

Exploration & Production

Key performance indicators

		2011	2012	2013
Employees injury frequency rate	(No. of accidents per million of worked hours)	0.41	0.28	0.14
Contractors injury frequency rate		0.41	0.36	0.26
Fatality index	(No. of fatalities per 100 million of worked hours)	1.83	0.81	-
Net sales from operations ^(a)	(€ million)	29,121	35,881	31,268
Operating profit		15,887	18,470	14,871
Adjusted operating profit		16,075	18,537	14,646
Adjusted net profit		6,865	7,426	5,952
Capital expenditure		9,435	10,307	10,475
Adjusted ROACE	(%)	17.2	17.6	13.5
Profit per boe ^(b)	(\$/boe)	17.0	16.0	15.5
Opex per boe ^(b)		7.3	7.1	8.3
Cash flow per boe ^(d)		31.7	32.8	31.9
Finding & Development cost per boe ^{(c) (d)}		18.8	17.4	19.2
Average hydrocarbons realizations ^(d)		72.26	73.39	71.87
Production of hydrocarbons ^(d)	(kboe/d)	1,581	1,701	1,619
Estimated net proved reserves of hydrocarbons ^(d)	(mmboe)	7,086	7,166	6,535
Reserves life index ^(d)	(years)	12.3	11.5	11.1
Organic reserves replacement ratio ^(d)	(%)	143	147	105
Employees at year end	(number)	10,425	11,304	12,352
of which: <i>outside Italy</i>		6,628	7,371	8,219
Oil spills due to operations (>1 bbl)	(bbl)	2,930	3,015	1,728
Oil spills from sabotage (>1 bbl)		7,657	8,436	5,493
Produced water re-injected	(%)	43	49	55
Direct GHG emissions	(mmtonnes CO ₂ eq)	23.59	28.46	25.71
of which: <i>from flaring</i>		9.55	9.46	8.48
Community investment	(€ million)	62	59	53

(a) Before elimination of intragroup sales.

(b) Consolidated subsidiaries.

(c) Three-year average.

(d) Includes Eni's share of equity-accounted entities.

Performance of the year

- In 2013, employees and contractors injury frequency rate continued with a positive trend (down by 48.7% and by 28.8% from 2012, respectively), with a zero fatality index. Eni is engaged in maintaining a high safety standard in each of its operations, in particular the "eni in safety" program in the E&P Division involved more than 1,600 people in Italy and outside Italy.
- Direct greenhouse gas emissions decreased by 9.7% compared to the previous year (down by 10.4% from flaring) due to, in particular, flaring down projects in Nigeria and higher supply to the power plants in Congo (in particular to the CEC power plant, Eni's interest 20%).
- Oil spills reported a decline from 2012 (down by 42.7% from operations; down by 34.9% from sabotage) and zero blow-outs for the tenth consecutive year.
- Achieved a record result of 55% in re-injection of the produced water. In particular, a water re-injection program is planned in the Nigerian onshore for the next years.
- In 2013 the E&P Division reported a decline of €1,474 million or 20% from 2012 in adjusted net profit due to extraordinary disruptions in particular in Libya, Nigeria and Algeria. Cash generation was strong with \$30 per barrel due to our low cost position.

- In 2013, oil and natural gas production of 1,619 kboe/day declined by 4.8% from 2012 mainly due to geopolitical factors. The contribution of the start-ups/ramp-ups was partly offset by the effects of planned facility downtimes and technical problems, as well as mature field declines.
- Estimated net proved reserves at December 31, 2013 amounted to 6.54 bboe based on a reference Brent price of \$108 per barrel. The organic reserves replacement ratio was 105% with a reserves life index of 11.1 years (11.5 years in 2012).

Portfolio optimization

- Concluded the sale of a 20% interest in Area 4 operated by Eni and located in Mozambique to Chinese partner CNPC, for a total consideration of €3.4 billion. This operation has ensured an anticipated monetization of future cash flow expected from asset development. CNPC's entrance into Area 4 is strategically significant for the project because of the worldwide importance of the company in the upstream and downstream sectors.
- Divested to certain Gazprom subsidiaries a 60% interest in Artic Russia, the subsidiary owing a 49% stake of Severenergia, which holds four licenses for the exploration and production of hydrocarbons in Russia. On January 15, 2014, the consideration for the disposal equal to €2.2 billion was cashed in.
- Awarded the exploration licenses in emerging basins which represent new frontiers in oil and gas exploration activity such as Vietnam, Myanmar and Greenland, in high potential areas such as Cyprus, Russian offshore and Kenya, as well as legacy areas such as Australia, Indonesia, China, Congo, Egypt and Norway.

Exploration activity

In 2013 exploration activity reported a successful performance, with approximately 1.8 bboe of discovered resources at an average competitive cost of \$1.2 per barrel:

- Exploration campaign of the year in Mozambique, in the offshore of the Rovuma basin in the Area 4 (Eni operator with a 50% interest), regarded the appraisal of the Mamba and Coral discoveries and a new prospect in the Southern section of Area 4, with Agulha discovery. Management estimates that Area 4 may contain up to 2,650 billion cubic meters of gas in place.
- Recent appraisal of the Sankofa East discovery in the Offshore Cape Three Points license (Eni operator with a 47.22% interest), in Ghana, confirming high oil potential of the western part of the area. The total potential of the Sankofa East oil discovery is estimated at approximately 450 million barrels of oil in place with recoverable reserves up to 150 million barrels.
- Oil Skavl discovery (Eni's interest 30%) in the Barents Sea in Norway confirmed an extraordinarily high potential of the area, in addition to the recent oil and gas Skrugard and Havis discoveries. The total recoverable resources are estimated at over 500 million barrels at 100% and are planned to be put in production by means of fast-track synergic development.
- Recent discoveries and appraisal activities in the Marine XII Block (Eni operator with 65%) in Congo achieved the mineral potential of the area to 2.5 billion boe in place.
- Further exploration successes of the year were reported in Australia, Angola, Egypt, Norway and Pakistan where existing facilities ensure to reduce time-to-market and costs.
- Achieved a strategic cooperation agreement with Rosnfet for exploration activities in the Russian offshore (Fedynsky and Central Barents licenses) where seismic surveys started, and in the Black Sea (Western Chernomorsky license).
- Signed an agreement with Quicksilver for joint exploration and development of unconventional oil reservoirs (shale oil), located in onshore of the United States. In particular, Eni will participate with a 50% interest.
- In 2013 exploration expenditure amounted to €1,669 million. In the year 53 new exploratory wells (27.8 net to Eni) were completed with an overall commercial success rate of 36.9% (38.5% net to Eni). In addition 129 exploratory wells drilled are in progress at year end (55 net to Eni).

Sustainability and portfolio developments

- Developed a training program in the field of human rights for staff, in particular employed in the security area, at Eni's subsidiaries in Indonesia and Algeria. The activities involved totally approximately 200 employees in the Jakarta and Borneo area, as well as Algeri. This Eni's program is a part of a multi-year project presented at Global Compact Leaders Summit in September 2013.
- In 2013 the community investment amounted to €53 million (€59 million in 2012). Eni's commitment to "access to energy" progresses in Congo and Nigeria.
- Achieved start-up of the accelerated early production of the giant Junin 5 oil field (Eni's interest 40%) in the Orinoco Belt, with 35 bbl/d of certified heavy oil in place. Early production of the first phase is expected to reach a plateau of 75 kbb/d by the end of 2015.
- In line with production plans, in addition to the above mentioned Junin 5, the MLE-CAFC (Eni's interest 75%) and El Merk (Eni's interest 12.25%) fields in Algeria, the liquefaction plant Angola LNG (Eni's interest 13.6%) and other projects in Egypt, Nigeria, Norway and the United Kingdom have been started-up as well as 7 main FIDs were sanctioned. The start-up of new fields and continuing production ramp-ups contributed with 140 kboe/day of new production.

