.03)</b> |
| Consumption for power production                         |              |              |              |              |              |              |              | (1.74)       | (1.07)       | <b>(1.06)</b> |
| <b>Sales</b>   | <b>37.62</b> | <b>37.56</b> | <b>36.15</b> | <b>36.00</b> | <b>35.45</b> | <b>35.54</b> | <b>34.99</b> | <b>31.54</b> | <b>29.76</b> | <b>30.69</b>  |
| <b>Outside Italy</b>                                     |              |              |              |              |              |              |              |              |              |               |
| <b>Products available</b>                                | <b>3.30</b>  | <b>2.60</b>  | <b>2.80</b>  | <b>3.33</b>  | <b>3.08</b>  | <b>3.07</b>  | <b>3.02</b>  | <b>2.98</b>  | <b>3.36</b>  | <b>4.04</b>   |
| Purchases and change in inventories                      | 7.88         | 8.40         | 8.45         | 8.35         | 8.06         | 10.27        | 10.27        | 12.16        | 12.12        | <b>13.78</b>  |
| Finished products transferred from Italian cycle         | 3.10         | 2.80         | 4.20         | 6.51         | 5.23         | 4.58         | 4.96         | 5.56         | 5.19         | <b>5.03</b>   |
| <b>Sales</b>   | <b>14.28</b> | <b>13.80</b> | <b>15.45</b> | <b>18.19</b> | <b>16.37</b> | <b>17.92</b> | <b>18.25</b> | <b>20.70</b> | <b>20.67</b> | <b>22.85</b>  |
|  | <b>51.90</b> | <b>51.36</b> | <b>51.60</b> | <b>54.19</b> | <b>51.82</b> | <b>53.46</b> | <b>53.24</b> | <b>52.24</b> | <b>50.43</b> | <b>53.54</b>  |



*Sales in Italy and  
outside Italy*

67

ENI  
FACT BOOK 2004  
REFINING & MARKETING

---

**Contents**

| Oil products sales in Italy and outside Italy |              |              |              |              |              |              |              |              |              | (million tons) |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
|   | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004           |
| Retail sales                                  | 12.60        | 12.38        | 12.09        | 12.02        | 11.85        | 11.57        | 11.64        | 11.14        | 10.99        | <b>10.93</b>   |
| Wholesale sales                               | 13.30        | 12.10        | 11.30        | 11.73        | 11.42        | 11.10        | 11.24        | 10.64        | 10.35        | <b>10.70</b>   |
|   | <b>25.90</b> | <b>24.48</b> | <b>23.39</b> | <b>23.75</b> | <b>23.27</b> | <b>22.67</b> | <b>22.88</b> | <b>21.78</b> | <b>21.34</b> | <b>21.63</b>   |
| Petrochemicals                                | 6.61         | 6.18         | 5.97         | 5.75         | 5.38         | 4.93         | 4.23         | 3.82         | 2.79         | <b>3.05</b>    |
| Other sales <sup>(1)</sup>                    | 5.11         | 6.90         | 6.79         | 6.50         | 6.80         | 7.94         | 7.88         | 5.94         | 5.63         | <b>6.01</b>    |
| <b>Sales in Italy</b>                         | <b>37.62</b> | <b>37.56</b> | <b>36.15</b> | <b>36.00</b> | <b>35.45</b> | <b>35.54</b> | <b>34.99</b> | <b>31.54</b> | <b>29.76</b> | <b>30.69</b>   |
| Retail sales rest of Europe                   |              |              | 2.25         | 2.35         | 2.36         | 2.35         | 2.47         | 2.57         | 3.02         | <b>3.47</b>    |
| Retail sales Africa and Brazil                |              |              | 0.68         | 1.11         | 1.55         | 1.43         | 1.71         | 1.44         | 1.18         | <b>0.57</b>    |
|   | <b>3.10</b>  | <b>3.07</b>  | <b>2.93</b>  | <b>3.46</b>  | <b>3.91</b>  | <b>3.78</b>  | <b>4.18</b>  | <b>4.01</b>  | <b>4.20</b>  | <b>4.04</b>    |
| Wholesale sales                               | 6.31         | 6.25         | 6.17         | 6.20         | 6.40         | 5.46         | 5.55         | 5.65         | 6.01         | <b>5.30</b>    |
|   | <b>9.41</b>  | <b>9.32</b>  | <b>9.10</b>  | <b>9.66</b>  | <b>10.31</b> | <b>9.24</b>  | <b>9.73</b>  | <b>9.66</b>  | <b>10.21</b> | <b>9.34</b>    |
| Other sales <sup>(1)</sup>                    | 4.87         | 4.48         | 6.35         | 8.53         | 6.06         | 8.68         | 8.52         | 11.04        | 10.46        | <b>13.51</b>   |
| <b>Sales outside Italy</b>                    | <b>14.28</b> | <b>13.80</b> | <b>15.45</b> | <b>18.19</b> | <b>16.37</b> | <b>17.92</b> | <b>18.25</b> | <b>20.70</b> | <b>20.67</b> | <b>22.85</b>   |
|   | <b>51.90</b> | <b>51.36</b> | <b>51.60</b> | <b>54.19</b> | <b>51.82</b> | <b>53.46</b> | <b>53.24</b> | <b>52.24</b> | <b>50.43</b> | <b>53.54</b>   |

(1) Includes bunkering, consumption for power production (until 2001) and sales to oil companies. From 2002, includes also sales of MTBE.

| Number of service stations |               |               |               |               |               |               |               |               |               | (units)      |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
|                            | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004         |
| <b>Italy</b>               | <b>11,234</b> | <b>10,958</b> | <b>10,615</b> | <b>9,828</b>  | <b>9,425</b>  | <b>9,045</b>  | <b>8,351</b>  | <b>7,710</b>  | <b>7,290</b>  | <b>7,244</b> |
| of which ordinary stations | 10,955        | 10,686        | 10,345        | 9,563         | 9,160         | 8,783         | 8,157         | 7,546         | 7,134         | <b>7,097</b> |
| of which highway stations  | 279           | 272           | 270           | 265           | 265           | 262           | 194           | 164           | 156           | <b>147</b>   |
| <b>Outside Italy</b>       | <b>2,295</b>  | <b>2,192</b>  | <b>2,141</b>  | <b>3,156</b>  | <b>3,064</b>  | <b>3,040</b>  | <b>3,356</b>  | <b>3,052</b>  | <b>3,357</b>  | <b>1,896</b> |
| Central Europe             | 1,328         | 1,169         | 1,112         | 1,081         | 1,044         | 1,007         | 988           | 1,013         | 1,230         | <b>1,309</b> |
| Iberian Peninsula          | 147           | 167           | 186           | 192           | 200           | 201           | 202           | 198           | 357           | <b>356</b>   |
| Eastern Europe             | 66            | 93            | 121           | 142           | 145           | 165           | 185           | 223           | 226           | <b>231</b>   |
| Africa                     | 754           | 763           | 722           | 685           | 593           | 262           | 262           |               |               |              |
| Latin America              |               |               |               | 1,056         | 1,082         | 1,405         | 1,719         | 1,618         | 1,544         |              |
|                            | <b>13,529</b> | <b>13,150</b> | <b>12,756</b> | <b>12,984</b> | <b>12,489</b> | <b>12,085</b> | <b>11,707</b> | <b>10,762</b> | <b>10,647</b> | <b>9,140</b> |

| Average throughput               | (thousand liters/number of service stations) |              |              |              |              |              |              |              |              |              |
|----------------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                  | 1995   | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
| Italy                            | 1,382  | 1,376        | 1,405        | 1,475        | 1,530        | 1,565        | 1,643        | 1,707        | 1,813        | <b>1,863</b> |
| Rest of Europe                   |  |              | 2,042        | 2,141        | 2,200        | 2,210        | 2,303        | 2,276        | 2,378        | <b>2,393</b> |
| Brazil                           |  |              |              | 1,122        | 1,074        | 856          | 914          | 967          | 942          |              |
| Africa                           |  |              | 926          | 1,080        | 1,079        | 1,515        | 1,943        |              |              |              |
| Average throughput outside Italy | 1,665  | 1,824        | 1,753        | 1,661        | 1,586        | 1,524        | 1,563        | 1,585        | 1,671        | <b>2,393</b> |
| <b>Average throughput</b>        | <b>1,431</b>                                 | <b>1,448</b> | <b>1,463</b> | <b>1,512</b> | <b>1,543</b> | <b>1,555</b> | <b>1,621</b> | <b>1,674</b> | <b>1,771</b> | <b>1,967</b> |

68

ENI

FACT BOOK 2004

REFINING &amp; MARKETING

**Contents****Market shares in Italy**

|  | 1995        | 1996        | 1997        | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Retail</b>                                  | <b>45.9</b> | <b>45.2</b> | <b>43.4</b> | <b>41.7</b> | <b>41.0</b> | <b>40.2</b> | <b>39.7</b> | <b>37.5</b> | <b>36.6</b> | <b>36.3</b> |
| Gasoline                                       | 46.6        | 45.6        | 43.9        | 42.4        | 41.4        | 40.6        | 40.1        | 37.7        | 36.2        | <b>35.5</b> |
| Gasoil   | 46.3        | 45.5        | 43.3        | 42.3        | 41.7        | 41.3        | 40.9        | 38.6        | 38.4        | <b>38.2</b> |
| LPG (automotive)                               | 32.6        | 36.0        | 37.7        | 27.9        | 28.3        | 26.6        | 25.4        | 23.8        | 22.0        | <b>20.0</b> |
| <b>Wholesale</b>                               | <b>25.7</b> | <b>23.7</b> | <b>23.1</b> | <b>23.3</b> | <b>24.4</b> | <b>24.0</b> | <b>25.6</b> | <b>23.9</b> | <b>24.1</b> | <b>27.0</b> |
| Gasoil   | 42.4        | 37.3        | 35.5        | 35.5        | 35.0        | 34.5        | 35.4        | 34.7        | 33.1        | <b>33.0</b> |
| Fuel oil                                       | 14.6        | 13.1        | 11.0        | 10.8        | 11.6        | 12.9        | 14.9        | 13.3        | 12.6        | <b>17.7</b> |
| <b>Domestic market share</b>                   | <b>32.7</b> | <b>31.2</b> | <b>30.5</b> | <b>30.1</b> | <b>30.9</b> | <b>30.4</b> | <b>31.5</b> | <b>29.5</b> | <b>29.5</b> | <b>31.3</b> |
| <b>Total market share (retail + wholesale)</b> |             |             |             |             |             |             |             |             |             |             |
| Gasoline                                       | 46.9        | 45.8        | 43.9        | 43.6        | 42.2        | 41.3        | 40.8        | 38.3        | 36.8        | <b>36.0</b> |
| Gasoil   | 43.9        | 40.5        | 38.6        | 38.5        | 38.0        | 37.6        | 38.1        | 36.8        | 35.9        | <b>35.9</b> |
| LPG  | 29.0        | 30.0        | 29.8        | 24.8        | 22.9        | 22.0        | 22.0        | 20.9        | 19.4        | <b>19.1</b> |

**Retail market shares outside Italy**

|                          | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004       |
|--------------------------|------|------|------|------|------|------|------------|
| <b>Central Europe</b>    |      |      |      |      |      |      |            |
| Austria                  | 8.1  | 7.7  | 7.1  | 7.7  | 8.1  | 8.2  | <b>8.0</b> |
| Switzerland              | 6.4  | 6.6  | 6.8  | 6.4  | 6.0  | 5.7  | <b>5.7</b> |
| Germany                  | 2.6  | 2.6  | 2.6  | 2.7  | 2.6  | 3.1  | <b>3.8</b> |
| France                   | 0.4  | 0.4  | 0.4  | 0.6  | 0.8  | 1.1  | <b>1.2</b> |
| <b>Eastern Europe</b>    |      |      |      |      |      |      |            |
| Hungary                  | 4.5  | 4.3  | 4.1  | 4.5  | 6.1  | 6.7  | <b>6.4</b> |
| Czech Republic           | 4.2  | 4.3  | 4.3  | 4.3  | 5.7  | 4.9  | <b>5.2</b> |
| Romania                  | 1.0  | 0.9  | 1.0  | 1.1  | 1.1  | 0.9  | <b>..</b>  |
| <b>Iberian Peninsula</b> |      |      |      |      |      |      |            |
| Spain                    | 1.7  | 1.7  | 1.8  | 1.6  | 1.6  | 2.2  | <b>3.0</b> |
| Portugal                 | 2.1  | 2.0  | 1.7  | 1.6  | 1.5  | 0.9  | <b>1.0</b> |
| <b>Africa</b>            |      |      |      |      |      |      |            |
| Nigeria                  | 6.6  | 8.6  | 8.9  | 9.7  | -    | -    | <b>-</b>   |
| Zambia                   | 9.3  | 9.9  | 6.9  | 9.7  | -    | -    | <b>-</b>   |
| <b>South America</b>     |      |      |      |      |      |      |            |
| Brazil                   | 2.3  | 2.8  | 2.6  | 3.8  | 3.9  | 4.2  | <b>-</b>   |

69

ENI  
FACT BOOK 2004  
REFINING & MARKETING

Contents

## oilfield services construction and engineering

**STRATEGIES**

**Consolidate competitive positioning in the segment of complex EPIC offshore projects**

**Exploit technological and operational capabilities in the area of gas-to-market and of development of deep offshore hydrocarbon fields**

**Develop presence in the leased FPSO business and in offshore LNG terminals**

**Improve efficiency and operating flexibility**

## oilfield services and construction

Eni operates in oilfield services and construction through Saipem, a company listed on the Italian Stock Exchange (Eni's interest 43%), operating in offshore and onshore drilling and construction, a world leader in the laying of underwater pipelines and the installation of offshore platforms, thanks to exclusive state-of-the-art technology and a world-class fleet of vessels, which has been upgraded with an investment plan amounting to over euro 1 billion started in 1997. Saipem intends to consolidate its competitive positioning in the segment of large EPIC projects for the development of offshore and deep offshore hydrocarbon fields by leveraging on its technological and operational skills, engineering and project management capabilities and ability to operate in remote areas and hostile environments. With these qualifications Saipem can meet key success factors of this business represented by the ability to evaluate risks in the bidding phase, to manage efficiently the execution of projects and to optimize engineering activities by delocalizing support activities to low cost areas and creating local logistical bases.

Saipem intends to develop its operating and technical know-how in the gas-to-market segment, which includes projects of construction of offshore and onshore natural gas transmission systems, natural gas liquefaction and regasification plants and the development of hydrocarbon fields in deep waters. It also intends to expand in the leased FPSO business, for which West Africa is the region with the most interesting opportunities, and in floating LNG treatment systems integrated for production, storage, transport and regasification. Saipem intends to intensify efficiency improvement actions in all its activities, in particular by reducing supply and execution costs while maintaining a high utilization rate of equipment and improving its flexible structure in order to reduce the impact of possible negative cycles.

70

ENI

FACT BOOK 2004

OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING

---

**Contents****Main financial data**

(million euro)

|                              | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004         |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Net sales from operations    | 1,179 | 1,447 | 1,647 | 1,705 | 1,467 | 1,310 | 1,961 | 3,149 | 4,231 | <b>4,306</b> |
| Operating income             | 115   | 124   | 138   | 160   | 108   | 141   | 256   | 302   | 304   | <b>293</b>   |
| Capital expenditure          | 144   | 132   | 228   | 334   | 412   | 231   | 289   | 211   | 261   | <b>199</b>   |
| Investments                  | 2     |       |       | 10    |       |       | 69    | 1,052 | 13    |              |
| Order backlog at December 31 | 1,803 | 1,919 | 2,346 | 2,463 | 2,588 | 2,630 | 2,853 | 5,158 | 5,225 | <b>5,306</b> |
| Offshore construction        | 720   | 759   | 1,043 | 900   | 1,363 | 1,312 | 1,229 | 3,276 | 3,265 | <b>3,303</b> |
| Offshore drilling            | 131   | 412   | 454   | 748   | 622   | 582   | 546   | 550   | 499   | <b>317</b>   |
| Leased FPSO                  |       |       |       |       |       |       | 184   | 170   | 142   | <b>117</b>   |
| Onshore construction         | 624   | 428   | 492   | 434   | 257   | 609   | 577   | 656   | 776   | <b>763</b>   |
| Onshore drilling             | 44    | 36    | 72    | 98    | 66    | 127   | 317   | 195   | 179   | <b>296</b>   |
| LNG                          |       |       |       |       |       |       |       | 250   | 318   | <b>447</b>   |
| Maintenance                  |       |       |       |       |       |       |       | 61    | 46    | <b>63</b>    |
| Infrastructure               | 284   | 284   | 285   | 283   | 280   |       |       |       |       |              |

**Main operating data**

|                                     | 1995    | 1996   | 1997    | 1998   | 1999    | 2000   | 2001   | 2002   | 2003    | 2004           |
|-------------------------------------|---------|--------|---------|--------|---------|--------|--------|--------|---------|----------------|
| Offshore pipelines laid (km)        | 1,067   | 804    | 1,610   | 2,009  | 979     | 276    | 781    | 1,798  | 1,409   | <b>1,634</b>   |
| Onshore pipelines laid (km)         | 1,153   | 1,777  | 1,221   | 873    | 1,303   | 483    | 552    | 687    | 612     | <b>465</b>     |
| Offshore structures installed (ton) | 162,157 | 97,140 | 108,745 | 65,331 | 111,164 | 57,087 | 73,028 | 55,960 | 118,211 | <b>172,664</b> |
| Onshore structures installed (ton)  | 12,500  | 26,420 | 36,024  | 30,514 | 30,767  | 13,000 | 18,120 | 30,060 | 29,930  | <b>15,888</b>  |
| Offshore drilling (km)              | 92      | 134    | 99      | 94     | 88      | 96     | 107    | 125    | 129     | <b>130</b>     |
| Onshore drilling (km)               | 116     | 159    | 178     | 167    | 63      | 147    | 190    | 348    | 386     | <b>455</b>     |
| Offshore wells drilled (units)      | 34      | 43     | 25      | 52     | 53      | 50     | 36     | 50     | 59      | <b>59</b>      |
| Onshore wells drilled (units)       | 34      | 42     | 43      | 78     | 30      | 44     | 55     | 100    | 119     | <b>150</b>     |

**Business areas****OFFSHORE CONSTRUCTION**

Saipem has gained a sound competitive positioning in the segment of large EPIC projects for the development of offshore hydrocarbon fields by integrating its technological and operational skills, supported by a world-class fleet, with engineering and project management capabilities acquired on the market (among which Bouygues Offshore, Moss Maritime, Petromarine, Idpe). The demand for these services is expected to increase in particular in West Africa, the Caspian Sea, the Far East, Russia and Asia Pacific, in accordance with plans for the development of hydrocarbon reserves announced by the major oil companies.

The development of offshore fields, especially in the deep offshore, is more and more frequently performed by means of floating production units (FPU), where Saipem has an excellent competitive positioning, while the demand for installation of fixed platforms is slowly declining. Among FPUs, FPSO vessels<sup>1</sup> offer the best development prospects due to their storage capacity, which allows to develop fields remote from transmission infrastructure, and to their versatility, which allows at the end of the useful life of a field to relocate vessels on other fields thus expanding their

useful life.

Saipem is recognized as one of the leading international companies for the design, procurement and installation of fixed platforms, in particular in the segment of ultra heavy lifting, thanks to the technical features of its vessels. It is a world leader in the laying

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- (1) Other floating production units are semi-submersible platforms, tension leg platforms and submersible pipe alignment rigs.

71

ENI  
FACT BOOK 2004  
OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING  
MAIN RESULTS

---



**Contents**

of large diameter long distance subsea pipelines and transport infrastructure both in conventional and deep offshore. Saipem has a relevant competitive positioning in the area of underwater development in the deep offshore, which includes laying of small diameter pipes, umbilical lines, risers and other subsea structures thanks to the design ability of its engineering structures and the installation capacity of its vessels. Its offshore construction fleet is made up of 25 vessels and 45 robotized vehicles able to perform advanced subsea operations. Among its major vessels are: (i) Saipem 7000, semi-submersible vessel with dynamic positioning system, with 14,000 tonnes of lift capacity (the highest of this kind in the world), capable to lay pipelines using the J-lay technique to the maximum depth of 3,000 meters. This vessel has been used to lay the Blue Stream pipeline in the waters of the Black Sea at the record depth of 2,150 meters; (ii) the Castoro 6 semi-submersible vessel, capable of laying pipes in waters up to 1,000 meters deep; (iii) the Saipem 3000 multifunction vessel for the development of hydrocarbon fields, derived from the transformation of the Maxita, provided with cranes capable of lifting over 2,000 tonnes; (iv) the Semac semi-submersible vessel used for large diameter underwater pipe laying; (v) the Saibos FDS for the development of underwater fields in dynamic positioning, provided with cranes lifting up to 600 tonnes and a system for vertical pipe laying to a depth of 2,000 meters.

**Construction vessels****SAIPEM 7000**

Semi-submersible crane and pipelaying (J-lay) DP vessel. Built in Italy (Trieste) by Fincantieri shipyards (1987).

**Dimensions:**

Length: 198 m  
 Breadth: 87 m  
 Depth to main deck: 45 m  
 Transit draft: 10.5 m  
 Operational draft: 27.5 m

Dynamic positioning: DP (AAA) Lloyds Register; IPD 3 R.I.Na.; Class 3 Norwegian Maritime Directorate notations. Power plant: total power plant 70,000 kW, 10,000 Volt; 12 diesel generators on heavy fuels divided in 4 fire segregated engine rooms; classified UMS. Ballast system: computer controlled system with simultaneous capabilities comprising 4 x 6,000 t/h ballast pumps, fully redundant. Lifting facilities main crane: 2 twin S 7000 model fully revolving bow mounted Amhoist cranes; main blocks tandem lift: 14,000 t; main block single lift: 7,000 t revolving at 40 m rad./41 m; tieback 6,000 t revolving at 45 m rad./50 m. Lowering capability to 450 m below sea level. Whip hook: 120 t

**CASTORO 6**

Semi-submersible pipelay vessel (S-lay). Built in Italy (Trieste) by San Marco shipyards (1978).

**Dimensions:**

Length overall: 152 m  
 Breadth: 65 m  
 Depth to main deck: 29.8 m  
 Operational draft: 7.8-15.5 m  
 Deck load capacity: up to 3,600 t

Propulsion/positioning system: number of thrusters: 4 azimuthal variable pitch. Thruster capacity: 2,060 kW/37 t thrust. Pipe tensioning system: type of tensioners: Remacut DC electric; tensioner capacity: 3 x 110 t each; pipe diameter capacity: up 60". Pipe abandonment/retrieval system: type of winch: Tesmec DC electric; winch capacity: 300 t constant tension. Cranes/pipe handling system: number of cranes: 2 fully revolving; crane type: deck mounted; crane capacity: 60 t with 50 m boom. Maximum laying depth: 1,150 m.

revolving at 150 m rad. J-Lay system: pipe diameter range from 4" to 32"; main laying tension system 525 t with tensioners, up to 2,000 t with friction clamps; laying tower angle 90°-110°; number of welding stations: 1; pipe storage capacity up to 6,000 t. Maximum laying depth: 3,000 m.

72

ENI

FACT BOOK 2004

OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING  
OILFIELD SERVICES AND  
CONSTRUCTION

---

**Contents****OFFSHORE DRILLING**

Saipem provides offshore drilling services to oil companies mainly in key areas such as West Africa, the Middle East, the North Sea and North Africa. Its offshore drilling fleet consists of 10 advanced vessels properly equipped for its primary operations and some drilling plants installed on board of fixed offshore platforms. The technical features of its vessels allow Saipem to keep significant market positions in the most complex areas of deep and ultra deep waters. One of its most important offshore drilling vessels is the Saipem 10000, designed to explore and develop hydrocarbon reservoirs operating in excess of 3,000 meters water depth in full dynamic positioning. The ship has a storage capacity of 140,000 barrels and can maintain a steady operating position without anchor moorings by means of 6 computerized azimuth thrusters, which offset and correct the effect of wind, waves and current in real time. Capital expenditure for building this ship amounted to about dollar 300 million. The vessel is operating in ultra deep waters (over 1,000 meters) in West Africa.

Other relevant vessels are Scarabeo 5 and 7, third and fourth generation semi-submersible rigs able to operate at depths of 1,900 and 1,200 meters of water respectively.

**LEASED FPSO**

Saipem provides to oil companies services for the development of offshore hydrocarbon fields by leasing its fleet of FPSO vessels. Following its recent acquisitions (in particular Moss Maritime and Bouygues Offshore) Saipem significantly strengthened its design

**Construction vessels****SEMAC 1****SAIBOS FDS**

Semi-submersible pipelay barge. Built by Alabama Shipbuilding, Alabama USA (1976).

Multi-purpose monohull dynamically positioned crane and pipelay (J-lay) vessel. Built in Korea by Samsung (2000).

Dimensions:  
 Length overall: 148.5 m  
 Breadth overall: 54.9 m  
 Depth to main deck: 2.8 m  
 Maximum deck load: 5,700 t

Dimensions:  
 Length overall: 156 m  
 Breadth: 30 m  
 Operational draft: 12.4 m  
 Displacement: 26,608 t at operating draft  
 Payload: 4,300 t at 7.40 draft

Pipelay equipment: 3 x 75 t tensioners, 11 work stations (welding, x-ray and field joint coating). Double jointing system with 8 work stations. Above water tie-in capability (optional). Dual lay welding line and ramp (optional). Abandonment and recovery winch: 275 t. Lifting facilities: fitted with 4 revolving pedestal cranes (1 x 318 t and 3 x 37 t) mounted at each corner of the main deck for pipe handling and general lifting. Pipe handling davits may also be mounted on the main deck to facilitate above water tie-ins. S-lay technique. Pipe diameter: max 60". Maximum laying depth: 600 m.

Dynamic Positioning: Dynpos Auto, Dynpos Autr, 2 DGPS, 2 Lras HIPAP - 2,500 m interfaces available for Taut Wire, Artemis, Fan Beam. Lifting capabilities: main crane AM Clyde KPT660: main hook SWL: 600 t at 30 m, 300 t at 55 m; auxiliary cranes: 2 Liebherr CBO3100-50 Litronic SWL 50 t at 20 m, SWL 30 t at 38 m; 2 Liebherr RL-S 20/20 Litronic; starboard side fixed boom SWL 20 t at 20 m, portside telescopic boom SWL 15 t at 16 m. Pipelay equipment: 5 work stations + one in option; rigid pipe: 4 pipes string J-lay tower system, SWL 320 t, 3,000 m w.d., max. o.d. 22"; flexible pipe: laying through Gutter and 3 x retractable four tracks tensioners

total SWL 270 t, max. i.d. 17". Assembly station has openings to allow the passage of 4 x 3 x 6 m special items.

