Ministry of Economic Development

DEPARTMENT FOR COMPETITIVENESS

Directorate General for Energy and Mining Resources (DGERM)

National Office for Mining, Hydrocarbons and Geothermal Resources (UNMIG)

UNMIG Report

Exploration and Production of Hydrocarbons in Italy

Year 2007

June 2008

Introduction

Every year UNMIG[1] Report depicts the state of hydrocarbons E&P in Italy.

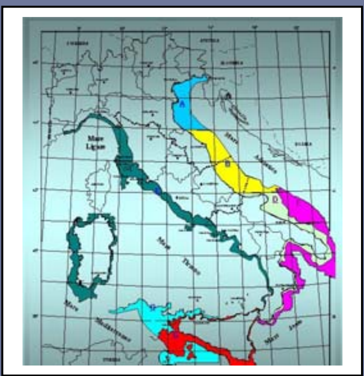
The contribution of domestic reservoirs (both onshore and offshore) to Italian energy balance is not negligible: nearly 6% of oil and 12% of gas consumptions are covered by domestic production. Besides the commercial value of extracted hydrocarbons, the existence of a national upstream sector implies a number of companies working in the field. Their scientific and technological know-how is an important asset for the Country.

In 2007, oil and gas production was similar to the one recorded in 2006. However, the upstream sector is not in good health. Producing gas reservoirs are ageing; in several areas of the Country exploration is not allowed, neither exploitation of proven reserves is. Discovered resources turn into production too slowly.

The main reason for such situation is the hostility of local communities towards E&P activities, which cannot be foreseen by town-planning rules and imply high levels of perceived environmental impact.

The offshore natural gas production (which is the principal share of domestic production) has been decaying for many years, since new discoveries do not balance the depletion of older reservoirs. In the Basilicata Region, new large oil fields have been discovered, but their development has been going on slowly for a long time. So the decay in production from older fields is hardly balanced, and the domestic oil production remains stable around 5 and 6 million tons per year.

It is well known that exploration activities require large investments with high financial risk. It is believed that in Italy good discovery chances still exist and, due to the present high price of oil&gas, the interest in research activities is rising again: this is demonstrated by an increased number of applications for exploration licenses. On the other hand, since bureaucratic procedures are still long and complex, and the rules for obtaining licenses remain uncertain, big companies are likely to turn their interest to countries where discoveries are more likely to be made and production costs may be lower.



[1] UNMIG (National Office for Mining, Hydrocarbons and Geothermal Resources) operates within the Ministry of Economic Development. It was created in 1957 by the law that ruled domestic upstream activities, following the first, encouraging AGIP's discoveries in the early Fifties. UNMIG's mission is to ensure that Italian oil and gas fields are properly exploited, and that companies fulfil all requirements concerning workers' health and safety. This dual task is carried out by a central administrative structure in Rome and three peripheral offices (Bologna, Rome and Naples). Every year, UNMIG publishes a report on the state of upstream activities; such reports are available on line at http://unmig.sviluppoeconomico.gov.it.

Ministero dello Sviluppo Economico
Department for Competitiveness
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1. Prospecting and exploration

In 2007, 10 exploration wells were drilled in Italy (9 onshore and 1 offshore), for a total of 19’500 drilled meters; such figures are significantly lower than those recorded in 2006 (-28%). Average depth of exploration wells has been about 1950 m.

28 wells were drilled for production, for a total of about 51’000 m. Such value is similar to the one recorded in 2006.

2. Exploration and discoveries

In 2007, 3 discoveries were made in Abruzzo, in areas where previously planned activities had been delayed due to operational and administrative reasons.

3. Mining licenses

As at December 31st, 2007, 90 exploration licenses were in force (58 onshore and 32 offshore), totalling about 35’658 km² (21’002 onshore and 14’656 offshore). 195 production licenses were effective (129 onshore and 66 offshore), totalling about 18’953 km² (9’480 onshore and 9’373 offshore). Such data are described in detail in the tables below.

Onshore exploration licenses spread over about 10% of the national territory. Emilia Romagna, Abruzzo, Piemonte, Basilicata, Lombardia, Lazio, Sicilia, Marche are the Regions where most permits are located.

Offshore, in the sea zones that are subject to national jurisdiction and have been opened to E&P activities, more than 1500 wells have been drilled so far and more than 100 platforms are operating. At the moment, the majority of offshore licenses is concentrated in the A and B zones, in the Adriatic sea.

Compared to 2006, the total number of E&P licenses has slightly decreased (285 vs. 289). However, compared to 1998 (when the legislative decree 625/96 started to rule the new liberalized licensing procedures), a more significant decrease can be observed (nearly 30%).

Recently, evidence has been observed of a renewed interest in exploration, mostly driven by small companies attracted by the high price of crude oil. In 2007, 48 new applications were submitted for exploration licenses (41 onshore and 7 offshore). 113 more applications had been already submitted, but are still being processed.

In accordance with law No. 239/2004, the administrative tools named “Unique Procedure” and “Conference of Administrations” are being used in the licensing process. Nevertheless, authorities involved have often different points of view and therefore achieving consensus is difficult. In 2007, only 9 exploration licenses were granted (4 onshore and 5 offshore), while no new production licenses were granted.

4. Gas production

In 2007, 9.6 billion Sm³ of natural gas have been produced (-11% compared to 2006), confirming the constant decrease in production that has been experienced since 1994, when the peak production was achieved (20,6 billion Sm³). Such trend depends on the natural depletion of older fields, which is not balanced by new producing reservoirs.

Most of the reduction in production which occurred in 2007 has to be blamed on the ageing of offshore reservoirs, which however still provide the largest share (about 75%) of the total domestic production. More precisely, the “A zone” of the Adriatic sea still provides 53% of the total extracted gas. Onshore, the Regions contributing the most are Basilicata, Puglia, Sicilia, Emilia Romagna, Molise, Marche and Abruzzo.

5. Oil production

In 2007, 5.84 million metric tons of oil were produced. This figure is slightly larger than the value recorded in 2006 (+1.4%). Neglecting the peak achieved in 2005 (6.08 million tons), the 2007 production has been the largest over the last 20 years.

Nearly 87% of domestic oil is extracted onshore, mostly from the Basilicata (75%) and Sicilia fields. On the other hand, depletion of the fields in Piemonte is rapidly going on.

A significant increase in production is expected in the coming years, following the start of exploitation of Tempa Rossa reservoir, in Basilicata. For such field an agreement has been finally reached between the Companies and the local Authorities.

6. Reserves

The general, negative trend of recoverable gas reserves that has been recorded in recent years is confirmed. In 1991, exploitable gas reserves were about 370 billion Sm^3, while now they have more than halved. Despite the decreasing production, even the ratio between annual production and reserves (i.e. the residual life of the reserves themselves) is continuously decreasing: in 1991 it was estimated in 21 years, whereas the current figure is 14 years.

Therefore, the problem of the lack of new gas reservoirs discoveries is increasing. About 68% of existing reserves is offshore, especially in the A zone, in the Northern Adriatic sea, where about 53% of production comes from. In this area, environmental concerns related to land subsidence induced by hydrocarbons production are discouraging new exploration investments. This happens not only offshore, but also in the surrounding coast.

Concerning oil, the variation of reserves in recent years is less worrying: according to the Companies' estimates, recoverable reserves as at December 31st, 2007, were about 116 millions of tons, 6% more than the previous year. Such increase has been due mostly to refinement of previous estimates for reservoirs in Southern Italy and in Sicilia.

7. Royalties

Decreasing oil and gas production has led to a corresponding smaller quantity of hydrocarbons due as royalties. However, this has been more than balanced by the increase in prices; as a consequence, there has been a rise in the financial income for the State, after all.

For the first time, royalties coming from gas production in 2006 have been sold on the gas market. This new procedure has led to a larger income compared to the pricing method previously in use. On the other hand, such innovative procedure no longer allows a direct correlation to be established between produced gas and corresponding royalties in financial terms.

Concerning oil, no change has occurred with respect to procedures already in use.

8. Gas storage

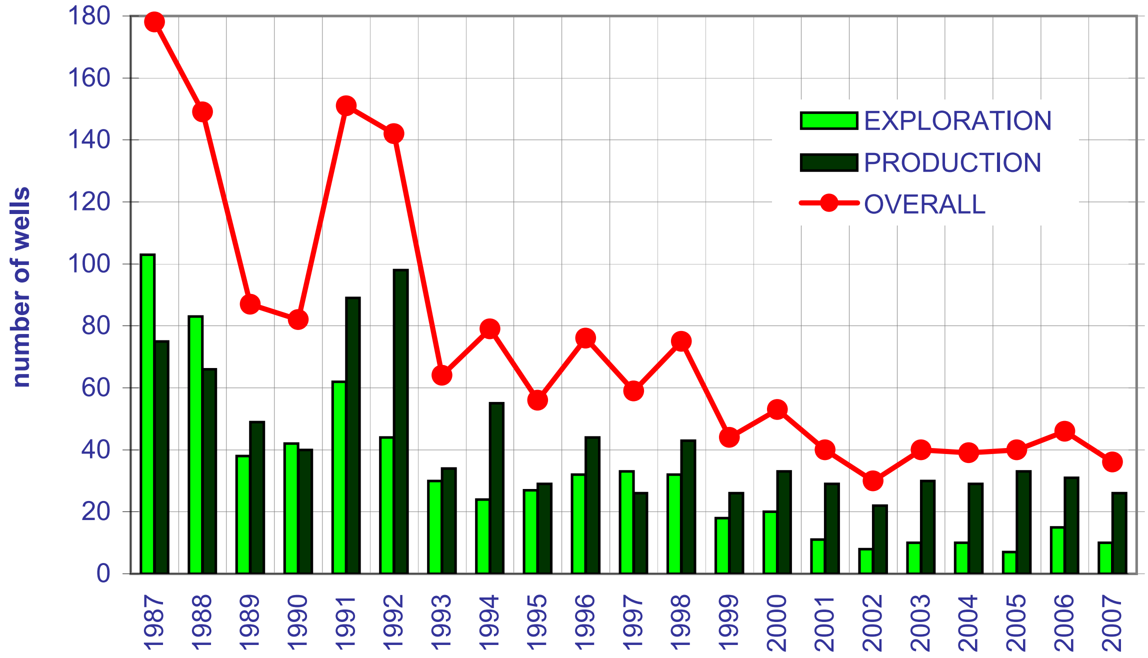
At the moment, 10 storage fields are operating in Italy, totalling about 9 billion Sm^3 of commercial working capacity. Applications for new storage plants have already been submitted.