- Development expenditure was €8,580 million (up by 3.3% from 2012) to fuel the growth of major projects particularly in Norway, the United States, Angola, Congo, Italy, Nigeria, Kazakhstan, Egypt and the United Kingdom.
- In 2013 overall R&D expenditure of the Exploration & Production Division amounted to €87 million (€94 million in 2012).

Reserves

Overview

The Company has adopted comprehensive classification criteria for the estimate of proved, proved developed and proved undeveloped oil and gas reserves in accordance with applicable US Securities and Exchange Commission (SEC) regulations, as provided for in Regulation S-X, Rule 4-10. Proved oil and gas reserves are those quantities of liquids (including condensates and natural gas liquids) and natural gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Oil and natural gas prices used in the estimate of proved reserves are obtained from the official survey published by Platt's Marketwire, except when their calculation derives from existing contractual conditions. Prices are calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period. Prices include consideration of changes in existing prices provided only by contractual arrangements.

Engineering estimates of the Company's oil and gas reserves are inherently uncertain. Although authoritative guidelines exist regarding engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and evaluation. Consequently, the estimated proved reserves of oil and natural gas may be subject to future revision and upward and downward revisions may be made to the initial booking of reserves due to analysis of new information.

Proved reserves to which Eni is entitled under concession contracts are determined by applying Eni's share of production to total proved reserves of the contractual area, in respect of the duration of the relevant mineral right. Proved reserves to which Eni is entitled under PSAs are calculated so that the sale of production entitlements should cover expenses incurred by the Group to develop a field (Cost Oil) and recognize the Profit Oil set contractually (Profit Oil). A similar scheme applies to buyback and service contracts.

Reserves Governance

Eni retains rigorous control over the process of booking proved reserves, through a centralized model of reserves governance. The Reserves Department of the Exploration & Production Division is entrusted with the task of: (i) ensuring the periodic certification process of proved reserves; (ii) continuously updating the Company's guidelines on reserves evaluation and classification and the internal procedures; and (iii) providing training of staff involved in the process of reserves estimation. Company guidelines have been reviewed by DeGolyer and MacNaughton (D&M), an independent petroleum engineering company, which has stated that those guidelines comply with the SEC rules¹. D&M has also stated that the Company guidelines provide reasonable interpretation of facts and circumstances in line with generally accepted practices in the industry whenever SEC rules may be less precise. When participating in exploration and production activities operated by other entities, Eni estimates its share of proved reserves on the basis of the above guidelines. The process for estimating reserves, as described in the internal procedure, involves the following roles and responsibilities: (i) the business unit managers (geographic units) and Local Reserves Evaluators (LRE) are in charge with estimating and classifying gross reserves including assessing production profiles, capital expenditure, operating expenses and costs related to asset retirement obligations; (ii) the petroleum engineering department at the head office verifies the production profiles of such properties where significant changes have occurred; (iii) geographic area managers verify the commercial conditions and the progress of the projects; (iv) the Planning and Control Department provides the economic evaluation of reserves; (v) the Reserves Department, through the Division Reserves Evaluators (DRE), provides independent reviews of fairness and correctness of classifications carried out by the above mentioned units and aggregates worldwide reserves data.

The head of the Reserves Department attended the "Politecnico di Torino" and received a Master of Science degree in Mining Engineering in 1985. She has more than 25 years of experience in the oil and gas industry and more than 15 years of experience in evaluating reserves.

Staff involved in the reserves evaluation process fulfils the professional qualifications requested and maintains the highest level of independence, objectivity and confidentiality in accordance with professional ethics. Reserves Evaluators qualifications comply with international standards defined by the Society of Petroleum Engineers.

[1] The reports of independent engineers are available on Eni website eni.com section Publications/Annual Report 2009.

Reserves independent evaluation

Since 1991, Eni has requested qualified independent oil engineering companies² to carry out an independent evaluation of part of its proved reserves on a rotational basis. The description of qualifications of the persons primarily responsible for the reserves audit is included in the third party audit report³. In the preparation of their reports, independent evaluators rely, without independent verification, upon information furnished by Eni with respect to property interests, production, current costs of operations and development, sale agreements, prices and other factual information and data that were accepted as represented by the independent evaluators. These data, equally used by Eni in its internal process, include logs, directional surveys, core and PVT (Pressure Volume Temperature) analysis, maps, oil/gas/water production/injection data of wells, reservoir studies, technical analysis relevant to field performance, development plans, future capital and operating costs.

In order to calculate the economic value of Eni's equity reserves,

actual prices applicable to hydrocarbon sales, price adjustments required by applicable contractual arrangements and other pertinent information are provided by Eni to third party evaluators. In 2013 Ryder Scott Company and DeGolyer and MacNaughton³ provided an independent evaluation of approximately 30% of Eni's total proved reserves at December 31, 2013⁴, confirming, as in previous years, the reasonableness of Eni internal evaluation. In the 2011-2013 three year period, 92% of Eni total proved reserves were subject to an independent evaluation. As at December 31, 2013, the main Eni properties not subjected to independent evaluation in the last three years were M'Boundi (Congo) and Elgin Franklin (United Kingdom).

Movements in estimated net proved reserves

Eni's estimated proved reserves were determined taking into account Eni's share of proved reserves of equity-accounted entities. Movements in Eni's 2013 estimated proved reserves were as follows:

(mmboe)	Consolidated subsidiaries	Equity-accounted entities	Total
Estimated net proved reserves at December 31, 2012	5,667	1,499	7,166
Extensions, discoveries and other additions, revisions of previous estimates, improved recovery and other factors, excluding price effect	607		607
Price effect	14		14
Reserve additions, total	621		621
Sales of minerals-in-place	(13)	(652)	(665)
Purchase of minerals-in-place	4		4
Production of the year	(571)	(20)	(591)
Estimated net proved reserves at December 31, 2013	5,708	827	6,535
Organic reserves replacement ratio (%)			105

Additions to proved reserves booked in 2013 were 621 mmboe and derived from: (i) revisions of previous estimates were up 508 mmboe mainly reported in Congo, Iraq, Australia and Nigeria; (ii) extensions, discoveries and other factors were 108 mmboe, with major increases booked in Angola, Indonesia and the United States; (iii) improved recovery were 5 mmboe reported particularly in Nigeria.

Price effects were negligible, leading to an upward revision of 14 mmboe, due to a lowered Brent price used in the reserve estimation process down to \$108 per barrel in 2013 compared to \$111 per barrel in 2012.

Sales of mineral-in-place related to the divestment of assets in Russia (652 mmboe) and the United Kingdom (13 mmboe).

Acquisitions referred to interests in assets located in Egypt (4 mmboe). In 2013 Eni achieved an organic reserves replacement ratio⁵ of 105%. Reserves life index was 11.1 years (11.5 years in 2012).

Proved undeveloped reserves

Proved undeveloped reserves as of December 31, 2013 totalled 3,108 mmboe, of which 1,361 mmboe of liquids mainly concentrated in Africa and Kazakhstan and 9,592 bcf of natural gas mainly located in Africa and Venezuela. Proved undeveloped reserves of consolidated subsidiaries amounted to 1,248 mmbbl of liquids and 5,900 bcf of natural gas. In 2013, total proved undeveloped reserves decreased by 542 mmboe due to disposal made in Russia as well as upwards and

[2] From 1991 to 2002, DeGolyer and MacNaughton; from 2003, also Ryder Scott.

