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ARPECHIM TO INCREASE CAPABILITY FOR PRODUCING LOW SULPHUR FUELS

- **New investments of EUR 42 mn for the production of low sulfur fuels**
- **A new unit to improve the production of low sulfur fuels and to decrease air emissions**
- **Approximately EUR 1 bn are allocated to the modernization of refineries up to 2010**

Petrom, the largest oil and gas producer in South Eastern Europe, is strongly investing in the modernization of its own refineries in order to produce high quality products. Part of this modernization process, a new Vacuum Distillate Hydrotreating unit is being commissioned in Arpechim. The EUR 42 mn unit will allow the production of low-sulfur products in accordance with European standards and moreover it will significantly reduce air emissions. “At Petrom, we are rapidly moving forward with the modernization of our refineries, and we expect to invest around one billion euros in this effort between now and 2010. The new HDV unit at Arpechim is a visible result of the investment program.”, said Mr. Jeffrey Rinker, member of the Managing Committee responsible of Refining and petrochemicals.

The Vacuum Distillate Hydrotreating unit is part of the technological flow for the production of fuels. With a capacity of 1,200,000 tons/year, the new plant reduces the sulfur content to less than 500 ppm (parts per million), thus making it possible to produce low sulfur fuels (gasoline, diesel, heavy fuels) in accordance with the industry EU standards.

The Vacuum Distillate Hydrotreating unit is being commissioned in the first quarter of this year and will improve the production volume as the gasoline obtaining rate will be significantly increased.

In addition, the air emissions in regenerated gas will be reduced as per the European Union Directives concerning the pollution prevention and control. Thus, the exhaust gas will not contain as much sulfur compounds.

The Vacuum Distillate Hydrotreating Unit of Arpechim refinery was designed and built by SK&EC-LG International Korea.

“The commissioning of this plant is a real success of the Refining division of Petrom. We have very skilled technical and operations staff in the refineries, and it is because of their efforts that the commissioning is proceeding so well. We are also very grateful to SK for successfully managing the engineering and construction of this project to a very demanding schedule”, added Jeffrey Rinker.

Petrom, the largest refining operator in Romania

With its two refineries, Petrobrazi and Arpechim, Petrom holds a refining capacity of 8 million tons per year.

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In addition to the processing crude units, petrochemical plants produce a wide range of chemical and petrochemical products. Arpechim is the dominant producer of petrochemical products in Romania, and the unique Romanian supplier for ethylene. Presently, both refineries produce fuels in accordance with the European standards of quality and environment. In 2005, both refineries obtained the integrated environment authorization in accordance with the Romanian legislation for industry.

Petrom's objectives in Refining aim at increasing the performance level of the refineries through extensive modernization processes. Until 2010, the refineries utilization (currently 80%) will go up to 95% due to optimized asset utilization. The emissions of the refineries are constantly monitored and the sustained investments will allow their reduction.

Background Information

Petrom SA

Petrom is the largest Romanian oil and gas group, with activities in the business segments of Exploration and Production, Refining and Petrochemicals, as well as Sales and Marketing. Petrom has estimated oil and gas reserves of 1 billion boe, refining capacity of 8 million metric tons and 600 filling stations. In 2004 the sales revenue of Petrom was EUR 2,143 million, EBITDA was EUR 28 million. Since December 2004 OMV, the leading oil and gas group in Central Europe holds a 51% share in Petrom. OMV is active in Refining and Marketing, Exploration and Production, Gas as well as Chemicals in 28 countries on five continents. The Romanian state holds 40.74% of Petrom shares, the European Bank for Reconstruction and Development, 2.03% and 6.23% are owned by minority shareholders.

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