



**For Immediate Release  
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### **PERU LNG inaugurates the first natural gas liquefaction (LNG) plant in South America**

- Peru becomes a leading player in the regional energy sector.*
- The startup of the Melchorita Plant also incorporates the commissioning a 408-km pipeline and a marine terminal.*

On June 10<sup>th</sup> the first natural gas liquefaction plant in South America was officially inaugurated. At US\$3.8 billion in investment, PERU LNG represents the largest investment in one single project ever made in Peru.

President Alan García Pérez, several government authorities, political, business and opinion leaders, along with the many Peruvians that work at the Plant, attended the official opening of the Melchorita Plant, located at km. 170 of the South Pan American Highway.

The start of operations at Melchorita launches Peru into a new era, one in which the high level of investor confidence and legal and economic stability act as a magnet for mega investment projects. The startup of PERU LNG represents the opportunity to continue the current economic growth trend and reassert the country's reputation as a thriving and safe destination for investment.

As a result of this project, Peru's gross domestic product expanded 2% during the construction phase (2006-2010) and over 30,000 jobs were generated. Looking forward, forecasts predict that the Peruvian State will receive approximately US\$ 310 million a year due to the Project.

The Melchorita Plant will produce liquefied natural gas (LNG) through a purification and cooling process which will reduce the gas volume by 600 times, which facilitates its storage and transport. The plant has a nominal capacity of 4.4 million tons per year and will process 620 MMcfd of natural gas.

In addition, at the plant site are the two largest storage tanks in Peru (each stores 130,000 m<sup>3</sup> of LNG) and a marine terminal that stretches more than 1 kilometer long and will receive tankers of 90,000 to 173,000 m<sup>3</sup> each.

The Melchorita Plant is the result of a decade of planning and development, which includes the installation of important pipeline infrastructure that will also serve the Peruvian market. Thanks to an agreement signed with TGP and recently approved by the Ministry of Energy and Mines, the PERU LNG pipeline will provide up to 550 MMcfd of transport capacity for the Peruvian market, which will clear up the bottleneck of gas transportation to bring more gas to power generation companies, industrial companies, vehicles running on natural gas, and Peruvian homes using natural gas for heat.

### **The Consortium**

Four world-class energy companies form the PERU LNG consortium: Hunt Oil Company of the United States, with a 50% participating interest; SK Energy of South Korea, with a 20% participating interest; Repsol of Spain, also with a 20% participating interest; and Marubeni Corporation of Japan, with a 10% participating interest.

This consortium was specifically set up to develop, build, and operate the PERU LNG Project. Several experienced construction contractors were hired to make this Project a reality: Chicago Bridge & Iron (CB&I) in charge of the plant's engineering,

procurement and construction (EPC); the CDB consortium (Saipem, Jan de Nul and Odebrecht) in charge of the marine terminal engineering, procurement and construction (EPC), and Techint responsible for installation of the pipeline. Several Peruvian companies like Graña & Montero, Cosapi, Translei, Minera San Martin, Cosmos, Aceros Arequipa, Tecnicas Metalicas, Esmetal and Sima, among many others, have also contributed to the project.

The project received financing of US\$2.25 billion in total, which includes financing from highly reputed international entities, as well as financing from the local Peruvian market. The international financing comes from the Inter American Development Bank (IADB), the International Finance Corporation (IFC) of the World Bank, the Export-Import Bank of the United States, the Export-Import Bank of Korea, the Italian Credit Export Credit Agency (SACE), Société Générale, BBVA, Crédit Agricole-CIB, Sumitomo, ING, Mizuho, and the Bank of Tokyo-Mitsubishi. In addition, a successful US \$200 million bond offering was made in the local market to secure more capital. Banco de Credito del Peru and Scotiabank Peru provided a US\$75 million working capital facility and the partner companies made a US\$1.6 billion capital contribution.

### **Social responsibility**

During the construction period (2006-2010), approximately US\$20 million was invested in social and environmental programs. The highest national and international standards were implemented to ensure exemplary performance, demonstrating the project's commitment to respect the environment and local culture in all activities.

More than 20,000 families have benefitted from the range of social responsibility programs implemented by PERU LNG. Exemplary programs have been implemented as part of this commitment, such as Allin Minkay, which promotes agricultural and livestock competitiveness in the Andean highlands and ForPyme, which strengthens small and medium size enterprises in the coastal area.

In addition, extensive environmental programs have been implemented along the entire pipeline area and near the plant. These biodiversity and conservation programs not only meet, but surpass, the highest national and international environmental standards.

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