Priority for the use of storage for modulation is given to the production and exploitation of gas fields, with certain limits to allow domestic producers the same degree of modulation available to importers using flexibility of import contracts.

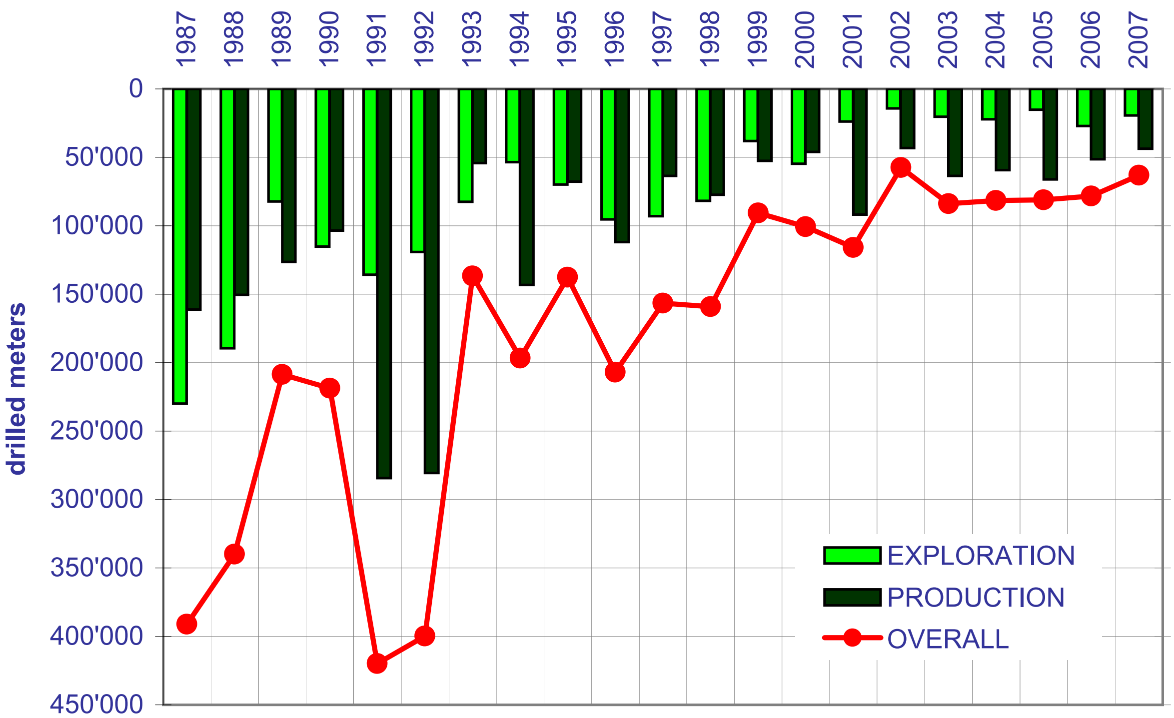
Drilling activities - years 1987-2007

YEAR	EXPLORATION							PRODUCTION & OTHER PURPOSES							OVERALL		
	ONSHORE		OFFSHORE		TOTAL			ONSHORE		OFFSHORE		TOTAL					
	Number of wells	Meters drilled	Number of wells	Meters drilled	Number of wells	Meters drilled	average wells dep							pth	Number of wells	Meters drilled	average wells depth
1987	84	174'168	19	55'784	103	229'952	2'233	34	61'118	41	100'134	75	161'252	2'150	178	391'204	2'198
1988	59	136'697	24	52'690	83	189'387	2'282	15	35'990	51	114'507	66	150'497	2'280	149	339'884	2'281
1989	29	58'586	9	23'600	38	82'186	2'163	17	50'301	32	76'074	49	126'375	2'579	87	208'561	2'397
1990	28	78'179	14	36'989	42	115'168	2'742	16	42'755	24	60'688	40	103'443	2'586	82	218'611	2'666
1991	36	83'547	26	52'094	62	135'641	2'188	35	97'161	54	187'105	89	284'266	3'194	151	419'907	2'781
1992	29	79'363	15	39'718	44	119'081	2'706	25	57'642	73	222'934	98	280'576	2'863	142	399'657	2'814
1993	24	72'426	6	10'123	30	82'549	2'752	13	16'770	21	37'414	34	54'184	1'594	64	136'733	2'136
1994	14	30'142	10	23'467	24	53'609	2'234	9	14'447	46	128'733	55	143'180	2'603	79	196'789	2'491
1995	19	55'017	8	14'793	27	69'810	2'586	19	41'380	10	26'375	29	67'755	2'336	56	137'565	2'457
1996	22	67'664	10	27'550	32	95'214	2'975	17	23'920	27	87'911	44	111'831	2'542	76	207'045	2'724
1997	22	62'800	11	30'266	33	93'066	2'820	16	34'259	10	29'285	26	63'544	2'444	59	156'610	2'654
1998	23	62'962	9	18'794	32	81'756	2'555	26	35'912	17	41'448	43	77'360	1'799	75	159'116	2'122
1999	12	25'763	6	12'374	18	38'137	2'119	14	24'476	12	28'086	26	52'562	2'022	44	90'699	2'061
2000	14	35'721	6	19'065	20	54'786	2'739	14	18'949	19	27'058	33	46'007	1'394	53	100'793	1'902
2001	9	21'610	2	2'325	11	23'935	2'176	14	52'781	15	39'086	29	91'867	3'168	40	115'802	2'895
2002	3	3'016	5	11'200	8	14'216	1'777	15	23'506	7	19'699	22	43'205	1'964	30	57'421	1'914
2003	5	11'576	5	8'658	10	20'234	2'023	9	35'182	21	28'380	30	63'562	2'119	40	83'796	2'095
2004	10	22'223	0	0	10	22'223	2'222	7	18'105	22	41'189	29	59'294	2'045	39	81'517	2'090
2005	7	15'085	0	0	7	15'085	2'155	9	16'632	24	49'399	33	66'031	2'001	40	81'116	2'028
2006	12	17'906	3	9'139	15	27'045	1'803	14	21'597	17	29'714	31	51'311	1'655	46	78'356	1'703
2007	**9**	**15'925**	**1**	**3'517**	**10**	**19'442**	**1'944**	**13**	**17'886**	**15**	**33'027**	**28**	**50'913**	**1'818**	**38**	**70'355**	**1'851**

