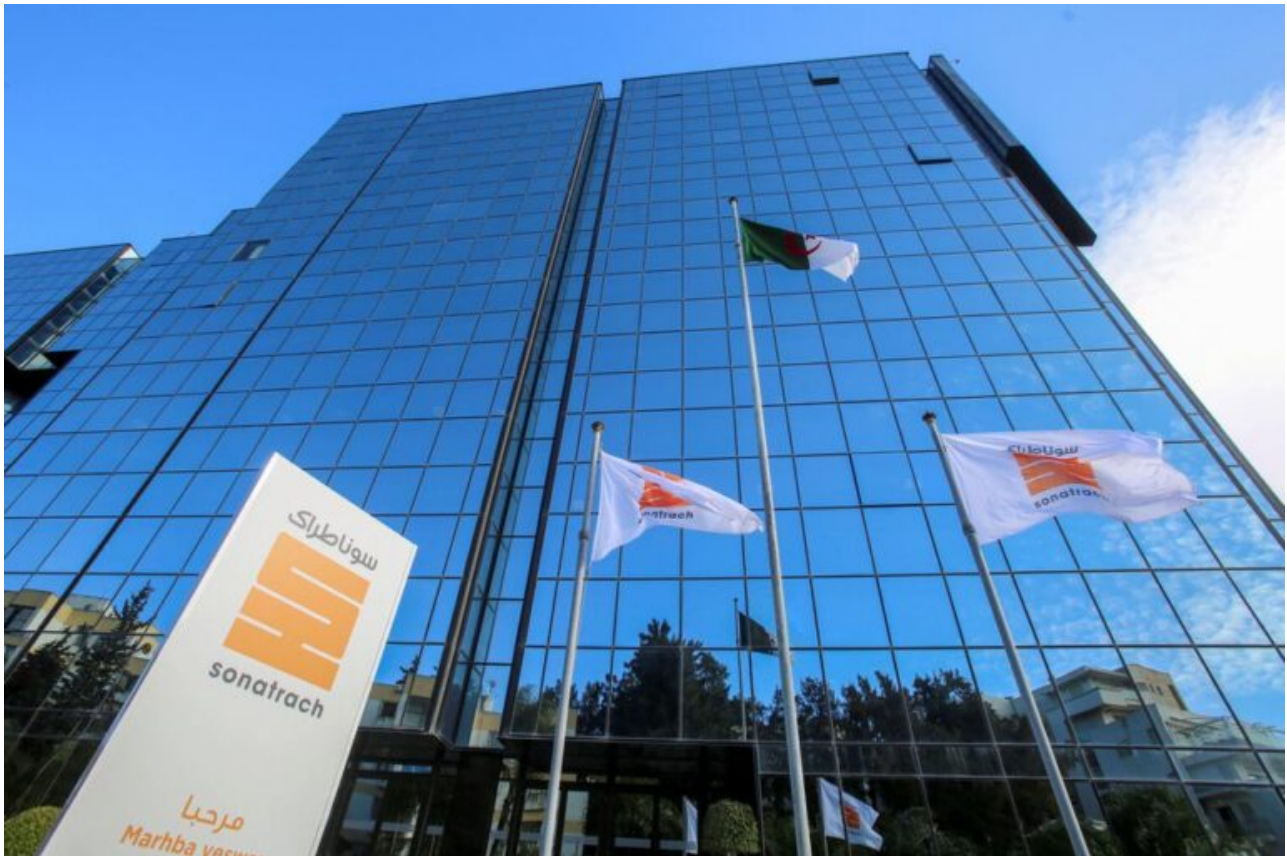


Eni, Sonatrach sign deal to boost Algeria gas exports to Italy



MILAN, May 26 (Reuters) – Energy group Eni (ENI.MI) and Sonatrach signed a deal to accelerate the development of gas fields in Algeria and the development of green hydrogen, part of moves to increase the north African country's gas exports towards Italy.

Italy, which last year sourced about 40% of its gas imports from Russia, has been scrambling to diversify its energy supply mix as the conflict in Ukraine escalates.

Algeria, Italy's second-biggest gas supplier last year, has been pumping Algerian gas to Italian shores since 1983 through the Transmed pipeline, which runs to Sicily.

The gas production volumes expected from the areas covered by

Thursday's agreement are equal to some 3 billion cubic meters (bcm) per year and will contribute to increasing the export capacity of Algeria to Italy through the Transmed pipeline, Eni said.

The signing is part of the agreement reached by the two energy groups in April, when they announced they would gradually raise gas flows in the pipeline starting this year and reach 9 billion cubic metres (bcm) of extra gas per year by 2023-24.

The Memorandum of Understanding was signed in Rome by the top executives of the Italian and the Algerian groups in a ceremony witnessed by the President of Algeria Abdelmadjid Tebboune and Italian Prime Minister Mario Draghi.

Algeria's gas exports to Italy climbed last year, jumping 76% to 21 billion cubic metres – 28% of overall consumption and second behind the 29 bcm from top supplier Russia.

The agreement will allow Sonatrach and Eni to evaluate the gas potential and opportunities for accelerated development at specific fields already discovered by Sonatrach in Algeria.

The Memorandum also covers the technical and economic evaluation for a green hydrogen pilot project in Bir Rebaa North (BRN) in the Algerian desert, with the goal of supporting the decarbonisation of the BRN gas plant operated by the SONATRACH-Eni GSE joint venture.

Eni is the main international energy company operating in Algeria, where it has been present since 1981.

In the race to cut Rome's dependency from Russian gas, Italian ministers have tapped numerous countries like Congo Republic, Angola, Azerbaijan and Qatar.