73

ENI

FACT BOOK 2004

OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING  
OILFIELD SERVICES AND  
CONSTRUCTION

---

**Contents**

skills. The leasing of an FPSO represents an alternative to direct expenditure for oil companies. West Africa is the market with the highest expected growth rates due to the number of development projects announced or started-up by oil companies. Saipem's main vessels are: (i) FPSO Firenze, a tanker ship which, after its conversion into a floating production and storage vessel, has been installed in Eni's Aquila field, in the Adriatic Sea, where it operates at a depth of 850 meters; (ii) FPSO Mystras that has been installed since January 2004 in the Okono and Okpoho oil fields operated by Eni with a 100% interest in the deep offshore of Nigeria. Saipem intends to expand its market share in this business and plans to upgrade its offer by designing new generic FPSO vessels, designed and equipped in direct cooperation with the client in order to identify standard features that make the vessel easily employable in more than one development projects according to the client's portfolio of assets.

**ONSHORE CONSTRUCTION**

Eni operates in the construction of plants for hydrocarbon production (separation, stabilization, collection of hydrocarbons, pumping stations, water injection) and treatment (removal and recovery of sulphur dioxide and carbon dioxide, fractioning of gaseous liquids, recovery of condensates) and in the installation of large onshore transmission systems (pipelines, compression stations, terminals). The demand for this kind of services from the oil industry is expected to increase in the medium term, in

**Drilling vessels****PERRO NEGRO 5**

Self elevating drilling platform (Jack up); National 1320 UE drilling plant. Built by Levingston Shipbuilding Company Orange, Texas USA (1981).

|  |         |
|--|---------|
| Dimensions:                            |         |
| Hull length:                           | 60.8 m  |
| Beam:                                  | 56.5 m  |
| Depth:                                 | 6.7 m   |
| Length of legs<br>(including footing): | 126.1 m |

|                        |          |
|------------------------|----------|
| Operating performance: | 6,500 m  |
| Drilling depth:        | 90 m     |
| Water depth max:       | 1,500 tt |
| Variable load:         |          |

**SAIPEM 10000**

Ultra deep water drillship, self propelled, equipped with EWT (Extended Well Testing). Wirth GH 4500 EG 4200 drilling plant. Built in Korea by Samsung (2000).

|                       |               |
|-----------------------|---------------|
| Dimensions:           |               |
| Length overall:       | 228 m         |
| Breadth, moulded:     | 42 m          |
| Depth, moulded:       | 19 m          |
| Operating draft:      | 12 m          |
| Displacement:         | 96,455 t      |
| Variable load:        | over 20,000 t |
| Oil storage capacity: | 140,000 bbl   |

|                        |         |
|------------------------|---------|
| Operating performance: | 9,200 m |
| Drilling depth:        | 3,000 m |
| Water depth max:       |         |

OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING  
OILFIELD SERVICES AND  
CONSTRUCTION

---

**Contents**

particular long distance pipelines represent one of the favorite systems for linking production areas with their end markets, despite the increasing competition from other transport modes (LNG, GTL, etc). The main operation areas are the Caspian Sea, Russia's Far East, Africa and the Middle East. Saipem intends to consolidate its competitive positioning in this segment by exploiting in particular the opportunities provided by remote areas, characterized by the lack of infrastructure, where it can leverage on its distinctive ability to operate in difficult contexts and to manage complex projects. Saipem is also capable of providing onshore services complementary to offshore operations, which represents a competitive advantage for the development of projects in areas such as the Caspian Sea.

**ONSHORE DRILLING**

Saipem operates in this area as main contractor for the major international oil companies.

Onshore drilling is conducted through 47 facilities located in Saudi Arabia, North Africa, Central Asia, Peru, Venezuela and Italy. Some of these facilities can drill to 10,000-meter depths in high pressure and high temperature environments.

Saipem intends to focus its activities in areas where it has been present for a long time and to search opportunities in areas with proved development prospects such as Central Asia, the Middle East and North Africa.

Saipem can also exploit the opportunities provided by the emergence of new logistically demanding remote areas lacking infrastructure that require the ability to operate in hostile environmental conditions.

**Drilling vessels****SCARABEO 5****SCARABEO 7**

Semi-submersible drilling platform self propelled; Emsco C3 drilling plant.  
Built in Italy (Genova) by Fincantieri shipyards (1990).

|                   |        |
|-------------------|--------|
| Dimensions:       |        |
| Pontoon length:   | 111 m  |
| Pontoon breadth:  | 14.3 m |
| Pontoon height:   | 9.5 m  |
| Main hull length: | 80.8 m |
|                   | 68.8 m |

Semi-submersible drilling platform self propelled; Wirth SH 3000 EG drilling plant. Built in Turkey by Tusla shipyard, (1999) and perfected in Italy (Palermo) by Fincantieri shipyards (1999).

|                   |          |
|-------------------|----------|
| Dimensions:       |          |
| Displacement:     | 38,100 t |
| Main deck width:  | 61.3 m   |
| Main deck length: | 77.5 m   |
| Main deck depth:  | 4.5 m    |
|                   | 4,000 t  |

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|   |                    |   |           |
|---|--------------------|---|-----------|
| Main hull breadth:  | 7.3 m              | Variable deck load:   |           |
| Main hull depth:  |                    |   |           |
| Operating performance:  | up to 900 m w.d.   | Operating performance:  | 25,000 ft |
| Dynamic assisted mooring  | up to 1,900 m w.d. | Drilling depth W/5" DP:   | 8,000 m   |
| Dynamic positioned mode   | 8,000 m            | Drilling depth:   | 1,200 m   |
| Maximum drilling depth:   | 1,900 m            | Water depth max:  |           |
| Water depth max:  |                    | Positioning system: automatic thruster assisted 8 leg mooring system. |           |
| 4,300 t variable deck load in all conditions, under the most stringent codes. |                    |   |           |

75

ENI

FACT BOOK 2004

OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING  
OILFIELD SERVICES AND  
CONSTRUCTION

---



**Contents**

LNG

Saipem operates in the LNG segment following its purchase of Bouygues Offshore and Moss Maritime which contributed their excellent competence in the LNG chain, complementary to the onshore and offshore transmission of natural gas. The markets offering the highest potential are Asia, Europe and the Americas. Services provided by Saipem include: (i) the onshore segment which shows interesting growth prospects, where Saipem holds interesting positions in the design and construction of regasification terminals, storage tanks and vessels; (ii) the offshore segment, that includes FSRU (Floating Storage Regasification Units) and FNLG (Floating Liquefaction plants for Natural Gas) integrated systems which show interesting growth prospects in the medium term due to their lower environmental impact and greater flexibility as compared to other systems. Saipem has the know-how to become a leader in this segment.

MAINTENANCE, MODIFICATION & OPERATION

Saipem is also present in the MMO business which complements the company's activities and provide interesting growth prospects for the increasing tendency of oil companies to outsource these services (both routine work and upgrading/revamping) and for the development of remote areas for hydrocarbon production. Saipem is capable of seizing the opportunities provided by this segment by leveraging on its specialized know-how also as project manager, on its resources and network of logistical bases.

76

ENI

FACT BOOK 2004

OILFIELD SERVICES

CONSTRUCTION AND

ENGINEERING

OILFIELD SERVICES AND

CONSTRUCTION

---

**Contents****Construction vessels**

| Name        | Type  | Laying<br>technique | Transport/<br>lifting<br>capability | Maximum<br>laying<br>depth | Pipelaying<br>maximum<br>diameter |
|-------------|---|---------------------|-------------------------------------|----------------------------|-----------------------------------|
|             |   |                     | (t)                                 | (m)                        | (inches)                          |
| Castoro 2   | Derrick/lay barge   |                     | 1,000                               |                            | 60                                |
| Castoro 6   | Semi-submersible large diameter pipelay vessel  | S                   | 300                                 | 1,150                      | 60                                |
| Castoro 8   | Crane and pipelay vessel  | S                   | 2,177                               | 600                        | 60                                |
| Castoro 9   | Launching/cargo barge   |                     | 5,000                               |                            |                                   |
| Castoro 10  | Trench/pipelay barge  |                     |                                     | 300                        | 40                                |
| Castoro XI  | Launching/cargo barge   |                     | 15,000                              |                            |                                   |
| Crawler     | Derrick/lay barge   |                     | 540                                 |                            | 48                                |
| Saipem 3000 | Multipurpose monohull crane, DP (J, S, reel-lay) and lifting vessel   | Reel, J, S          | 2,200                               | 3,000                      | 6                                 |
| S. 42       | Launching/cargo barge   |                     | 8,000                               |                            |                                   |
| S. 44       | Launching/cargo barge   |                     | 30,000                              |                            |                                   |
| S. 45       | Launching/cargo barge   |                     | 20,000                              |                            |                                   |
| Saipem 7000 | Semi-submersible crane and pipelaying (J-lay) DP vessel   | J                   | 14,000                              | 3,000                      | 32                                |
| Semac 1     | Semi-submersible pipelay barge  | S                   | 318                                 | 600                        | 58                                |
| BAR         |   |                     |                                     |                            |                                   |
| Protector   | DP dive support vessel  |                     |                                     |                            |                                   |
| Saibos FDS  | Multipurpose monohull dynamically positioned crane and pipelay (J-lay) vessel for the development of hydrocarbon fields in deep water | J                   | 600                                 | 2,000                      | 24                                |
| Saibos 230  | Mobile crane barge for small-diameter pipelaying  |                     |                                     |                            |                                   |
| Saibos 103  | Launching/cargo barge   |                     |                                     |                            |                                   |
| BOS 600     | Launching/cargo barge   |                     | 30,000                              |                            |                                   |
| BOS 355     | Crane and pipelay vessel  |                     | 540                                 |                            | 48                                |

**Drilling vessels**

| Name          | Type  | Drilling<br>plant | Maximum<br>depth | Drilling<br>maximum | Other             | Crew<br>number<br>maximum |
|---------------|---|-------------------|------------------|---------------------|-------------------|---------------------------|
|               |   |                   | (m)              | (m)                 |                   |                           |
| Perro Negro 2 | Self elevating, triangular, mobile drilling unit (Jack up)  | Oilwell E 2000    | 90               | 6,500               | Heliport provided | 112                       |
| Perro Negro 3 | Self elevating cantilever drilling platform (Jack up)       | Ideco E 2100      | 90               | 6,000               | Heliport provided | 87                        |
| Perro Negro 4 | Self elevating drilling platform (Jack up)                  | National 110 UE   | 45               | 5,000               | Heliport provided | 60                        |
| Perro Negro 5 | Self elevating drilling platform (Jack up)                  | National 1320 UE  | 90               | 6,500               | Heliport provided | 72                        |
| Scarabeo 3    | Semi-submersible drilling platform helped propulsion system | National 1625 DE  | 550              | 7,600               | Heliport provided | 90                        |
| Scarabeo 4    | Semi-submersible drilling platform helped propulsion system | National 1625 DE  | 550              | 7,600               | Heliport provided | 90                        |
| Scarabeo 5    | Semi-submersible drilling platform self propelled           | Emsco C 3         | 1,900            | 8,000               | Heliport provided | 100                       |
| Scarabeo 6    | Semi-submersible drilling platform self propelled           | Oilwell E 3000    | 500              | 7,600               | Heliport provided | 91                        |
| Scarabeo 7    | Semi-submersible drilling platform self propelled           | Wirth SH 3000 EG  | 1,200            | 8,000               | Heliport provided | 107                       |

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|              |   |                     |       |       |  |     |
|--------------|---|---------------------|-------|-------|--|-----|
| Saipem 10000 | Ultra deep water drillship, self propelled, dynamic positioning | Wirth GH<br>4500 EG | 3,000 | 9,200 | Oil storage capacity:<br>140,000 bbl;<br>heliport provided | 160 |
|--------------|---|---------------------|-------|-------|--|-----|

77

ENI  
FACT BOOK 2004  
OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING

---

Contents

## oilfield services construction and engineering

**STRATEGIES**

**Select projects  
by balancing profitability  
and risk profile**

**Develop qualified services  
for large oil & gas projects  
and expand role of Owner's  
Engineer for Eni**

**Expand portfolio  
of proprietary technologies  
as a competitive lever  
and support for the growth  
of Eni's core business**

**Improve efficiency  
and operating flexibility**

## engineering

Eni, through its subsidiary Snamprogetti (100% Eni), is one of the major international operators in engineering and contracting in the area of plants for hydrocarbon production, treatment and transmission, for the liquefaction and treatment of natural gas, for the conversion of heavy residues from conventional and non conventional crudes, for the chemical industry, for power generation, infrastructure and environmental protection.

Snamprogetti intends to strengthen its competitive positioning in the market segment of high complexity (in terms of size, execution and technology) EPC projects requiring a wide and integrated range of services, management capabilities, flexible organization and a continuous development of new technologies that can strengthen Snamprogetti's competitive positioning. In order to attain this objective, Snamprogetti will therefore enhance its role of global contractor based on its distinctive skills in terms of execution capabilities, level of services provided and development of proprietary technologies.

It will focus its activity on market segments selected in such a way as to guarantee a good balance of profitability and risk profiles. In order to reduce the cyclicity of the segment of services for the oil and gas industry, it will expand its presence in the large infrastructure business in Italy, in particular in the transport system.

Snamprogetti intends to expand the provision of qualified services in the phases of front end loading of projects (feasibility studies, conceptual, basic, FEED engineering and project management) mainly to major clients and as a support to Eni's investment plans. It will also intensify actions for improving efficiency and operating flexibility also through the rationalization of its operating structure, the development of low cost engineering centers, the optimization of procurement, the adoption of the most stringent international best practices in terms of working tools and methods and the hiring of highly qualified resources.

Snamprogetti continues to enhance its proprietary portfolio of technologies by means of support activities to the development on an industrial scale of technologies in strategic areas of interest of Eni, such as the conversion of heavy crudes and high pressure transmission of natural gas, and the development of know-how in the field of the manufacture of high quality fuels and in the area of natural gas upgrading (GTL, syngas, methanol, ammonia, urea).

78

ENI

FACT BOOK 2004

OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING

---

**Contents****Main financial data**

|   | (million euro) |       |       |       |       |       |       |       |       |              |
|---|----------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
|   | 1995           | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004         |
| Net sales from operations               | 1,054          | 1,109 | 1,265 | 1,675 | 1,535 | 847   | 1,166 | 1,422 | 2,093 | <b>2,197</b> |
| Operating income                        | 29             | 35    | 31    | 38    | 41    | 3     |       | (4)   | 7     | <b>(33)</b>  |
| Capital expenditure                     | 7              | 11    | 9     | 20    | 13    | 14    | 15    | 22    | 17    | <b>10</b>    |
| Investments                             | 1              |       | 1     |       | 42    | 22    | 5     | 3     | 9     |              |
| Order backlog at December 31            | 2,232          | 2,455 | 2,834 | 2,471 | 1,851 | 4,008 | 4,084 | 4,907 | 4,180 | <b>3,215</b> |
| Oil & Gas and Refining                  | 1,272          | 1,161 | 1,638 | 892   | 803   | 520   | 697   | 1,950 | 1,487 | <b>1,450</b> |
| Chemical complexes                      | 461            | 861   | 778   | 1,066 | 454   | 463   | 465   | 673   | 503   | <b>146</b>   |
| Field upstream facilities and pipelines | 478            | 417   | 363   | 459   | 554   | 593   | 610   | 299   | 597   | <b>398</b>   |
| Energy                                  |                |       | 46    | 45    | 38    | 138   | 96    | 54    | 31    | <b>19</b>    |
| Infrastructure                          |                |       |       |       |       | 2,290 | 2,213 | 1,924 | 1,547 | <b>1,102</b> |
| Aquater - Environmental Activities      |                |       |       |       |       |       |       |       |       | <b>88</b>    |
| Other                                   | 21             | 16    | 9     | 9     | 1     | 4     | 3     | 7     | 15    | <b>12</b>    |

**Business areas****PLANTS**

*Oil & Gas.* Snamprogetti has the world class know-how to carry out the most complex and technologically advanced projects in the area of plants for hydrocarbon production, natural gas treatment and upgrading, (LNG; recovery and fractioning of natural gas liquids). Based on the capital expenditure plans announced by oil companies, Snamprogetti expects a strong growth in the demand for services in these areas. In particular the segment of transport and treatment of natural gas seems the most dynamic due to the progressive globalization of demand and supply of natural gas. Snamprogetti intends to consolidate its know-how in natural gas treatment, where capital expenditures for expanding liquefaction and regasification capacity of about 100-120 million tonnes/year of LNG (equivalent to 140-170 billion cubic meters/year) are expected in the next four years.

*Refining.* In this area Snamprogetti has a sound competitive positioning in conventional areas, having built a number of grass root refineries and refining units, and is a leader in the segment of plants for the hydroconversion and hydrotreatment of heavy residues and distillates. Snamprogetti intends to seize the growth opportunities of the business of plants for heavy residue conversion and production of clean fuels. Growth in this business is supported by the wider availability of heavy crudes and by the increasingly stringent environmental requirements on emissions established worldwide. At Eni's Taranto refinery the first demonstration plant with 1,200 barrels/day capacity based on the Eni Slurry Technology is nearing completion. This technology has a high strategic value and

79

ENI

FACT BOOK 2004

OILFIELD SERVICES  
CONSTRUCTION AND  
ENGINEERING  
MAIN RESULTS

**Contents**

aims at meeting the increasing demand for upgrading of heavy crudes and non conventional crudes (tar sands) and for conversion of refining residues (see: Innovative Technologies below).

*Chemical complexes.* Snamprogetti is active in the area of plants for the conversion of natural gas (syngas, GTL, hydrogen, ammonia, methanol and urea) and gas-to-chemicals (ethylene and ethane derivatives). The demand for syngas is markedly increasing for its application in the gas to liquids field for the manufacture of high quality diesel fuel from natural gas; in this segment, where syngas is a critical element Snamprogetti is at the technological frontier also thanks to its subsidiary Haldor Topsøe. Snamprogetti holds a sound position in the design and construction of plants for the production of nitrogen-based fertilizers and high-octane additives for gasoline (MTBE, ETBE, TAME and iso-octene/iso-octane), based on proprietary technologies. Snamprogetti intends to strengthen its competitive position in the segment of world scale plants for ammonia and urea production, demand for which is supported by increasing consumption in Asia, with capital expenditure in new capacity concentrated in areas where gas has a competitive price (Middle East, Africa, Latin America). Snamprogetti intends to seize the opportunities for the construction of plants for the manufacture of ethylene and petrochemical products from ethane, where relevant capital expenditure is expected in areas where feedstocks have a low price (especially the Middle East). In cooperation with an international partner Snamprogetti is engaged in the development of a technology for the manufacture of styrene from ethane (see: Innovative Technologies below).

*Energy.* Snamprogetti is active in the design and construction of combined cycle power stations also fired with refinery residues (IGCC - Integrated Gasification Combined Cycle). Snamprogetti intends to make use of the relevant know-how it acquired in the construction of EniPower power stations searching for new projects in Italy and outside Italy.

#### FIELD UPSTREAM FACILITIES AND PIPELINES

Snamprogetti holds relevant competitive positions in the design and construction of pipelines for the transmission of hydrocarbons, collection networks and upstream plants (construction of primary separation plants, gas and water injection systems, compression and pumping stations), the demand for which is expected to grow. Snamprogetti is developing new advanced technologies for high pressure transport of natural gas aimed at the exploitation of reserves located in remote areas (see: Innovative Technologies below).

#### INFRASTRUCTURE

Snamprogetti is active in the field of design and construction of great infrastructure in Italy. In particular it is working at the completion of the high speed/high capacity train tracks from Milan to Bologna. The Italian market for great infrastructure shows interesting prospects after the approval of a 10-year plan for the construction of public works by the Italian Government. The types of works, their size, the introduction of simpler and faster

authorization procedures, the modes of implementation of projects based on their critical variables (time, cost, quality and profitability) and the acknowledgement of the role of General Contractor are the elements on which Snamprogetti bases its efforts to win orders in this area, also in order to reduce the cyclicity of the demand for services from the oil and petrochemical industries.

#### AQUATER - ENVIRONMENTAL ACTIVITIES

Snamprogetti, through its Aquater - Environmental Activities division, is active in the field of projects for environmental remediation and reclamation, protection of the soil and integrated water systems in the framework of the optimization of compatibility of industrial development and environmental protection. The division provides a wide range of engineering services for the soil, the environment and natural resources and is active both as a consultant and as a main contractor in the area of environmental remediation, reclaiming of plants, waste management, water purification and civil works.

80

ENI

FACT BOOK 2004

OILFIELD SERVICES

CONSTRUCTION AND

ENGINEERING

ENGINEERING

---



Contents

## new technologies

Eni is aware of the key role innovative technologies play in the future development of the hydrocarbon industry, it therefore intends to develop key technologies that can contribute to the establishment of competitive advantages and to the meeting of its long to medium term growth and profitability objectives. Research projects are selected according to a strict evaluation of their return and are carefully monitored in light of the maximization of the value of Eni's project portfolio.

In the next four years Eni intends to invest over euro one billion in R&D, balancing projects aimed at reaching short term objectives for business units with group-wide projects aimed at strengthening medium to long term business sustainability. In particular the main focus of Eni's R&D lines are: (i) reserve replacement and reduction of mineral risk; (ii) production from non conventional hydrocarbon reserves and optimal management of reserves with high hydrogen sulphide and sulphur content; (iii) expansion in the natural gas market and utilization of associated gas and gas located in remote areas; (iv) improvement of quality and performance of fuels in light of the evolution of engines to increasingly perfected and efficient systems with lower impact on air quality; (v) efficient use of fossil fuels through an improvement in refining yields and an optimal use of each fuel with reduced environmental impact; (vi) mitigation of greenhouse effect, through the capture and geological sequestration of carbon dioxide.

Eni intends to search global alliances in order to participate in research projects that have a longer horizon than the four-year plan. Follows a brief description of the main techniques applied or under development.

## Hydrocarbon exploration and production

## INNOVATIVE TECHNOLOGIES FOR SUBSOIL SURVEY

In order to prepare a geological model of fields as near as possible to reality aimed at the simulation and monitoring of fields, Eni developed significant industrial applications of highly innovative technologies. The main objective of these technologies is the reduction of mineral risk and the optimization of processes for extracting and recovering hydrocarbons.

New and relevant developments have been reached in the 3D Common Reflection Surface (CRS) Stack, Deep Migration Phase Shift Plus Interpolation (PSPI) and Kirchoff True Amplitude (KTA) proprietary technologies, which allowed to obtain significantly higher results than conventional technologies. The relevant improvement of the final seismic imaging and the higher density and precision of information on the characteristics of subsoils of fields (in Italy, the Gulf of Mexico, West and North Africa) allowed to reduce the risk associated to the definition of geological models in the field's development phase.

Significant developments and industrial applications derived also from advanced technologies for modeling and monitoring fields, such as: the integrated workflow for the characterization and study of fractured systems, cross-well seismics, 4D or time lapse seismics to monitor the behavior of producing fields over time.

81

ENI

FACT BOOK 2004

NEW TECHNOLOGIES

**Contents**

**DRILLING OF ADVANCED WELLS**

Eni developed and applied at industrial level a series of technologies that allow to drill highly complex wells with greater operating efficiency. In particular, lean profile drilling, developed and patented by Eni, is applied in deep vertical and deviated wells especially in high pressure and high temperature environments allowing a reduction in time and costs and in environmental impact as it reduces the volume of rock handled. Wells obtained with this technique are high quality and low risk. The technique basically consists in reducing to a minimum the tolerance between the diameter of wells and their lining columns while keeping the production casing unchanged. The verticality and direction of the hole are guaranteed by innovative tools such as Vertitrack (former SDD, straight-hole drilling device) and Autotrack developed and applied by Eni in cooperation with Baker-Hughes. Lean drilling was successfully applied both in Italy (Val d'Agri, Trecate) and outside Italy (Tunisia, Algeria and Egypt) and entailed significant benefits such as higher safety and higher savings of costs and time. The application in Val d'Agri is a record lean drilling in highly deviated wells (a 13"3/8 casing in a 14"3/4 hole with inclination up to 60°).

In deep water drilling Eni's innovative proprietary technology is the dual casing running which allows for simultaneous drilling of the first two superficial holes of a deep water well, the simultaneous lowering of the superficial casings and the cementing. The application of this technology allows for a significant reduction in time and costs and a perfect verticality of the two casings and the well head.

**INNOVATIVE TECHNOLOGIES FOR THE TREATMENT OF FLUIDS**

In the field of transmission and treatment of hydrocarbons Eni developed and applied innovative technologies with particular attention to multi-phase fluids (water, oil and/or gas) in order to optimize production and reduce its environmental impact. In particular, Eni successfully tested at its Cavone oil center a pilot plant for the removal of oils from layer waters which allows to reduce the residual concentration of hydrocarbons in water to less than 10 ppm, starting from an initial content of over 1,000 ppm. The system is based on the use of adsorbing polymers capable first to capture oil particles and then to release them favoring their coalescence and making them easier to separate. The system is currently being engineered in order to make it useable on platforms. Another ongoing project aims at optimizing new design centrifugal systems for the separation of water from oil and for the confirmation of innovative technologies for removing soluble organic compounds.

Also in the field of multiphase pumping Eni is applying innovative technologies as an alternative to traditional production systems in marginal fields, fields located in frontier areas or difficult contexts such as deep waters. The multiphase technology becomes extremely useful, in terms of economic benefits, in offshore applications where the possibility to transport production from the wells over long distances allows to transfer processing activities on existing facilities and infrastructure, thus significantly reducing technical costs for the development of fields. Infield applications of multiphase pumping have been recently installed offshore and onshore in the United Kingdom and Tunisia with other partners in order to obtain a higher recovery of hydrocarbons.

**Integrated projects and corporate development projects**

**MANAGEMENT OF HYDROGEN SULPHIDE AND SULPHUR**

The R&D project for the optimal management of reserves with high content of hydrogen sulphide and sulphur started in 2003 is continuing. The project aimed at developing innovative technologies and/or advanced processes able to manage the disposal and possible exploitation of high amounts of sour gas and sulphur that are co-produced with

82

ENI

FACT BOOK 2004

NEW TECHNOLOGIES

---

## **Contents**

hydrocarbons, while respecting safety and the environment. In particular innovative processes for the separation of hydrogen sulphide and its conversion into plain sulphur and the storage and/or use of this sulphur are in the development phase. In parallel innovative processes are being studied for the reinjection of hydrogen sulphide into the field and its monitoring.

### **ENI SLURRY TECHNOLOGY**

At Eni's Taranto refinery the testing is ongoing of a Demonstration Plant with a 1,200 barrels/day capacity based on Eni Slurry Technology (EST) which, when demonstrated in 2005, will provide Eni with an important competitive lever. This is a strategically relevant technology because it allows a more economic use of heavy crudes and the total transformation of a barrel of oil into high quality fuels, avoiding the fatal production of fuel oil, otherwise destined to be used in electricity generation in Rankine cycles with low yield and high environmental impact. The subtraction of fuel oil from thermoelectric use will indirectly favor the penetration of combined cycle gas fired plants with high efficiency and very low environmental impact.

