

July 20, 2016

ANNOUNCEMENT

regarding the completion of an important investment project at Sarmasel

On July 20, 2016, **Societatea Națională de Gaze Naturale ROMGAZ SA** by its Ploiesti Underground Storage Branch (*Sucursala de Inmagazinare Subterana a Gazelor Naturale Ploiesti*) commissions the new Compression and Dehydration Facility of Sarmasel (county of Mures), an investment worth over RON 238 million (approx. EUR 54 million) that has been implemented during the last three years.

The new compression and dehydration facility of Sarmasel storage will allow the increase of storage capacity from 800 million Ncm (normal cubic meters) to 950 million Ncm, will improve the quality of the delivered natural gas and will increase the daily gas delivery capacity from 6 to 9 million Ncm/day. The increase of the storage working volume is due to construction of a new compression capacity which will provide the maximum daily flow-rate of 6 million Ncm. The compression and dehydration plant is equipped with state-of-the-art US technology, featuring low energy consumption and complying with all European and national standards in the field of environmental protection.

The commissioning of the new facility at Sarmasel marks a key milestone for Romania's energy security as regards the maximum storage capacity of all natural gas storages. Thus, Romania has the capacity to store 3.3 billion Ncm/cycle, and the investment contributes to increasing the gas withdrawal capacity of the storages to the maximum of 30 million Ncm/day.

ROMGAZ allocates more and more resources to increase the underground gas storage capacity to allow peak shaving during the cold season, as well as for enhancing the security of gas supply to customers.

About underground storage and its role in ensuring energy security

Underground storage is a vital activity in ensuring continuity of natural gas supply necessary for industrial and household consumption. Its objective is peak shaving of the market demand caused by temperature variation, as well as maintaining the optimum operation characteristics of the national gas transmission system.

In addition to gas consumption peak shaving during the cold season, the underground storages play a strategic role in securing gas supply during extraordinary conditions (natural disasters, earthquakes or other unforeseeable events, including accidental interruption of current production or supply of import gas).

About ROMGAZ

S.N.G.N. ROMGAZ S.A. is the largest natural gas producer and main gas supplier in Romania. The Company is admitted to trading on Bucharest Stock Exchange (BVB) and London Stock Exchange (LSE). The main shareholder is the Romanian state holding 70% interest share. The Company has extensive experience in natural gas exploration and production, with a history that started more than 100 years ago in 1909. ROMGAZ performs geological research for discovery of new gas fields, produces methane gas from the fields under its portfolio, stores gas in UGS, performs workovers, recompletions and special operations in wells under company's portfolio and provides specialized technological transportation. ROMGAZ has extended its business area starting from 2013 by taking over Iernut power plant and has become electricity producer and supplier.

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**Director General,
Virgil - Marius METEA**