NUMBER OF DRILLED WELLS: YEARS 1987-2007



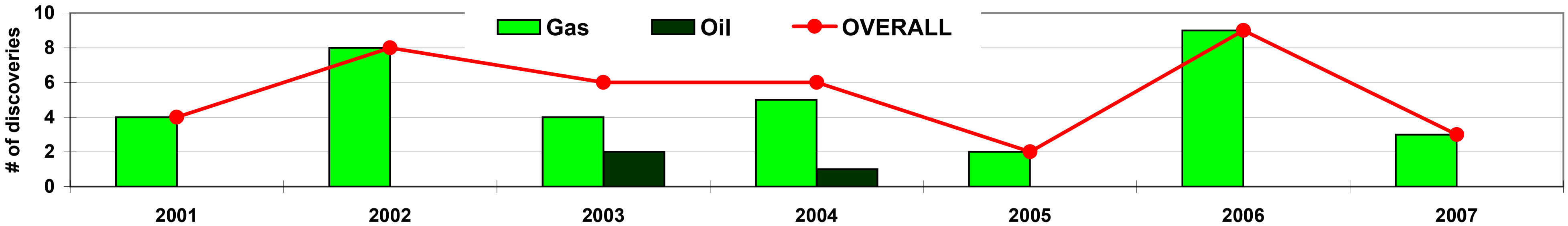
DRILLED METERS: YEARS 1987 - 2007



DISCOVERIES
years 2001-2007

☼ Gas
● Oil

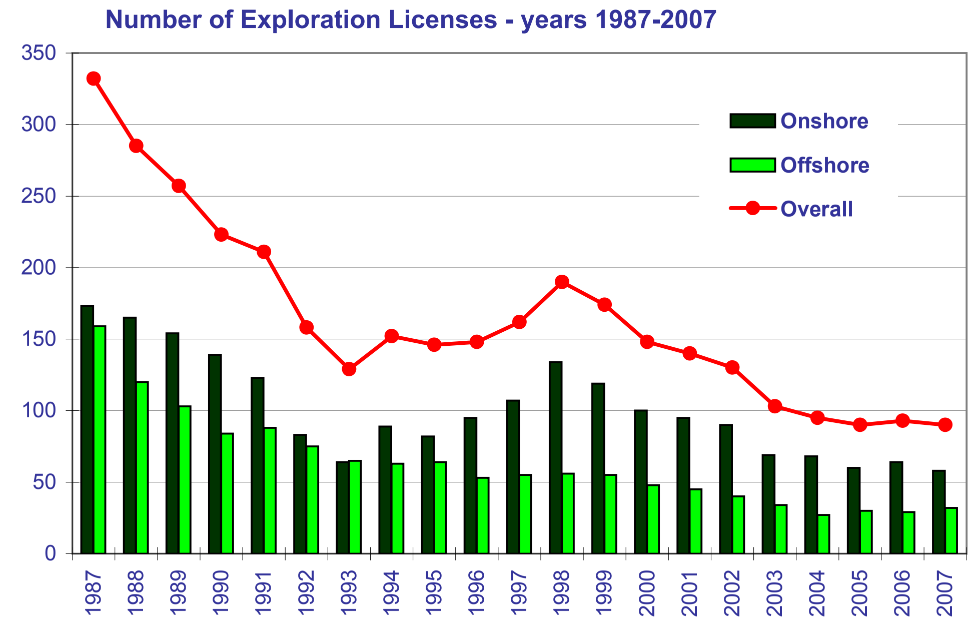
		2001	2002	2003	2004	2005	2006	2007
ONSHORE		☼ Masseria Petrulla 1 (MT) ☼ Miglianico 1 (CH)	☼ Agosta 1dir (FE) ☼ Fonte Filippo 1 dir (CH) ☼ Muzza 4dirA (MO) ☼ San Pietro SW 1 (AN)	● Agri 1 (PZ) ● Agri 1orA (PZ) ☼ Capparuccia 1dir (AP)	☼ Abbadesse 001 DIR (RA) ☼ Civita 001 DIR (FG) ☼ Monte dell'Aquila 001 DIR (CT) ☼ Monte Guzzo 001 DIR ☼ Santa Maddalena 001 DIR (BO) ● Tresauro 001 DIR (RG)	☼ Vitalba 001 (CR) ☼ Mezzocolle 001 DIR (BO)	☼ Codogno 001 DIR ☼ Colle Sciarra 001 DIR A ☼ Filici 001 DIR A ☼ Fonte Filippo Sud Est 001 ☼ Longanesi 001 ☼ Ripalta 61 OR ☼ Vitalba 001 DIR	☼ Colle Sciarra 001 DIR B (PE) ☼ Monte Pallano 001 DIR (CH) ☼ Monte Pallano 002 DIR (CH)
OFFSHORE	A Zone	☼ Fauzia 1		☼ Annamaria 2 ☼ Armida 1dirA				
	B Zone		☼ Calipso 3dirA ☼ Calipso 4dirA ☼ Didone 2					
	C Zone							
	D Zone							
	E Zone							
	F Zone	☼					☼ BENEDETTA 001 DIR	
	G Zone		☼ Panda 1	☼ Panda Ovest 1			☼ ARGO 001	

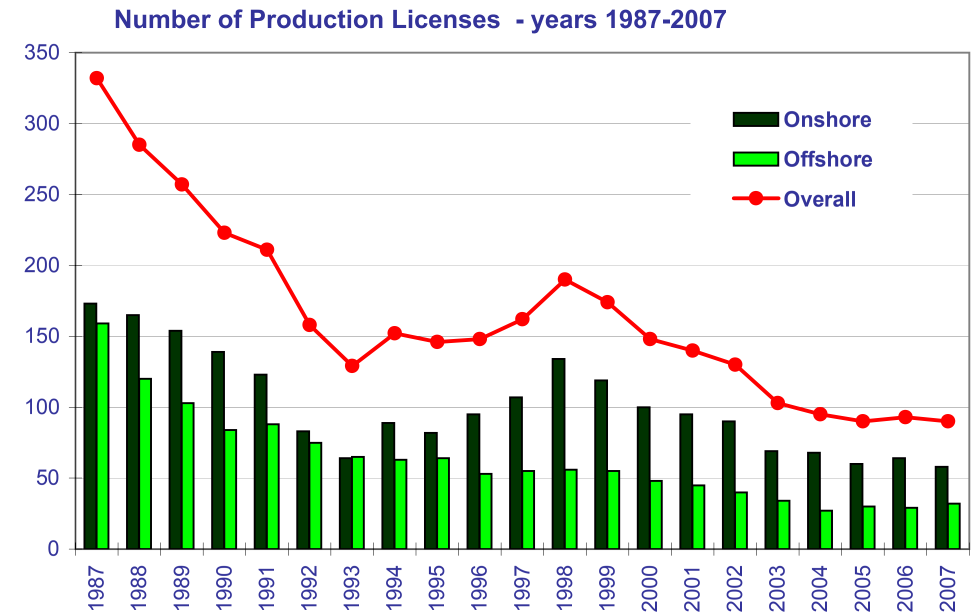



DISCOVERIES
YEARS 2000 - 2007
KEY
GAS
OIL
Discoveries in the year 2007 in red
MARE ADRIATICO
GENOVA
MARE TIRRENO
COLLE SCIARRA 1 DIR A-B
MONTE PALLANO 1-2DIR
MARE ADRIATICO
MARE TIRRENO
MARE JONIO
STRETTO DI SICILIA

Mining licenses for hydrocarbons
Years 1987 - 2007

	EXPLORATION PERMITS			PRODUCTION CONCESSIONS			
	Onshore	Offshore	Total	Onshore	Offshore	Total	Total
1987	173	159	332	107	46	153	485
1988	165	120	285	113	46	159	444
1989	154	103	257	120	51	171	428
1990	139	84	223	123	52	175	398
1991	123	88	211	129	52	181	392
1992	83	75	158	135	54	189	347
1993	64	65	129	138	54	192	321
1994	89	63	152	133	58	191	343
1995	82	64	146	126	58	184	330
1996	95	53	148	125	57	182	330
1997	107	55	162	137	59	196	358
1998	134	56	190	156	67	223	413
1999	119	55	174	153	68	221	395
2000	100	48	148	150	69	219	367
2001	95	45	140	135	69	204	344
2002	90	40	130	146	69	215	345
2003	69	34	103	140	69	209	312
2004	68	27	95	140	69	209	304
2005	60	30	90	133	66	199	289
2006	64	29	93	129	67	196	289
2007	58	32	90	129	66	195	285





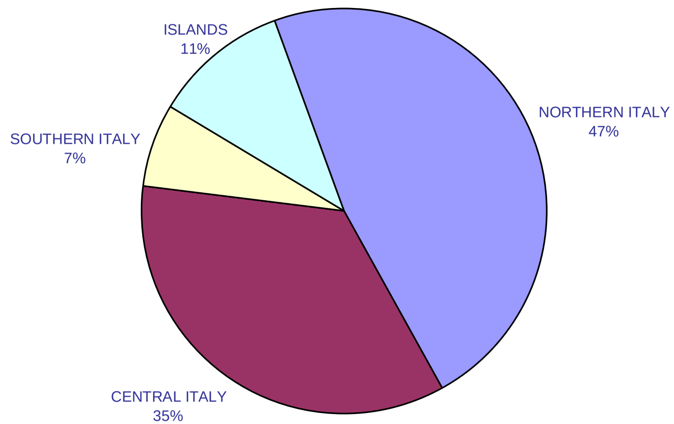
Onshore licenses

Data as at December 31st, 2007

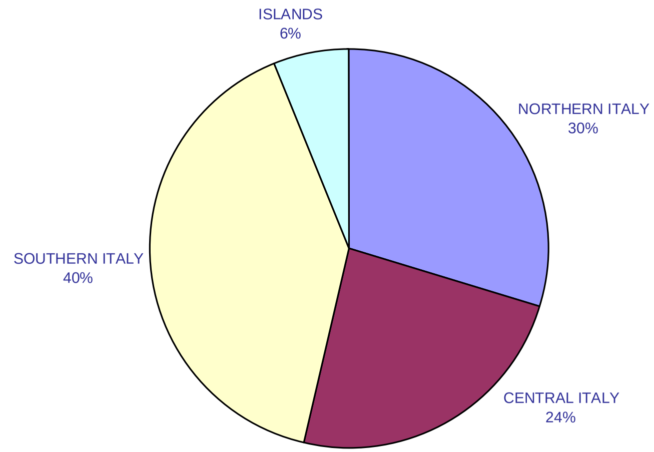
REGIONS	Regional Area (km²)	EXPLORATION LICENSES Number (-)	EXPLORATION LICENSES area (Km²)	EXPLORATION LICENSES % of Region's area	PRODUCTION LICENSES Number (-)	PRODUCTION LICENSES area (Km²)	PRODUCTION LICENSES % of Region's area	OVERALL total area (km²)	OVERALL % of Region's area
VALLE D'AOSTA	3'266	0	0	0.0%	0	0	0.0%	0.00	0.0%
PIEMONTE	25'398	7	3'265.26	12.9%	1	77.71	0.3%	3'342.97	13.2%
LIGURIA	5'421	0	0.00	0.0%	0	0.00	0.0%	0.00	0.0%
LOMBARDIA	23'861	6	2'270.82	9.5%	12	973.66	4.1%	3'244.48	13.6%
TRENTINO-ALTO ADIGE	13'599	0	0.00	0.0%	0	0.00	0.0%	0.00	0.0%
VENETO	18'390	0	0.30	0.0%	1	164.32	0.9%	164.62	0.9%
FRIULI-VENEZIA GIULIA	7'712	0	0.00	0.0%	0	0.00	0.0%	0.00	0.0%
EMILIA-ROMAGNA	22'122	12	4'440.46	20.1%	34	1'589.78	7.2%	6'030.24	27.3%
NORTHERN ITALY	**119'769**	**25**	**9'976.84**	8.3%	**48**	**2'805.47**	**2.3%**	**12'782.31**	10.7%
TOSCANA	22'990	0	0.00	0.0%	2	307.84	1.3%	307.84	1.3%
MARCHE	9'695	3	786.83	8.1%	17	1'107.06	11.4%	1'893.89	19.5%
UMBRIA	8'454	0	0.00	0.0%	0	0.00	0.0%	0.00	0.0%
LAZIO	17'210	5	3'151.35	18.3%	1	41.14	0.2%	3'192.49	18.6%
ABRUZZO	10'793	10	3'239.02	30.0%	6	491.20	4.6%	3'730.22	34.6%
MOLISE	4'438	1	163.72	3.7%	4	336.19	7.6%	499.91	11.3%
CENTRAL ITALY	**73'580**	**19**	**7'340.92**	10.0%	**30**	**2'283.43**	**3.1%**	**9'624.35**	13.1%
CAMPANIA	13'592	0	73.97	0.5%	1	347.30	2.6%	421.27	3.1%
PUGLIA	19'364	1	154.55	0.8%	14	1'253.31	6.5%	1'407.86	7.3%
BASILICATA	9'992	9	1'209.54	12.1%	21	2'120.89	21.2%	3'330.43	33.3%
CALABRIA	15'083	0	0.00	0.0%	2	103.43	0.7%	103.43	0.7%
SOUTHERN ITALY	**58'031**	**10**	**1'438.06**	2.5%	**38**	**3'824.93**	**6.6%**	**5'262.99**	9.1%
SICILIA	25'701	4	2'246.35	8.7%	13	566.64	2.2%	2'812.99	10.9%
SARDEGNA	24'090	0	0.00	0.0%	0	0.00	0.0%	0.00	0.0%
ISLANDS	**49'791**	**4**	**2'246**	4.5%	**13**	**566.64**	**1.1%**	**2'812.99**	5.6%
OVERALL	**301'171**	**58**	**21'002.17**	**7.0%**	**129**	**9'480.47**	**3.1%**	**30'482.64**	10.1%