### **TRANSMISSION: TAP PROJECT**

The TAP Project (High Pressure Transmission) aims at developing reliable technologies for making the transmission via pipeline of relevant amounts of natural gas from production areas to consuming markets economically viable, thus favoring the sale of gas produced by Eni's upstream activities. This project was started in May 2003 and is aimed at developing the most advanced long distance, high capacity, high pressure and high grade solutions with relevant targets related to: (i) distances over 3,000 kilometers; (ii) natural gas volumes to be transported of about 20-30 billion cubic meters/year; (iii) pressure equal to or higher than 15 Mpa and (iv) use of high and very high grade steel (e.g. X100). In 2004 the construction phase started of an experimental pilot pipeline with 48-inch diameter in the utmost resistant steel, which will significantly contribute to reduce the time necessary for the development of the technology. Within this project also the construction of a 10-kilometer long portion of pipe in X80 steel started.

### **CONVERSION OF NATURAL GAS INTO LIQUIDS**

Aim of the project is to exploit the relevant natural gas reserves that are not extracted because too far from end markets, through their conversion into high quality, synthetic oil products totally sulphur and aromatic free. At Eni's Sannazzaro pilot plant, research on production of wax by means of Fischer-Tropsch technology was completed and validation activities are underway.

### **INNOVATIVE FUELS: CLEAN DIESEL FUEL PROGRAM**

In 2004 Eni started to sell the new BluSuper gasoline, which guarantees better engine performance and efficiency and reduces polluting emissions, thanks to its high antidetonating power resulting from a higher octane number (98 as compared to 95 of ordinary gasolines) and its lack of sulfur. BluSuper complements BluDiesel, sold since 2002, and is part of Eni's strategy to improve the quality of its fuels, anticipating their compliance with EU regulations (mandatory from 2009) and targeting its offer to customers' requirements, leveraging on Eni's integrated refining-logistics-distribution system.

Eni also continued R&D activities of various process lines aimed at improving the quality of its gasoil pool, among these a process for oxidating desulphurization in order to manufacture sulphur-free gasoil at competitive prices.

### **GHG PROGRAM: GEOLOGICAL SEQUESTRATION OF CARBON DIOXIDE**

R&D in the field of environmental protection led to the start-up of an integrated research program Green House Gases (GHG), aimed at verifying the feasibility of the geological sequestration of CO<sub>2</sub> in depleted fields and salty aquifers.

As for the former, the potentially employable fields have been identified and characterized. The definition of a pilot project

83

ENI  
FACT BOOK 2004  
NEW TECHNOLOGIES

---

**Contents**

will be completed in 2005. As part of the program, Eni decided to participate in the second phase of the CO<sub>2</sub> Capture project aimed at finding practical solutions for the capture and sequestration of CO<sub>2</sub>.

**HYDROGEN PROJECT**

Eni's interest in this field is aimed at the creation of a portfolio of technologies that may be employed in the production of hydrogen as energy vector from various primary energy sources. In 2004 Eni started the construction of a pilot plant for the development of a new type of multi-fuel reformer based on catalytic oxidation with low contact time of liquid and gaseous hydrocarbons. The aim is to produce hydrogen at competitive costs also in medium to small sized plants with high flexibility related to refinery feedstocks available.

**STYRENE FROM ETHANE**

In cooperation with Dow Chemical Co Eni is developing an innovative technology for the production of styrene monomer from ethane and benzene, that, compared to conventional techniques based on ethylene, will allow to reduce production costs, as confirmed by the demonstration plant, and to free the manufacturer from the need to locate the plant near a petrochemical complex producing ethylene, obtaining also greater flexibility.

84

ENI

FACT BOOK 2004

NEW TECHNOLOGIES

---

Contents

## financial data

## Results of operations

(million euro)

|  | 1995            | 1996            | 1997            | 1998            | 1999            | 2000            | 2001            | 2002            | 2003            | 2004            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales from operations                                  | 29,381          | 29,790          | 31,359          | 28,341          | 31,008          | 47,938          | 49,272          | 47,922          | 51,487          | 58,382          |
| Other income and revenues                                  | 668             | 665             | 616             | 727             | 952             | 905             | 921             | 1,080           | 913             | 1,298           |
| <b>Total revenues</b>                                      | <b>30,049</b>   | <b>30,455</b>   | <b>31,975</b>   | <b>29,068</b>   | <b>31,960</b>   | <b>48,843</b>   | <b>50,193</b>   | <b>49,002</b>   | <b>52,400</b>   | <b>59,680</b>   |
| Purchases, services and other                              | (18,176)        | (18,679)        | (19,811)        | (18,033)        | (20,000)        | (31,442)        | (32,110)        | (31,893)        | (34,566)        | (39,092)        |
| Payroll and related costs                                  | (3,142)         | (3,081)         | (3,051)         | (2,917)         | (2,782)         | (2,786)         | (2,927)         | (3,103)         | (3,166)         | (3,264)         |
| <b>Total operating costs</b>                               | <b>(21,318)</b> | <b>(21,760)</b> | <b>(22,862)</b> | <b>(20,950)</b> | <b>(22,782)</b> | <b>(34,228)</b> | <b>(35,037)</b> | <b>(34,996)</b> | <b>(37,732)</b> | <b>(42,356)</b> |
| Depreciation, amortization and writedowns                  | (3,415)         | (3,735)         | (3,768)         | (4,308)         | (3,698)         | (3,843)         | (4,843)         | (5,504)         | (5,151)         | (4,861)         |
| <b>Operating income</b>                                    | <b>5,316</b>    | <b>4,960</b>    | <b>5,345</b>    | <b>3,810</b>    | <b>5,480</b>    | <b>10,772</b>   | <b>10,313</b>   | <b>8,502</b>    | <b>9,517</b>    | <b>12,463</b>   |
| Net financial (expense) income                             | (698)           | (445)           | (229)           | (41)            | 10              | 64              | (295)           | (167)           | (154)           | (95)            |
| Net (expense) income from investments                      | (114)           | 99              | 59              | 396             | 89              | 33              | (7)             | 43              | (17)            | 229             |
| <b>Income before extraordinary income and income taxes</b> | <b>4,504</b>    | <b>4,614</b>    | <b>5,175</b>    | <b>4,165</b>    | <b>5,579</b>    | <b>10,869</b>   | <b>10,011</b>   | <b>8,378</b>    | <b>9,346</b>    | <b>12,597</b>   |
| Net extraordinary (expense) income                         | (248)           | (76)            | (198)           | (245)           | (528)           | (512)           | 1,737           | (29)            | 49              | (56)            |
| <b>Income before income taxes</b>                          | <b>4,256</b>    | <b>4,538</b>    | <b>4,977</b>    | <b>3,920</b>    | <b>5,051</b>    | <b>10,357</b>   | <b>11,748</b>   | <b>8,349</b>    | <b>9,395</b>    | <b>12,541</b>   |
| Income taxes   | (1,904)         | (2,167)         | (2,254)         | (1,450)         | (2,054)         | (4,335)         | (3,529)         | (3,127)         | (3,241)         | (4,653)         |
| <b>Income before minority interests</b>                    | <b>2,352</b>    | <b>2,371</b>    | <b>2,723</b>    | <b>2,470</b>    | <b>2,997</b>    | <b>6,022</b>    | <b>8,219</b>    | <b>5,222</b>    | <b>6,154</b>    | <b>7,888</b>    |
| Minority interests   | (117)           | (72)            | (80)            | (142)           | (140)           | (251)           | (468)           | (629)           | (569)           | (614)           |
| <b>Net income</b>  | <b>2,235</b>    | <b>2,299</b>    | <b>2,643</b>    | <b>2,328</b>    | <b>2,857</b>    | <b>5,771</b>    | <b>7,751</b>    | <b>4,593</b>    | <b>5,585</b>    | <b>7,274</b>    |

85

ENI

FACT BOOK 2004

FINANCIAL DATA

**Contents**

| <b>Balance sheet</b><br>(at December 31)                                 | (million euro) |               |               |               |                |                |               |               |               |                |
|--|----------------|---------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|----------------|
|  | 1995           | 1996          | 1997          | 1998          | 1999           | 2000           | 2001          | 2002          | 2003          | 2004           |
| Net fixed assets   | 20,953         | 20,440        | 20,641        | 20,871        | 23,074         | 26,797         | 33,851        | 33,693        | 36,360        | <b>37,616</b>  |
| Intangible assets  | 1,095          | 1,011         | 1,689         | 1,776         | 2,175          | 2,391          | 2,850         | 3,175         | 3,610         | <b>3,190</b>   |
| Investments  | 1,501          | 1,328         | 1,482         | 1,382         | 1,446          | 4,223          | 2,740         | 2,797         | 3,160         | <b>3,282</b>   |
| Accounts receivable<br>financing and securities<br>related to operations | 1,583          | 1,565         | 1,352         | 1,453         | 1,670          | 1,659          | 1,630         | 1,408         | 983           | <b>772</b>     |
| Net accounts payable in<br>relation to investments                       | (1,033)        | (955)         | (738)         | (746)         | (717)          | (825)          | (657)         | (870)         | (1,018)       | <b>(972)</b>   |
| <b>Non current assets</b>  | <b>24,099</b>  | <b>23,389</b> | <b>24,426</b> | <b>24,736</b> | <b>27,648</b>  | <b>34,245</b>  | <b>40,414</b> | <b>40,203</b> | <b>43,095</b> | <b>43,888</b>  |
| Inventories  | 2,719          | 2,631         | 2,629         | 2,442         | 2,626          | 3,120          | 3,014         | 3,200         | 3,293         | <b>3,320</b>   |
| Trade accounts receivable  | 6,574          | 6,760         | 6,448         | 6,076         | 7,486          | 9,186          | 9,346         | 9,090         | 9,772         | <b>10,785</b>  |
| Trade accounts payable   | (3,455)        | (3,485)       | (3,508)       | (3,517)       | (4,200)        | (4,903)        | (5,081)       | (5,579)       | (5,950)       | <b>(6,353)</b> |
| Tax liabilities  | (4,557)        | (4,249)       | (3,704)       | (3,083)       | (4,219)        | (5,629)        | (4,173)       | (2,978)       | (2,532)       | <b>(3,102)</b> |
| Reserve for contingencies  | (2,634)        | (2,656)       | (3,106)       | (3,246)       | (3,735)        | (5,702)        | (5,377)       | (5,522)       | (5,708)       | <b>(6,102)</b> |
| Other operating assets<br>(liabilities)                                  | 1,947          | 1,901         | 1,614         | 1,408         | 821            | (602)          | 1,636         | 1,585         | 446           | <b>848</b>     |
| <b>Net working capital</b>   | <b>594</b>     | <b>902</b>    | <b>373</b>    | <b>80</b>     | <b>(1,221)</b> | <b>(1,973)</b> | <b>(635)</b>  | <b>(204)</b>  | <b>(679)</b>  | <b>(604)</b>   |
| <b>Reserve for employee<br/>termination indemnities</b>                  | <b>(1,125)</b> | <b>(763)</b>  | <b>(505)</b>  | <b>(356)</b>  | <b>(411)</b>   | <b>(457)</b>   | <b>(486)</b>  | <b>(507)</b>  | <b>(555)</b>  | <b>(590)</b>   |
| <b>Net capital employed</b>  | <b>23,568</b>  | <b>23,528</b> | <b>24,294</b> | <b>24,460</b> | <b>26,016</b>  | <b>31,815</b>  | <b>39,293</b> | <b>39,492</b> | <b>41,861</b> | <b>42,694</b>  |
| Shareholders equity <sup>(1)</sup>                                       | 11,893         | 13,084        | 15,324        | 16,156        | 18,398         | 22,401         | 27,483        | 26,257        | 26,696        | <b>30,338</b>  |
| Minority interest  | 886            | 885           | 920           | 1,234         | 1,351          | 1,672          | 1,706         | 2,094         | 1,622         | <b>2,128</b>   |
|  | <b>12,779</b>  | <b>13,969</b> | <b>16,244</b> | <b>17,390</b> | <b>19,749</b>  | <b>24,073</b>  | <b>29,189</b> | <b>28,351</b> | <b>28,318</b> | <b>32,466</b>  |
| Net borrowings   | 10,789         | 9,559         | 8,050         | 7,070         | 6,267          | 7,742          | 10,104        | 11,141        | 13,543        | <b>10,228</b>  |
| <b>Total liabilities and<br/>shareholders equity</b>                     | <b>23,568</b>  | <b>23,528</b> | <b>24,294</b> | <b>24,460</b> | <b>26,016</b>  | <b>31,815</b>  | <b>39,293</b> | <b>39,492</b> | <b>41,861</b> | <b>42,694</b>  |

(1) Net of own shares in portfolio.



**Contents****Cash flow statement and change in net borrowings**

(million euro)

|   | 1995         | 1996         | 1997         | 1998         | 1999         | 2000          | 2001          | 2002          | 2003          | 2004           |
|---|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|----------------|
| Net income before minority interest   | 2,352        | 2,371        | 2,723        | 2,470        | 2,997        | 6,022         | 8,220         | 5,222         | 6,154         | <b>7,888</b>   |
| <i>as adjusted:</i>   |              |              |              |              |              |               |               |               |               |                |
| - amortization and depreciation and other non monetary items  | 3,610        | 3,514        | 4,056        | 4,468        | 3,869        | 4,307         | 4,841         | 5,682         | 5,493         | <b>5,245</b>   |
| - net gains on disposals of assets  | (25)         | (139)        | (185)        | (443)        | (60)         | (82)          | (170)         | (152)         | (35)          | <b>(374)</b>   |
| - dividends, interest, extraordinary income (expense) and income taxes                                    | 2,948        | 2,727        | 2,706        | 1,743        | 2,618        | 4,990         | 2,164         | 3,305         | 3,268         | <b>4,935</b>   |
| <b>Cash generated from operating income before changes in working capital</b>                             | <b>8,885</b> | <b>8,473</b> | <b>9,300</b> | <b>8,238</b> | <b>9,424</b> | <b>15,237</b> | <b>15,055</b> | <b>14,057</b> | <b>14,880</b> | <b>17,694</b>  |
| Changes in working capital related to operations  | (457)        | (490)        | (268)        | 785          | (660)        | (1,592)       | (206)         | (510)         | (465)         | <b>(564)</b>   |
| Dividends received, taxes paid, interest and extraordinary income/expense (paid) received during the year | (1,833)      | (2,954)      | (2,517)      | (2,159)      | (516)        | (3,062)       | (6,765)       | (2,969)       | (3,588)       | <b>(4,768)</b> |
| <b>Net cash provided by operating activities</b>  | <b>6,595</b> | <b>5,029</b> | <b>6,515</b> | <b>6,864</b> | <b>8,248</b> | <b>10,583</b> | <b>8,084</b>  | <b>10,578</b> | <b>10,827</b> | <b>12,362</b>  |
| Capital expenditure   | (3,680)      | (3,792)      | (4,169)      | (5,152)      | (5,483)      | (5,431)       | (6,606)       | (8,048)       | (8,802)       | <b>(7,503)</b> |
| Acquisitions  | (231)        | (352)        | (153)        | (407)        | (114)        | (3,483)       | (3,082)       | (1,315)       | (985)         | <b>(316)</b>   |
| Disposals   | 850          | 689          | 363          | 371          | 295          | 277           | 2,114         | 935           | 650           | <b>1,549</b>   |
| Other investments and divestments   | (144)        | (6)          | (9)          | (118)        | (446)        | (69)          | (40)          | (319)         | 1,110         | <b>82</b>      |
| <b>Free cash flow</b>   | <b>3,390</b> | <b>1,569</b> | <b>2,547</b> | <b>1,558</b> | <b>2,500</b> | <b>1,877</b>  | <b>470</b>    | <b>1,831</b>  | <b>2,800</b>  | <b>6,174</b>   |
| Borrowings (repayment) of debt related to financing activities  | 308          | (727)        | 66           | 2,019        | (433)        | 111           | 994           | (1,171)       | 1,400         | <b>131</b>     |
| Changes in short and long term financial debt   | (3,133)      | 45           | (1,121)      | (3,715)      | (294)        | 121           | (490)         | 3,736         | 1,629         | <b>(3,619)</b> |
| Dividends paid and changes in minority interests and reserves   | (561)        | (833)        | (999)        | (645)        | (1,311)      | (2,118)       | (950)         | (3,846)       | (5,933)       | <b>(3,165)</b> |
| Change in consolidation area and exchange differences   | (7)          | (14)         | 67           | (24)         | (29)         | 41            | 38            | (64)          | (107)         | <b>(17)</b>    |
| <b>NET CASH FLOW FOR THE PERIOD</b>   | <b>(4)</b>   | <b>41</b>    | <b>560</b>   | <b>(807)</b> | <b>433</b>   | <b>32</b>     | <b>62</b>     | <b>486</b>    | <b>(211)</b>  | <b>(496)</b>   |
| <b>Free cash flow</b>   | <b>3,390</b> | <b>1,569</b> | <b>2,547</b> | <b>1,558</b> | <b>2,500</b> | <b>1,877</b>  | <b>470</b>    | <b>1,831</b>  | <b>2,800</b>  | <b>6,174</b>   |
| Net borrowings of acquired companies  | (64)         | (10)         | 1            | (6)          |              | (901)         | (1,582)       | (51)          | (692)         |                |
| Net borrowings of divested companies  | 641          | 392          | 174          | 30           | 3            | 20            | 185           | 39            | 1             | <b>279</b>     |
| Exchange differences on net borrowings and other changes  | (133)        | 112          | (213)        | 43           | (389)        | (353)         | (312)         | 990           | 1,422         | <b>27</b>      |
| Dividends paid and changes in minority interests and reserves   | (561)        | (833)        | (999)        | (645)        | (1,311)      | (2,118)       | (950)         | (3,846)       | (5,933)       | <b>(3,165)</b> |

|                                     |              |              |              |            |            |                |                |                |                |              |
|-------------------------------------|--------------|--------------|--------------|------------|------------|----------------|----------------|----------------|----------------|--------------|
| <b>CHANGE IN NET<br/>BORROWINGS</b> | <b>3,273</b> | <b>1,230</b> | <b>1,510</b> | <b>980</b> | <b>803</b> | <b>(1,475)</b> | <b>(2,189)</b> | <b>(1,037)</b> | <b>(2,402)</b> | <b>3,315</b> |
|-------------------------------------|--------------|--------------|--------------|------------|------------|----------------|----------------|----------------|----------------|--------------|

87

ENI  
FACT BOOK 2004  
FINANCIAL DATA

---

**Contents****Net sales from operations**

(million euro)

|                                   | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004            |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Exploration & Production          | 5,664         | 6,578         | 6,897         | 5,206         | 6,840         | 12,308        | 13,960        | 12,877        | 12,746        | <b>15,349</b>   |
| Gas & Power                       | 8,400         | 9,352         | 9,985         | 9,625         | 9,900         | 14,427        | 16,098        | 15,297        | 16,067        | <b>17,258</b>   |
| Refining & Marketing              | 10,594        | 11,326        | 11,834        | 10,374        | 14,415        | 25,462        | 22,083        | 21,546        | 22,148        | <b>26,094</b>   |
| Petrochemicals                    | 6,830         | 5,063         | 4,985         | 4,048         | 4,096         | 6,018         | 5,108         | 4,516         | 4,487         | <b>5,417</b>    |
| Oilfield Services                 |               |               |               |               |               |               |               |               |               |                 |
| Construction and Engineering      | 2,231         | 2,551         | 2,890         | 3,348         | 2,988         | 2,146         | 3,114         | 4,546         | 6,306         | <b>6,494</b>    |
| Other activities                  | 297           | 290           | 417           | 552           | 555           | 608           | 695           | 1,449         | 1,178         | <b>1,279</b>    |
| Corporate and financial companies |               |               |               |               |               |               |               | 586           | 700           | <b>851</b>      |
| Activities to be divested         | 1,249         | 905           | 464           | 253           | 83            |               |               |               |               |                 |
| Consolidation adjustment          | (5,884)       | (6,275)       | (6,113)       | (5,065)       | (7,869)       | (13,031)      | (11,786)      | (12,895)      | (12,145)      | <b>(14,360)</b> |
|                                   | <b>29,381</b> | <b>29,790</b> | <b>31,359</b> | <b>28,341</b> | <b>31,008</b> | <b>47,938</b> | <b>49,272</b> | <b>47,922</b> | <b>51,487</b> | <b>58,382</b>   |

**Net sales to customers**

(million euro)

|                                   | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004          |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Exploration & Production          | 2,303         | 2,803         | 3,254         | 2,300         | 1,228         | 2,924         | 5,530         | 4,082         | 4,278         | <b>5,118</b>  |
| Gas & Power                       | 7,834         | 8,776         | 9,563         | 9,272         | 9,532         | 13,714        | 15,430        | 14,674        | 15,617        | <b>16,808</b> |
| Refining & Marketing              | 9,638         | 10,386        | 10,861        | 9,626         | 13,542        | 23,913        | 20,881        | 20,509        | 21,527        | <b>25,335</b> |
| Petrochemicals                    | 6,501         | 4,722         | 4,640         | 3,787         | 3,777         | 5,448         | 4,290         | 3,770         | 4,049         | <b>4,918</b>  |
| Oilfield Services                 |               |               |               |               |               |               |               |               |               |               |
| Construction and Engineering      | 1,862         | 2,148         | 2,450         | 2,938         | 2,689         | 1,762         | 2,605         | 4,067         | 5,409         | <b>5,606</b>  |
| Other activities                  | 88            | 84            | 129           | 166           | 157           | 177           | 89            | 701           | 445           | <b>479</b>    |
| Corporate and financial companies |               |               |               |               |               |               | 100           | 119           | 162           | <b>118</b>    |
| Activities to be divested         | 1,155         | 871           | 462           | 252           | 83            |               |               |               |               |               |
|                                   | <b>29,381</b> | <b>29,790</b> | <b>31,359</b> | <b>28,341</b> | <b>31,008</b> | <b>47,938</b> | <b>49,272</b> | <b>47,922</b> | <b>51,487</b> | <b>58,382</b> |

**Net sales by geographic area of destination**

(million euro)

|                                | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004          |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Italy</b>                   | <b>19,255</b> | <b>19,288</b> | <b>19,914</b> | <b>18,059</b> | <b>18,813</b> | <b>27,184</b> | <b>27,591</b> | <b>23,797</b> | <b>25,491</b> | <b>27,096</b> |
| Other European Union countries | 4,654         | 4,051         | 4,182         | 3,339         | 4,191         | 6,944         | 8,226         | 8,974         | 10,785        | <b>13,469</b> |
| Rest of Europe                 | 1,393         | 1,662         | 1,785         | 1,737         | 1,551         | 2,711         | 3,136         | 4,188         | 3,303         | <b>3,743</b>  |
| Africa                         | 828           | 1,004         | 1,167         | 1,160         | 1,496         | 2,083         | 2,180         | 2,478         | 5,854         | <b>4,105</b>  |
| Americas                       | 2,014         | 2,265         | 2,334         | 2,432         | 3,148         | 6,034         | 6,169         | 5,317         | 2,778         | <b>5,790</b>  |
| Asia                           | 1,165         | 1,402         | 1,958         | 1,596         | 1,795         | 2,959         | 1,949         | 3,154         | 3,245         | <b>3,631</b>  |
| Other areas                    | 72            | 118           | 19            | 18            | 14            | 23            | 21            | 14            | 31            | <b>548</b>    |
| <b>Total outside Italy</b>     | <b>10,126</b> | <b>10,502</b> | <b>11,445</b> | <b>10,282</b> | <b>12,195</b> | <b>20,754</b> | <b>21,681</b> | <b>24,125</b> | <b>25,996</b> | <b>31,286</b> |
|                                | <b>29,381</b> | <b>29,790</b> | <b>31,359</b> | <b>28,341</b> | <b>31,008</b> | <b>47,938</b> | <b>49,272</b> | <b>47,922</b> | <b>51,487</b> | <b>58,382</b> |

ENI  
FACT BOOK 2004  
FINANCIAL DATA

---

**Contents****Purchases, services and other**

(million euro)

|  | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004           |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Production costs - raw, ancillary and consumable materials and goods | 12,423        | 12,647        | 13,415        | 11,038        | 13,189        | 23,691        | 23,993        | 22,658        | 24,087        | <b>27,466</b>  |
| Production costs - services  | 4,942         | 5,061         | 5,330         | 6,173         | 6,035         | 6,513         | 7,507         | 8,614         | 10,431        | <b>10,675</b>  |
| Lease, rental and royalty expenses                                   | 955           | 969           | 1,155         | 1,048         | 941           | 1,203         | 1,242         | 1,454         | 1,407         | <b>1,600</b>   |
| Other expenses   | 888           | 1,038         | 1,239         | 1,232         | 1,022         | 1,518         | 1,302         | 1,575         | 1,423         | <b>1,536</b>   |
| less:  |               |               |               |               |               |               |               |               |               |                |
| capitalized direct costs associated with self-constructed assets     | (523)         | (562)         | (716)         | (805)         | (563)         | (616)         | (745)         | (842)         | (1,277)       | <b>(1,010)</b> |
| services billed to joint venture partners                            | (509)         | (474)         | (612)         | (653)         | (624)         | (867)         | (1,189)       | (1,566)       | (1,505)       | <b>(1,175)</b> |
|  | <b>18,176</b> | <b>18,679</b> | <b>19,811</b> | <b>18,033</b> | <b>20,000</b> | <b>31,442</b> | <b>32,110</b> | <b>31,893</b> | <b>34,566</b> | <b>39,092</b>  |

**Payroll and related costs**

(million euro)

|  | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Wages and salaries   | 2,278        | 2,244        | 2,226        | 2,234        | 2,134        | 2,175        | 2,271        | 2,441        | 2,412        | <b>2,481</b> |
| Social security contributions                                    | 705          | 726          | 725          | 651          | 621          | 627          | 602          | 650          | 693          | <b>672</b>   |
| Employee termination indemnities                                 | 189          | 159          | 128          | 126          | 121          | 117          | 114          | 121          | 126          | <b>124</b>   |
| Employee retirement and similar obligations                      | 3            | 6            | 17           | 11           | 16           | 11           | 12           | 15           | 31           | <b>58</b>    |
| Other costs  | 152          | 153          | 147          | 85           | 73           | 57           | 83           | 119          | 91           | <b>99</b>    |
| less:  |              |              |              |              |              |              |              |              |              |              |
| revenues related to personnel costs                              | (36)         | (47)         | (39)         | (36)         | (33)         | (40)         | (51)         | (53)         | (26)         | <b>(19)</b>  |
| capitalized direct costs associated with self-constructed assets | (149)        | (160)        | (153)        | (154)        | (150)        | (161)        | (180)        | (190)        | (161)        | <b>(151)</b> |
|  | <b>3,142</b> | <b>3,081</b> | <b>3,051</b> | <b>2,917</b> | <b>2,782</b> | <b>2,786</b> | <b>2,851</b> | <b>3,103</b> | <b>3,166</b> | <b>3,264</b> |