[3] The reports of independent engineers are available on Eni website eni.com section Publications/Annual Report 2013.

[4] Includes Eni's share of proved reserves of equity accounted entities.

[5] Organic ratio of changes in proved reserves for the year resulting from revisions of previously reported reserves, improved recovery, extensions and discoveries, to production for the year. All sources ratio includes sales or purchases of minerals in place. A ratio higher than 100% indicates that more proved reserves were added than produced in a year. The Reserves Replacement Ratio is not an indicator of future production because the ultimate development and production of reserves is subject to a number of risks and uncertainties. These include the risks associated with the successful completion of large-scale projects, including addressing ongoing regulatory issues and completion of infrastructure, as well as changes in oil and gas prices, political risks and geological and environmental risks.

downwards revisions related to contractual and technical review. During 2013, Eni converted 337 mboe of proved undeveloped reserves to proved developed reserves due to development activities, production start-ups and revisions. The main reclassifications to proved developed reserves are related to the following fields/projects: Kashagan (Kazakhstan), CAFC-MLE and Block 208 (Algeria), Jasmine (United Kingdom) and Zubair (Iraq).

In 2013, capital expenditure amounted to approximately €2 billion and was made to progress the development of proved undeveloped reserves.

Reserves that remain proved undeveloped for five or more years are a result of several physical factors that affect the timing of the projects development and execution, such as the complex nature of the development project in adverse and remote locations, physical limitations of infrastructures or plant capacity and contractual limitations that establish production levels. The Company estimates that approximately 0.8 bboe of proved undeveloped reserves have remained undeveloped for five years or more with respect to the balance sheet date, mainly related to: (i) the Kashagan project in Kazakhstan (0.4 bboe) residual after the start-up of Phase 1 development (Experimental Program) following the completion of the facilities and the drilling campaign (for more details regarding this project please refer to “Main exploration and development projects-Kashagan”); (ii) some Libyan gas fields (0.3 bboe) where development completion and production start-up are planned according to the delivery

obligations set forth in a long-term gas supply agreement currently in force.

In order to secure fulfilment of the contractual delivery quantities, Eni will implement phased production start-up from the relevant fields, which are expected to be put in production over the next several years; and (iii) other minor projects where development activities are progressing.

Delivery commitments

Eni sells crude oil and natural gas from its producing operations under a variety of contractual obligations. Some of these contracts, mostly relating to natural gas, specify the delivery of fixed and determinable quantities. Eni is contractually committed under existing contracts or agreements to deliver in the next three years mainly natural gas to third parties for a total of approximately 348 mboe from producing assets located mainly in Algeria, Australia, Egypt, Libya, Nigeria and Norway.

The sales contracts contain a mix of fixed and variable pricing formulas that are generally referenced to the market price for crude oil, natural gas or other petroleum products. Management believes it can satisfy these contracts from quantities available from production of the Company's proved developed reserves and supplies from third parties based on existing contracts. Production will account for approximately 75% of delivery commitments.

Eni has met all contractual delivery commitments as of December 31, 2013.

Estimated net proved hydrocarbons reserves									
	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmbboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmbboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmbboe)
	2011			2012			2013		
Consolidated subsidiaries									
Italy	259	2,491	707	227	1,633	524	220	1,532	499
Developed	184	1,977	540	165	1,325	406	177	1,266	408
Undeveloped	75	514	167	62	308	118	43	266	91
Rest of Europe	372	1,425	630	351	1,317	591	330	1,247	557
Developed	195	995	374	180	925	349	179	904	343
Undeveloped	177	430	256	171	392	242	151	343	214
North Africa	917	6,190	2,031	904	5,558	1,915	830	5,231	1,783
Developed	622	3,070	1,175	584	2,720	1,080	561	2,432	1,003
Undeveloped	295	3,120	856	320	2,838	835	269	2,799	780
Sub-Saharan Africa	670	1,949	1,021	672	2,061	1,048	723	2,374	1,155
Developed	483	1,437	742	456	1,429	716	465	1,295	701
Undeveloped	187	512	279	216	632	332	258	1,079	454
Kazakhstan	653	1,648	950	670	2,038	1,041	679	1,957	1,035
Developed	215	1,480	482	203	1,401	458	295	1,488	566
Undeveloped	438	168	468	467	637	583	384	469	469
Rest of Asia	106	685	230	82	562	184	128	744	263
Developed	34	528	129	41	372	108	38	286	90
Undeveloped	72	157	101	41	190	76	90	458	173
America	132	590	238	154	449	236	147	509	240
Developed	92	385	162	109	334	170	96	310	153
Undeveloped	40	205	76	45	115	66	51	199	87
Australia and Oceania	25	604	133	24	572	128	22	848	176
Developed	25	491	112	24	459	107	20	561	123
Undeveloped		113	21		113	21	2	287	53
Total consolidated subsidiaries	3,134	15,582	5,940	3,084	14,190	5,667	3,079	14,442	5,708
Developed	1,850	10,363	3,716	1,762	8,965	3,394	1,831	8,542	3,387
Undeveloped	1,284	5,219	2,224	1,322	5,225	2,273	1,248	5,900	2,321
Equity-accounted entities									
Rest of Europe		2							
Developed									
Undeveloped		2							
North Africa	17	20	21	17	16	20	16	15	19
Developed	16	17	19	17	16	20	16	15	19
Undeveloped	1	3	2						
Sub-Saharan Africa	22	338	83	16	353	81	15	330	75
Developed	4	4	4						
Undeveloped	18	334	79	16	353	81	15	330	75
Rest of Asia	110	3,033	656	114	3,043	668	1	28	7
Developed		24	5	8	402	82		14	3
Undeveloped	110	3,009	651	106	2,641	586	1	14	4
America	151	1,307	386	119	3,355	730	116	3,353	726
Developed	25	8	26	19	6	20	19	5	18
Undeveloped	126	1,299	360	100	3,349	710	97	3,348	708
Total equity-accounted entities	300	4,700	1,146	266	6,767	1,499	148	3,726	827
Developed	45	53	54	44	424	122	35	34	40
Undeveloped	255	4,647	1,092	222	6,343	1,377	113	3,692	787
Total including equity-accounted entities	3,434	20,282	7,086	3,350	20,957	7,166	3,227	18,168	6,535
Developed	1,895	10,416	3,770	1,806	9,389	3,516	1,866	8,576	3,427
Undeveloped	1,539	9,866	3,316	1,544	11,568	3,650	1,361	9,592	3,108

Oil and natural gas production

In 2013, Eni's liquids and gas production of 1,619 kboe/d declined by 4.8% from the 2012, reflecting significant force majeure events in particular in Libya, Nigeria and Algeria, which considerably impacted the production level and the disposals made in the first half of 2012, while it was partially helped by the performance of the Elgin-Franklin field (Eni's interest 21.87%) in the United Kingdom, operated by another oil major, which was off line in 2012 due to a gas leak. The contribution of the new fields' start-ups and continuing production ramp-ups mainly in Algeria and Egypt partly offset the effects of planned facility downtimes and technical problems, in the North Sea and in the Gulf of Mexico respectively, as well as mature field declines. The share of oil and natural gas produced outside Italy was 89% (89% in 2012).

Liquids production (833 kbbbl/d) decreased by 49 kbbbl/d or 5.6% from the previous year, driven mainly by lower production in Libya and Nigeria, planned and extraordinary downtimes and mature field declines. These negatives were partly offset by new field start-ups and production ramp-ups mainly in: (i) Algeria, following the start-up of the MLE-CAFC (Eni's interest 75%) and the El Merk (Eni's interest 12.25%) projects; (ii) Egypt, following the ramp-up of Meleiha area (Eni's interest 76%); and (iii) Iraq, due to increased production at the Zubair field (Eni's interest 41.6%).