N.B.
In case of licenses extending over two or more zones, the surface shares are attributed to the zones they belong to, while the mining unit is assigned to the zone including the largest surface share.

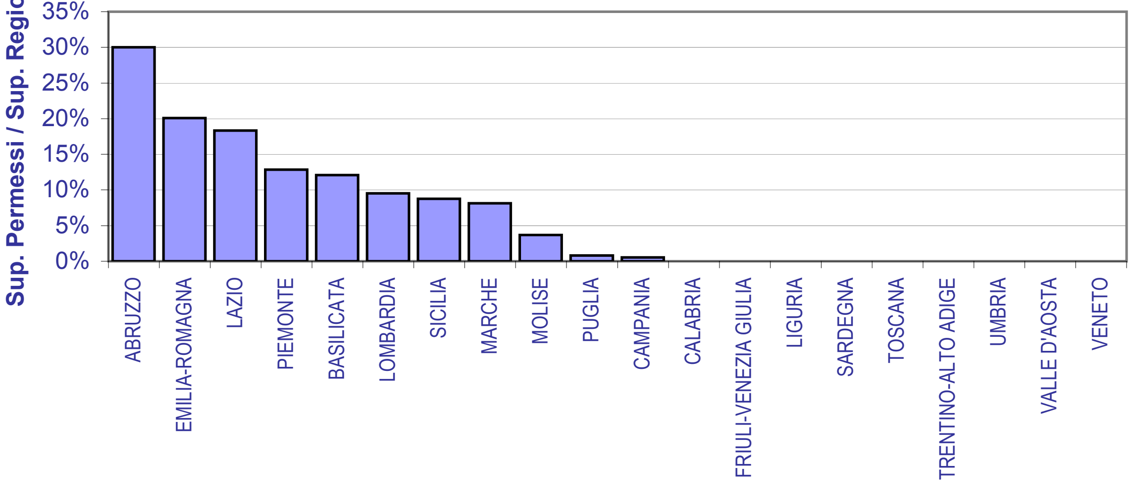
Onshore exploration licenses: areas



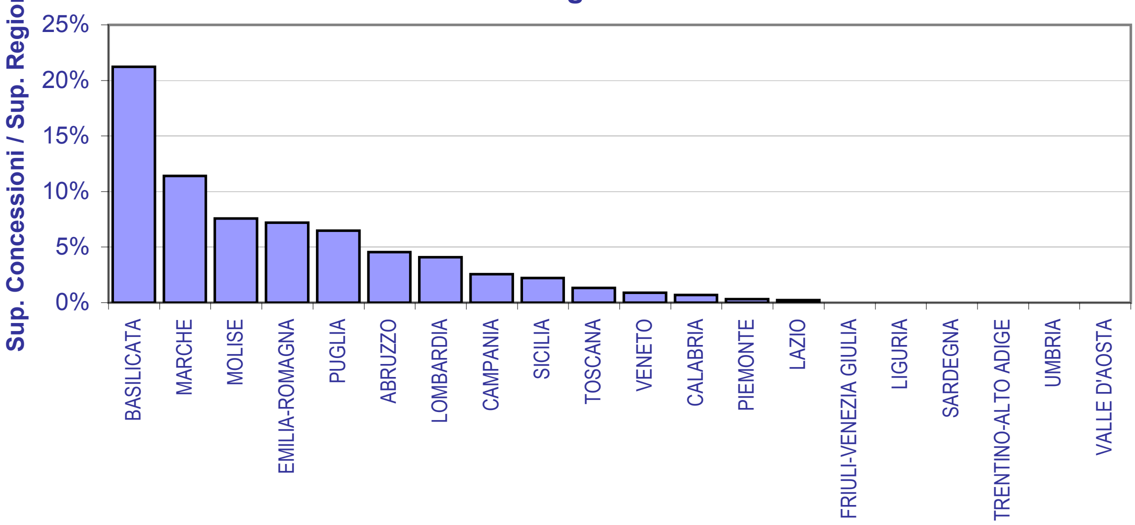
Onshore production licenses: areas



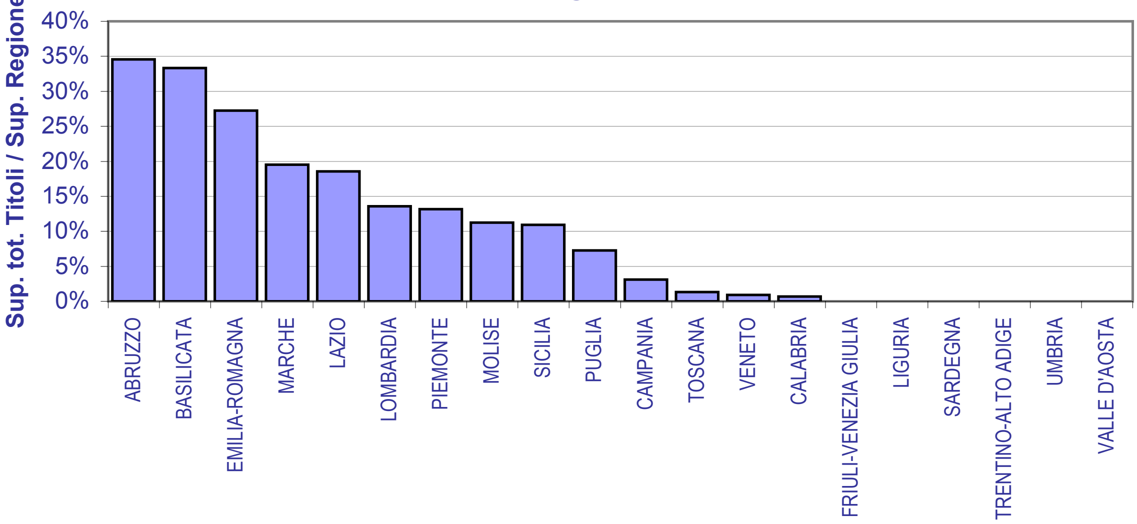
Areas occupied by Exploration Licenses w.r.t. the Regions' area



Areas occupied by Production Licenses w.r.t. the Regions' area



Overall areas occupied by Hydrocarbons Licenses w.r.t. the Regions' area

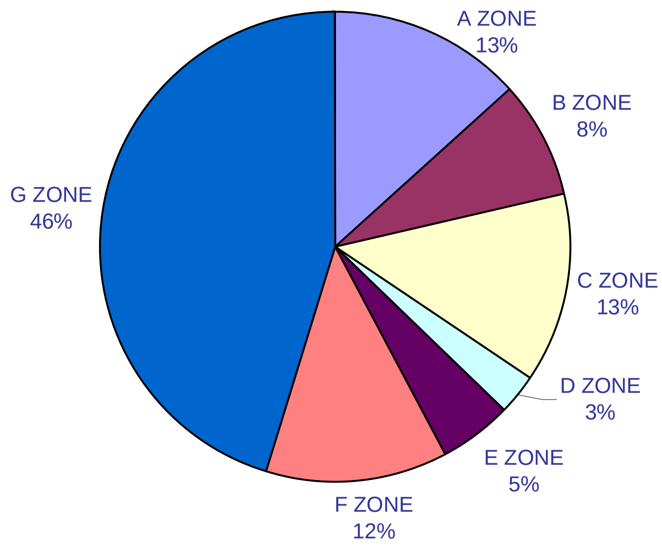


Offshore licenses

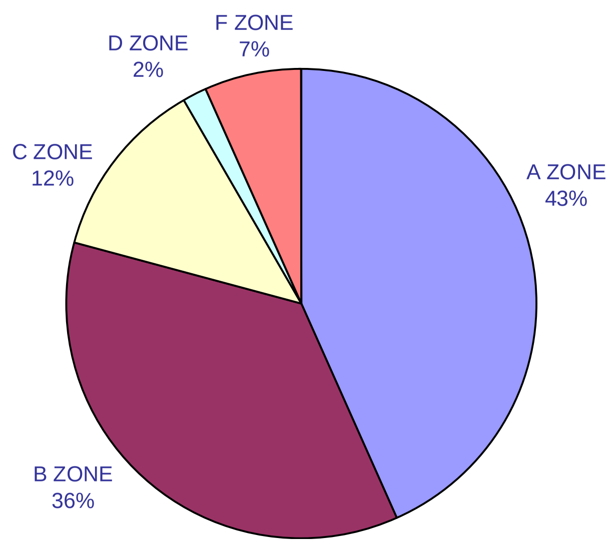
Data as at December 31st, 2007

SEA ZONES	EXPLORATION LICENSES Number of permits	EXPLORATION LICENSES area (km²)	PRODUCTION LICENSES Number of concessions	PRODUCTION LICENSES area (km²)	TOTAL AREA (km²)
A ZONE	10	1'938.28	37	4'066.79	6'005.07
B ZONE	5	1'211.48	19	3'365.13	4'576.61
C ZONE	3	1'911.65	4	1'168.55	3'080.20
D ZONE	0	393.43	3	153.41	546.84
E ZONE	1	724.37	0	0.00	724.37
F ZONE	3	1'823.38	3	618.67	2'442.05
G ZONE	10	6'653.28	0	0.00	6'653.28
TOTAL	32	14'655.87	66	9'372.55	24'028.42