89

ENI

FACT BOOK 2004

FINANCIAL DATA

**Contents**

|  | (million euro) |              |              |              |              |              |              |              |              |              |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 1995           | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
| <b>Depreciation, amortization and writedowns</b> |                |              |              |              |              |              |              |              |              |              |
| Exploration & Production                         | 1,428          | 1,542        | 1,810        | 1,897        | 1,654        | 2,364        | 3,163        | 3,552        | 3,133        | <b>3,021</b> |
| Gas & Power                                      | 840            | 930          | 994          | 1,033        | 1,045        | 474          | 500          | 417          | 533          | <b>572</b>   |
| Refining & Marketing                             | 461            | 434          | 420          | 459          | 476          | 502          | 508          | 490          | 493          | <b>465</b>   |
| Petrochemicals                                   | 339            | 281          | 259          | 251          | 284          | 273          | 323          | 125          | 125          | <b>107</b>   |
| Oilfield Services                                |                |              |              |              |              |              |              |              |              |              |
| Construction and Engineering                     | 74             | 81           | 87           | 107          | 109          | 144          | 203          | 267          | 271          | <b>251</b>   |
| Other activities                                 | 19             | 24           | 30           | 30           | 24           | 31           | 46           | 48           | 51           | <b>44</b>    |
| Corporate and financial companies                |                |              |              |              |              |              |              | 63           | 104          | <b>106</b>   |
| Activities to be divested                        | 39             | 17           | 10           | 1            |              |              |              |              |              |              |
| <b>Total depreciation and amortization</b>       | <b>3,200</b>   | <b>3,309</b> | <b>3,610</b> | <b>3,778</b> | <b>3,592</b> | <b>3,788</b> | <b>4,743</b> | <b>4,962</b> | <b>4,710</b> | <b>4,566</b> |
| <b>Writedowns</b>                                | <b>215</b>     | <b>426</b>   | <b>158</b>   | <b>530</b>   | <b>106</b>   | <b>55</b>    | <b>100</b>   | <b>542</b>   | <b>441</b>   | <b>295</b>   |
|  | <b>3,415</b>   | <b>3,735</b> | <b>3,768</b> | <b>4,308</b> | <b>3,698</b> | <b>3,843</b> | <b>4,843</b> | <b>5,504</b> | <b>5,151</b> | <b>4,861</b> |

|                                    | (million euro) |              |              |              |              |               |               |              |              |               |
|------------------------------------|----------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|---------------|
|                                    | 1995           | 1996         | 1997         | 1998         | 1999         | 2000          | 2001          | 2002         | 2003         | 2004          |
| <b>Operating income by segment</b> |                |              |              |              |              |               |               |              |              |               |
| Exploration & Production           | 2,094          | 2,612        | 2,590        | 594          | 2,834        | 6,603         | 5,984         | 5,175        | 5,746        | <b>8,017</b>  |
| Gas & Power                        | 1,703          | 2,024        | 2,012        | 2,513        | 2,580        | 3,178         | 3,672         | 3,244        | 3,627        | <b>3,463</b>  |
| Refining & Marketing               | 456            | 214          | 578          | 730          | 478          | 986           | 985           | 321          | 583          | <b>965</b>    |
| Petrochemicals                     | 1,042          | 101          | 187          |              | (362)        | 4             | (415)         | (126)        | (176)        | <b>271</b>    |
| Oilfield Services                  |                |              |              |              |              |               |               |              |              |               |
| Construction and Engineering       | 144            | 159          | 169          | 198          | 149          | 144           | 255           | 298          | 311          | <b>260</b>    |
| Other activities                   |                |              |              |              |              |               |               | (214)        | (293)        | <b>(244)</b>  |
| Corporate and financial companies  | (118)          | (98)         | (138)        | (168)        | (199)        | (143)         | (168)         | (196)        | (281)        | <b>(269)</b>  |
| Activities to be divested          | (5)            | (52)         | (53)         | (57)         |              |               |               |              |              |               |
|                                    | <b>5,316</b>   | <b>4,960</b> | <b>5,345</b> | <b>3,810</b> | <b>5,480</b> | <b>10,772</b> | <b>10,313</b> | <b>8,502</b> | <b>9,517</b> | <b>12,463</b> |

90

ENI

FACT BOOK 2004

FINANCIAL DATA

**Contents****Net financial (expense) income**

(million euro)

|  | 1995         | 1996         | 1997         | 1998        | 1999      | 2000      | 2001         | 2002         | 2003         | 2004         |
|--|--------------|--------------|--------------|-------------|-----------|-----------|--------------|--------------|--------------|--------------|
| Interest and other financial income                                  | 852          | 623          | 579          | 485         | 339       | 501       | 539          | 512          | 436          | <b>451</b>   |
| Securities gains   | 237          | 302          | 246          | 176         | 197       | 116       | 95           | 44           | 34           | <b>31</b>    |
| Interest and other financial expense                                 | (1,878)      | (1,386)      | (1,125)      | (790)       | (556)     | (791)     | (978)        | (738)        | (710)        | <b>(667)</b> |
| Provision to the risk reserve  |              |              |              |             |           |           |              |              |              | <b>(62)</b>  |
| Exchange gain (loss), net  | 32           | (35)         | 33           | 49          | (27)      | 165       | (10)         | (30)         |              | <b>(2)</b>   |
| less:  |              |              |              |             |           |           |              |              |              |              |
| interest capitalized   | 59           | 51           | 38           | 39          | 57        | 73        | 49           | 43           | 86           | <b>154</b>   |
|  | <b>(698)</b> | <b>(445)</b> | <b>(229)</b> | <b>(41)</b> | <b>10</b> | <b>64</b> | <b>(295)</b> | <b>(167)</b> | <b>(154)</b> | <b>(95)</b>  |
| of which income on receivables related to operations and tax credits | 263          | 227          | 197          | 195         | 254       | 201       | 170          | 122          | 116          | <b>108</b>   |

**Income (expense on) from investments**

(million euro)

|                                | 1995         | 1996      | 1997      | 1998       | 1999      | 2000      | 2001       | 2002      | 2003        | 2004        |
|--------------------------------|--------------|-----------|-----------|------------|-----------|-----------|------------|-----------|-------------|-------------|
| Gains on sales                 | 16           | 69        | 135       | 401        | 17        | 19        | 76         | 55        | 39          | <b>36</b>   |
| Dividends                      | 14           | 23        | 42        | 67         | 63        | 44        | 40         | 32        | 22          | <b>72</b>   |
| Income from equity investments | 147          | 66        | 91        | 68         | 108       | 147       | 158        | 184       | 189         | <b>200</b>  |
| Writedown of investments       | (291)        | (59)      | (213)     | (143)      | (101)     | (178)     | (282)      | (245)     | (278)       | <b>(82)</b> |
| Other                          | 1            | 4         | 4         | 3          | 2         | 1         | 1          | 17        | 11          | <b>3</b>    |
|                                | <b>(114)</b> | <b>99</b> | <b>59</b> | <b>396</b> | <b>89</b> | <b>33</b> | <b>(7)</b> | <b>43</b> | <b>(17)</b> | <b>229</b>  |

**Net extraordinary income (expense)**

(million euro)

|   | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001           | 2002         | 2003         | 2004         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|
| Gains on sales  | 248          | 245          | 67           | 57           | 77           | 86           | 3,473          | 257          | 290          | <b>661</b>   |
| <i>of which gain on the public offering of Snam Rete Gas</i>  |              |              |              |              |              |              | 2,453          |              |              | 519          |
| Other extraordinary income                                    | 59           | 100          | 76           | 351          | 26           | 146          | 177            | 112          | 273          | <b>44</b>    |
| <b>Extraordinary income</b>                                   | <b>307</b>   | <b>345</b>   | <b>143</b>   | <b>408</b>   | <b>103</b>   | <b>232</b>   | <b>3,650</b>   | <b>369</b>   | <b>563</b>   | <b>705</b>   |
| Restructuring costs:  |              |              |              |              |              |              |                |              |              |              |
| <i>changes and provisions to risk reserve</i>                 | (289)        | (88)         | (207)        | (277)        | (330)        | (182)        | (885)          | (157)        | (248)        | <b>(601)</b> |
| <i>cost of redundancy incentives</i>                          | (76)         | (205)        | (77)         | (129)        | (110)        | (202)        | (257)          | (114)        | (116)        | <b>(54)</b>  |
| <i>writedowns of fixed assets and losses from investments</i> | (46)         | (65)         | (38)         | (183)        | (169)        | (34)         | (651)          | (55)         | (66)         | <b>(20)</b>  |
|   | (411)        | (358)        | (322)        | (589)        | (609)        | (418)        | (1,793)        | (326)        | (430)        | <b>(675)</b> |
| Other extraordinary expense                                   | (144)        | (63)         | (19)         | (64)         | (22)         | (326)        | (120)          | (72)         | (84)         | <b>(86)</b>  |
| <b>Extraordinary expense</b>                                  | <b>(555)</b> | <b>(421)</b> | <b>(341)</b> | <b>(653)</b> | <b>(631)</b> | <b>(744)</b> | <b>(1,913)</b> | <b>(398)</b> | <b>(514)</b> | <b>(761)</b> |
| <b>Net extraordinary income (expense)</b>                     | <b>(248)</b> | <b>(76)</b>  | <b>(198)</b> | <b>(245)</b> | <b>(528)</b> | <b>(512)</b> | <b>1,737</b>   | <b>(29)</b>  | <b>49</b>    | <b>(56)</b>  |





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**Contents**

**Fixed assets** (at period end) (million euro)

|                                   | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004          |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Fixed assets, gross:</b>       |               |               |               |               |               |               |               |               |               |               |
| Exploration & Production          | 13,804        | 14,837        | 17,633        | 18,878        | 23,329        | 28,220        | 38,667        | 38,534        | 38,811        | <b>39,479</b> |
| Gas & Power                       | 13,536        | 14,691        | 14,513        | 14,997        | 15,579        | 16,881        | 15,867        | 16,467        | 18,926        | <b>20,038</b> |
| Refining & Marketing              | 7,986         | 7,526         | 7,852         | 8,316         | 8,620         | 8,854         | 9,083         | 8,172         | 8,652         | <b>9,002</b>  |
| Petrochemicals                    | 4,642         | 4,030         | 4,163         | 4,356         | 4,611         | 4,618         | 5,862         | 4,169         | 4,266         | <b>4,252</b>  |
| Oilfield Services                 | 1,115         | 1,354         | 1,614         | 1,898         | 2,336         | 2,564         | 2,805         | 3,447         | 3,531         | <b>3,644</b>  |
| Construction and Engineering      |               |               |               |               |               |               |               |               |               |               |
| Other activities                  | 163           | 167           | 227           | 239           | 202           | 224           | 241           | 2,472         | 2,403         | <b>2,359</b>  |
| Corporate and financial companies |               |               |               |               |               |               |               | 132           | 149           | <b>194</b>    |
| Activities to be divested         | 731           | 581           | 424           | 340           |               |               |               |               |               |               |
|                                   | <b>41,977</b> | <b>43,186</b> | <b>46,426</b> | <b>49,024</b> | <b>54,677</b> | <b>61,361</b> | <b>72,525</b> | <b>73,393</b> | <b>76,738</b> | <b>78,968</b> |
| <b>Fixed assets, net:</b>         |               |               |               |               |               |               |               |               |               |               |
| Exploration & Production          | 6,450         | 6,675         | 7,651         | 7,790         | 10,155        | 13,113        | 20,728        | 19,862        | 20,338        | <b>20,580</b> |
| Gas & Power                       | 7,074         | 7,473         | 6,624         | 6,419         | 6,142         | 7,068         | 6,598         | 7,191         | 9,500         | <b>10,445</b> |
| Refining & Marketing              | 4,108         | 3,398         | 3,409         | 3,566         | 3,472         | 3,393         | 3,332         | 3,097         | 3,170         | <b>3,302</b>  |
| Petrochemicals                    | 2,595         | 2,163         | 2,076         | 2,071         | 1,958         | 1,759         | 1,626         | 1,285         | 1,181         | <b>1,154</b>  |
| Oilfield Services                 | 485           | 546           | 718           | 919           | 1,257         | 1,370         | 1,467         | 1,758         | 1,741         | <b>1,732</b>  |
| Construction and Engineering      |               |               |               |               |               |               |               |               |               |               |
| Other activities                  | 74            | 76            | 97            | 104           | 90            | 94            | 100           | 418           | 338           | <b>295</b>    |
| Corporate and financial companies |               |               |               |               |               |               |               | 82            | 92            | <b>108</b>    |
| Activities to be divested         | 167           | 109           | 66            | 2             |               |               |               |               |               |               |
|                                   | <b>20,953</b> | <b>20,440</b> | <b>20,641</b> | <b>20,871</b> | <b>23,074</b> | <b>26,797</b> | <b>33,851</b> | <b>33,693</b> | <b>36,360</b> | <b>37,616</b> |

**Capital expenditure by segment** (million euro)

|                                   | 1995         | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Exploration & Production          | 1,584        | 1,663        | 2,322        | 2,882        | 3,268        | 3,539        | 4,276        | 5,615        | 5,681        | <b>4,912</b> |
| Gas & Power                       | 1,232        | 1,207        | 882          | 921          | 906          | 794          | 1,065        | 1,315        | 1,760        | <b>1,446</b> |
| Refining & Marketing              | 520          | 584          | 495          | 586          | 524          | 533          | 496          | 550          | 730          | <b>669</b>   |
| Petrochemicals                    | 133          | 158          | 180          | 331          | 289          | 265          | 390          | 145          | 141          | <b>99</b>    |
| Oilfield Services                 | 151          | 143          | 237          | 354          | 425          | 245          | 304          | 233          | 278          | <b>209</b>   |
| Construction and Engineering      |              |              |              |              |              |              |              |              |              |              |
| Other activities                  | 36           | 27           | 34           | 61           | 55           | 55           | 75           | 119          | 70           | <b>48</b>    |
| Corporate and financial companies |              |              |              |              |              |              |              | 71           | 142          | <b>120</b>   |
| Activities to be divested         | 24           | 10           | 19           | 17           | 16           |              |              |              |              |              |
|                                   | <b>3,680</b> | <b>3,792</b> | <b>4,169</b> | <b>5,152</b> | <b>5,483</b> | <b>5,431</b> | <b>6,606</b> | <b>8,048</b> | <b>8,802</b> | <b>7,503</b> |

**Capital expenditure by geographic area of origin** (million euro)

| 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|------|------|------|------|------|------|------|------|------|------|
|------|------|------|------|------|------|------|------|------|------|

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|                                |              |              |              |              |              |              |              |              |              |              |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Italy</b>                   | <b>2,336</b> | <b>2,365</b> | <b>2,246</b> | <b>2,535</b> | <b>2,238</b> | <b>2,206</b> | <b>2,436</b> | <b>2,396</b> | <b>2,708</b> | <b>2,613</b> |
| Other European Union countries | 458          | 300          | 478          | 439          | 320          | 439          | 595          | 567          | 1,067        | <b>370</b>   |
| Rest of Europe                 | 184          | 242          | 306          | 465          | 390          | 283          | 249          | 284          | 302          | <b>387</b>   |
| Africa                         | 583          | 671          | 904          | 1,103        | 1,159        | 1,186        | 1,405        | 2,497        | 3,026        | <b>2,626</b> |
| Americas                       | 76           | 86           | 144          | 261          | 1,095        | 753          | 923          | 721          | 369          | <b>756</b>   |
| Asia                           | 39           | 127          | 90           | 345          | 280          | 562          | 923          | 1,333        | 795          | <b>1,073</b> |
| Other areas                    | 4            | 1            | 1            | 4            | 1            | 2            | 75           | 250          | 535          | <b>78</b>    |
| <b>Total outside Italy</b>     | <b>1,344</b> | <b>1,427</b> | <b>1,923</b> | <b>2,617</b> | <b>3,245</b> | <b>3,225</b> | <b>4,170</b> | <b>5,652</b> | <b>6,094</b> | <b>4,890</b> |
|                                | <b>3,680</b> | <b>3,792</b> | <b>4,169</b> | <b>5,152</b> | <b>5,483</b> | <b>5,431</b> | <b>6,606</b> | <b>8,048</b> | <b>8,802</b> | <b>7,503</b> |

92

ENI

FACT BOOK 2004

FINANCIAL DATA

**Contents****Net borrowings**  
(at period end)

(million euro)

|             | <b>Debt and bonds</b> | <b>Cash</b>    | <b>Securities not related to operations</b> | <b>Accounts receivable financing not related to operations</b> | <b>Other, net</b> | <b>Total</b>  |
|-------------|-----------------------|----------------|---|--|-------------------|---------------|
| <b>1995</b> |                       |                |   |  |                   |               |
| Short-term  | 7,360                 | (984)          | (1,544)                                     | (586)  | (5)               | <b>4,241</b>  |
| Long-term   | 6,977                 |                | (429)                                       |  |                   | <b>6,548</b>  |
|             | 14,337                | (984)          | (1,973)                                     | (586)  | (5)               | <b>10,789</b> |
| <b>1996</b> |                       |                |   |  |                   |               |
| Short-term  | 8,339                 | (1,026)        | (2,063)                                     | (897)  | 42                | <b>4,395</b>  |
| Long-term   | 5,506                 |                | (351)                                       |  | 9                 | <b>5,164</b>  |
|             | 13,845                | (1,026)        | (2,414)                                     | (897)  | 51                | <b>9,559</b>  |
| <b>1997</b> |                       |                |   |  |                   |               |
| Short-term  | 7,924                 | (1,586)        | (2,204)                                     | (1,180)  | (5)               | <b>2,949</b>  |
| Long-term   | 5,347                 |                | (156)                                       | (91)   | 1                 | <b>5,101</b>  |
|             | 13,271                | (1,586)        | (2,360)                                     | (1,271)  | (4)               | <b>8,050</b>  |
| <b>1998</b> |                       |                |   |  |                   |               |
| Short-term  | 4,948                 | (779)          | (1,119)                                     | (389)  | (6)               | <b>2,655</b>  |
| Long-term   | 4,517                 |                | (85)  |  | (17)              | <b>4,415</b>  |
|             | 9,465                 | (779)          | (1,204)                                     | (389)  | (23)              | <b>7,070</b>  |
| <b>1999</b> |                       |                |   |  |                   |               |
| Short-term  | 4,764                 | (1,212)        | (1,645)                                     | (343)  | 26                | <b>1,590</b>  |
| Long-term   | 4,787                 |                | (85)  |  | (25)              | <b>4,677</b>  |
|             | 9,551                 | (1,212)        | (1,730)                                     | (343)  | 1                 | <b>6,267</b>  |
| <b>2000</b> |                       |                |   |  |                   |               |
| Short-term  | 5,928                 | (1,244)        | (1,432)                                     | (550)  | (50)              | <b>2,652</b>  |
| Long-term   | 5,116                 |                | (24)  |  | (2)               | <b>5,090</b>  |
|             | 11,044                | (1,244)        | (1,456)                                     | (550)  | (52)              | <b>7,742</b>  |
| <b>2001</b> |                       |                |   |  |                   |               |
| Short-term  | 6,464                 | (1,305)        | (940)                                       | (74)   | (29)              | <b>4,116</b>  |
| Long-term   | 6,084                 |                | (312)                                       |  |                   | <b>5,772</b>  |
|             | 12,819                | (1,360)        | (1,252)                                     | (74)   | (29)              | <b>10,104</b> |
| <b>2002</b> |                       |                |   |  |                   |               |
| Short-term  | 8,870                 | (1,791)        | (730)                                       | (1,465)  | (3)               | <b>4,881</b>  |
| Long-term   | 6,550                 |                | (290)                                       |  |                   | <b>6,260</b>  |
|             | 15,420                | (1,791)        | (1,020)                                     | (1,465)  | (3)               | <b>11,141</b> |
| <b>2003</b> |                       |                |   |  |                   |               |
| Short-term  | 7,918                 | (1,580)        | (792)                                       | (32)   | (65)              | <b>5,449</b>  |
| Long-term   | 8,336                 |                | (2)   | (240)  |                   | <b>8,094</b>  |
|             | 16,254                | (1,580)        | (794)                                       | (272)  | (65)              | <b>13,543</b> |
| <b>2004</b> |                       |                |   |  |                   |               |
| Short-term  | 5,051                 | (1,084)        | (800)                                       | (175)  | (196)             | <b>2,796</b>  |
| Long-term   | 7,674                 |                | (2)   | (240)  |                   | <b>7,432</b>  |
|             | <b>12,725</b>         | <b>(1,084)</b> | <b>(802)</b>                                | <b>(415)</b>   | <b>(196)</b>      | <b>10,228</b> |



Contents

## employees

## Number of employees at year end

|  |         | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004          | (units) |
|--|---------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------|
| Exploration & Production                       | Italy   | 5,856         | 5,750         | 5,912         | 5,444         | 5,294         | 5,014         | 4,495         | 4,617         | 4,555         | <b>4,539</b>  |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 2,884         | 2,691         | 2,666         | 2,726         | 2,479         | 2,727         | 3,038         | 3,098         | 3,163         | <b>3,166</b>  |         |
|  |         | <b>8,740</b>  | <b>8,441</b>  | <b>8,578</b>  | <b>8,170</b>  | <b>7,773</b>  | <b>7,741</b>  | <b>7,533</b>  | <b>7,715</b>  | <b>7,718</b>  | <b>7,705</b>  |         |
| Gas & Power                                    | Italy   | 17,355        | 16,341        | 14,474        | 13,977        | 13,669        | 13,175        | 11,704        | 10,852        | 10,302        | <b>10,216</b> |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 217           | 3,784         | 3,432         | 3,132         | 2,806         | 2,925         | 2,582         | 2,465         | 2,680         | <b>2,627</b>  |         |
|  |         | <b>17,572</b> | <b>20,125</b> | <b>17,906</b> | <b>17,109</b> | <b>16,475</b> | <b>16,100</b> | <b>14,286</b> | <b>13,317</b> | <b>12,982</b> | <b>12,843</b> |         |
| Refining & Marketing                           | Italy   | 13,838        | 12,662        | 11,543        | 11,176        | 10,341        | 9,760         | 8,638         | 7,332         | 6,882         | <b>6,879</b>  |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 7,173         | 7,003         | 6,897         | 7,230         | 6,720         | 6,370         | 6,534         | 6,425         | 6,395         | <b>2,345</b>  |         |
|  |         | <b>21,011</b> | <b>19,665</b> | <b>18,440</b> | <b>18,406</b> | <b>17,061</b> | <b>16,130</b> | <b>15,172</b> | <b>13,757</b> | <b>13,277</b> | <b>9,224</b>  |         |
| Petrochemicals                                 | Italy   | 18,465        | 14,969        | 14,354        | 12,957        | 12,596        | 11,573        | 10,910        | 5,744         | 5,585         | <b>5,237</b>  |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 2,366         | 1,778         | 1,653         | 1,370         | 1,312         | 1,284         | 1,569         | 1,514         | 1,465         | <b>1,328</b>  |         |
|  |         | <b>20,831</b> | <b>16,747</b> | <b>16,007</b> | <b>14,327</b> | <b>13,908</b> | <b>12,857</b> | <b>12,479</b> | <b>7,258</b>  | <b>7,050</b>  | <b>6,565</b>  |         |
| Oilfield Services Construction and Engineering |         |               |               |               |               |               |               |               |               |               |               |         |
| Oilfield Services and Construction             | Italy   | 3,276         | 3,194         | 2,925         | 2,832         | 2,648         | 2,326         | 2,279         | 2,255         | 2,423         | <b>2,493</b>  |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 5,361         | 6,907         | 8,086         | 9,682         | 7,359         | 7,560         | 12,881        | 22,770        | 18,910        | <b>19,139</b> |         |
|  |         | <b>8,637</b>  | <b>10,101</b> | <b>11,011</b> | <b>12,514</b> | <b>10,007</b> | <b>9,886</b>  | <b>15,160</b> | <b>25,025</b> | <b>21,333</b> | <b>21,632</b> |         |
| Engineering                                    | Italy   | 3,422         | 3,402         | 3,376         | 3,328         | 3,102         | 3,001         | 3,055         | 3,433         | 3,544         | <b>3,637</b>  |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 506           | 405           | 411           | 393           | 378           | 330           | 417           | 633           | 1,580         | <b>1,471</b>  |         |
|  |         | <b>3,928</b>  | <b>3,807</b>  | <b>3,787</b>  | <b>3,721</b>  | <b>3,480</b>  | <b>3,331</b>  | <b>3,472</b>  | <b>4,066</b>  | <b>5,124</b>  | <b>5,108</b>  |         |
| Other activities                               | Italy   | 1,499         | 1,510         | 2,834         | 3,527         | 3,247         | 3,841         | 4,255         | 6,347         | 5,692         | <b>4,959</b>  |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 96            | 92            | 94            | 69            | 72            | 83            | 48            | 13            | 13            | <b>24</b>     |         |
|  |         | <b>1,595</b>  | <b>1,602</b>  | <b>2,928</b>  | <b>3,596</b>  | <b>3,319</b>  | <b>3,924</b>  | <b>4,303</b>  | <b>6,360</b>  | <b>5,705</b>  | <b>4,983</b>  |         |
| Corporate and financial companies              |         |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   |               |               |               |               |               |               |               | 3,107         | 3,252         | <b>3,351</b>  |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   |               |               |               |               |               |               |               | 50            | 80            | <b>86</b>     |         |
|  |         |               |               |               |               |               |               |               | <b>3,157</b>  | <b>3,332</b>  | <b>3,437</b>  |         |
| Activities to be divested                      |         |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 4,105         | 2,936         | 1,521         | 1,063         |               |               |               |               |               |               |         |
|  | Outside |               |               |               |               |               |               |               |               |               |               |         |
|  | Italy   | 3             |               |               |               |               |               |               |               |               |               |         |
|  |         | <b>4,108</b>  | <b>2,936</b>  | <b>1,521</b>  | <b>1,063</b>  |               |               |               |               |               |               |         |

|   |         |               |               |               |               |               |               |               |               |               |               |
|---|---------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total employees at year end</b>      | Italy   | 67,816        | 60,764        | 56,939        | 54,304        | 50,897        | 48,690        | 45,336        | 43,687        | 42,235        | <b>41,311</b> |
|   | Outside |               |               |               |               |               |               |               |               |               |               |
|   | Italy   | 18,606        | 22,660        | 23,239        | 24,602        | 21,126        | 21,279        | 27,069        | 36,968        | 34,286        | <b>30,186</b> |
|   |         | <b>86,422</b> | <b>83,424</b> | <b>80,178</b> | <b>78,906</b> | <b>72,023</b> | <b>69,969</b> | <b>72,405</b> | <b>80,655</b> | <b>76,521</b> | <b>71,497</b> |
| of which senior managers <sup>(1)</sup> |         | 2,165         | 2,012         | 1,992         | 1,914         | 1,788         | 1,683         | 1,438         | 1,537         | 1,733         | <b>1,760</b>  |

(1) Includes managers hired and working outside Italy (254 in 2004).