Natural gas production (4,320 mmcf/d) reported a decline of 181 mmcf/d from the 2012 (down by 3.9%). The lower production in Nigeria, planned and extraordinary downtimes and mature field declines were partially offset by the contribution of new field start-ups and ramp-ups of the year, mainly in Algeria and the United Kingdom following the start-up of Jasmine field (Eni's interest 33%).

Oil and gas production sold amounted to 555.3 mmboe. The 35.7 mmboe difference over production (591 mmboe) reflected mainly volumes of natural gas consumed in operations (30 mmboe). Approximately 60% of liquids production sold (299.5 mmbbl) was destined to Eni's Refining & Marketing Division (of which 25% was processed in Eni's refinery). About 27% of natural gas production sold (1,405 bcf) was destined to Eni's Gas & Power Division.

In 2013 oil spills from operations and sabotage reported a decrease compared to the previous year, amounting to 42.7% and 34.9%, respectively. Oil spills were concentrated mainly in Nigeria, due to disruptions and force majeure events reported during the year. In particular, a pilot project was launched to identify a technology which can be used to oppose at the illegal bunkering. Eni continues to promote operations aimed at raising safety standards and at ensuring efficient operations management.

Productive wells

In 2013 oil and gas productive wells were 8,697 (3,424.4 of which represented Eni's share). In particular, oil productive wells were 6,099 (2,217.4 of which represented Eni's share); natural gas productive wells amounted to 2,598 (1,207 of which represented Eni's share).

The following table shows the number of productive wells in the year indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities - oil&gas (Topic 932).

(units)	Productive oil and gas wells ^(a)			
	2013			
	Oil wells		Natural gas wells	
	Gross	Net	Gross	Net
Italy	240.0	194.1	615.0	531.5
Rest of Europe	415.0	60.8	182.0	90.2
North Africa	1,590.0	820.4	199.0	85.8
Sub-Saharan Africa	2,908.0	585.9	339.0	25.5
Kazakhstan	104.0	29.7		
Rest of Asia	644.0	417.3	897.0	341.6
America	191.0	105.4	352.0	129.1
Australia and Oceania	7.0	3.8	14.0	3.3
	6,099.0	2,217.4	2,598.0	1,207.0

(a) Includes 2,162 gross (761.2 net) multiple completion wells (more than one producing into the same well bore). Productive wells are producing wells and wells capable of production. One or more completions in the same bore hole are counted as one well.

Oil and natural gas production ^(a)									
	Liquids (kbbbl/d)	Natural gas (mmcf/d)	Hydrocarbons (kboe/d)	Liquids (kbbbl/d)	Natural gas (mmcf/d)	Hydrocarbons (kboe/d)	Liquids (kbbbl/d)	Natural gas (mmcf/d)	Hydrocarbons (kboe/d)
	2011			2012			2013		
Consolidated subsidiaries									
Italy	64	674.3	186	63	695.1	189	71	630.2	186
Rest of Europe	120	537.9	216	95	458.4	178	77	429.6	155
Croatia		29.9	5		25.4	5		43.0	8
Norway	80	284.0	131	74	289.6	126	60	250.5	106
United Kingdom	40	224.0	80	21	143.4	47	17	136.1	41
North Africa	204	1,265.1	432	267	1,728.2	581	248	1,668.7	551
Algeria	69	19.0	72	71	40.1	78	73	81.6	88
Egypt	91	800.7	236	88	805.9	235	93	734.6	227
Libya	36	423.2	112	101	863.5	258	76	836.7	228
Tunisia	8	22.2	12	7	18.7	10	6	15.8	8
Sub-Saharan Africa	275	506.1	366	245	534.3	343	242	481.7	329
Angola	92	32.8	98	78	34.8	85	79	32.7	84
Congo	87	119.1	108	82	120.5	104	90	161.8	120
Nigeria	96	354.2	160	85	379.0	154	73	287.2	125
Kazakhstan	64	231.0	106	61	221.7	102	61	213.5	100
Rest of Asia	33	404.4	106	41	390.1	112	43	354.7	108
China	7	5.0	8	8	4.4	9	7	3.4	8
India		19.6	4		10.5	2		7.2	1
Indonesia	1	58.6	12	1	58.9	12	1	55.0	11
Iran	6		6	3		3	4		4
Iraq	7		7	18		18	22		22
Pakistan	1	321.2	58	1	310.4	57		283.1	52
Turkmenistan	11		11	10	5.9	11	9	6.0	10
America	55	334.0	115	72	283.5	124	61	244.5	106
Ecuador	7		7	25		25	13		13
Trinidad & Tobago		56.7	10		58.5	11		58.6	11
United States	48	277.3	98	47	225.0	88	48	185.9	82
Australia and Oceania	11	97.8	28	18	100.8	37	10	110.4	30
Australia	11	97.8	28	18	100.8	37	10	110.4	30
	826	4,050.6	1,555	862	4,412.1	1,666	813	4,133.3	1,565
Equity-accounted entities									
Angola	3	1.9	4	2	4.4	2		14.2	3
Brazil	1		1	2		2			
Indonesia	1	25.7	6	1	26.0	6	1	24.2	5
Russia				2	52.4	11	5	141.6	31
Tunisia	5	6.4	6	4	5.3	5	4	5.5	5
Ukraine					0.5				
Venezuela	9		9	9		9	10	0.8	10
	19	34.0	26	20	88.6	35	20	186.3	54
Total	845	4,084.6	1,581	882	4,500.7	1,701	833	4,319.6	1,619

(a) Includes volumes of gas consumed in operations (451, 383 and 321 mmcf/d in 2013, 2012 and 2011, respectively).

Drilling

Exploration

In 2013, a total of 53 new exploratory wells were drilled (27.8 of which represented Eni's share), as compared to 60 exploratory wells drilled in 2012 (34.1 of which represent Eni's share) and 56 exploratory wells drilled in 2011 (28 of which represented Eni's share).

The following tables show the number of net productive, dry and in progress exploratory wells in the years indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities - oil&gas (Topic 932). The overall commercial success rate was 36.9% (38.5% net to Eni) as compared to 40% (40.8% net to Eni) in 2012 and 42% (38.6% net to Eni) in 2011.

Development

In 2013 a total of 463 development wells were drilled (187.2 of which represented Eni's share) as compared to 351 development wells drilled in 2012 (163.6 of which represented Eni's share) and 407 development wells drilled in 2011 (186.1 of which represented Eni's share).

The drilling of 130 wells (45 of which represented Eni's share) is currently underway.

The following tables show the number of net productive, dry and in progress development wells in the years indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities - oil&gas (Topic 932).