Offshore exploration licenses: areas



Onshore exploration licenses: areas

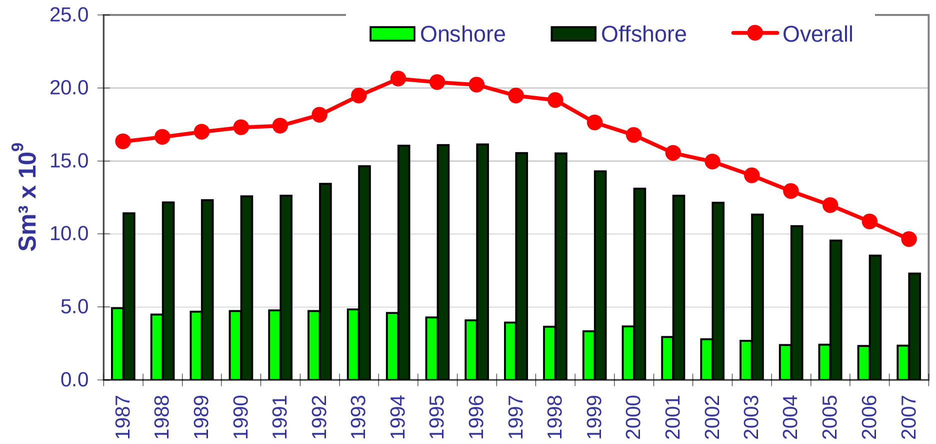


Production of Hydrocarbons

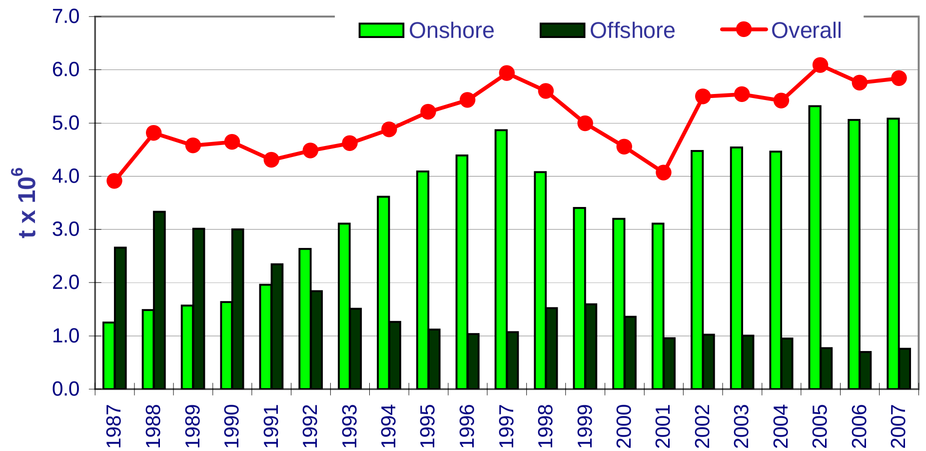
years 1987 - 2007

YEAR	GAS ($Sm^3 \times 10^9$)			OIL ($t \times 10^6$)			GASOLINE ($t \times 10^3$)		
	Onshore	Offshore	Overall	Onshore	Offshore	Overall	Onshore	Offshore	Overall
1987	4.9	11.4	16.3	1.3	2.7	3.9	20.0	7.0	27.0
1988	4.5	12.2	16.6	1.5	3.3	4.8	19.0	8.0	27.0
1989	4.7	12.3	17.0	1.6	3.0	4.6	19.0	7.0	26.0
1990	4.7	12.6	17.3	1.6	3.0	4.6	19.0	8.0	27.0
1991	4.8	12.6	17.4	2.0	2.3	4.3	17.0	8.0	25.0
1992	4.7	13.4	18.2	2.6	1.8	4.5	16.0	6.0	22.0
1993	4.8	14.7	19.5	3.1	1.5	4.6	13.0	7.0	20.0
1994	4.6	16.1	20.6	3.6	1.3	4.9	12.0	6.0	18.0
1995	4.3	16.1	20.4	4.1	1.1	5.2	22.0	6.0	28.0
1996	4.1	16.1	20.2	4.4	1.0	5.4	17.0	5.0	22.0
1997	3.9	15.5	19.5	4.9	1.1	5.9	17.0	5.0	22.0
1998	3.6	15.5	19.2	4.1	1.5	5.6	18.0	4.0	22.0
1999	3.3	14.3	17.6	3.4	1.6	5.0	17.0	5.0	22.0
2000	3.7	13.1	16.8	3.2	1.4	4.6	25.0	6.0	31.0
2001	2.9	12.6	15.5	3.1	1.0	4.1	23.0	8.0	31.0
2002	2.8	12.1	14.9	4.5	1.0	5.5	22.0	11.0	33.0
2003	2.7	11.3	14.0	4.5	1.0	5.5	24.7	5.6	30.3
2004	2.4	10.5	12.9	4.5	1.0	5.4	23.0	6.0	29.0
2005	2.4	9.5	12.0	5.3	0.8	6.1	22.6	4.0	26.6
2006	2.3	8.5	10.8	5.1	0.7	5.8	20.9	3.0	23.9
2007	2.4	7.3	9.6	5.1	0.8	5.8	20.2	1.4	21.5

Gas production - years 1987 - 2007



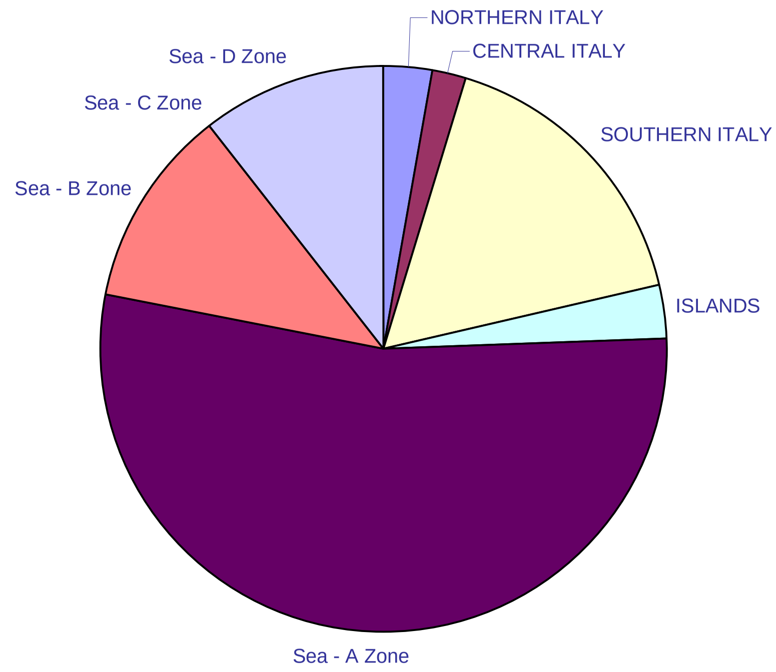
Oil production - years 1987 - 2007



Gas production
years 2005-2007

GAS (Millions of Sm^3)				
Region / Sea Zone	**Year 2007**	**Year 2006**	**Year 2005**	**Variation % 2007/2006**
VALLE D'AOSTA	0.0	0.0	0.0	-
PIEMONTE	17.1	21.8	28.7	-21.7%
LIGURIA	0.0	0.0	0.0	-
LOMBARDIA	32.7	34.9	33.6	-6.4%
TRENTINO-ALTO ADIGE	0.0	0.0	0.0	-
VENETO	0.9	1.0	4.0	-11.6%
FRIULI-VENEZIA GIULIA	0.0	0.0	0.0	-
EMILIA-ROMAGNA	217.1	221.6	241.9	-2.0%
NORTHERN ITALY	267.7	279.3	308.1	-4.2%
TOSCANA	1.4	1.1	1.5	22.6%
MARCHE	58.2	74.8	87.2	-22.3%
UMBRIA	0.0	0.0	0.0	-
LAZIO	0.0	0.0	0.0	-
ABRUZZO	43.7	67.6	71.4	-35.3%
MOLISE	89.0	90.9	101.4	-2.0%
CENTRAL ITALY	192.3	234.4	261.4	-18.0%
CAMPANIA	0.0	0.0	0.0	-
PUGLIA	376.3	370.6	398.0	1.5%
BASILICATA	1210.0	1103.5	1070.1	9.6%
CALABRIA	18.8	20.6	19.6	-8.4%
SOUTHERN ITALY	1605.2	1494.7	1487.7	7.4%
SICILIA	285.6	322.1	356.4	-11.3%
SARDEGNA	0.0	0.0	0.0	-
ISLANDS	285.6	322.1	356.4	-11.3%
TOTAL ONSHORE	2350.8	2330.5	2413.7	0.9%
Sea - A Zone	5166.5	5908.1	6357.9	-12.6%
Sea - B Zone	1096.4	1334.4	1743.9	-17.8%
Sea - C Zone	4.4	4.5	4.3	-1.4%
Sea - D Zone	1016.2	1251.9	1427.7	-18.8%
Sea - E Zone	0.0	7.5	14.9	-100.0%
Sea - F Zone	0.0	0.0	0.0	-
Sea - G Zone	0.0	0.0	0.0	-
TOTAL OFFSHORE	7283.6	8506.4	9548.8	-14.4%
OVERALL	9634.3	10836.8	11962.5	-11.1%