94

ENI

FACT BOOK 2004

EMPLOYEES

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**Contents****supplemental oil and gas information<sup>1</sup>****Oil and natural gas reserves**

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under technical, contractual, economic and operating conditions existing at the time. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. Proved reserves exclude royalties and interests owned by others.

Proved developed reserves are proved reserves that can be estimated to be recovered through existing wells with existing equipment and operating methods.

Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for completion.

Additional oil and gas reserves expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing natural forces and mechanisms of primary recovery are included as proved developed reserves only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.

The estimates of Eni's reserve quantities have been prepared in accordance with applicable U.S. Securities and Exchange Commission regulation. The estimates of proved reserves, developed and undeveloped are based on data prepared by Eni.

Eni operates under PSAs in several of the foreign jurisdictions where it has oil and gas exploration and production activities. In countries where Eni operates under PSAs, proved reserves are shown in accordance with Eni's economic interest (pursuant to PSA contract terms) in the oil and gas reserve quantities estimated to be recoverable in future years. Such reserves include estimated quantities allocated to Eni for recovery of costs, income taxes owed by Eni but settled by its joint venture partners (which are state-owned entities) out of Eni's share of production, and Eni's net equity share after cost recovery. Proved oil and gas reserves associated with PSAs represent 43%, 46% and 51% of total proved reserves as of year-end 2002, 2003 and 2004, respectively, on an oil-equivalent basis.

Proved reserves include the volume of natural gas used for own consumption and volumes of natural gas held in certain Eni storage fields in Italy. Proved reserves attributable to these fields include: (i) the residual natural gas volumes of the reservoirs; (ii) natural gas volumes from other Eni fields input into these reservoirs in subsequent periods. Proved reserves do not include volumes owned by or acquired from third parties. Gas withdrawn from storage is produced and thereby detracted from proved reserves when it is sold to third parties.

Numerous uncertainties are inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures. The accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgement. Results of drilling, testing and production after the date of the estimate may require substantial upward and downward revision. In addition, changes in oil and natural gas prices could have an effect on the quantities of Eni's proved reserves because the estimates of reserves are based on prices and costs at the date when such estimates are made. Reserves estimates are also subject to revision as prices fluctuate due to the cost recovery feature under certain PSAs.

The following table presents yearly changes in estimated proved reserves, developed and undeveloped, of crude oil (including condensate and natural gas liquids) and natural gas.

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(1) The following information is not audited and is presented in accordance with the Statement of Financial Accounting Standard No. 69 Disclosures about Oil and Gas Producing Activities .





**Contents****Proved hydrocarbon reserves <sup>(1)</sup>**

|                                      | (million boe)           |                 |                |              |                  |              |
|--------------------------------------|-------------------------|-----------------|----------------|--------------|------------------|--------------|
|                                      | Italy<br><sup>(2)</sup> | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total        |
| <b>Reserves at December 31, 1995</b> | <b>1,736</b>            | <b>980</b>      | <b>870</b>     | <b>584</b>   | <b>148</b>       | <b>4,318</b> |
| Purchase of minerals in place        | 12                      | 185             | 3              | 57           |                  | 257          |
| Revisions of previous estimates      |                         | (12)            | 26             | 33           | (2)              | 45           |
| Improved recovery                    |                         |                 | 6              | 12           |                  | 18           |
| Extensions and discoveries           | 35                      | 352             | 8              | 1            | 1                | 397          |
| Production                           | (146)                   | (85)            | (66)           | (41)         | (19)             | (357)        |
| Sales of minerals in place           |                         |                 |                | (3)          |                  | (3)          |
| <b>Reserves at December 31, 1996</b> | <b>1,637</b>            | <b>1,420</b>    | <b>847</b>     | <b>643</b>   | <b>128</b>       | <b>4,675</b> |
| Purchase of minerals in place        | 37                      | 1               |                |              | 254              | 292          |
| Revisions of previous estimates      | 31                      | 77              | 46             | 24           | 25               | 203          |
| Improved recovery                    |                         | 1               | 2              | 14           |                  | 17           |
| Extensions and discoveries           | 83                      | 117             | 24             | 44           | 5                | 273          |
| Production                           | (142)                   | (85)            | (67)           | (59)         | (20)             | (373)        |
| Sales of minerals in place           |                         | (1)             |                | (11)         | (2)              | (14)         |
| <b>Reserves at December 31, 1997</b> | <b>1,646</b>            | <b>1,530</b>    | <b>852</b>     | <b>655</b>   | <b>390</b>       | <b>5,073</b> |
| Purchase of minerals in place        |                         |                 |                |              |                  |              |
| Revisions of previous estimates      | 13                      | 126             | 65             | 41           | (24)             | 221          |
| Improved recovery                    |                         |                 | 17             |              |                  | 17           |
| Extensions and discoveries           | 68                      | 118             | 49             | 27           | 73               | 335          |
| Production                           | (153)                   | (88)            | (73)           | (57)         | (20)             | (391)        |
| Sales of minerals in place           |                         |                 |                |              |                  |              |
| <b>Reserves at December 31, 1998</b> | <b>1,574</b>            | <b>1,686</b>    | <b>910</b>     | <b>666</b>   | <b>419</b>       | <b>5,255</b> |
| Purchase of minerals in place        | 6                       | 17              |                | 5            | 93               | 121          |
| Revisions of previous estimates      | 24                      | 208             | 48             | 28           | (1)              | 307          |
| Improved recovery                    |                         |                 | 3              |              |                  | 3            |
| Extensions and discoveries           | 11                      | 37              | 180            | 1            | 14               | 243          |
| Production                           | (138)                   | (99)            | (74)           | (54)         | (30)             | (395)        |
| Sales of minerals in place           |                         |                 |                |              |                  |              |
| <b>Reserves at December 31, 1999</b> | <b>1,477</b>            | <b>1,849</b>    | <b>1,067</b>   | <b>646</b>   | <b>495</b>       | <b>5,534</b> |
| Purchase of minerals in place        |                         | 3               | 12             | 80           | 159              | 254          |
| Revisions of previous estimates      | 15                      | 86              | 56             | 32           | 231              | 419          |
| Improved recovery                    |                         | 3               | 9              |              |                  | 12           |
| Extensions and discoveries           | 16                      | 100             | 32             | 3            | 69               | 220          |
| Production                           | (119)                   | (111)           | (83)           | (62)         | (56)             | (430)        |
| Sales of minerals in place           |                         | (1)             |                |              |                  | (1)          |
| <b>Reserves at December 31, 2000</b> | <b>1,389</b>            | <b>1,929</b>    | <b>1,093</b>   | <b>700</b>   | <b>897</b>       | <b>6,008</b> |
| Purchase of minerals in place        | 3                       | 118             |                | 206          | 437              | 764          |
| Revisions of previous estimates      | 22                      | 171             | 93             | 63           | 166              | 515          |
| Improved recovery                    |                         | 11              | 16             | 6            |                  | 33           |
| Extensions and discoveries           | 21                      | 8               | 24             | 9            | 58               | 120          |
| Production                           | (120)                   | (115)           | (86)           | (104)        | (81)             | (506)        |
| Sales of minerals in place           |                         |                 | (4)            | (1)          |                  | (5)          |
| <b>Reserves at December 31, 2001</b> | <b>1,315</b>            | <b>2,122</b>    | <b>1,136</b>   | <b>879</b>   | <b>1,477</b>     | <b>6,929</b> |
| Purchase of minerals in place        |                         |                 |                | 27           | 12               | 39           |
| Revisions of previous estimates      | 5                       | 14              | 113            | 24           | 181              | 337          |

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|                                      |              |              |              |            |              |              |
|--------------------------------------|--------------|--------------|--------------|------------|--------------|--------------|
| Improved recovery                    |              | 14           | 1            |            |              | 15           |
| Extensions and discoveries           | 29           | 12           | 124          | 31         | 142          | 338          |
| Production                           | (111)        | (129)        | (87)         | (112)      | (93)         | (532)        |
| Sales of minerals in place           | (39)         |              |              | (24)       | (33)         | (96)         |
| <b>Reserves at December 31, 2002</b> | <b>1,199</b> | <b>2,033</b> | <b>1,287</b> | <b>825</b> | <b>1,686</b> | <b>7,030</b> |

96

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

---

**Contents****continues Proved hydrocarbon reserves <sup>(1)</sup>**

|                                      | Italy<br><sup>(2)</sup> | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total        |
|--------------------------------------|-------------------------|-----------------|----------------|--------------|------------------|--------------|
| <b>Reserves at December 31, 2002</b> | <b>1,199</b>            | <b>2,033</b>    | <b>1,287</b>   | <b>825</b>   | <b>1,686</b>     | <b>7,030</b> |
| Purchase of minerals in place        | 2                       |                 |                | 159          | 1                | 162          |
| Revisions of previous estimates      | (116)                   | 29              | 89             | 77           | 208              | 287          |
| Improved recovery                    |                         | 15              | 16             |              |                  | 31           |
| Extensions and discoveries           | 22                      | 74              | 27             |              | 232              | 355          |
| Production                           | (111)                   | (127)           | (95)           | (126)        | (111)            | (570)        |
| Sales of minerals in place           |                         |                 |                | (23)         |                  | (23)         |
| <b>Reserves at December 31, 2003</b> | <b>996</b>              | <b>2,024</b>    | <b>1,324</b>   | <b>912</b>   | <b>2,016</b>     | <b>7,272</b> |
| Revisions of previous estimates      |                         | 127             | 69             | 29           | 2                | 227          |
| Improved recovery                    |                         | 11              | 50             | 4            |                  | 65           |
| Extensions and discoveries           | 8                       | 94              | 34             | 10           | 183              | 329          |
| Production                           | (101)                   | (137)           | (116)          | (112)        | (128)            | (594)        |
| Sales of minerals in place           | (13)                    | (2)             | (4)            | (36)         | (26)             | (81)         |
| <b>Reserves at December 31, 2004</b> | <b>890</b>              | <b>2,117</b>    | <b>1,357</b>   | <b>807</b>   | <b>2,047</b>     | <b>7,218</b> |

**Proved developed hydrocarbon reserves <sup>(1)</sup>**

|                               |       |     |     |     |       |       |
|-------------------------------|-------|-----|-----|-----|-------|-------|
| Reserves at December 31, 1995 | 1,174 | 800 | 495 | 373 | 64    | 2,906 |
| Reserves at December 31, 1996 | 1,069 | 761 | 458 | 468 | 72    | 2,828 |
| Reserves at December 31, 1997 | 1,018 | 734 | 454 | 423 | 73    | 2,702 |
| Reserves at December 31, 1998 | 914   | 778 | 476 | 460 | 102   | 2,730 |
| Reserves at December 31, 1999 | 921   | 796 | 586 | 416 | 202   | 2,921 |
| Reserves at December 31, 2000 | 860   | 824 | 590 | 443 | 301   | 2,995 |
| Reserves at December 31, 2001 | 825   | 875 | 640 | 773 | 654   | 3,767 |
| Reserves at December 31, 2002 | 774   | 797 | 703 | 724 | 705   | 3,703 |
| Reserves at December 31, 2003 | 702   | 806 | 710 | 822 | 1,190 | 4,230 |
| Reserves at December 31, 2004 | 671   | 961 | 749 | 707 | 1,212 | 4,300 |

(1) From January 1, 2004 in order to conform to the practice of other international oil companies, Eni unified the conversion rate of natural gas from cubic meters to boe. The new rate adopted is 0.00615 barrels of oil per one cubic meter of natural gas. In the past Eni used a rate of 0.0063 for natural gas produced in Italy and 0.0061 for natural gas produced outside Italy. The change introduced does not affect the amount of proved reserves recorded in boe at December 31, 2003 and has a negligible impact on production expressed in boe in 2004. Due to this change of the conversion rate of natural gas, revisions of previous estimates as of December 31, 2004 include a downward revision of 18 million boe for Italy and an upward revision of 7, 2, 3 and 2 million boe for North Africa, West Africa, North Sea and rest of world, respectively.

(2) Data at December 31, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003 and 2004 include 136.2, 143.7, 144.2, 139.4, 134.8, 139.8, 129.9, 139, 133.2 and 128.4 million boe of natural gas in storage in Italy, respectively.

**Contents****Proved oil reserves <sup>(1)</sup>**

|                                      |            | (million barrels) |                |              |                  |              |
|--------------------------------------|------------|-------------------|----------------|--------------|------------------|--------------|
|                                      | Italy      | North<br>Africa   | West<br>Africa | North<br>Sea | Rest<br>of World | Total        |
| <b>Reserves at December 31, 1995</b> | <b>318</b> | <b>869</b>        | <b>749</b>     | <b>375</b>   | <b>91</b>        | <b>2,402</b> |
| Purchase of minerals in place        | 6          | 84                | 3              | 45           |                  | 138          |
| Revisions of previous estimates      | 8          | 1                 | 19             | 21           |                  | 49           |
| Improved recovery                    |            |                   | 6              | 7            |                  | 13           |
| Extensions and discoveries           | 19         | 79                | 8              | 1            | 1                | 108          |
| Production                           | (35)       | (80)              | (65)           | (30)         | (13)             | (223)        |
| Sales of minerals in place           |            |                   |                | (3)          |                  | (3)          |
| <b>Reserves at December 31, 1996</b> | <b>316</b> | <b>953</b>        | <b>720</b>     | <b>416</b>   | <b>79</b>        | <b>2,484</b> |
| Purchase of minerals in place        |            |                   |                |              | 254              | 254          |
| Revisions of previous estimates      | 20         | 76                | 47             | 23           | 21               | 187          |
| Improved recovery                    |            | 1                 | 2              | 12           |                  | 15           |
| Extensions and discoveries           | 61         | 34                | 24             | 26           | 5                | 150          |
| Production                           | (37)       | (78)              | (65)           | (43)         | (14)             | (237)        |
| Sales of minerals in place           |            | (1)               |                | (6)          | (2)              | (9)          |
| <b>Reserves at December 31, 1997</b> | <b>360</b> | <b>985</b>        | <b>728</b>     | <b>428</b>   | <b>343</b>       | <b>2,844</b> |
| Purchase of minerals in place        |            |                   |                |              |                  |              |
| Revisions of previous estimates      | (20)       | 86                | 78             | 38           | (25)             | 157          |
| Improved recovery                    |            |                   | 17             |              |                  | 17           |
| Extensions and discoveries           | 25         | 31                | 39             | 9            |                  | 104          |
| Production                           | (36)       | (78)              | (72)           | (42)         | (13)             | (241)        |
| Sales of minerals in place           |            |                   |                |              |                  |              |
| <b>Reserves at December 31, 1998</b> | <b>329</b> | <b>1,024</b>      | <b>790</b>     | <b>433</b>   | <b>305</b>       | <b>2,881</b> |
| Purchase of minerals in place        | 6          | 13                |                | 1            | 79               | 99           |
| Revisions of previous estimates      | 20         | 107               | 52             | 22           | 44               | 245          |
| Improved recovery                    |            |                   | 3              |              |                  | 3            |
| Extensions and discoveries           | 5          | 8                 | 126            | 2            | 11               | 152          |
| Production                           | (32)       | (81)              | (71)           | (41)         | (18)             | (243)        |
| Sales of minerals in place           |            |                   |                |              |                  |              |
| <b>Reserves at December 31, 1999</b> | <b>328</b> | <b>1,071</b>      | <b>900</b>     | <b>417</b>   | <b>421</b>       | <b>3,137</b> |
| Purchase of minerals in place        |            | 3                 | 12             | 46           | 133              | 194          |
| Revisions of previous estimates      | (13)       | 42                | 59             | 36           | 166              | 290          |
| Improved recovery                    |            | 2                 | 9              |              |                  | 11           |
| Extensions and discoveries           | 9          | 6                 | 32             | 1            | 17               | 65           |
| Production                           | (28)       | (84)              | (78)           | (45)         | (39)             | (274)        |
| Sales of minerals in place           |            | (1)               |                |              |                  | (1)          |
| <b>Reserves at December 31, 2000</b> | <b>296</b> | <b>1,039</b>      | <b>934</b>     | <b>455</b>   | <b>698</b>       | <b>3,422</b> |
| Purchase of minerals in place        |            | 118               |                | 120          | 248              | 486          |
| Revisions of previous estimates      | 29         | 79                | 91             | 37           | 20               | 256          |
| Improved recovery                    |            | 11                | 16             | 6            |                  | 33           |
| Extensions and discoveries           | 9          | 8                 | 21             | 8            | 24               | 70           |
| Production                           | (25)       | (84)              | (81)           | (74)         | (50)             | (314)        |
| Sales of minerals in place           |            |                   | (5)            |              |                  | (5)          |
| <b>Reserves at December 31, 2001</b> | <b>309</b> | <b>1,171</b>      | <b>976</b>     | <b>552</b>   | <b>940</b>       | <b>3,948</b> |
| Purchase of minerals in place        |            |                   |                | 13           | 12               | 25           |
| Revisions of previous estimates      | 2          | (31)              | 112            | 4            | (33)             | 54           |

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|                                      |            |              |              |            |            |              |
|--------------------------------------|------------|--------------|--------------|------------|------------|--------------|
| Improved recovery                    |            | 14           | 1            |            |            | 15           |
| Extensions and discoveries           | 11         | 10           | 14           | 18         | 104        | 157          |
| Production                           | (30)       | (92)         | (81)         | (77)       | (54)       | (334)        |
| Sales of minerals in place           | (37)       |              |              | (12)       | (33)       | (82)         |
| <b>Reserves at December 31, 2002</b> | <b>255</b> | <b>1,072</b> | <b>1,022</b> | <b>498</b> | <b>936</b> | <b>3,783</b> |

98

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

---

**Contents****continues Proved oil reserves <sup>(1)</sup>**

|                                      | (million barrels) |                 |                |              |                  |              |
|--------------------------------------|-------------------|-----------------|----------------|--------------|------------------|--------------|
|                                      | Italy             | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total        |
| <b>Reserves at December 31, 2002</b> | <b>255</b>        | <b>1,072</b>    | <b>1,022</b>   | <b>498</b>   | <b>936</b>       | <b>3,783</b> |
| Purchase of minerals in place        |                   |                 |                | 86           |                  | 86           |
| Revisions of previous estimates      | 21                | 51              | 59             | 52           | 153              | 336          |
| Improved recovery                    |                   | 15              | 16             |              |                  | 31           |
| Extensions and discoveries           | 6                 | 32              | 28             |              | 214              | 280          |
| Production                           | (30)              | (90)            | (87)           | (86)         | (64)             | (357)        |
| Sales of minerals in place           |                   |                 |                | (21)         |                  | (21)         |
| <b>Reserves at December 31, 2003</b> | <b>252</b>        | <b>1,080</b>    | <b>1,038</b>   | <b>529</b>   | <b>1,239</b>     | <b>4,138</b> |
| Revisions of previous estimates      | (1)               | (22)            | 44             | 12           | (18)             | 15           |
| Improved recovery                    |                   | 11              | 48             | 4            |                  | 63           |
| Extensions and discoveries           | 4                 | 20              | 34             | 4            | 144              | 206          |
| Production                           | (30)              | (94)            | (104)          | (74)         | (75)             | (377)        |
| Sales of minerals in place           |                   | (2)             | (4)            | (25)         | (6)              | (37)         |
| <b>Reserves at December 31, 2004</b> | <b>225</b>        | <b>993</b>      | <b>1,056</b>   | <b>450</b>   | <b>1,284</b>     | <b>4,008</b> |
| <b>Proved developed oil reserves</b> |                   |                 |                |              |                  |              |
| Reserves at December 31, 1995        | 253               | 755             | 470            | 249          | 43               | 1,770        |
| Reserves at December 31, 1996        | 222               | 712             | 433            | 306          | 43               | 1,716        |
| Reserves at December 31, 1997        | 226               | 680             | 429            | 287          | 50               | 1,672        |
| Reserves at December 31, 1998        | 180               | 689             | 452            | 315          | 70               | 1,706        |
| Reserves at December 31, 1999        | 172               | 681             | 473            | 276          | 148              | 1,750        |
| Reserves at December 31, 2000        | 144               | 650             | 487            | 303          | 189              | 1,773        |
| Reserves at December 31, 2001        | 171               | 685             | 539            | 476          | 443              | 2,314        |
| Reserves at December 31, 2002        | 168               | 610             | 554            | 426          | 483              | 2,241        |
| Reserves at December 31, 2003        | 173               | 640             | 560            | 464          | 610              | 2,447        |
| Reserves at December 31, 2004        | 174               | 655             | 588            | 386          | 668              | 2,471        |

(1) Including condensates and natural gas liquids.

99

ENI  
FACT BOOK 2004  
SUPPLEMENTAL OIL  
AND GAS INFORMATION

**Contents****Proved natural gas reserves**

|                                      | Italy<br>(1)   | North<br>Africa | West<br>Africa | North<br>Sea  | (million cubic meters)<br>Rest<br>of World | Total          |
|--------------------------------------|----------------|-----------------|----------------|---------------|--|----------------|
| <b>Reserves at December 31, 1995</b> | <b>225,027</b> | <b>18,157</b>   | <b>19,786</b>  | <b>34,328</b> | <b>9,344</b>                               | <b>306,642</b> |
| Purchase of minerals in place        | 765            | 16,516          |                | 2,039         |  | 19,320         |
| Revisions of previous estimates      | (1,204)        | (2,050)         | 1,228          | 2,002         | (334)                                      | (358)          |
| Improved recovery                    |                |                 |                | 822           |  | 822            |
| Extensions and discoveries           | 2,585          | 44,740          |                | 18            | 122  | 47,465         |
| Production                           | (17,567)       | (806)           | (183)          | (1,939)       | (1,033)                                    | (21,528)       |
| Sales of minerals in place           |                |                 |                |               |  |                |
| <b>Reserves at December 31, 1996</b> | <b>209,606</b> | <b>76,557</b>   | <b>20,831</b>  | <b>37,270</b> | <b>8,099</b>                               | <b>352,363</b> |
| Purchase of minerals in place        | 5,900          | 117             |                |               |  | 6,017          |
| Revisions of previous estimates      | 1,796          | 265             | (189)          | 89            | 619  | 2,580          |
| Improved recovery                    |                |                 |                | 399           |  | 399            |
| Extensions and discoveries           | 3,590          | 13,525          |                | 2,931         | 5  | 20,051         |
| Production                           | (16,822)       | (1,158)         | (222)          | (2,713)       | (951)                                      | (21,866)       |
| Sales of minerals in place           |                |                 |                | (836)         |  | (836)          |
| <b>Reserves at December 31, 1997</b> | <b>204,070</b> | <b>89,306</b>   | <b>20,420</b>  | <b>37,140</b> | <b>7,772</b>                               | <b>358,708</b> |
| Purchase of minerals in place        | 5              |                 |                |               |  | 5              |
| Revisions of previous estimates      | 5,293          | 6,534           | (2,150)        | 589           | 71   | 10,337         |
| Improved recovery                    |                |                 |                |               |  |                |
| Extensions and discoveries           | 6,845          | 14,264          | 1,640          | 2,954         | 12,036                                     | 37,739         |
| Production                           | (18,641)       | (1,535)         | (205)          | (2,493)       | (1,225)                                    | (24,099)       |
| Sales of minerals in place           |                |                 |                |               |  |                |
| <b>Reserves at December 31, 1998</b> | <b>197,572</b> | <b>108,569</b>  | <b>19,705</b>  | <b>38,190</b> | <b>18,654</b>                              | <b>382,690</b> |
| Purchase of minerals in place        | 53             | 538             |                | 617           | 2,288                                      | 3,496          |
| Revisions of previous estimates      | 632            | 16,545          | (790)          | 1,057         | (7,393)                                    | 10,051         |
| Improved recovery                    |                |                 |                |               |  |                |
| Extensions and discoveries           | 927            | 4,850           | 8,734          | 61            | 349  | 14,921         |
| Production                           | (16,834)       | (2,974)         | (344)          | (2,231)       | (1,826)                                    | (24,209)       |
| Sales of minerals in place           | (11)           |                 |                |               |  | (11)           |
| <b>Reserves at December 31, 1999</b> | <b>182,339</b> | <b>127,528</b>  | <b>27,305</b>  | <b>37,694</b> | <b>12,072</b>                              | <b>386,938</b> |
| Purchase of minerals in place        |                |                 |                | 5,531         | 4,249                                      | 9,780          |
| Revisions of previous estimates      | 4,435          | 7,242           | (551)          | (654)         | 10,722                                     | 21,194         |
| Improved recovery                    |                | 50              |                |               |  | 50             |
| Extensions and discoveries           | 1,133          | 15,457          |                | 218           | 8,489                                      | 25,297         |
| Production                           | (14,450)       | (4,383)         | (641)          | (2,646)       | (2,828)                                    | (24,948)       |
| Sales of minerals in place           | (6)            |                 |                |               |  | (6)            |
| <b>Reserves at December 31, 2000</b> | <b>173,451</b> | <b>145,894</b>  | <b>26,113</b>  | <b>40,143</b> | <b>32,704</b>                              | <b>418,305</b> |
| Purchase of minerals in place        | 485            |                 |                | 14,181        | 30,939                                     | 45,605         |
| Revisions of previous estimates      | (1,041)        | 15,254          | 355            | 4,190         | 23,580                                     | 42,338         |
| Improved recovery                    |                |                 |                | 14            |  | 14             |
| Extensions and discoveries           | 1,869          | 18              | 497            | 121           | 5,730                                      | 8,235          |
| Production (2)                       | (15,048)       | (5,179)         | (755)          | (4,968)       | (5,011)                                    | (30,961)       |
| Sales of minerals in place           |                |                 |                | (114)         |  | (114)          |
| <b>Reserves at December 31, 2001</b> | <b>159,716</b> | <b>155,987</b>  | <b>26,210</b>  | <b>53,567</b> | <b>87,942</b>                              | <b>483,422</b> |
| Purchase of minerals in place        |                |                 |                | 2,454         |  | 2,454          |
| Revisions of previous estimates      | 604            | 7,281           | 216            | 3,266         | 35,061                                     | 46,428         |

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|                                      |                |                |               |               |                |                |
|--------------------------------------|----------------|----------------|---------------|---------------|----------------|----------------|
| Extensions and discoveries           | 2,946          | 269            | 18,008        | 2,095         | 6,316          | 29,634         |
| Production <sup>(2)</sup>            | (12,905)       | (6,006)        | (1,020)       | (5,697)       | (6,458)        | (32,086)       |
| Sales of minerals in place           | (432)          |                |               | (1,918)       |                | (2,350)        |
| <b>Reserves at December 31, 2002</b> | <b>149,929</b> | <b>157,531</b> | <b>43,414</b> | <b>53,767</b> | <b>122,861</b> | <b>527,502</b> |

100

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

---



**Contents****continues Proved natural gas reserves**

|                                      | Italy<br>(1)   | North<br>Africa | West<br>Africa | North<br>Sea  | Rest<br>of World | Total          |
|--------------------------------------|----------------|-----------------|----------------|---------------|------------------|----------------|
| <b>Reserves at December 31, 2002</b> | <b>149,929</b> | <b>157,531</b>  | <b>43,414</b>  | <b>53,767</b> | <b>122,861</b>   | <b>527,502</b> |
| Purchase of minerals in place        | 295            |                 |                | 12,041        | 212              | 12,548         |
| Revisions of previous estimates      | (21,753)       | (3,469)         | 4,873          | 3,923         | 9,197            | (7,229)        |
| Extensions and discoveries           | 2,387          | 6,847           |                | 10            | 2,826            | 12,070         |
| Production (2)                       | (12,892)       | (6,087)         | (1,390)        | (6,490)       | (7,795)          | (34,654)       |
| Sales of minerals in place           |                |                 |                | (310)         |                  |                |
| <b>Reserves at December 31, 2003</b> | <b>117,966</b> | <b>154,822</b>  | <b>46,897</b>  | <b>62,941</b> | <b>127,301</b>   | <b>509,927</b> |
| Revisions of previous estimates      | 2,992          | 23,016          | 3,653          | 2,151         | 2,388            | 34,200         |
| Improved recovery                    |                |                 | 289            |               |                  | 289            |
| Extensions and discoveries           | 824            | 11,876          |                | 1,079         | 6,292            | 20,071         |
| Production (2)                       | (11,586)       | (6,983)         | (1,874)        | (6,241)       | (8,581)          | (35,265)       |
| Sales of minerals in place           | (2,072)        | (16)            |                | (1,841)       | (3,273)          | (7,202)        |
| <b>Reserves at December 31, 2004</b> | <b>108,124</b> | <b>182,715</b>  | <b>48,965</b>  | <b>58,089</b> | <b>124,127</b>   | <b>522,020</b> |

**Proved developed natural gas reserves**

|                               |         |        |        |        |        |         |
|-------------------------------|---------|--------|--------|--------|--------|---------|
| Reserves at December 31, 1995 | 146,211 | 7,406  | 4,179  | 20,270 | 3,431  | 181,497 |
| Reserves at December 31, 1996 | 134,405 | 8,044  | 4,144  | 26,629 | 4,789  | 178,011 |
| Reserves at December 31, 1997 | 125,776 | 8,848  | 4,083  | 22,359 | 3,737  | 164,803 |
| Reserves at December 31, 1998 | 116,524 | 14,627 | 3,870  | 23,740 | 5,202  | 163,963 |
| Reserves at December 31, 1999 | 118,954 | 18,928 | 18,497 | 22,965 | 8,791  | 188,135 |
| Reserves at December 31, 2000 | 113,601 | 28,570 | 16,861 | 22,926 | 18,389 | 200,347 |
| Reserves at December 31, 2001 | 103,789 | 31,217 | 16,543 | 48,737 | 34,568 | 234,854 |
| Reserves at December 31, 2002 | 96,206  | 30,690 | 24,429 | 48,899 | 36,335 | 236,559 |
| Reserves at December 31, 2003 | 83,996  | 27,226 | 24,520 | 58,754 | 95,008 | 289,504 |
| Reserves at December 31, 2004 | 80,719  | 49,833 | 26,154 | 52,249 | 88,409 | 297,364 |

(1) Including 21,630, 22,816, 22,884, 22,133, 21,399, 22,183, 20,618, 22,065, 21,144 and 20,875 million cubic meters of natural gas held in storage at December 31, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003 and 2004 respectively.