Exploratory Well Activity								
(units)	Net wells completed						Wells in progress at Dec. 31 ^(a)	
	2011		2012		2013		2013	
	Productive	Dry ^(b)	Productive	Dry ^(b)	Productive	Dry ^(b)	Gross	Net
Italy			1.0				5.0	3.4
Rest of Europe	0.3	0.7	1.0	1.0		3.4	17.0	6.2
North Africa	6.2	3.4	6.3	11.3	4.9	5.4	14.0	9.8
Sub-Saharan Africa	0.6	2.6	4.5	5.1	3.2	6.6	60.0	24.3
Kazakhstan				0.8		0.4	6.0	1.1
Rest of Asia	0.2	7.6	0.5	0.6	4.3	2.7	21.0	8.2
America	2.5			0.1	0.2	1.2	4.0	1.2
Australia and Oceania		1.4		0.4		0.5	2.0	0.8
	9.8	15.7	13.3	19.3	12.6	20.2	129.0	55.0

Development Well Activity								
(units)	Net wells completed						Wells in progress at Dec. 31	
	2011		2012		2013		2013	
	Productive	Dry ^(b)	Productive	Dry ^(b)	Productive	Dry ^(b)	Gross	Net
Italy	25.3		18.0	1.0	7.4	1.0	3.0	3.0
Rest of Europe	3.3	0.3	2.9	0.6	6.3		31.0	5.9
North Africa	55.9	1.1	46.0	1.6	61.6	3.3	20.0	11.3
Sub-Saharan Africa	28.2	1.0	27.4	0.3	26.3	1.2	20.0	5.1
Kazakhstan	1.3		1.4		0.3		17.0	3.1
Rest of Asia	39.2	2.5	41.2	0.1	61.7	4.3	26.0	11.4
America	27.6		23.1		13.8		12.0	4.8
Australia and Oceania	0.4						1.0	0.4
	181.2	4.9	160.0	3.6	177.4	9.8	130.0	45.0

(a) Includes temporary suspended wells pending further evaluation.

(b) A dry well is an exploratory, development, or extension well that proves to be incapable of producing either oil or gas sufficient quantities to justify completion as an oil or gas well.

Acreege

As of December 31, 2013, Eni's mineral right portfolio consisted of 976 exclusive or shared rights for exploration and development in 42 Countries on five continents for a total acreage of 276,256 square kilometers net to Eni of which developed acreage of 41,538 square kilometers and undeveloped acreage of 234,718 square kilometers net to Eni. In 2013, changes in total net acreage mainly derived from: (i) new leases mainly in Cyprus, Kenya, Greenland, Norway,

Russia and Vietnam for a total acreage of approximately 48,000 square kilometers; (ii) the total relinquishment of licenses mainly in Angola, China, Congo, Egypt, Poland, Russia, Timor Leste, the United States and the United Kingdom, covering an acreage of approximately 15,000 square kilometers; (iii) partial relinquishment or interest reduction in Congo, Indonesia, Mozambique and Timor Leste for approximately 6,000 square kilometers.

Oil and natural gas interests

	December 31, 2012		December 31, 2013					Total net acreage ^(a)
	Total net acreage ^(a)	Number of interest	Gross developed ^{(a) (b)} acreage	Gross undeveloped ^(a) acreage	Total gross acreage ^(a)	Net developed ^{(a) (b)} acreage	Net undeveloped ^(a) acreage	
EUROPE	27,423	264	16,170	40,753	56,923	10,907	26,111	37,018
Italy	17,556	151	10,663	10,815	21,478	8,948	8,334	17,282
Rest of Europe	9,867	113	5,507	29,938	35,445	1,959	17,777	19,736
Cyprus		3		12,523	12,523		10,018	10,018
Croatia	987	2	1,975		1,975	987		987
Norway	2,676	57	2,264	9,302	11,566	346	3,433	3,779
Poland	1,968	2		969	969		969	969
Ukraine	1,941	12	50	3,840	3,890	30	1,911	1,941
United Kingdom	914	34	1,218	223	1,441	596	42	638
Other Countries	1,381	3		3,081	3,081		1,404	1,404
AFRICA	142,796	280	66,341	185,574	251,915	20,131	116,965	137,096
North Africa	21,390	116	32,560	14,334	46,894	14,150	6,262	20,412
Algeria	1,232	42	3,223	187	3,410	1,148	31	1,179
Egypt	4,590	53	4,926	5,460	10,386	1,778	1,887	3,665
Libya	13,294	10	17,947	8,687	26,634	8,950	4,344	13,294
Tunisia	2,274	11	6,464		6,464	2,274		2,274
Sub-Saharan Africa	121,406	164	33,781	171,240	205,021	5,981	110,703	116,684
Angola	6,079	71	6,498	14,991	21,489	802	3,641	4,443
Congo	5,035	28	1,835	2,890	4,725	1,017	2,108	3,125
Democratic Republic of Congo	263	1		478	478		263	263
Gabon	7,615	6		7,615	7,615		7,615	7,615
Ghana	1,885	2		4,676	4,676		1,664	1,664
Kenya	35,724	4		46,410	46,410		38,930	38,930
Liberia	2,036	3		7,365	7,365		1,841	1,841
Mozambique	9,069	1		10,207	10,207		5,103	5,103
Nigeria	7,646	41	25,448	10,838	36,286	4,162	3,484	7,646
Togo	6,192	2		6,192	6,192		6,192	6,192
Other Countries	39,862	5		59,578	59,578		39,862	39,862
ASIA	58,042	70	19,013	168,024	187,037	6,650	72,664	79,314
Kazakhstan	869	6	2,391	2,542	4,933	442	427	869
Rest of Asia	57,173	64	16,622	165,482	182,104	6,208	72,237	78,445
China	10,495	8	76	5,130	5,206	19	5,130	5,149
India	6,208	11	206	16,546	16,752	109	6,058	6,167
Indonesia	19,734	13	3,220	25,779	28,999	1,218	17,991	19,209
Iran	820	4	1,456		1,456	820		820
Iraq	352	1	1,074		1,074	446		446
Pakistan	10,533	18	10,390	17,731	28,121	3,396	6,939	10,335
Russia	1,469	3		62,592	62,592		20,862	20,862
Timor Leste	4,118	1		1,538	1,538		1,230	1,230
Turkmenistan	200	1	200		200	200		200
Vietnam		3		21,566	21,566		10,783	10,783
Other Countries	3,244	1		14,600	14,600		3,244	3,244
AMERICA	9,075	348	4,809	15,268	20,077	3,141	6,065	9,206
Ecuador	1,985	1	1,985		1,985	1,985		1,985
Greenland		1		2,630	2,630		920	920
Trinidad & Tobago	66	1	382		382	66		66
United States	4,632	331	1,640	5,089	6,729	822	3,021	3,843
Venezuela	1,066	6	802	2,002	2,804	268	798	1,066
Other Countries	1,326	8		5,547	5,547		1,326	1,326
AUSTRALIA AND OCEANIA	13,834	14	1,140	22,436	23,576	709	12,913	13,622
Australia	13,796	14	1,140	22,436	23,576	709	12,913	13,622
Other Countries	38							
Total	251,170	976	107,473	432,055	539,528	41,538	234,718	276,256

(a) Square kilometers.

(b) Developed acreage refers to those leases in which at least a portion of the area is in production or encompasses proved developed reserves.

Main exploration and development projects

Italy

In the Val d'Agri concession (Eni's interest 60.77%) the development plan is ongoing as agreed with the Basilicata Region in 1998: (i) the construction of a new gas treatment unit progressed, aiming at improving the environmental performance of the treatment unit and achieving a production capacity of 104 kbbbl/d; (ii) start-up of Allì 2 producing well; (iii) the Environmental Monitoring Plan is ongoing and represents an environmental protection excellence. Eni implemented an environmental protection standard by means of the Action Plan for Biodiversity in Val d'Agri launched in 2008 and aimed to reduce impacts of associated operations; (iv) continuing improvement and maintenance activities progressed to optimize environmental and production performance of the field. Other main development activities concerned the maintenance and production optimization at the fields located in the Adriatic offshore and onshore area in Sicily as well as the upgrading of compression and hydrocarbon treatment facilities at the production platforms of the Barbara field.