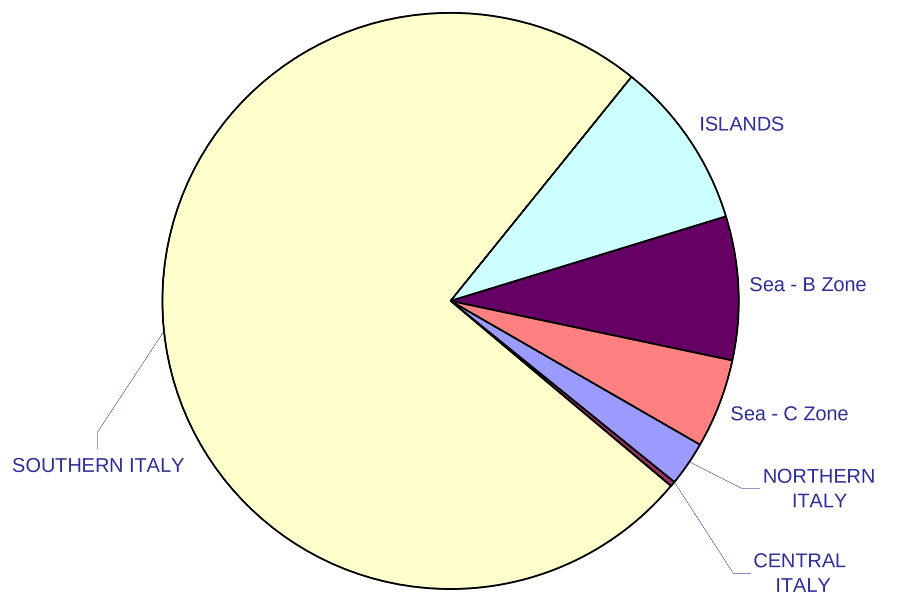
Gas production in Italy - year 2007



Oil production
years 2005-2007

OIL (thousands of metric tons)				
Region / Sea Zone	Year 2007	Year 2006	Year 2005	Variation % 2007/2006
VALLE D'AOSTA	0.0	0.0	0.0	-
PIEMONTE	108.1	140.2	214.7	-22.9%
LIGURIA	0.0	0.0	0.0	-
LOMBARDIA	0.0	0.0	0.0	-
TRENTINO-ALTO ADIGE	0.0	0.0	0.0	-
VENETO	0.0	0.0	0.0	-
FRIULI-VENEZIA GIULIA	0.0	0.0	0.0	-
EMILIA-ROMAGNA	35.0	36.3	42.8	-3.6%
NORTHERN ITALY	143.1	176.5	257.4	-18.9%
TOSCANA	0.0	0.0	0.0	-
MARCHE	0.0	0.0	0.0	-
UMBRIA	0.0	0.0	0.0	-
LAZIO	0.2	0.3	0.2	-
ABRUZZO	0.0	0.0	0.0	-
MOLISE	26.1	28.5	30.0	-8.3%
CENTRAL ITALY	26.4	28.8	30.2	-8.4%
CAMPANIA	0.0	0.0	0.0	-
PUGLIA	0.0	0.0	0.0	-
BASILICATA	4360.8	4312.7	4386.0	1.1%
CALABRIA	0.0	0.0	0.0	-
SOUTHERN ITALY	4360.8	4312.7	4386.0	1.1%
SICILIA	543.7	539.1	642.7	0.9%
SARDEGNA	0.0	0.0	0.0	-
ISLANDS	543.7	539.1	642.7	0.9%
TOTAL ONSHORE	5073.9	5057.1	5316.4	0.3%
Sea - A Zone	0.0	0.0	0.0	-
Sea - B Zone	467.3	331.9	341.6	40.8%
Sea - C Zone	296.7	309.2	307.3	-4.1%
Sea - D Zone	0.0	0.0	0.0	-
Sea - E Zone	0.0	59.3	118.8	-100.0%
Sea - F Zone	0.0	0.0	0.0	-
Sea - G Zone	0.0	0.0	0.0	-
TOTAL OFFSHORE	764.0	700.4	767.7	9.1%
OVERALL	5837.9	5757.5	6084.1	1.4%

Oil production in Italy - year 2007



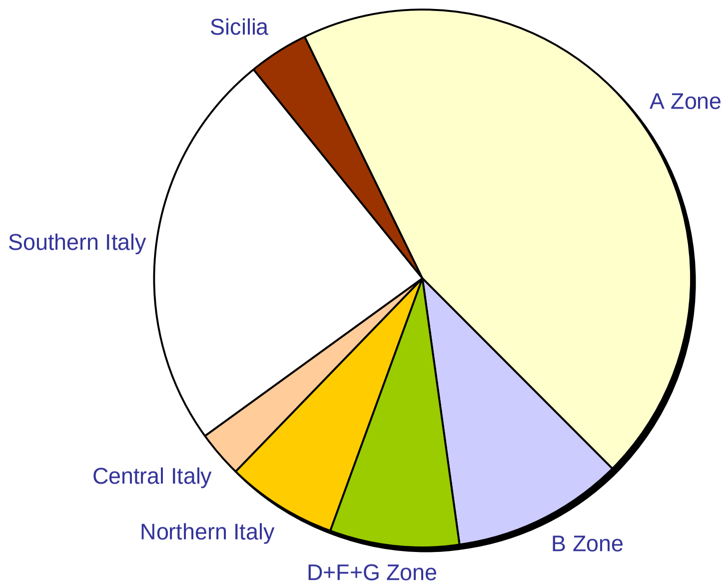
Reserves (as at December 31st, 2007)

GAS (Millions of Sm^3)	PROVEN	PROBABLE	POSSIBLE	RECOVERABLE	%
Northern Italy	4'629	6'334	3'735	8'543	6.7
Central Italy	2'040	2'116	3'163	3'731	2.9
Southern Italy	20'479	12'795	20'029	30'882	24.1
Sicilia	3'632	1'626	204	4'486	3.5
Total Onshore	**30'780**	**22'871**	**27'131**	**47'642**	**37.2**
A Zone	38'728	19'791	44'955	57'615	44.9
B Zone	8'645	8'378	1'475	13'129	10.2
D+F+G Zone	5'648	7'674	1'833	9'852	7.7
Total Offshore	**53'021**	**35'843**	**48'263**	**80'595**	**62.8**
TOTAL Italy	**83'801**	**58'714**	**75'394**	**128'237**	**100.0**

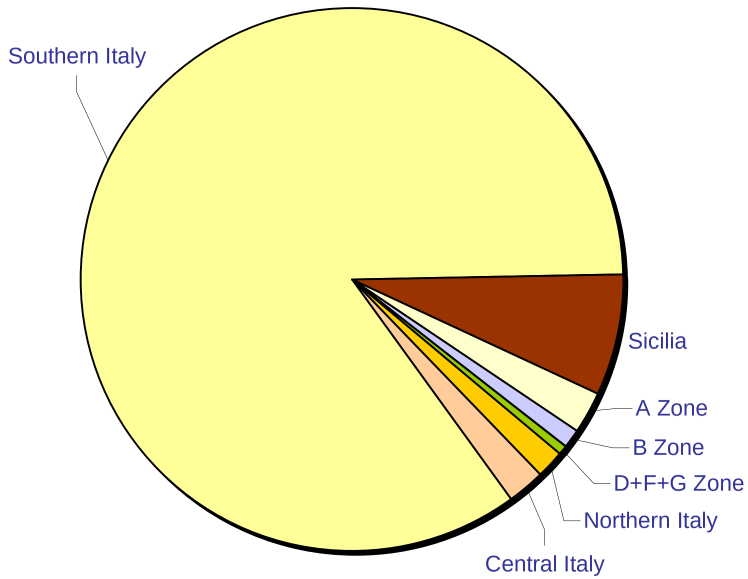
OIL (Thousands of metric tons)	PROVEN	PROBABLE	POSSIBLE	RECOVERABLE	%
Northern Italy	1'232	1'485	36	1'982	1.7
Central Italy	2'001	561	813	2'444	2.1
Southern Italy	50'075	62'616	84'511	98'285	84.7
Sicilia	4'829	5'735	4'676	8'632	7.4
Total Onshore	**58'137**	**70'397**	**90'036**	**111'343**	**96.0**
A Zone	1'100	1'900	2'754	2'601	2.2
B Zone	760	797	1'107	1'380	1.2
D+F+G Zone	312	699	185	698	0.6
Total Offshore	**2'172**	**3'396**	**4'046**	**4'679**	**4.0**
TOTAL Italy	**60'309**	**73'793**	**94'082**	**116'022**	**100.0**

N.B. The Recoverable Reserves are calculated as follows: Proven + 50% Probable + 20% Possible.
At the beginning of the exploitation of a reservoir, uncertainity is larger. The estimation of reserves is updated during the exploitation without a precise scheduling.