(2) Starting from 2001 include volumes consumed in operations (968, 1,333, 1,506 and 2,260 million cubic meters in 2001, 2002, 2003 and 2004, respectively).

101

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

**Contents****Results of operations from oil and gas producing activities <sup>(1)</sup>**

|  | (million euro) |                 |                |              |                  |              |
|--|----------------|-----------------|----------------|--------------|------------------|--------------|
|  | Italy          | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total        |
| <b>Year ended December 31, 1995</b>                  |                |                 |                |              |                  |              |
| Revenues:  |                |                 |                |              |                  |              |
| sales and transfers to affiliates                    | 2,411          | 744             | 116            |              |                  | 3,271        |
| sales to unaffiliated entities                       | 27             | 267             | 864            | 523          | 185              | 1,866        |
|  | <b>2,438</b>   | <b>1,011</b>    | <b>980</b>     | <b>523</b>   | <b>185</b>       | <b>5,137</b> |
| Production costs                                     | (180)          | (396)           | (365)          | (159)        | (22)             | (1,122)      |
| Exploration expenses                                 | (142)          | (64)            | (30)           | (52)         | (43)             | (331)        |
| Depreciation, amortization and writedowns            | (456)          | (202)           | (229)          | (206)        | (79)             | (1,172)      |
| Other income (expense)                               | (65)           |                 | 100            | 31           | (10)             | 56           |
| <b>Pretax income from producing activities</b>       | <b>1,595</b>   | <b>349</b>      | <b>456</b>     | <b>137</b>   | <b>31</b>        | <b>2,568</b> |
| Estimated income taxes                               | (855)          | (169)           | (203)          | (111)        | (8)              | (1,346)      |
| <b>Results of operations from E&amp;P activities</b> | <b>740</b>     | <b>180</b>      | <b>253</b>     | <b>26</b>    | <b>23</b>        | <b>1,222</b> |
| <b>Year ended December 31, 1996</b>                  |                |                 |                |              |                  |              |
| Revenues:  |                |                 |                |              |                  |              |
| sales and transfers to affiliates                    | 2,613          | 819             | 152            |              | 27               | 3,611        |
| sales to unaffiliated entities                       | 45             | 436             | 920            | 624          | 244              | 2,269        |
|  | <b>2,658</b>   | <b>1,255</b>    | <b>1,072</b>   | <b>624</b>   | <b>271</b>       | <b>5,880</b> |
| Production costs                                     | (222)          | (382)           | (324)          | (153)        | (59)             | (1,140)      |
| Exploration expenses                                 | (175)          | (81)            | (35)           | (47)         | (50)             | (388)        |
| Depreciation, amortization and writedowns            | (621)          | (198)           | (203)          | (218)        | (82)             | (1,322)      |
| Other income (expense)                               | (107)          | (17)            | (52)           | 6            | (20)             | (190)        |
| <b>Pretax income from producing activities</b>       | <b>1,533</b>   | <b>577</b>      | <b>458</b>     | <b>212</b>   | <b>60</b>        | <b>2,840</b> |
| Estimated income taxes                               | (803)          | (228)           | (269)          | (107)        | (23)             | (1,430)      |
| <b>Results of operations from E&amp;P activities</b> | <b>730</b>     | <b>349</b>      | <b>189</b>     | <b>105</b>   | <b>37</b>        | <b>1,410</b> |
| <b>Year ended December 31, 1997</b>                  |                |                 |                |              |                  |              |
| Revenues:  |                |                 |                |              |                  |              |
| sales and transfers to affiliates                    | 2,701          | 781             | 56             |              | 7                | 3,545        |
| sales to unaffiliated entities                       | 57             | 464             | 994            | 874          | 258              | 2,647        |
|  | <b>2,758</b>   | <b>1,245</b>    | <b>1,050</b>   | <b>874</b>   | <b>265</b>       | <b>6,192</b> |
| Production costs                                     | (306)          | (393)           | (316)          | (231)        | (58)             | (1,304)      |
| Exploration expenses                                 | (151)          | (133)           | (63)           | (33)         | (97)             | (477)        |
| Depreciation, amortization and writedowns            | (452)          | (273)           | (214)          | (422)        | (88)             | (1,449)      |
| Other income (expense)                               | (133)          | (19)            | (70)           | 6            | 24               | (192)        |
| <b>Pretax income from producing activities</b>       | <b>1,716</b>   | <b>427</b>      | <b>387</b>     | <b>194</b>   | <b>46</b>        | <b>2,770</b> |
| Estimated income taxes                               | (915)          | (225)           | (263)          | (99)         | (12)             | (1,514)      |
| <b>Results of operations from E&amp;P activities</b> | <b>801</b>     | <b>202</b>      | <b>124</b>     | <b>95</b>    | <b>34</b>        | <b>1,256</b> |

- (1) Results of operations from oil and gas producing activities including services for the modulation of gas supply due to seasonal swings in demand, represent only those revenues and expenses directly associated with Eni's oil and gas production. These amounts do not include any allocation of interest expense or corporate overhead and, therefore, are not necessarily indicative of the contributions to consolidated net earnings of Eni. Such income taxes have been calculated by applying the tax rate of the country where Eni operates to the pretax income from exploration and production activities. Revenues and income taxes include taxes due in PSA's where Eni's tax liability is paid by the State Company on behalf of Eni.

102

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

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**Contents****continues Results of operations from oil and gas producing activities**

(million euro)

|  | Italy        | North Africa | West Africa  | North Sea    | Rest of World | Total         |
|--|--------------|--------------|--------------|--------------|---------------|---------------|
| <b>Year ended December 31, 1998</b>                  |              |              |              |              |               |               |
| Revenues:  |              |              |              |              |               |               |
| sales and transfers to affiliates                    | 2,216        | 573          | 20           |              | 3             | 2,812         |
| sales to unaffiliated entities                       | 57           | 256          | 711          | 674          | 185           | 1,883         |
|  | <b>2,273</b> | <b>830</b>   | <b>732</b>   | <b>674</b>   | <b>186</b>    | <b>4,695</b>  |
| Production costs                                     | (329)        | (364)        | (254)        | (211)        | (50)          | (1,208)       |
| Exploration expenses                                 | (154)        | (95)         | (105)        | (35)         | (86)          | (475)         |
| Depreciation, amortization and writedowns            | (787)        | (254)        | (512)        | (517)        | (92)          | (2,162)       |
| Other income (expense)                               | (98)         | (21)         | (102)        | (10)         | (51)          | (282)         |
| <b>Pretax income from producing activities</b>       | <b>905</b>   | <b>95</b>    | <b>(241)</b> | <b>(99)</b>  | <b>(91)</b>   | <b>568</b>    |
| Estimated income taxes                               | (382)        | (58)         | (74)         | (7)          | (1)           | (522)         |
| <b>Results of operations from E&amp;P activities</b> | <b>523</b>   | <b>37</b>    | <b>(316)</b> | <b>(106)</b> | <b>(92)</b>   | <b>46</b>     |
| <b>Year ended December 31, 1999</b>                  |              |              |              |              |               |               |
| Revenues:  |              |              |              |              |               |               |
| sales and transfers to affiliates                    | 1,919        | 958          | 1,075        | 650          | 138           | 4,740         |
| sales to unaffiliated entities                       | 499          | 506          | 81           | 205          | 222           | 1,513         |
|  | <b>2,418</b> | <b>1,464</b> | <b>1,156</b> | <b>855</b>   | <b>360</b>    | <b>6,253</b>  |
| Production costs                                     | (352)        | (370)        | (353)        | (199)        | (52)          | (1,326)       |
| Exploration expenses                                 | (120)        | (69)         | (61)         | (39)         | (83)          | (372)         |
| Depreciation, amortization and writedowns            | (462)        | (316)        | (253)        | (336)        | (81)          | (1,448)       |
| Other income (expense)                               | (183)        | (99)         | (91)         | 3            | (77)          | (447)         |
| <b>Pretax income from producing activities</b>       | <b>1,301</b> | <b>610</b>   | <b>398</b>   | <b>284</b>   | <b>67</b>     | <b>2,660</b>  |
| Estimated income taxes                               | (542)        | (254)        | (219)        | (110)        | (19)          | (1,144)       |
| <b>Results of operations from E&amp;P activities</b> | <b>759</b>   | <b>356</b>   | <b>179</b>   | <b>174</b>   | <b>48</b>     | <b>1,516</b>  |
| <b>Year ended December 31, 2000</b>                  |              |              |              |              |               |               |
| Revenues:  |              |              |              |              |               |               |
| sales and transfers to affiliates                    | 3,336        | 1,748        | 2,114        | 1,205        | 531           | 8,934         |
| sales to unaffiliated entities                       | 136          | 1,134        | 190          | 373          | 660           | 2,493         |
|  | <b>3,472</b> | <b>2,882</b> | <b>2,304</b> | <b>1,578</b> | <b>1,191</b>  | <b>11,427</b> |
| Production costs                                     | (399)        | (459)        | (517)        | (238)        | (125)         | (1,738)       |
| Exploration expenses                                 | (192)        | (84)         | (60)         | (45)         | (180)         | (561)         |
| Depreciation, amortization and writedowns            | (407)        | (393)        | (327)        | (358)        | (375)         | (1,860)       |
| Other income (expense)                               | (30)         | (196)        | (132)        | (55)         | (117)         | (530)         |
| <b>Pretax income from producing activities</b>       | <b>2,444</b> | <b>1,750</b> | <b>1,268</b> | <b>882</b>   | <b>394</b>    | <b>6,738</b>  |
| Estimated income taxes                               | (986)        | (877)        | (678)        | (479)        | (78)          | (3,098)       |
| <b>Results of operations from E&amp;P activities</b> | <b>1,458</b> | <b>873</b>   | <b>590</b>   | <b>403</b>   | <b>316</b>    | <b>3,640</b>  |
| <b>Year ended December 31, 2001</b>                  |              |              |              |              |               |               |
| Revenues:  |              |              |              |              |               |               |
| sales and transfers to affiliates                    | 3,160        | 1,440        | 1,807        | 1,265        | 322           | 7,994         |
| sales to unaffiliated entities                       | 140          | 1,181        | 169          | 1,250        | 1,271         | 4,011         |
|  | <b>3,300</b> | <b>2,621</b> | <b>1,976</b> | <b>2,515</b> | <b>1,593</b>  | <b>12,005</b> |
| Operating expenses                                   | (327)        | (337)        | (221)        | (495)        | (270)         | (1,650)       |

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|  |              |              |            |              |            |              |
|--|--------------|--------------|------------|--------------|------------|--------------|
| Production taxes                                     | (152)        | (124)        | (256)      | (27)         | (36)       | (595)        |
| Exploration expenses                                 | (77)         | (104)        | (70)       | (51)         | (326)      | (628)        |
| Depreciation, amortization and writedowns            | (474)        | (417)        | (315)      | (704)        | (612)      | (2,522)      |
| Other income (expense)                               | (87)         | (129)        | (129)      | (79)         | (214)      | (638)        |
| <b>Pretax income from producing activities</b>       | <b>2,183</b> | <b>1,510</b> | <b>985</b> | <b>1,159</b> | <b>135</b> | <b>5,972</b> |
| Estimated income taxes                               | (877)        | (605)        | (628)      | (672)        | (136)      | (2,918)      |
| <b>Results of operations from E&amp;P activities</b> | <b>1,306</b> | <b>905</b>   | <b>357</b> | <b>487</b>   | <b>(1)</b> | <b>3,054</b> |

103

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

**Contents****continues Results of operations from oil and gas producing activities**

(million euro)

|  | Italy        | North Africa | West Africa  | North Sea    | Rest of World | Total         |
|--|--------------|--------------|--------------|--------------|---------------|---------------|
| <b>Year ended December 31, 2002</b>                  |              |              |              |              |               |               |
| Revenues:  |              |              |              |              |               |               |
| sales and transfers to affiliates                    | 2,871        | 1,673        | 1,856        | 1,748        | 281           | 8,429         |
| sales to unaffiliated entities                       | 253          | 1,226        | 186          | 695          | 1,414         | 3,774         |
|  | <b>3,124</b> | <b>2,899</b> | <b>2,042</b> | <b>2,443</b> | <b>1,695</b>  | <b>12,203</b> |
| Operating expenses                                   | (218)        | (352)        | (317)        | (490)        | (237)         | (1,614)       |
| Production taxes                                     | (138)        | (110)        | (210)        | (20)         | (47)          | (525)         |
| Exploration expenses                                 | (80)         | (71)         | (116)        | (117)        | (294)         | (678)         |
| Depreciation, amortization and writedowns            | (528)        | (532)        | (390)        | (863)        | (758)         | (3,071)       |
| Other income (expense)                               | (258)        | (186)        | (122)        | (47)         | (183)         | (796)         |
| <b>Pretax income from producing activities</b>       | <b>1,902</b> | <b>1,648</b> | <b>887</b>   | <b>906</b>   | <b>176</b>    | <b>5,519</b>  |
| Estimated income taxes                               | (751)        | (852)        | (578)        | (445)        | (83)          | (2,709)       |
| <b>Results of operations from E&amp;P activities</b> | <b>1,151</b> | <b>796</b>   | <b>309</b>   | <b>461</b>   | <b>93</b>     | <b>2,810</b>  |

**Year ended December 31, 2003**

Revenues:

|  |              |              |              |              |              |               |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| sales and transfers to affiliates                    | 2,609        | 1,469        | 1,946        | 1,913        | 345          | 8,282         |
| sales to unaffiliated entities                       | 153          | 1,188        | 164          | 822          | 1,595        | 3,922         |
|  | <b>2,762</b> | <b>2,657</b> | <b>2,110</b> | <b>2,735</b> | <b>1,940</b> | <b>12,204</b> |
| Operating expenses                                   | (222)        | (316)        | (283)        | (446)        | (235)        | (1,502)       |
| Production taxes                                     | (136)        | (97)         | (235)        | (11)         | (79)         | (558)         |
| Exploration expenses                                 | (89)         | (70)         | (113)        | (96)         | (276)        | (644)         |
| Depreciation, amortization and writedowns            | (458)        | (420)        | (377)        | (759)        | (734)        | (2,748)       |
| Other income (expense)                               | (170)        | (264)        | (121)        | 14           | (289)        | (830)         |
| Accretion of discount (SFAS 143) <sup>(2)</sup>      | (37)         | (5)          | (14)         | (42)         | (4)          | (102)         |
| <b>Pretax income from producing activities</b>       | <b>1,650</b> | <b>1,485</b> | <b>967</b>   | <b>1,395</b> | <b>323</b>   | <b>5,820</b>  |
| Estimated income taxes                               | (629)        | (788)        | (617)        | (750)        | (111)        | (2,895)       |
| <b>Results of operations from E&amp;P activities</b> | <b>1,021</b> | <b>697</b>   | <b>350</b>   | <b>645</b>   | <b>212</b>   | <b>2,925</b>  |

**Year ended December 31, 2004**

Revenues:

|  |              |              |              |              |              |               |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| sales and transfers to affiliates                    | 2,633        | 1,868        | 2,762        | 2,083        | 508          | 9,854         |
| sales to unaffiliated entities                       | 148          | 1,364        | 306          | 709          | 2,086        | 4,613         |
|  | <b>2,781</b> | <b>3,232</b> | <b>3,068</b> | <b>2,792</b> | <b>2,594</b> | <b>14,467</b> |
| Operating expenses                                   | (223)        | (292)        | (322)        | (405)        | (289)        | (1,531)       |
| Production taxes                                     | (118)        | (91)         | (379)        | (13)         | (163)        | (764)         |
| Exploration expenses                                 | (57)         | (47)         | (71)         | (93)         | (155)        | (423)         |
| Depreciation, amortization and writedowns            | (489)        | (437)        | (482)        | (687)        | (849)        | (2,944)       |
| Other income (expense)                               | (98)         | (368)        | (216)        | 97           | (208)        | (793)         |
| Accretion of discount (SFAS 143) <sup>(2)</sup>      | (37)         | (5)          | (17)         | (15)         | (6)          | (80)          |
| <b>Pretax income from producing activities</b>       | <b>1,759</b> | <b>1,992</b> | <b>1,581</b> | <b>1,676</b> | <b>924</b>   | <b>7,932</b>  |
| Estimated income taxes                               | (632)        | (994)        | (945)        | (948)        | (305)        | (3,824)       |
| <b>Results of operations from E&amp;P activities</b> | <b>1,127</b> | <b>998</b>   | <b>636</b>   | <b>728</b>   | <b>619</b>   | <b>4,108</b>  |

(2)

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Represents the financial effect of the passage of time relating to Eni's future asset retirement obligations pursuant to SFAS 143 - Accounting for asset retirement obligations .

104

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

---

**Contents****Capitalized costs** <sup>(1)</sup>

|  | (million euro) |                 |                |              |                  |               |
|--|----------------|-----------------|----------------|--------------|------------------|---------------|
|  | Italy          | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total         |
| <b>At December 31, 1995</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 4,625          | 3,148           | 3,002          | 2,123        | 543              | 13,441        |
| Unproved mineral interests                           |                | 25              | 237            | 4            | 40               | 306           |
| Support equipment and facilities                     | 353            | 81              | 114            | 48           | 13               | 609           |
| Incomplete wells and other                           | 643            | 189             | 66             | 403          | 39               | 1,340         |
| <b>Gross capitalized costs</b>                       | <b>5,621</b>   | <b>3,443</b>    | <b>3,419</b>   | <b>2,578</b> | <b>635</b>       | <b>15,696</b> |
| Accumulated depreciation, depletion and amortization | (2,642)        | (1,673)         | (1,789)        | (1,046)      | (281)            | (7,431)       |
| <b>Net capitalized costs</b>                         | <b>2,979</b>   | <b>1,770</b>    | <b>1,629</b>   | <b>1,531</b> | <b>354</b>       | <b>8,265</b>  |
| <b>At December 31, 1996</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 5,006          | 3,388           | 3,066          | 2,760        | 604              | 14,824        |
| Unproved mineral interests                           |                | 5               | 167            |              | 42               | 214           |
| Support equipment and facilities                     | 387            | 12              | 113            | 73           | 14               | 599           |
| Incomplete wells and other                           | 747            | 169             | 118            | 343          | 41               | 1,418         |
| <b>Gross capitalized costs</b>                       | <b>6,140</b>   | <b>3,574</b>    | <b>3,464</b>   | <b>3,176</b> | <b>701</b>       | <b>17,055</b> |
| Accumulated depreciation, depletion and amortization | (3,181)        | (1,743)         | (1,877)        | (1,219)      | (354)            | (8,374)       |
| <b>Net capitalized costs</b>                         | <b>2,959</b>   | <b>1,831</b>    | <b>1,587</b>   | <b>1,957</b> | <b>347</b>       | <b>8,681</b>  |
| <b>At December 31, 1997</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 5,393          | 4,166           | 3,734          | 3,270        | 763              | 17,326        |
| Unproved mineral interests                           |                | 7               | 188            |              | 58               | 253           |
| Support equipment and facilities                     | 427            | 15              | 139            | 105          | 17               | 703           |
| Incomplete wells and other                           | 991            | 236             | 321            | 494          | 36               | 2,078         |
| <b>Gross capitalized costs</b>                       | <b>6,811</b>   | <b>4,424</b>    | <b>4,382</b>   | <b>3,869</b> | <b>874</b>       | <b>20,360</b> |
| Accumulated depreciation, depletion and amortization | (3,584)        | (2,267)         | (2,357)        | (1,725)      | (475)            | (10,408)      |
| <b>Net capitalized costs</b>                         | <b>3,227</b>   | <b>2,157</b>    | <b>2,025</b>   | <b>2,144</b> | <b>399</b>       | <b>9,952</b>  |
| <b>At December 31, 1998</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 5,794          | 4,258           | 3,963          | 3,446        | 794              | 18,255        |
| Unproved mineral interests                           |                | 14              | 177            |              | 127              | 318           |
| Support equipment and facilities                     | 451            | 23              | 142            | 95           | 14               | 725           |
| Incomplete wells and other                           | 1,172          | 342             | 234            | 651          | 194              | 2,593         |
| <b>Gross capitalized costs</b>                       | <b>7,417</b>   | <b>4,637</b>    | <b>4,516</b>   | <b>4,192</b> | <b>1,129</b>     | <b>21,891</b> |
| Accumulated depreciation, depletion and amortization | (4,272)        | (2,395)         | (2,689)        | (2,078)      | (500)            | (11,934)      |
| <b>Net capitalized costs</b>                         | <b>3,145</b>   | <b>2,242</b>    | <b>1,827</b>   | <b>2,114</b> | <b>629</b>       | <b>9,957</b>  |
| <b>At December 31, 1999</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 6,255          | 5,480           | 5,117          | 4,299        | 1,529            | 22,680        |
| Unproved mineral interests                           | 2              | 130             | 230            |              | 381              | 743           |
| Support equipment and facilities                     | 487            | 29              | 179            | 149          | 18               | 862           |
| Incomplete wells and other                           | 1,077          | 337             | 181            | 649          | 414              | 2,658         |
| <b>Gross capitalized costs</b>                       | <b>7,821</b>   | <b>5,976</b>    | <b>5,707</b>   | <b>5,097</b> | <b>2,342</b>     | <b>26,943</b> |
| Accumulated depreciation, depletion and amortization | (4,609)        | (3,095)         | (3,393)        | (2,610)      | (663)            | (14,370)      |
| <b>Net capitalized costs</b>                         | <b>3,212</b>   | <b>2,881</b>    | <b>2,314</b>   | <b>2,487</b> | <b>1,679</b>     | <b>12,573</b> |