Rest of Europe

Norway Exploration activities yielded positive results in the: (i) PL 532 license (Eni's interest 30%) with the oil and gas Skavl discovery, in addition to the recent oil and gas discoveries of Skrugard and Havis. The total recoverable resources of PL 532 license are estimated at over 500 million barrels at 100% and are planned to be put in production by means of fast-track synergic development; (ii) PL 479 license (Eni's interest 19.6%) with the Smørbukk near field gas and condensates discovery that will leverage on the synergies with the existing production facilities.

During the year, Eni was awarded the operatorship and a 40% interest in the PL 717, PL 712, PL 716 and PL 697 (Eni's interest 65%) exploration licenses, as well as a 30% stake in the PL 696 and 714 licenses.

The Skuld field (Eni's interest 11.5%) started up with a production of approximately 30 kboe/d (approximately 4 kboe/d net to Eni).

Development activities progressed at the Goliat field (Eni operator with a 65% interest) in the Barents Sea. Start-up is expected by the end of 2014, with a production plateau at approximately 56 kboe/d net to Eni in 2015.

In 2013 the implementation of oil spill contingency and response was progressed by means of the development of techniques and methodologies to support the oil spill preparedness program which already has been acknowledged by the Norwegian Authorities as the reference standard for all future development projects in the Arctic.

The project was launched by Eni and involved other oil companies operating in the oil and gas exploration in the Barents Sea as well as the Norwegian Clean Seas Association for Operating Companies (NOFO) and International Research Institutes. These results were presented at the Norwegian

Environmental Agency, at the local administrations and at all stakeholders and reaffirmed that the Goliat project is characterized by a well-advance emergency system for the management of an oil spill, in terms of organization, consolidation of the emergency apparatus, as well as equipment and technology development. Activities are expected to be completed in 2014.

Other ongoing activities aimed at maintaining and optimizing production at the Ekofisk field (Eni's interest 12.39%) by means of drilling of infilling wells, upgrading of existing facilities and optimization of water injection. The development of the South Area was completed in the year.

United Kingdom Within its strategy of portfolio optimization, Eni finalized the disposal of 19 development/production fields and 11 exploration licences.

Production started at the oil and gas Jasmine field (Eni's interest 33%), with the installation activities and linkage to productive and treatment facilities. A peak of approximately 117 kbbbl/d (approximately 39 kbbbl/d net to Eni) is expected in 2014.

Other development activities concerned the West Franklin field (Eni's interest 21.87%) with the construction and installation of production platforms and linkage to nearby treatment facilities. Start-up is expected at the end of 2014.

North Africa

Algeria In the year, production started at the MLE-CAFC (Eni's interest 75%) and El Merk (Eni 12.25%) fields. The natural gas treatment plant of the MLE-CAFC project has a production and export capacity of approximately 320 mmcf/d of gas, 15 kbbbl/d of oil and condensates and 12 kbbbl/d of LPG. Four export pipelines link it to the national grid system. The integrated project MLE-CAFC targets a production plateau of approximately 33 kboe/d net to Eni by 2017. The El Merk field started up with the construction of a gas treatment plant for approximately 600 mmcf/d, two oil trains for 65 kbbbl/d each and three export pipelines linked to the local network. Production peak of 18 kboe/d net to Eni is expected in 2015.

In 2013 production activities at the Blocks 403 a/d (Eni's interest 100%) and 403 (Eni's interest 50%) used technical synergies of R&D Integrated Operations program leveraging on the Centre of Excellence for Electrical Submersible Pump (ESP). In particular, leveraging on the real time analysis of performance data at the producing well, operations were performed in time to avoid possible disruptions, with cost and time savings.

Egypt Exploration activities yielded positive results in the: (i) Meleiha development lease (Eni's interest 76%) with three near field oil and gas discoveries and the Rosa North-1X oil discovery, where the drilling activities are underway. Development activities plan to leverage on the existing production facilities; (ii) two near field oil discoveries in the Belayim concession (Eni 100%).

In 2013 Eni was awarded the operatorship and a 100% interest in an exploration block in Egyptian deep waters in the Eastern Mediterranean Sea.

Development activities mainly concerned: (i) infilling activities at the Belayim, Denise (Eni's interest 50%), Tuna (Eni's interest 50%) fields and the Western Desert Area to optimize the mineral

potential recovery factor; (ii) completion of the drilling activities at the Seth field (Eni's interest 50%); (iii) development program of the DEKA field (Eni's interest 50%) and the Emry Deep discovery (Eni's interest 76%); and (iv) the upgrading of the water injection system at the Abu Rudeis field (Eni's interest 100%) in the Gulf of Suez. The level of produced water re-injected is 99.5%, corresponding to approximately 1 mmcf/d.

Sub-Saharan Africa

Angola Exploration activities yielded positive results in the offshore Block 15/06 (Eni operator with a 35% interest) with the oil Vandumbu 1 discovery.

The LNG plant managed by the Angola LNG consortium (Eni's interest 13.6%) started up and delivered its first cargo in June 2013. The plant envisages the development of 10,594 bcf of gas in 30 years.

In 2013 the East Hub project was sanctioned in the Block 15/06, with an estimated mineral potential of over 230 million barrels. The development program includes the drilling of submarine wells that were linked to an FPSO with a capacity of 80 kboe/d. Peak production of 55 kbbl/d is expected in 2017. Development activities progressed at the West Hub project, with start-up expected at the end of 2014.

In Block 0 (Eni's interest 9.8%), activities progressed to reduce flaring gas at the Nemba field. In 2015 once completed flared gas is expected to decrease by approximately 85% from current level. The development activities of the Mafumeira field included the installation of production and treatment platforms and underwater linkage. Start-up is expected by the end of 2015. In the Block 14 KA/IMI (Eni's interest 10%) the development activities progressed at the Lianzi field by means of the linkage to the existing production facilities.

The second phase of Kizomba satellites in the Development Area of former Block 15 (Eni's interest 20%) progressed as planned. The project provides to put into production three additional discoveries that will be linked to the existing FPSO. Start-up is expected at the end of 2015.

Congo Exploration activities yielded positive results in the offshore block Marine XII (Eni operator with a 65% interest) with the oil and gas discovery and the appraisal of the Nené Marine field and with the appraisal of the gas and condensates Litchendjili discovery. The overall discoveries potential is estimated in 2.5 billion boe in place. The block has a further significant oil and gas residual amount that will be assessed by the next exploratory and delineation campaign. The proximity to existing facilities, good productivity of reservoir and low cost will allow to fast track development, targeting start-up in 2015.

In 2013 Eni acquired the operatorship of Ngolo exploration block, which is part of the Cuvette Basin, in the joint venture with the Congolese state company Société Nationale des Pétroles du Congo (SNPC). Exploration activities will take place over a period of 10 years. The Cuvette Basin is one of the new themes of frontier exploration activities in Africa. During the year, Eni redefined with the relevant authorities the extension of Madingo, Marine VI and Marine VII exploration

permits, with the aligning of expiring date within the period 2034-2039, the dilution of Eni's stake and an acquisition interest in new high potential area.

The approval of the relevant authorities is in progress.

Activities on the M'Boundi field (Eni operator with an 83% interest) moved forward with the application of Eni advanced recovery techniques and a design to monetize associated gas. Gas is sold under long-term contracts to power plants in the area including the CEC Centrale Electrique du Congo (Eni's interest 20%) with a 300 MW generation capacity. These facilities will also receive in the future gas from the offshore discoveries of the Marine XII permit. In 2013 M'Boundi contractual supplies were approximately 106 mmcf/d (approximately 17 kboe/d net to Eni). Additional gas production will be re-injected within the Eni's zero gas flaring programs. During the year activities progressed to support the population in M'Boundi area. The social project for 25,000 people provides to improve education, production capacity in agriculture, health, access to water and energy.