Recoverable Gas Reserves



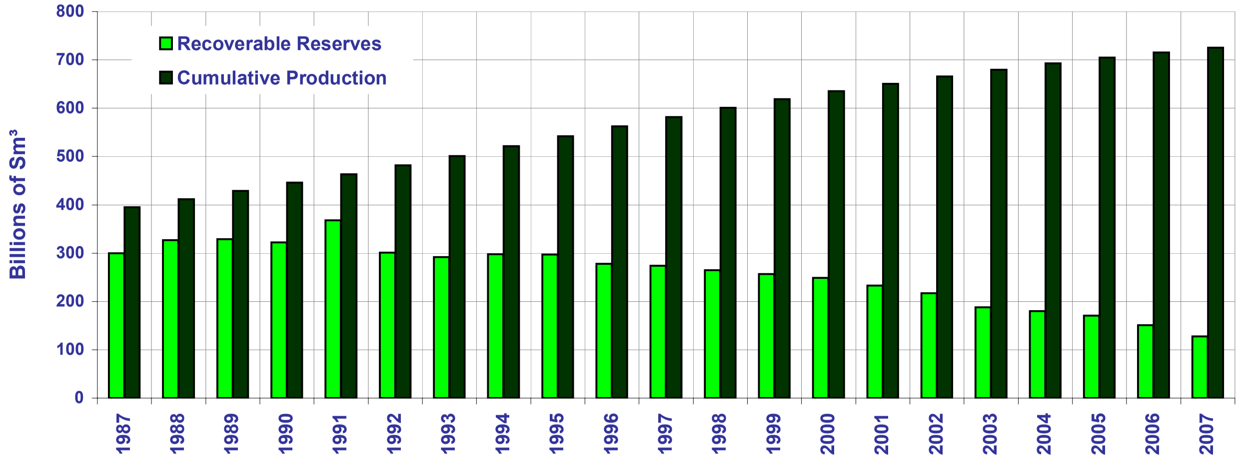
Recoverable Oil Reserves



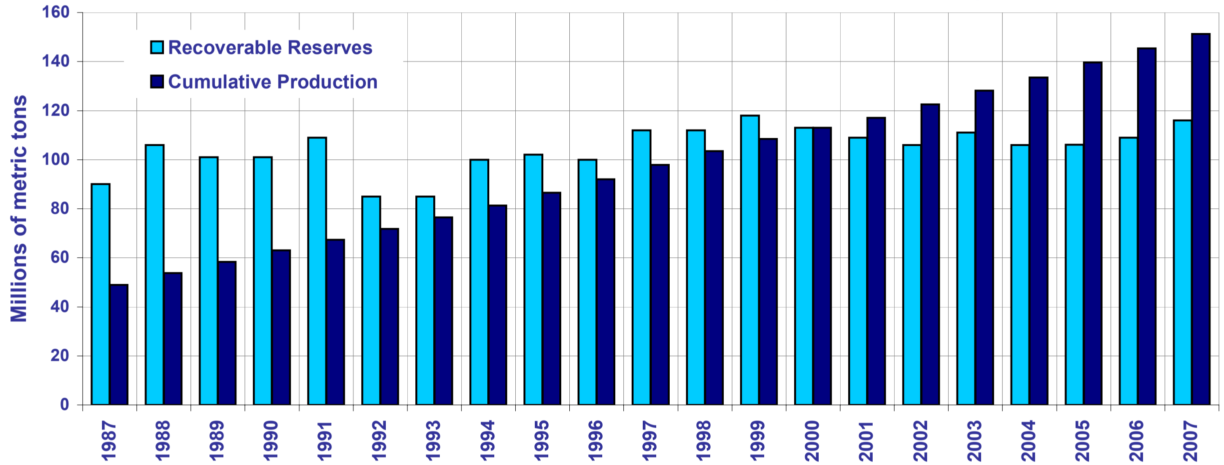
Recoverable Reserves
vs.
Cumulative Production
years 1987-2007

YEAR	GAS (Billions of Sm³)		OIL (Millions of metric tons)	
	Recoverable Reserves	Cumulative Production	Recoverable Reserves	Cumulative Production
1987	300	395	90	49
1988	327	412	106	54
1989	329	429	101	58
1990	322	446	101	63
1991	368	463	109	67
1992	301	481	85	72
1993	292	501	85	76
1994	298	522	100	81
1995	297	542	102	87
1996	278	562	100	92
1997	274	582	112	98
1998	265	601	112	103
1999	257	618	118	108
2000	249	635	113	113
2001	233	651	109	117
2002	217	666	106	123
2003	188	680	111	128
2004	180	693	106	134
2005	170	705	106	140
2006	151	715	109	145
2007	128	725	116	151

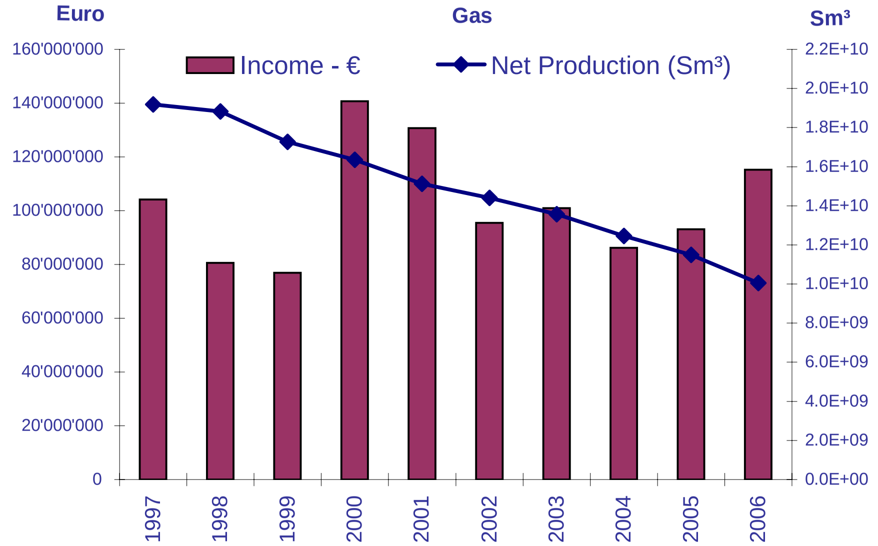
Recoverable Gas Reserves vs. Cumulative Production (years 1987-2007)

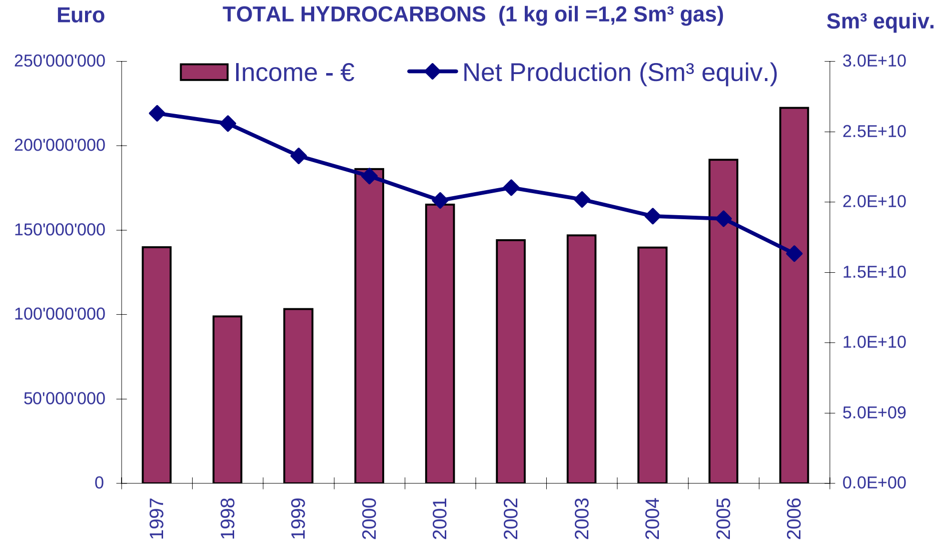


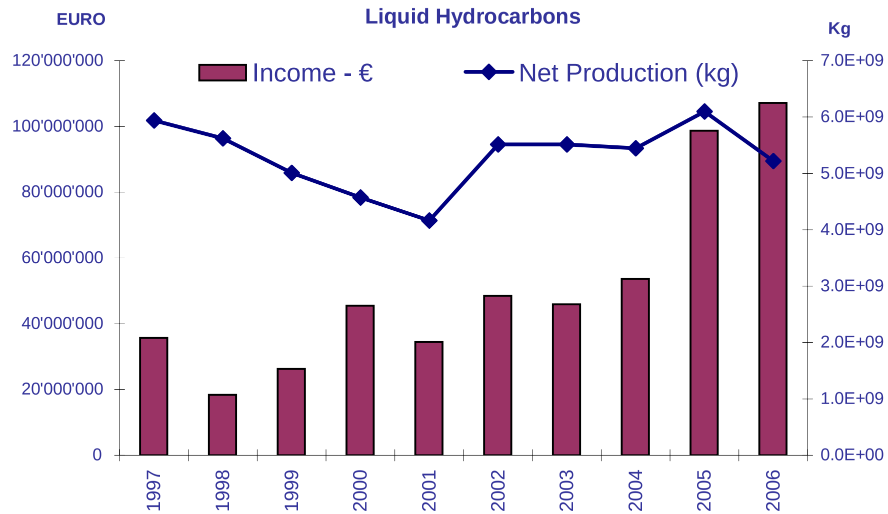
Recoverable Oil Reserves vs. Cumulative Production (years 1987-2007)