**Contents****continues Capitalized costs <sup>(1)</sup>**

|  | (million euro) |                 |                |              |                  |               |
|--|----------------|-----------------|----------------|--------------|------------------|---------------|
|  | Italy          | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total         |
| <b>At December 31, 2000</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 6,509          | 6,339           | 5,885          | 5,395        | 3,009            | 27,137        |
| Unproved mineral interests                           |                | 175             | 281            | 101          | 646              | 1,203         |
| Support equipment and facilities                     | 241            | 30              | 170            | 49           | 28               | 518           |
| Incomplete wells and other                           | 1,195          | 413             | 316            | 547          | 688              | 3,159         |
| <b>Gross capitalized costs</b>                       | <b>7,945</b>   | <b>6,957</b>    | <b>6,652</b>   | <b>6,092</b> | <b>4,371</b>     | <b>32,017</b> |
| Accumulated depreciation, depletion and amortization | (4,669)        | (3,718)         | (3,935)        | (2,893)      | (1,081)          | (16,296)      |
| <b>Net capitalized costs</b>                         | <b>3,276</b>   | <b>3,239</b>    | <b>2,717</b>   | <b>3,199</b> | <b>3,290</b>     | <b>15,721</b> |
| <b>At December 31, 2001</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 7,645          | 7,624           | 6,723          | 7,986        | 5,382            | 35,360        |
| Unproved mineral interests                           |                | 672             | 238            | 811          | 1,913            | 3,634         |
| Support equipment and facilities                     | 295            | 56              | 191            | 52           | 47               | 641           |
| Incomplete wells and other                           | 845            | 508             | 501            | 225          | 1,718            | 3,797         |
| <b>Gross capitalized costs</b>                       | <b>8,785</b>   | <b>8,860</b>    | <b>7,653</b>   | <b>9,074</b> | <b>9,060</b>     | <b>43,432</b> |
| Accumulated depreciation, depletion and amortization | (5,109)        | (4,333)         | (4,378)        | (3,612)      | (1,894)          | (19,326)      |
| <b>Net capitalized costs</b>                         | <b>3,676</b>   | <b>4,527</b>    | <b>3,275</b>   | <b>5,462</b> | <b>7,166</b>     | <b>24,106</b> |
| <b>At December 31, 2002</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 8,030          | 6,782           | 6,377          | 8,112        | 5,638            | 34,939        |
| Unproved mineral interests                           |                | 527             | 130            | 684          | 1,593            | 2,934         |
| Support equipment and facilities                     | 251            | 43              | 174            | 49           | 51               | 568           |
| Incomplete wells and other                           | 773            | 889             | 795            | 147          | 1,958            | 4,562         |
| <b>Gross capitalized costs</b>                       | <b>9,054</b>   | <b>8,241</b>    | <b>7,476</b>   | <b>8,992</b> | <b>9,240</b>     | <b>43,003</b> |
| Accumulated depreciation, depletion and amortization | (5,427)        | (4,090)         | (4,048)        | (4,192)      | (2,262)          | (20,019)      |
| <b>Net capitalized costs</b>                         | <b>3,627</b>   | <b>4,151</b>    | <b>3,428</b>   | <b>4,800</b> | <b>6,978</b>     | <b>22,984</b> |
| <b>At December 31, 2003</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 8,766          | 6,103           | 6,141          | 8,291        | 6,389            | 35,690        |
| Unproved mineral interests                           |                | 329             | 83             | 696          | 1,272            | 2,380         |
| Support equipment and facilities                     | 262            | 594             | 208            | 32           | 51               | 1,147         |
| Incomplete wells and other                           | 826            | 1,254           | 1,098          | 223          | 1,413            | 4,814         |
| <b>Gross capitalized costs</b>                       | <b>9,854</b>   | <b>8,280</b>    | <b>7,530</b>   | <b>9,242</b> | <b>9,125</b>     | <b>44,031</b> |
| Accumulated depreciation, depletion and amortization | (6,186)        | (3,799)         | (3,785)        | (4,252)      | (2,657)          | (20,679)      |
| <b>Net capitalized costs <sup>(2)</sup></b>          | <b>3,668</b>   | <b>4,481</b>    | <b>3,745</b>   | <b>4,990</b> | <b>6,468</b>     | <b>23,352</b> |
| <b>At December 31, 2004</b>                          |                |                 |                |              |                  |               |
| Proved mineral interests                             | 9,056          | 7,192           | 6,288          | 7,198        | 7,698            | 37,432        |
| Unproved mineral interests                           |                | 272             | 70             | 561          | 1,103            | 2,006         |
| Support equipment and facilities                     | 252            | 1,056           | 209            | 33           | 75               | 1,625         |
| Incomplete wells and other                           | 662            | 468             | 1,038          | 397          | 882              | 3,447         |
| <b>Gross capitalized costs</b>                       | <b>9,970</b>   | <b>8,988</b>    | <b>7,605</b>   | <b>8,189</b> | <b>9,758</b>     | <b>44,510</b> |
| Accumulated depreciation, depletion and amortization | (6,416)        | (3,887)         | (3,907)        | (3,733)      | (3,252)          | (21,195)      |
| <b>Net capitalized costs</b>                         | <b>3,554</b>   | <b>5,101</b>    | <b>3,698</b>   | <b>4,456</b> | <b>6,506</b>     | <b>23,315</b> |

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- (1) Capitalized costs represent the total expenditure for proved and unproved mineral interests and related support equipment and facilities utilized in oil and gas exploration and production activities, together with related accumulated depreciation, depletion and amortization.
- (2) Include euro 385 million related to the effect of the application of SFAS 143 Accounting for asset retirement obligations ; in particular, the item Proved mineral interest was increased by euro 1,119 and the item Accumulated depreciation, depletion and amortization was increased by euro 734 million.

106

ENI

FACT BOOK 2004  
SUPPLEMENTAL OIL  
AND GAS INFORMATION

---

**Contents****Costs incurred <sup>(1)</sup>**

|  | (million euro) |                 |                |              |                  |              |
|--|----------------|-----------------|----------------|--------------|------------------|--------------|
|  | Italy          | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total        |
| <b>Year ended December 31, 1995</b>                |                |                 |                |              |                  |              |
| Proved property acquisitions                       | 0.5            |                 |                |              | 0.5              | 1            |
| Unproved property acquisitions                     |                |                 | 4              |              |                  | 4            |
| Exploration  | 235            | 136             | 39             | 53           | 26               | 489          |
| Development  | 430            | 238             | 118            | 280          | 60               | 1,126        |
|  | <b>666</b>     | <b>374</b>      | <b>161</b>     | <b>333</b>   | <b>86</b>        | <b>1,620</b> |
| <b>Year ended December 31, 1996</b>                |                |                 |                |              |                  |              |
| Proved property acquisitions                       | 55             | 5               | 22             | 198          |                  | 280          |
| Unproved property acquisitions                     |                | 7               |                |              | 5                | 12           |
| Exploration  | 289            | 198             | 53             | 48           | 60               | 648          |
| Development  | 351            | 163             | 132            | 254          | 67               | 967          |
|  | <b>695</b>     | <b>373</b>      | <b>207</b>     | <b>500</b>   | <b>132</b>       | <b>1,907</b> |
| <b>Year ended December 31, 1997</b>                |                |                 |                |              |                  |              |
| Proved property acquisitions                       | 48             | 5               | 4              |              | 2                | 59           |
| Unproved property acquisitions                     |                | 5               | 16             |              | 15               | 36           |
| Exploration  | 278            | 236             | 112            | 51           | 99               | 776          |
| Development  | 558            | 212             | 288            | 394          | 66               | 1,518        |
|  | <b>884</b>     | <b>458</b>      | <b>420</b>     | <b>445</b>   | <b>182</b>       | <b>2,389</b> |
| <b>Year ended December 31, 1998</b>                |                |                 |                |              |                  |              |
| Proved property acquisitions                       |                | 27              | 9              |              | 67               | 103          |
| Unproved property acquisitions                     |                | 12              |                |              | 82               | 94           |
| Exploration  | 303            | 171             | 150            | 51           | 112              | 786          |
| Development  | 488            | 353             | 367            | 583          | 197              | 1,988        |
|  | <b>791</b>     | <b>563</b>      | <b>526</b>     | <b>634</b>   | <b>458</b>       | <b>2,971</b> |
| <b>Year ended December 31, 1999</b>                |                |                 |                |              |                  |              |
| Proved property acquisitions                       | 54             | 102             | 9              |              | 380              | 545          |
| Unproved property acquisitions                     | 2              | 102             | 34             |              | 234              | 372          |
| Exploration  | 194            | 92              | 87             | 44           | 121              | 538          |
| Development  | 433            | 356             | 357            | 400          | 318              | 1,864        |
|  | <b>683</b>     | <b>652</b>      | <b>487</b>     | <b>444</b>   | <b>1,053</b>     | <b>3,319</b> |
| <b>Year ended December 31, 2000</b>                |                |                 |                |              |                  |              |
| Proved property acquisitions                       |                | 8               | 32             | 443          | 880              | 1,363        |
| Unproved property acquisitions                     |                | 30              | 11             | 67           | 149              | 257          |
| Exploration  | 155            | 151             | 174            | 86           | 326              | 892          |
| Development  | 567            | 415             | 372            | 346          | 617              | 2,317        |
|  | <b>722</b>     | <b>604</b>      | <b>589</b>     | <b>942</b>   | <b>1,972</b>     | <b>4,829</b> |
| <b>Year ended December 31, 2001 <sup>(2)</sup></b> |                |                 |                |              |                  |              |
| Proved property acquisitions                       | 14             | 503             |                | 1,411        | 1,254            | 3,182        |
| Unproved property acquisitions                     |                | 438             |                | 495          | 704              | 1,637        |
| Exploration  | 89             | 139             | 97             | 166          | 598              | 1,089        |
| Development  | 600            | 498             | 698            | 328          | 1,337            | 3,461        |
|  | <b>703</b>     | <b>1,578</b>    | <b>795</b>     | <b>2,400</b> | <b>3,893</b>     | <b>9,369</b> |



**Contents***continues* **Costs incurred** <sup>(1)</sup>

|  | (million euro) |                 |                |              |                  |              |
|--|----------------|-----------------|----------------|--------------|------------------|--------------|
|  | Italy          | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total        |
| <b>Year ended December 31, 2002</b>                |                |                 |                |              |                  |              |
| Proved property acquisitions                       |                |                 |                | 104          | 24               | 128          |
| Unproved property acquisitions                     |                |                 |                | 22           | 167              | 189          |
| Exploration  | 69             | 116             | 203            | 84           | 430              | 902          |
| Development  | 440            | 724             | 986            | 316          | 1,622            | 4,088        |
|  | <b>509</b>     | <b>840</b>      | <b>1,189</b>   | <b>526</b>   | <b>2,243</b>     | <b>5,307</b> |
| <b>Year ended December 31, 2003</b> <sup>(3)</sup> |                |                 |                |              |                  |              |
| Proved property acquisitions                       |                |                 |                | 308          | 8                | 316          |
| Unproved property acquisitions                     |                |                 |                | 125          | 6                | 131          |
| Exploration  | 67             | 80              | 138            | 125          | 243              | 653          |
| Development <sup>(4)</sup>                         | 449            | 1,106           | 1,268          | 286          | 1,454            | 4,563        |
| <b>Total costs incurred</b>                        | <b>516</b>     | <b>1,186</b>    | <b>1,406</b>   | <b>844</b>   | <b>1,711</b>     | <b>5,663</b> |
| <b>Year ended December 31, 2004</b>                |                |                 |                |              |                  |              |
| Proved property acquisitions                       |                |                 |                |              |                  |              |
| Unproved property acquisitions                     |                |                 |                |              |                  |              |
| Exploration  | 64             | 104             | 71             | 66           | 194              | 499          |
| Development <sup>(4)</sup>                         | 431            | 965             | 881            | 391          | 1,407            | 4,075        |
| <b>Total costs incurred</b>                        | <b>495</b>     | <b>1,069</b>    | <b>952</b>     | <b>457</b>   | <b>1,601</b>     | <b>4,574</b> |

- (1) Costs incurred represent amounts both capitalized and expensed as incurred in connection with oil and gas producing activities.
- (2) Includes costs for the acquisition of Lasmo Plc of euro 5,084 million, net of the related gross-up for deferred taxes (SFAS 109 Accounting for Income taxes ) of euro 974 million. The amount has been allocated to the following items: (i) Proved property acquisitions euro 3,115 million, (ii) Unproved property acquisitions euro 1,637 million, (iii) Exploration euro 332 million.
- (3) Includes costs for the acquisition of Fortum AS of euro 434 million, net of the related gross-up for deferred taxes (SFAS 109 Accounting for Income taxes ) of euro 514 million. The amount has been allocated to the North Sea area as follows: (i) Proved property acquisitions euro 308 million, (ii) Unproved property acquisitions euro 109 million, (iii) Exploration euro 17 million.
- (4) Includes euro 84 million and euro 233 million of costs capitalized during 2003 and 2004 for assets retirement obligations pursuant to SFAS 143 Accounting for asset retirement obligations .

108

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

Contents

## Standardized measure of discounted future net cash flows

Estimated future cash inflows represent the revenues that would be received from production and are determined by applying year end prices of oil and gas to the estimated future production of proved reserves. Future price changes are considered only to extent provided by contractual arrangements. Estimated future development and production costs are determined by estimating the expenditures to be incurred in developing and producing the proved reserves at the end of the year. Neither the effects of price and cost escalations nor expected future changes in technology and operating practices have been considered.

The standardized measure is calculated as the excess of future cash inflows from proved reserves less future costs of producing and developing the reserves, future income taxes and a yearly 10% discount factor.

Future cash flows include annual revenue payments from Eni's Gas & Power segment and other transport and distribution gas companies which represent payments for modulation services to support demand delivery capability. Such capability is provided through utilization of gas withdrawn from producing fields and injected into depleted gas fields as storage.

Future production costs include the estimated expenditures related to the production of proved reserves plus any production taxes without consideration of future inflation. Future development costs include the estimated costs of drilling development wells and installation of production facilities, plus the net costs associated with dismantlement and abandonment of wells and facilities, under the assumption that year end costs continue without considering future inflation. Future income taxes were calculated in accordance with the tax laws of the countries in which Eni operates. The standardized measure of discounted future net cash flows, related to the preceding proved oil and gas reserves, is calculated in accordance with the requirements of Statement of Financial Accounting Standard No. 69. The standardized measure does not purport to reflect realizable values or fair market value of Eni's proved reserves. An estimate of fair value would also take into account, among other things, the expected recovery of reserves in excess of proved reserves, anticipated changes in future prices and costs and a discount factor representative of the risks inherent in producing oil and gas.

109  
ENI  
FACT BOOK 2004  
SUPPLEMENTAL OIL  
AND GAS INFORMATION

---

**Contents**

|   | (million euro) |                 |                |              |                  |               |
|---|----------------|-----------------|----------------|--------------|------------------|---------------|
|   | Italy          | North<br>Africa | West<br>Africa | North<br>Sea | Rest<br>of World | Total         |
| <b>At December 31, 1995</b>                                     |                |                 |                |              |                  |               |
| Future cash inflows   | 26,338         | 12,578          | 10,600         | 7,863        | 1,758            | 59,137        |
| Future production costs   | (2,516)        | (5,726)         | (3,599)        | (2,341)      | (437)            | (14,619)      |
| Future development and abandonment costs                        | (2,068)        | (1,389)         | (968)          | (1,184)      | (289)            | (5,898)       |
| <b>Future net inflows before income taxes</b>                   | <b>21,754</b>  | <b>5,463</b>    | <b>6,033</b>   | <b>4,338</b> | <b>1,032</b>     | <b>38,620</b> |
| Future income taxes   | (10,925)       | (1,825)         | (3,770)        | (1,765)      | (119)            | (18,404)      |
| <b>Future net cash flows</b>                                    | <b>10,829</b>  | <b>3,638</b>    | <b>2,263</b>   | <b>2,573</b> | <b>913</b>       | <b>20,216</b> |
| 10% discount  | (4,144)        | (1,280)         | (881)          | (914)        | (325)            | (7,544)       |
| <b>Standardized measure of discounted future net cash flows</b> | <b>6,685</b>   | <b>2,358</b>    | <b>1,382</b>   | <b>1,659</b> | <b>588</b>       | <b>12,672</b> |
| <b>At December 31, 1996</b>                                     |                |                 |                |              |                  |               |
| Future cash inflows   | 29,780         | 20,463          | 12,222         | 10,094       | 1,846            | 74,405        |
| Future production costs   | (3,062)        | (6,650)         | (3,537)        | (2,737)      | (347)            | (16,333)      |
| Future development and abandonment costs                        | (2,205)        | (3,260)         | (1,095)        | (1,037)      | (237)            | (7,834)       |
| <b>Future net inflows before income taxes</b>                   | <b>24,513</b>  | <b>10,553</b>   | <b>7,590</b>   | <b>6,320</b> | <b>1,262</b>     | <b>50,238</b> |
| Future income taxes   | (12,451)       | (3,411)         | (4,827)        | (2,811)      | (182)            | (23,682)      |
| <b>Future net cash flows</b>                                    | <b>12,062</b>  | <b>7,142</b>    | <b>2,763</b>   | <b>3,509</b> | <b>1,080</b>     | <b>26,556</b> |
| 10% discount  | (4,649)        | (3,830)         | (1,058)        | (1,225)      | (359)            | (11,121)      |
| <b>Standardized measure of discounted future net cash flows</b> | <b>7,413</b>   | <b>3,312</b>    | <b>1,705</b>   | <b>2,284</b> | <b>721</b>       | <b>15,435</b> |
| <b>At December 31, 1997</b>                                     |                |                 |                |              |                  |               |
| Future cash inflows   | 27,586         | 20,370          | 10,989         | 9,407        | 4,895            | 73,247        |
| Future production costs   | (3,585)        | (6,994)         | (3,440)        | (2,674)      | (1,257)          | (17,950)      |
| Future development and abandonment costs                        | (2,489)        | (3,742)         | (1,318)        | (1,237)      | (1,183)          | (9,969)       |
| <b>Future net inflows before income taxes</b>                   | <b>21,512</b>  | <b>9,634</b>    | <b>6,231</b>   | <b>5,496</b> | <b>2,455</b>     | <b>45,328</b> |
| Future income taxes   | (7,998)        | (2,615)         | (3,526)        | (2,290)      | (625)            | (17,054)      |
| <b>Future net cash flows</b>                                    | <b>13,514</b>  | <b>7,019</b>    | <b>2,705</b>   | <b>3,206</b> | <b>1,830</b>     | <b>28,274</b> |
| 10% discount  | (5,024)        | (3,979)         | (1,009)        | (1,028)      | (1,116)          | (12,156)      |
| <b>Standardized measure of discounted future net cash flows</b> | <b>8,490</b>   | <b>3,040</b>    | <b>1,696</b>   | <b>2,178</b> | <b>714</b>       | <b>16,118</b> |
| <b>At December 31, 1998</b>                                     |                |                 |                |              |                  |               |
| Future cash inflows   | 18,312         | 13,676          | 7,111          | 6,792        | 2,600            | 48,491        |
| Future production costs   | (3,134)        | (6,196)         | (2,978)        | (2,700)      | (836)            | (15,844)      |
| Future development and abandonment costs                        | (2,544)        | (3,704)         | (1,207)        | (895)        | (972)            | (9,322)       |
| <b>Future net inflows before income taxes</b>                   | <b>12,634</b>  | <b>3,776</b>    | <b>2,926</b>   | <b>3,197</b> | <b>792</b>       | <b>23,325</b> |
| Future income taxes   | (4,489)        | (749)           | (1,198)        | (1,062)      | (192)            | (7,690)       |
| <b>Future net cash flows</b>                                    | <b>8,145</b>   | <b>3,027</b>    | <b>1,728</b>   | <b>2,135</b> | <b>600</b>       | <b>15,635</b> |
| 10% discount  | (2,858)        | (2,027)         | (650)          | (608)        | (433)            | (6,576)       |
| <b>Standardized measure of discounted future net cash flows</b> | <b>5,287</b>   | <b>1,000</b>    | <b>1,078</b>   | <b>1,527</b> | <b>167</b>       | <b>9,059</b>  |
| <b>At December 31, 1999</b>                                     |                |                 |                |              |                  |               |
| Future cash inflows   | 29,900         | 34,457          | 21,177         | 12,831       | 9,181            | 107,546       |
| Future production costs   | (3,972)        | (7,782)         | (5,212)        | (3,528)      | (1,375)          | (21,869)      |
| Future development and abandonment costs                        | (2,264)        | (4,584)         | (2,711)        | (893)        | (1,731)          | (12,183)      |
| <b>Future net inflows before income taxes</b>                   | <b>23,664</b>  | <b>22,091</b>   | <b>13,254</b>  | <b>8,410</b> | <b>6,075</b>     | <b>73,494</b> |



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|   |               |               |              |              |              |               |
|---|---------------|---------------|--------------|--------------|--------------|---------------|
| Future income taxes   | (9,168)       | (10,662)      | (8,012)      | (4,006)      | (1,594)      | (33,442)      |
| <b>Future net cash flows</b>                                    | <b>14,496</b> | <b>11,429</b> | <b>5,242</b> | <b>4,404</b> | <b>4,481</b> | <b>40,052</b> |
| 10% discount  | (5,618)       | (5,886)       | (2,238)      | (1,269)      | (2,288)      | (17,299)      |
| <b>Standardized measure of discounted future net cash flows</b> | <b>8,878</b>  | <b>5,543</b>  | <b>3,004</b> | <b>3,135</b> | <b>2,193</b> | <b>22,753</b> |

110

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

---

**Contents**

|   | (million euro) |                 |                |               |                  |                |
|---|----------------|-----------------|----------------|---------------|------------------|----------------|
|   | Italy          | North<br>Africa | West<br>Africa | North<br>Sea  | Rest<br>of World | Total          |
| <b>At December 31, 2000</b>                                     |                |                 |                |               |                  |                |
| Future cash inflows   | 50,505         | 39,551          | 22,057         | 16,761        | 17,778           | 146,652        |
| Future production costs   | (6,310)        | (9,770)         | (5,875)        | (3,349)       | (2,999)          | (28,303)       |
| Future development and abandonment costs                        | (2,310)        | (4,981)         | (2,708)        | (860)         | (2,504)          | (13,363)       |
| <b>Future net inflows before income taxes</b>                   | <b>41,885</b>  | <b>24,800</b>   | <b>13,474</b>  | <b>12,552</b> | <b>12,275</b>    | <b>104,986</b> |
| Future income taxes   | (15,627)       | (11,524)        | (7,938)        | (6,365)       | (2,835)          | (44,289)       |
| <b>Future net cash flows</b>                                    | <b>26,258</b>  | <b>13,276</b>   | <b>5,536</b>   | <b>6,187</b>  | <b>9,440</b>     | <b>60,697</b>  |
| 10% discount  | (12,203)       | (7,146)         | (2,370)        | (1,867)       | (4,410)          | (27,996)       |
| <b>Standardized measure of discounted future net cash flows</b> | <b>14,055</b>  | <b>6,130</b>    | <b>3,166</b>   | <b>4,320</b>  | <b>5,030</b>     | <b>32,701</b>  |
| <b>At December 31, 2001</b>                                     |                |                 |                |               |                  |                |
| Future cash inflows   | 32,310         | 37,780          | 20,154         | 17,444        | 20,715           | 128,403        |
| Future production costs   | (5,344)        | (10,941)        | (5,779)        | (4,466)       | (5,073)          | (31,603)       |
| Future development and abandonment costs                        | (2,577)        | (5,284)         | (3,194)        | (1,593)       | (2,607)          | (15,255)       |
| <b>Future net inflows before income taxes</b>                   | <b>24,389</b>  | <b>21,555</b>   | <b>11,181</b>  | <b>11,385</b> | <b>13,035</b>    | <b>81,545</b>  |
| Future income taxes   | (8,918)        | (9,258)         | (6,374)        | (5,584)       | (3,119)          | (33,253)       |
| <b>Future net cash flows</b>                                    | <b>15,471</b>  | <b>12,297</b>   | <b>4,807</b>   | <b>5,801</b>  | <b>9,916</b>     | <b>48,292</b>  |
| 10% discount  | (6,925)        | (6,612)         | (1,992)        | (1,611)       | (4,381)          | (21,521)       |
| <b>Standardized measure of discounted future net cash flows</b> | <b>8,546</b>   | <b>5,685</b>    | <b>2,815</b>   | <b>4,190</b>  | <b>5,535</b>     | <b>26,771</b>  |
| <b>At December 31, 2002</b>                                     |                |                 |                |               |                  |                |
| Future cash inflows   | 32,809         | 41,797          | 29,242         | 19,645        | 26,500           | 149,993        |
| Future production costs   | (4,367)        | (10,354)        | (6,795)        | (4,748)       | (4,310)          | (30,574)       |
| Future development and abandonment costs                        | (2,755)        | (3,880)         | (2,706)        | (1,523)       | (2,459)          | (13,323)       |
| <b>Future net inflows before income taxes</b>                   | <b>25,687</b>  | <b>27,563</b>   | <b>19,741</b>  | <b>13,374</b> | <b>19,731</b>    | <b>106,096</b> |
| Future income taxes   | (8,885)        | (12,164)        | (11,320)       | (7,598)       | (5,593)          | (45,560)       |
| <b>Future net cash flows</b>                                    | <b>16,802</b>  | <b>15,399</b>   | <b>8,421</b>   | <b>5,776</b>  | <b>14,138</b>    | <b>60,536</b>  |
| 10% discount  | (7,471)        | (7,411)         | (3,534)        | (1,577)       | (6,063)          | (26,056)       |
| <b>Standardized measure of discounted future net cash flows</b> | <b>9,331</b>   | <b>7,988</b>    | <b>4,887</b>   | <b>4,199</b>  | <b>8,075</b>     | <b>34,480</b>  |
| <b>At December 31, 2003</b>                                     |                |                 |                |               |                  |                |
| Future cash inflows   | 24,641         | 36,484          | 25,074         | 19,590        | 28,505           | 134,294        |
| Future production costs   | (3,879)        | (7,868)         | (5,847)        | (5,458)       | (4,763)          | (27,815)       |
| Future development and abandonment costs                        | (2,080)        | (3,762)         | (2,005)        | (1,084)       | (2,575)          | (11,506)       |
| <b>Future net inflows before income taxes</b>                   | <b>18,682</b>  | <b>24,854</b>   | <b>17,222</b>  | <b>13,048</b> | <b>21,167</b>    | <b>94,973</b>  |
| Future income taxes   | (6,113)        | (10,296)        | (8,979)        | (7,614)       | (6,073)          | (39,075)       |
| <b>Future net cash flows</b>                                    | <b>12,569</b>  | <b>14,558</b>   | <b>8,243</b>   | <b>5,434</b>  | <b>15,094</b>    | <b>55,898</b>  |
| 10% discount  | (5,056)        | (6,646)         | (3,130)        | (1,872)       | (7,930)          | (24,634)       |
| <b>Standardized measure of discounted future net cash flows</b> | <b>7,513</b>   | <b>7,912</b>    | <b>5,113</b>   | <b>3,562</b>  | <b>7,164</b>     | <b>31,264</b>  |
| <b>At December 31, 2004</b>                                     |                |                 |                |               |                  |                |
| Future cash inflows   | 28,582         | 40,373          | 28,395         | 20,435        | 32,619           | 150,404        |
| Future production costs   | (3,635)        | (7,237)         | (6,664)        | (5,082)       | (4,858)          | (27,476)       |
| Future development and abandonment costs                        | (2,210)        | (4,073)         | (1,873)        | (1,419)       | (2,873)          | (12,448)       |
| <b>Future net inflows before income taxes</b>                   | <b>22,737</b>  | <b>29,063</b>   | <b>19,858</b>  | <b>13,934</b> | <b>24,888</b>    | <b>110,480</b> |