Development program progressed at the Litchendjili sanctioned project in the block Marine XII. The project provides for the installation of a production platform, the construction of transport facilities and of an onshore treatment plant. The start-up is expected by the end of 2015, with a production plateau of approximately 12 kboe/d net to Eni. Production will also feed the CEC power station.

Mozambique On July 26, 2013, Eni concluded the sale of a 28.57% interest in Eni East Africa (EEA) to China National Petroleum Corporation (CNPC). EEA retains a 70% interest in the Area 4 mineral property, located offshore of Mozambique. CNPC indirectly acquires, through its equity investment in Eni East Africa, a 20% interest in Area 4, while Eni retains operatorship and a 50% interest through the remaining stake. The total consideration was equal to €3,386 million (for further information see "Financial review").

The exploration campaign of the year regarded the appraisal of the Mamba and Coral discoveries. In particular, the delineation of Mamba discovery used the results of the implementation of a propriety process, which includes a study on reservoir characterization, data processing (e-dva™) and analyses of seismic scale.

In 2013 Eni made the Agulha discovery, the tenth discovery in a new exploration prospect located in the southern part of Area 4. Management estimates that Area 4 may contain up to 2,650 billion cubic meters of gas in place. In 2014, Eni will continue appraisal activities, particularly regarding the new exploration prospect, where the drilling of two to three additional wells is planned. Leveraging on Eni's cooperation model, the construction of a gas fired power plant for domestic consumption is being planned with the support of the Mozambican government. In addition, a significant program of ecosystems evaluation and the analysis of biodiversity started in the country. This program will be included in the development project of recent discoveries. Eni continues its recruitment and local training program in order to support the activities of hydrocarbons exploration in the Country. In particular the training program that started with the University of Mozambique involved 75 students during the year.

Nigeria In the OML 125 block (Eni operator with an 85% interest), the Abo - Phase 3 project started-up, with production of approximately 5 kboe/d net to Eni. This project was sanctioned at the end of 2012 and was used an innovative technology for the installation of the intelligent control at the producing wells for simultaneous production start-up from the different reservoir levels. This technology allowed a fast track installation with significant savings. Main activities progressed to support gas production to feed the Bonny liquefaction plant: (i) in the OMLs 60, 61, 62 and 63 blocks (Eni operator with a 20% interest), the Ogbainbiri flowstation was completed with a decline in flared gas of approximately 5 mmcf/d. This facility ensured to treat natural gas production of Ogbainbiri field. In the year, flaring down program includes a reduction of approximately 50 mmcf/d of gas flared leveraging on the upgrade of Idu flowstation completed at the end of 2012; as well as flaring down of Akri with a reduction of approximately 25 mmcf/d of gas flared; (ii) in the OML 28 block (Eni's interest 5%), within the integrated oil and natural gas project in the Gbaran-Ubie area, the drilling campaign was completed. The development plan provides for the construction of a Central Processing Facility (CPF) with a treatment capacity of approximately 1 bcf/d of gas and 120 kbbbl/d of liquids. Further development phases are planned to put in production the residual mineral potential in the area.

Other activity during the year concerned: (i) the Forkados-Yokri field (Eni's interest 5%). The project includes the drilling of 24 producing wells, the upgrading of existing flowstations and the construction of transport facilities; (ii) Bonga NW field in the OML 118 block (Eni's interest 12.5%). The activities include the drilling and completion of producing and infilling wells; (iii) programs to support local development for improving access to health and education and initiatives in agriculture development; (iv) technical support from the ESP Excellence Centre for data performance analysis in different production site of the country. Real-time monitoring at the producing wells allowed to avoid possible disruptions.

Eni holds a 10.4% interest in the Nigeria LNG Ltd joint venture which runs the Bonny liquefaction plant, located in the Eastern Niger Delta. The plant has a design treatment capacity of approximately 1,236 bcf/y of feed gas corresponding to a production of 22 mtonnes/y of LNG on six trains. The seventh unit is being engineered as it is in the planning phase. When fully operational, total capacity will amount to approximately 30 mtonnes/y of LNG, corresponding to a feedstock of approximately 1,624 bcf/y. Natural gas supplies to the plant are provided under gas supply agreements with a 20-year term from the SPDC JV (Eni's interest 5%) and the NAOC JV, the latter operating the OMLs 60, 61, 62 and 63 blocks with an overall amount of approximately 2,825 mmcf/d [approximately 268 mmcf/d net to Eni corresponding to approximately 49 kboe/d]. LNG production is sold under long-term contracts and exported to European and American markets by the Bonny Gas Transport fleet, wholly owned by Nigeria LNG Co.

Kazakhstan

Kashagan On September 11, 2013, following the completion, test and delivery of all infrastructures, the first oil from the giant Kashagan (Eni's interest 16.81%) field was produced. From October 2013 production has been halted due to a technical issue that occurred to the pipeline transporting acid

gas from offshore to onshore facilities, without any impact on the environment and local communities. Recovery activities are ongoing. Management believes that from 2015 field production will recover to the originally expected level and the field contribution to Eni's production profile for the year 2014 has been prudently assumed to be marginal.

The Phase 1 (Experimental Program) is targeting an initial production capacity of 150 kbbbl/d; when the second treatment offshore train and compression facilities for gas reinjection will be completed and put online enabling to increase the production capacity up to 370 kbbbl/d. The partners are planning to further increase available production capacity up to 450 kbbbl/d by installing additional gas compression capacity for re-injection in the reservoir. The partners submitted the scheme of this additional phase to the relevant Kazakh Authorities.

In 2013 Eni submitted the development program of the Western section of the nearby Kalamkas discovery to the authorities. Sanction is expected in 2014 to start-up with the FEED phase.

Eni continues its commitment in the protection of the environment and ecosystems in the Caspian area with the integrated program for the management of biodiversity in the Ural Delta (Ural River Park Project - URPP). The project is almost completed and Eni's aim to include it in the Man and Biosphere Program of UNESCO with positive consent of Kazakh Authority. Within the agreement signed with the relevant authorities, Eni continues its training program for Kazakh resources management positions.

As of December 31, 2013, the aggregate costs incurred by Eni for the Kashagan project capitalized in the financial statements amounted to \$8.2 billion (€5.9 billion at the EUR/USD exchange rate of December 31, 2013). This capitalized amount included: (i) \$6.1 billion relating to expenditure incurred by Eni for the development of the oilfield; and (ii) \$2.1 billion relating primarily to accrue finance charges and expenditures for the acquisition of interests in the North Caspian Sea PSA consortium from exiting partners upon exercise of pre-emption rights in previous years. As of December 31, 2013 Eni's proved reserves booked for the Kashagan field amounted to 565 mboe, barely unchanged from 2012.

Karachaganak The Expansion Project of the Karachaganak field (Eni's interest 29.25%) is currently under study. The project is aimed for a further developing gas and condensates reserves by means of the installation, in stages, of gas treatment plants and re-injection facilities to support liquids production plateau and increase gas sales. The development plan to increase re-injection capacity is currently in the phase of technical and marketing discussion to be presented to the relevant Authorities, with FEED expected in 2014.

In 2013 Eni launched an environmental monitoring program to identify the best available monitoring operations for biodiversity protection. Eni continues its commitment to support local communities by means of the construction of schools and educational facilities as well as health assistance for the villages located in the nearby area of Karachaganak. As of December 31, 2013, Eni's proved reserves booked for the Karachaganak field amounted to 470 mboe, barely unchanged from 2012.