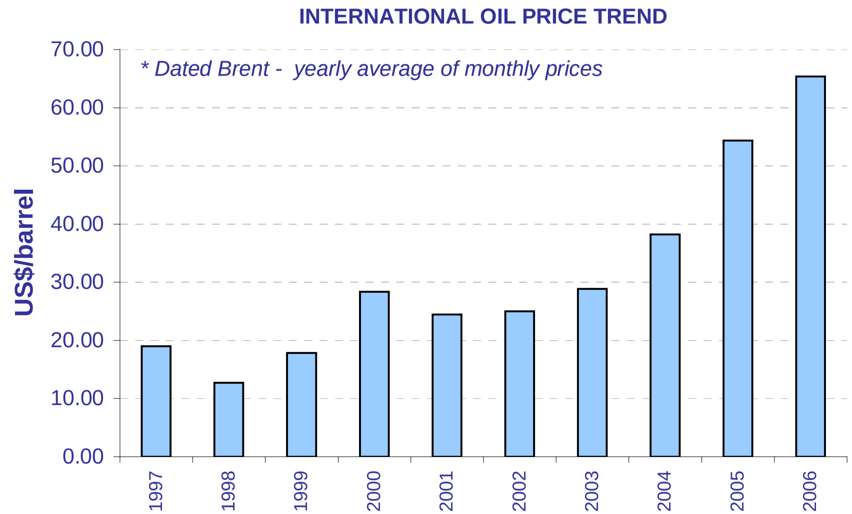


ROYALTIES - hystorical data series: years 1997 - 2006





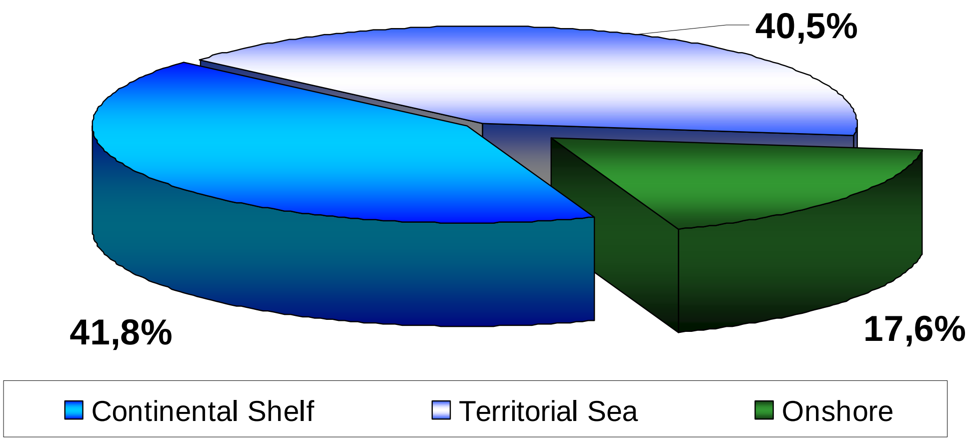




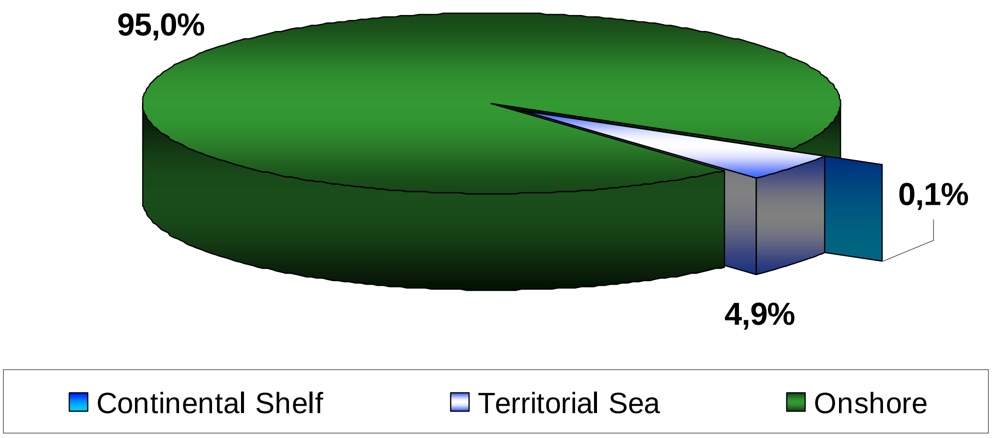
ROYALTIES YEAR 2006

Warning: The following correction page has been announced on 9 October 2008

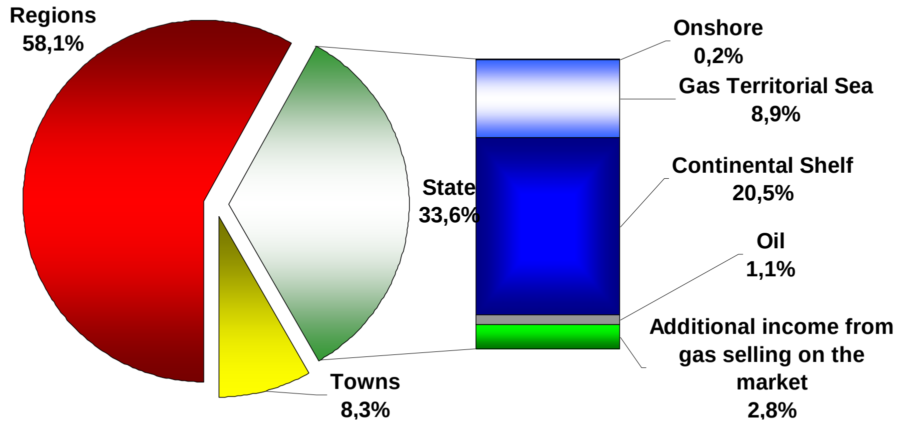
ROYALTIES IN COMMODITIES
- Gas -



ROYALTIES IN COMMODITIES
- *Liquid Hydrocarbons* -

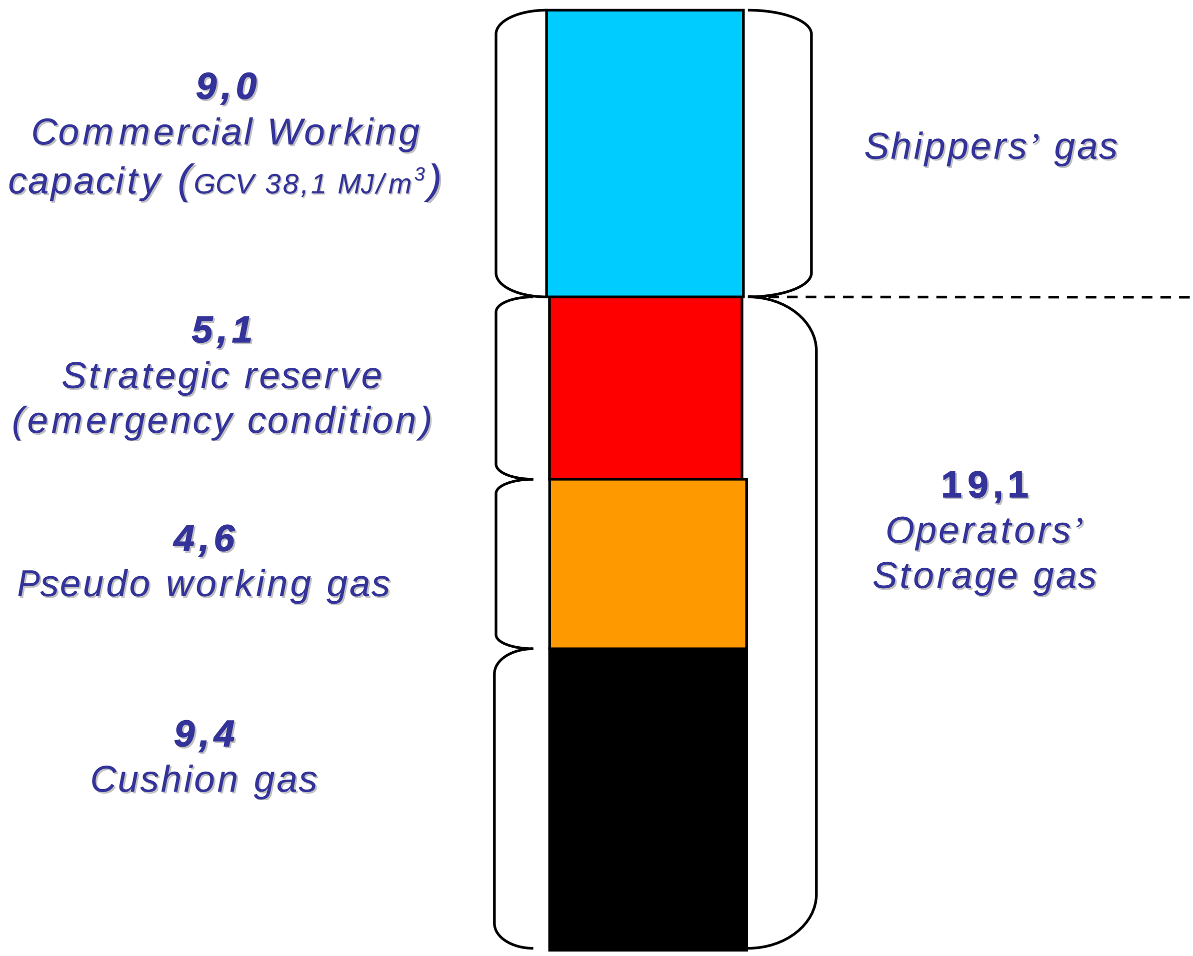


DESTINATION OF FINANCIAL INCOME FROM ROTALTIES MONETIZATION



ITALIAN GAS STORAGE 2007-2008

(Billions of standard cubic meters)



ITALIAN GAS STORAGE FIELDS
(depleted gas reservoirs)

Storage capacity by region