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|   |               |               |              |              |               |               |
|---|---------------|---------------|--------------|--------------|---------------|---------------|
| Future income taxes   | (7,599)       | (11,487)      | (10,949)     | (8,824)      | (6,736)       | (45,595)      |
| <b>Future net cash flows</b>                                    | <b>15,138</b> | <b>17,576</b> | <b>8,909</b> | <b>5,110</b> | <b>18,152</b> | <b>64,885</b> |
| 10% discount  | (6,006)       | (7,592)       | (3,267)      | (1,350)      | (9,412)       | (27,627)      |
| <b>Standardized measure of discounted future net cash flows</b> | <b>9,132</b>  | <b>9,984</b>  | <b>5,642</b> | <b>3,760</b> | <b>8,740</b>  | <b>37,258</b> |

111

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

**Contents**

| (million euro)  |               |               |               |               |               |               |               |               |               |                 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Changes in standardized measure of discounted future net cash flows                           |               |               |               |               |               |               |               |               |               |                 |
|   | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004            |
| <b>Beginning of year</b>  | <b>11,491</b> | <b>12,673</b> | <b>15,438</b> | <b>16,118</b> | <b>9,059</b>  | <b>22,753</b> | <b>32,701</b> | <b>26,771</b> | <b>34,480</b> | <b>31,264</b>   |
| Increase (Decrease):  |               |               |               |               |               |               |               |               |               |                 |
| sales, net of production costs  | (4,015)       | (4,740)       | (4,888)       | (3,486)       | (4,927)       | (9,689)       | (9,760)       | (10,064)      | (10,144)      | <b>(12,172)</b> |
| net changes in sales and transfer prices, net of production costs                             | 1,933         | 6,507         | (5,034)       | (10,384)      | 23,334        | 11,889        | (16,754)      | 18,936        | (1,050)       | <b>13,031</b>   |
| extensions, discoveries and improved recovery, net of future production and development costs | 831           | 1,077         | 1,112         | 666           | 1,144         | 1,623         | 1,027         | 1,810         | 1,855         | <b>2,806</b>    |
| changes in estimated future development and abandonment costs                                 | (180)         | (588)         | (1,005)       | (642)         | (1,570)       | (1,061)       | (2,527)       | (2,697)       | (3,576)       | <b>(3,437)</b>  |
| development costs incurred during the period that reduced future development costs            | 1,033         | 854           | 1,375         | 1,803         | 1,746         | 2,125         | 3,342         | 4,287         | 4,864         | <b>4,229</b>    |
| revisions of quantity estimates   | 1,264         | 324           | 1,229         | 688           | 2,054         | 2,736         | 3,397         | 1,715         | 2,348         | <b>1,658</b>    |
| accretion of discount   | 2,096         | 2,256         | 2,997         | 2,494         | 1,362         | 4,226         | 5,628         | 4,279         | 5,585         | <b>5,328</b>    |
| net change in income taxes  | (831)         | (3,145)       | 4,773         | 4,819         | (12,702)      | (4,102)       | 5,618         | (9,318)       | 105           | <b>(4,805)</b>  |
| purchase of reserves in place   | 69            | 535           | 520           |               | 1,032         | 3,052         | 4,443         | 387           | 1,488         |                 |
| sale of reserves in place   | (12)          | (18)          | (80)          |               | (1)           | (7)           | (34)          | (646)         | (222)         | <b>(727)</b>    |
| changes in production rates (timing) and other  | (1,006)       | (297)         | (319)         | (3,017)       | 2,222         | (844)         | (310)         | (980)         | (4,469)       | <b>83</b>       |
| <b>End of year</b>  | <b>12,673</b> | <b>15,438</b> | <b>16,118</b> | <b>9,059</b>  | <b>22,753</b> | <b>32,701</b> | <b>26,771</b> | <b>34,480</b> | <b>31,264</b> | <b>37,258</b>   |

112

ENI

FACT BOOK 2004

SUPPLEMENTAL OIL  
AND GAS INFORMATION

**Contents****energy conversion table****Oil** (average reference density 32.35 °API, relative density 0.8636)

|                        |                   |          |                      |        |                    |           |                    |        |                     |
|------------------------|-------------------|----------|----------------------|--------|--------------------|-----------|--------------------|--------|---------------------|
| 1 barrel               | (bbl)             | 158.987  | 1 oil <sup>(1)</sup> | 0.159  | m <sup>3</sup> oil | 162.602   | m <sup>3</sup> gas | 5,742  | ft <sup>3</sup> gas |
|                        |                   |          |                      |        |                    | 5,800,000 | btu                |        |                     |
| 1 barrel/d             | (bbl/d)           |          | ~50                  | t/year |                    |           |                    |        |                     |
| 1 cubic meter          | (m <sup>3</sup> ) | 1,000    | 1 oil                | 6.29   | bbl                | 1,033     | m <sup>3</sup> gas | 36,481 | ft <sup>3</sup> gas |
| 1 tonne oil equivalent | (toe)             | 1,160.49 | 1 oil                | 7.299  | bbl                | 1.161     | m <sup>3</sup> oil | 1,187  | m <sup>3</sup> gas  |
|                        |                   |          |                      |        |                    |           |                    | 41,911 | ft <sup>3</sup> gas |

**Gas**

|                                |                    |        |       |         |     |            |                    |        |                     |
|--------------------------------|--------------------|--------|-------|---------|-----|------------|--------------------|--------|---------------------|
| 1 cubic meter                  | (m <sup>3</sup> )  | 0.976  | 1 oil | 0.00615 | bbl | 35,314.67  | btu                | 35.315 | ft <sup>3</sup> gas |
| 1,000 cubic feet               | (ft <sup>3</sup> ) | 27.637 | 1 oil | 0.1742  | bbl | 1,000,000  | btu                | 27.317 | m <sup>3</sup> gas  |
| 1,000,000 british thermal unit | (btu)              | 27.4   | 1 oil | 0.17    | bbl | 0.027      | m <sup>3</sup> oil | 28.3   | m <sup>3</sup> gas  |
| 1 tonne LNG                    | (tLNG)             | 1.2    | toe   | 8.9     | bbl | 52,000,000 | btu                | 52,000 | ft <sup>3</sup> gas |
|                                |                    |        |       |         |     |            |                    | 1,400  | m <sup>3</sup> gas  |

**Electricity**

|                                 |        |           |       |        |     |         |                    |           |                     |
|---------------------------------|--------|-----------|-------|--------|-----|---------|--------------------|-----------|---------------------|
| 1 megawatt hour=1,000 kWh (MWh) |        | 93.532    | 1 oil | 0.5883 | bbl | 0.0955  | m <sup>3</sup> oil | 96.621    | m <sup>3</sup> gas  |
| 1 TeraJoule                     | (TJ)   | 25,981.45 | 1 oil | 163.42 | bbl | 25.9814 | m <sup>3</sup> oil | 26,839.46 | m <sup>3</sup> gas  |
| 1,000,000 kilocalories          | (kcal) | 108.8     | 1 oil | 0.68   | bbl | 0.109   | m <sup>3</sup> oil | 112.4     | m <sup>3</sup> gas  |
|                                 |        |           |       |        |     |         |                    | 3,968.3   | ft <sup>3</sup> gas |

(1) 1 oil: liters of oil.

**Conversion of mass**

|    |  |          |        |            |
|----|--|----------|--------|------------|
|    |  | kilogram | pound  | metric ton |
|    |  | (kg)     | (lb)   | (t)        |
| kg |  | 1        | 2.2046 | 0.001      |
| lb |  | 0.4536   | 1      | 0.0004536  |
| t  |  | 1,000    | 22,046 | 1          |

**Conversion of length**

|    |  |        |       |        |        |
|----|--|--------|-------|--------|--------|
|    |  | meter  | inch  | foot   | yard   |
|    |  | (m)    | (in)  | (ft)   | (yd)   |
| m  |  | 1      | 39.37 | 3.281  | 1.093  |
| in |  | 0.0254 | 1     | 0.0833 | 0.0278 |
| ft |  | 0.3048 | 12    | 1      | 0.3333 |
| yd |  | 0.9144 | 36    | 3      | 1      |

**Conversion of volumes**

|                 |  |                    |        |       |                   |
|-----------------|--|--------------------|--------|-------|-------------------|
|                 |  | cubic foot         | barrel | liter | cubic meter       |
|                 |  | (ft <sup>3</sup> ) | (bbl)  | (l)   | (m <sup>3</sup> ) |
| ft <sup>3</sup> |  | 1                  | 0.1781 | 28.32 | 0.02832           |
| bbl             |  | 5.615              | 1      | 159   | 0.158984          |
| l               |  | 0.035311           | 0.0063 | 1     | 0.001             |
| m <sup>3</sup>  |  | 35.3107            | 6.2898 | 103   | 1                 |



Contents

## quarterly information

Main financial data <sup>(1)</sup>

|   | 2000      |            |             |            | 2001          |            |             |            |        |               |
|---|-----------|------------|-------------|------------|---------------|------------|-------------|------------|--------|---------------|
|   | I quarter | II quarter | III quarter | IV quarter | I quarter     | II quarter | III quarter | IV quarter |        |               |
| Net sales from operations                             | 11,814    | 10,759     | 10,730      | 14,635     | <b>47,938</b> | 13,882     | 12,136      | 10,682     | 12,572 | <b>49,272</b> |
| Operating income:                                     | 3,514     | 1,818      | 2,017       | 3,423      | <b>10,772</b> | 3,706      | 2,413       | 1,644      | 2,550  | <b>10,313</b> |
| <i>Exploration &amp; Production</i>                   | 2,047     | 1,081      | 1,283       | 2,192      | <b>6,603</b>  | 1,975      | 1,510       | 1,144      | 1,355  | <b>5,984</b>  |
| <i>Gas &amp; Power</i>                                | 1,434     | 504        | 357         | 883        | <b>3,178</b>  | 1,466      | 596         | 339        | 1,271  | <b>3,672</b>  |
| <i>Refining &amp; Marketing</i>                       | 99        | 188        | 381         | 318        | <b>986</b>    | 294        | 372         | 266        | 53     | <b>985</b>    |
| <i>Petrochemicals</i>                                 | (39)      | 71         | 8           | (36)       | <b>4</b>      | (25)       | (71)        | (124)      | (195)  | <b>(415)</b>  |
| <i>Oilfield Services Construction and Engineering</i> | 15        | 19         | 37          | 73         | <b>144</b>    | 42         | 48          | 52         | 113    | <b>255</b>    |
| <i>Other activities</i>                               |           |            |             |            |               |            |             |            |        |               |
| <i>Corporate and financial companies</i>              | (42)      | (45)       | (49)        | (7)        | <b>(143)</b>  | (46)       | (42)        | (33)       | (47)   | <b>(168)</b>  |
| Net income  |           |            |             |            |               |            |             |            |        |               |
| Capital expenditure                                   | 1,189     | 1,232      | 1,047       | 1,963      | <b>5,431</b>  | 1,182      | 1,795       | 1,616      | 2,013  | <b>6,606</b>  |
| Investments <sup>(2)</sup>                            |           | 683        |             | 3,701      | <b>4,384</b>  | 4,160      | 233         | 142        | 129    | <b>4,664</b>  |
| Net borrowings at period end                          | 4,703     | 5,820      | 7,060       | 7,742      | <b>7,742</b>  | 9,188      | 9,105       | 10,809     | 10,104 | <b>10,104</b> |

|   | 2002      |            |             |            | 2003          |            |             |            |        |               |
|---|-----------|------------|-------------|------------|---------------|------------|-------------|------------|--------|---------------|
|   | I quarter | II quarter | III quarter | IV quarter | I quarter     | II quarter | III quarter | IV quarter |        |               |
| Net sales from operations                             | 12,705    | 11,199     | 10,795      | 13,223     | <b>47,922</b> | 14,359     | 11,578      | 11,916     | 13,634 | <b>51,487</b> |
| Operating income:                                     | 2,700     | 1,875      | 1,854       | 2,073      | <b>8,502</b>  | 3,333      | 1,779       | 1,897      | 2,508  | <b>9,517</b>  |
| <i>Exploration &amp; Production</i>                   | 1,287     | 1,228      | 1,327       | 1,333      | <b>5,175</b>  | 1,735      | 1,175       | 1,457      | 1,379  | <b>5,746</b>  |
| <i>Gas &amp; Power</i>                                | 1,426     | 577        | 375         | 866        | <b>3,244</b>  | 1,529      | 539         | 390        | 1,169  | <b>3,627</b>  |
| <i>Refining &amp; Marketing</i>                       | 62        | 60         | 122         | 77         | <b>321</b>    | 117        | 208         | 151        | 107    | <b>583</b>    |
| <i>Petrochemicals</i>                                 | (68)      | 31         | 50          | (139)      | <b>(126)</b>  | (17)       | (34)        | (63)       | (62)   | <b>(176)</b>  |
| <i>Oilfield Services Construction and Engineering</i> | 86        | 73         | 73          | 66         | <b>298</b>    | 60         | 79          | 81         | 91     | <b>311</b>    |
| <i>Other activities</i>                               | (45)      | (57)       | (72)        | (40)       | <b>(214)</b>  | (33)       | (130)       | (58)       | (72)   | <b>(293)</b>  |
| <i>Corporate and financial companies</i>              | (48)      | (37)       | (21)        | (90)       | <b>(196)</b>  | (58)       | (58)        | (61)       | (104)  | <b>(281)</b>  |
| Net income  | 1,382     | 879        | 921         | 1,411      | <b>4,593</b>  | 2,006      | 1,084       | 955        | 1,540  | <b>5,585</b>  |
| Capital expenditure                                   | 1,541     | 1,919      | 2,824       | 1,764      | <b>8,048</b>  | 1,735      | 2,235       | 2,145      | 2,687  | <b>8,802</b>  |
| Investments <sup>(2)</sup>                            | 196       | 22         | 952         | 196        | <b>1,366</b>  | 3,512      | 54          | 537        | 152    | <b>4,255</b>  |
| Net borrowings at period end                          | 6,713     | 8,486      | 9,272       | 11,141     | <b>11,141</b> | 11,708     | 12,795      | 13,044     | 13,543 | <b>13,543</b> |

## 2004

| I quarter | II quarter | III quarter | IV quarter |
|-----------|------------|-------------|------------|
|-----------|------------|-------------|------------|

|  |              |              |              |              |                     |
|--|--------------|--------------|--------------|--------------|---------------------|
| Net sales from operations                | 14,710       | 13,520       | 13,695       | 16,457       | <b>58,382</b>       |
| Operating income:                        | 3,173        | 2,609        | 2,987        | 3,694        | <b>12,463</b>       |
| <i>Exploration &amp; Production</i>      | <i>1,569</i> | <i>1,790</i> | <i>2,360</i> | <i>2,298</i> | <i><b>8,017</b></i> |
| <i>Gas &amp; Power</i>                   | <i>1,572</i> | <i>595</i>   | <i>415</i>   | <i>881</i>   | <i><b>3,463</b></i> |
| <i>Refining &amp; Marketing</i>          | <i>103</i>   | <i>205</i>   | <i>247</i>   | <i>410</i>   | <i><b>965</b></i>   |
| <i>Petrochemicals</i>                    | <i>2</i>     | <i>50</i>    | <i>68</i>    | <i>151</i>   | <i><b>271</b></i>   |
| <i>Oilfield Services</i>                 |              |              |              |              |                     |
| <i>Construction and Engineering</i>      | <i>62</i>    | <i>67</i>    | <i>48</i>    | <i>83</i>    | <i><b>260</b></i>   |
| <i>Other activities</i>                  | <i>(84)</i>  | <i>(33)</i>  | <i>(69)</i>  | <i>(58)</i>  | <i><b>(244)</b></i> |
| <i>Corporate and financial companies</i> | <i>(51)</i>  | <i>(65)</i>  | <i>(82)</i>  | <i>(71)</i>  | <i><b>(269)</b></i> |
| Net income                               | 2,145        | 1,279        | 1,670        | 2,180        | <b>7,274</b>        |
| Capital expenditure                      | 1,741        | 2,022        | 1,699        | 2,041        | <b>7,503</b>        |
| Investments <sup>(2)</sup>               | 25           | 45           | 81           | 165          | <b>316</b>          |
| Net borrowings at period end             | 11,280       | 12,791       | 11,187       | 10,228       | <b>10,228</b>       |

(1) Quarterly data are unaudited.

(2) Data for year 2000 refer to investments made in the first and second half respectively.



## Key market indicators

|   | 2000      |            |             |            |              | 2001      |            |             |            |              |
|---|-----------|------------|-------------|------------|--------------|-----------|------------|-------------|------------|--------------|
|   | I quarter | II quarter | III quarter | IV quarter |              | I quarter | II quarter | III quarter | IV quarter |              |
| Average price of Brent dated crude oil <sup>(1)</sup>         | 26.90     | 26.69      | 30.44       | 29.54      | <b>28.39</b> | 25.84     | 27.33      | 25.30       | 19.38      | <b>24.46</b> |
| Average EUR/USD exchange rate                                 | 0.987     | 0.934      | 0.904       | 0.870      | <b>0.924</b> | 0.923     | 0.873      | 0.891       | 0.896      | <b>0.896</b> |
| Average price in euro of Brent dated crude oil <sup>(2)</sup> | 27.25     | 28.58      | 33.67       | 33.95      | <b>30.73</b> | 28.00     | 31.31      | 28.40       | 21.63      | <b>27.30</b> |
| Average European refining margins <sup>(3)</sup>              | 2.11      | 4.78       | 4.33        | 4.72       | <b>3.99</b>  | 2.16      | 2.31       | 1.52        | 1.87       | <b>1.97</b>  |
| Euribor %   | 3.6       | 4.3        | 4.8         | 5.0        | <b>4.4</b>   | 4.7       | 4.6        | 4.3         | 3.4        | <b>4.3</b>   |

|   | 2002      |            |             |            |              | 2003      |            |             |            |              |
|---|-----------|------------|-------------|------------|--------------|-----------|------------|-------------|------------|--------------|
|   | I quarter | II quarter | III quarter | IV quarter |              | I quarter | II quarter | III quarter | IV quarter |              |
| Average price of Brent dated crude oil <sup>(1)</sup>         | 21.14     | 25.04      | 26.95       | 26.78      | <b>24.98</b> | 31.51     | 26.03      | 28.41       | 29.42      | <b>28.84</b> |
| Average EUR/USD exchange rate                                 | 0.876     | 0.919      | 0.984       | 1.000      | <b>0.946</b> | 1.073     | 1.136      | 1.124       | 1.189      | <b>1.131</b> |
| Average price in euro of Brent dated crude oil <sup>(2)</sup> | 24.13     | 27.25      | 27.39       | 26.78      | <b>26.41</b> | 29.36     | 22.90      | 25.26       | 24.74      | <b>25.50</b> |
| Average European refining margins <sup>(3)</sup>              | 0.21      | 0.73       | 0.75        | 1.49       | <b>0.80</b>  | 3.81      | 2.17       | 2.28        | 2.34       | <b>2.65</b>  |
| Euribor %   | 3.4       | 3.4        | 3.4         | 3.1        | <b>3.3</b>   | 2.7       | 2.4        | 2.1         | 2.2        | <b>2.3</b>   |

|   | 2004      |            |             |            |              |
|---|-----------|------------|-------------|------------|--------------|
|   | I quarter | II quarter | III quarter | IV quarter |              |
| Average price of Brent dated crude oil <sup>(1)</sup>         | 31.95     | 36.36      | 41.54       | 44.01      | <b>38.22</b> |
| Average EUR/USD exchange rate                                 | 1.250     | 1.204      | 1.222       | 1.296      | <b>1.244</b> |
| Average price in euro of Brent dated crude oil <sup>(2)</sup> | 25.56     | 29.37      | 33.99       | 33.96      | <b>30.72</b> |
| Average European refining margins <sup>(3)</sup>              | 2.21      | 5.26       | 4.28        | 4.32       | <b>4.02</b>  |
| Euribor %   | 2.1       | 2.1        | 2.1         | 2.2        | <b>2.1</b>   |

(1) In USD/barrel. Source: Platt's Oilgram.

(2) Eni calculation.

(3) In US dollars per barrel FOB Mediterranean Brent crude. From 1995 lead-free gasoline. Eni elaborations on Platt's Oilgram data.





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|   |       |       |       |       |              |       |       |       |       |              |
|---|-------|-------|-------|-------|--------------|-------|-------|-------|-------|--------------|
| Production sold (mn boe)  | 132.8 | 123.3 | 124.7 | 142.5 | <b>523.3</b> | 128.6 | 138.7 | 141.2 | 147.7 | <b>556.2</b> |
| Sales of natural gas to third parties (bn cm)                   | 21.88 | 12.75 | 11.28 | 18.21 | <b>64.12</b> | 23.54 | 13.79 | 11.84 | 20.32 | <b>69.49</b> |
| Own consumption of natural gas (bn cm)                          | 0.51  | 0.50  | 0.50  | 0.51  | <b>2.02</b>  | 0.51  | 0.39  | 0.40  | 0.60  | <b>1.90</b>  |
| Sales to third parties and own consumption (bn cm)              | 22.39 | 13.25 | 11.78 | 18.72 | <b>66.14</b> | 24.05 | 14.18 | 12.24 | 20.92 | <b>71.39</b> |
| Sales of natural gas of Eni's affiliates (net to Eni) (bn cm)   |       |       |       |       | <b>2.40</b>  | 1.16  | 2.18  | 1.42  | 2.18  | <b>6.94</b>  |
| Total sales and own consumption of natural gas (bn cm)          | 22.39 | 13.25 | 11.78 | 18.72 | <b>68.54</b> | 25.21 | 16.36 | 13.66 | 23.10 | <b>78.33</b> |
| Volumes transported on behalf of third parties in Italy (bn cm) | 4.55  | 4.79  | 4.94  | 5.56  | <b>19.84</b> | 5.90  | 6.28  | 5.87  | 6.58  | <b>24.63</b> |
| Electricity sales (TWh)   | 1.37  | 1.24  | 1.06  | 1.34  | <b>5.01</b>  | 1.26  | 1.25  | 1.16  | 1.88  | <b>5.55</b>  |
| Sales of refined products (mn ton):                             | 12.22 | 13.42 | 13.20 | 13.18 | <b>52.24</b> | 11.82 | 12.50 | 12.32 | 13.27 | <b>50.43</b> |
| <i>Retail sales in Italy</i>                                    | 2.67  | 2.81  | 2.87  | 2.79  | <b>11.14</b> | 2.57  | 2.81  | 2.84  | 2.77  | <b>10.99</b> |
| <i>Wholesale sales in Italy</i>                                 | 2.66  | 2.54  | 2.55  | 2.89  | <b>10.64</b> | 2.50  | 2.48  | 2.45  | 2.92  | <b>10.35</b> |
| <i>Retail sales outside Italy</i>                               | 0.96  | 1.05  | 1.00  | 1.00  | <b>4.01</b>  | 0.88  | 1.02  | 1.18  | 1.12  | <b>4.20</b>  |
| - <i>Rest of Europe</i>   | 0.58  | 0.64  | 0.69  | 0.66  | <b>2.57</b>  | 0.61  | 0.72  | 0.88  | 0.81  | <b>3.02</b>  |
| - <i>Africa and Brazil</i>                                      | 0.38  | 0.41  | 0.31  | 0.34  | <b>1.44</b>  | 0.27  | 0.30  | 0.30  | 0.31  | <b>1.18</b>  |
| <i>Wholesale sales outside Italy</i>                            | 1.29  | 1.32  | 1.59  | 1.45  | <b>5.65</b>  | 1.44  | 1.57  | 1.55  | 1.45  | <b>6.01</b>  |
| <i>Other sales</i>  | 4.70  | 5.75  | 5.25  | 5.10  | <b>20.80</b> | 4.56  | 4.75  | 4.43  | 5.14  | <b>18.88</b> |

*continues* Main operating data

|   | 2004         |               |                |               |              |
|---|--------------|---------------|----------------|---------------|--------------|
|   | I<br>quarter | II<br>quarter | III<br>quarter | IV<br>quarter |              |
| Daily production of oil (th bbls/d)                             | 1,016        | 1,026         | 1,003          | 1,090         | <b>1,034</b> |
| Daily production of natural gas (th boe/d)                      | 612          | 595           | 542            | 614           | <b>590</b>   |
| Daily production of hydrocarbons (th boe/d)                     | 1,628        | 1,621         | 1,545          | 1,704         | <b>1,624</b> |
| <i>Italy</i>  | 278          | 263           | 271            | 272           | <b>271</b>   |
| <i>North Africa</i>   | 367          | 374           | 367            | 411           | <b>380</b>   |
| <i>West Africa</i>  | 301          | 302           | 320            | 339           | <b>316</b>   |
| <i>North Sea</i>  | 334          | 335           | 258            | 306           | <b>308</b>   |
| <i>Rest of World</i>  | 348          | 347           | 329            | 376           | <b>349</b>   |
| Production sold (mn boe)  | 143.3        | 140.5         | 139.8          | 152.9         | <b>576.5</b> |
| Sales of natural gas to third parties (bn cm)                   | 24.99        | 15.33         | 12.76          | 20.35         | <b>73.43</b> |
| Own consumption of natural gas (bn cm)                          | 0.79         | 0.87          | 0.99           | 1.05          | <b>3.70</b>  |
| Sales to third parties and own consumption (bn cm)              | 25.78        | 16.20         | 13.75          | 21.40         | <b>77.13</b> |
| Sales of natural gas of Eni's affiliates (net to Eni) (bn cm)   | 2.06         | 1.64          | 1.47           | 2.15          | <b>7.32</b>  |
| Total sales and own consumption of natural gas (bn cm)          | 27.84        | 17.84         | 15.22          | 23.55         | <b>84.45</b> |
| Volumes transported on behalf of third parties in Italy (bn cm) | 6.89         | 7.20          | 6.70           | 7.47          | <b>28.26</b> |
| Electricity sales (TWh)   | 2.51         | 3.57          | 3.56           | 4.21          | <b>13.85</b> |
| Sales of refined products (mn ton):                             | 12.98        | 14.60         | 13.32          | 12.64         | <b>53.54</b> |
| <i>Retail sales in Italy</i>                                    | 2.55         | 2.78          | 2.83           | 2.77          | <b>10.93</b> |
| <i>Wholesale sales in Italy</i>                                 | 2.56         | 2.58          | 2.65           | 2.91          | <b>10.70</b> |
| <i>Retail sales outside Italy</i>                               | 1.08         | 1.15          | 0.93           | 0.88          | <b>4.04</b>  |
| - <i>Rest of Europe</i>   | 0.80         | 0.86          | 0.93           | 0.88          | <b>3.47</b>  |
| - <i>Africa and Brazil</i>                                      | 0.28         | 0.29          |                |               | <b>0.57</b>  |
| <i>Wholesale sales outside Italy</i>                            | 1.39         | 1.65          | 1.10           | 1.16          | <b>5.30</b>  |
| <i>Other sales</i>  | 5.40         | 6.44          | 5.81           | 4.92          | <b>22.57</b> |

115

ENI

FACT BOOK 2004

QUARTERLY  
INFORMATION

**Contents**

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Fact Book (in Italian and English)  
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