Rest of Asia

Indonesia Development activities progressed at the operated Jangkrik (Eni's interest 55%) and Jau (Eni's interest 85%) offshore fields. The Jangkrik project includes linkage of production wells to a Floating Production Unit for gas and condensate treatment and the construction of a transportation facility to the Bontang liquefaction plant. Start-up is expected in 2017 with a production peak of 80 kboe/d (42 kboe/d net to Eni) in 2018. The Jau project provides for the drilling of production wells and the linkage to onshore plants via pipeline. Start-up is expected in 2017.

Development activities are underway at the Indonesia Deepwater Development project (Eni's interest 20%), located in the East Kalimantan, to ensure gas supplies to the Bontang plant. The project initially provides for the linkage of the Bangka field to existing production facilities, with start-up expected in 2016. Then the project also provides for the integrated development of the first Hub including the Gendalo, Gandang, Maha fields and the second Hub of the Ghehem field. Start up is expected in 2018.

Iran The formal hand over of operations to local partners at the Darquain project is almost completed. This was the sole Eni-operated project in the Country. When the final hand over is completed, Eni's involvements essentially will consist of being reimbursed for its past investments.

Iraq In July 2013, Eni signed with the national oil company South Oil Company and the Iraqi Ministry of Oil an amendment to the technical service contract for the development of the Zubair oil field (Eni's interest 41.6%). The agreement includes a new target plateau at 850 kbbl/d and extends the expiring date of service contract for an additional five years, until 2035.

The Rural Support Project to support farms and communities in the area of Zubair field was completed during the year. The program in accordance with the Zubair Agricultural Department, Farmers Association and with the monitoring of Local Authorities, involved 165 farms during 2012-2013 agricultural season.

Russia Eni divested to certain Gazprom subsidiaries its 60% interest in Artic Russia, the subsidiary owing a 49% stake of Severenergia, which holds four licenses for the exploration and production of hydrocarbons in the region of Yamal Nenets (Siberia), among which in particular the on-stream field of Samburgskoye, Eni's first development in the Russian upstream. On January 15, 2014, the consideration for the disposal equal to €2.16 billion (\$2,940 million) was cashed in (for further information see the "Financial review"). With this disposal, Eni monetized a mature investment, but maintains a strong commitment in the Russian upstream through the partnership with Rosneft, the projects for exploration in the Russian section of the Black Sea and in the Barents Sea. In June 2013, Eni and Rosneft signed the completion deed relating to the agreements for the joint development of exploration activities in the Russian Barents Sea (Fedynsky and Central Barents licenses, Eni's interest 33.33%) where seismic surveys have been started, and in the Black Sea (Western Chernomorsky license, Eni's interest 33.33%). Seismic

surveys will be performed under the provisions of Russian environmental legislation.

America

United States In March 2013 Eni was the highest bidder in five offshore exploration blocks located in the Mississippi Canyon and Desoto Canyon areas within the Central Gulf of Mexico Lease Sale 227. Relevant authorities approved the bid of one of five blocks. In November, 2013, Eni signed an agreement with the American company Quicksilver, for exploring and developing an area with unconventional oil reservoirs (shale oil), onshore the United States. Eni is expected to acquire a 50% interest in the Leon Valley area (West Texas). The work plan provides for the drilling of up to five exploration wells and the geophysical survey, aiming at determining the hydrocarbon potential of the area and the subsequent development plan. Eni will invest up to \$52 million, for the completion of the project's exploration activities. The agreement also establishes that Eni will obtain 50% of another area located in the Leon Valley owned by Quicksilver, without additional costs.

Phase 1 of the development plan was sanctioned at the Heidelberg field (Eni's interest 12.5%) in the deep offshore of the Gulf of Mexico. The project provides for the drilling of 5 producing wells and the installation of a producing platform. Start-up is expected at the end of 2016 with a production of approximately 9 kboe/d net to Eni.

Development activities in the Gulf of Mexico mainly concerned: (i) drilling and completion activities at the Hadrian South (Eni's interest 30%), Lucius/Hadrian North (Eni's interest 5.4%) and St. Malo (Eni's interest 1.25%) fields; (ii) infilling activities at the producing operated fields of Appaloosa (Eni's interest 100%), Longhorn (Eni's interest 75%), Pegasus (Eni's interest 58%) and at the non-operated Front Runner field (Eni's interest 37.5%); and (iii) maintenance of the pipeline linking to the Corral production platform.

Drilling activities progressed at the Nikaitchuq (Eni operator with a 100% interest) and Oooguruk (Eni's interest 30%) fields in Alaska.

Venezuela In March 2013, production (accelerated early production) started up at the giant Junin 5 field (Eni's interest 40%), located in the Orinoco oil belt and containing 35 bbl of certified heavy oil in place. Early production of the first phase is expected to reach a plateau of 75 kbbl/d by the end of 2015, targeting a long-term production plateau of 240 kbbl/d. The project provides for the construction of a refinery with a capacity of approximately 350 kbbl/d. Eni agreed to finance part of PDVSA's development costs for the early production phase and engineering activity of refinery plant up to \$1.74 billion. Drilling activities and installation of the transport and treatment facilities are ongoing.

The sanctioned development plan progressed at the Perla gas discovery, located in the Cardon IV Block (Eni's interest 50%), in the Gulf of Venezuela. PDVSA exercised its 35% back-in right. Eni will retain the 32.5% joint controlled interest in the company, at the execution of the transfer stake. The early production phase includes the utilization of the existing discovery/appraisal wells and the installation of production

platforms linked by pipelines to the onshore treatment plant. Target production of approximately 450 mmcf/d is expected in 2015. The development program will continue with the drilling of additional wells and the upgrading of treatment facilities to reach a production plateau of approximately 1,200 mmcf/d.

Capital expenditure

Capital expenditure of the Exploration & Production Division (€10,475 million) concerned development of oil and gas reserves (€8,580 million) directed mainly outside Italy, in particular in Norway, the United States, Angola, Congo,

Nigeria, Kazakhstan, Egypt and the United Kingdom. Development expenditures in Italy concerned the well drilling program and facility upgrading in Val d'Agri as well as sidetrack and workover activities in mature fields. About 98% of exploration expenditures were directed outside Italy in particular to Mozambique, Norway, Congo, Togo, Nigeria, the United States and Angola as well as the acquisition of new licenses in the Republic of Cyprus and in Vietnam. In Italy, exploration activities were directed mainly to the Adriatic offshore, Val d'Agri and Po Valley. In 2013 overall expenditure in R&D amounted to €87 million. A total of 9 new patents applications were filed, one jointly with Versalis.

Capital expenditure	(€ million)	2011	2012	2013	Change	% Ch.
Acquisition of proved and unproved properties		754	43	109	66	..
North Africa		57	14	109		
Sub-Saharan Africa		697	27			
America			2			
Exploration		1,210	1,850	1,669	(181)	(9.8)
Italy		38	32	32		
Rest of Europe		100	151	357	206	..
North Africa		128	153	95	(58)	(37.9)
Sub-Saharan Africa		482	1,142	757	(385)	..
Kazakhstan		6	3	1	(2)	(66.7)
Rest of Asia		156	193	233	40	20.7
America		60	80	110	30	37.5
Australia and Oceania		240	96	84	(12)	(12.5)
Development		7,357	8,304	8,580	276	3.3
Italy		720	744	743	(1)	(0.1)
Rest of Europe		1,596	2,008	1,768	(240)	(12.0)
North Africa		1,380	1,299	808	(491)	(37.8)
Sub-Saharan Africa		1,521	1,931	2,675	744	38.5
Kazakhstan		897	719	658	(61)	(8.5)
Rest of Asia		361	641	749	108	16.8
America		831	953	1,127	174	18.3
Australia and Oceania		51	9	52	43	..
Other expenditure		114	110	117	7	6.4
		9,435	10,307	10,475	168	1.6