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El Paso to Begin Building Facilities For Gas Imports

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Move Follows FPC Approval Of Algerian LNG Project; Deliveries Expected in '76

Sonatrach Financing Settled

A WALL STREET JOURNAL News Roundup

El Paso Natural Gas Co. said construction of facilities for its long-planned project to import liquefied natural gas from Algeria to the Eastern Seaboard will begin immediately.

The company made the announcement following final approval for the project by the Federal Power Commission and conclusion of financing agreements for Sonatrach, the Algerian state oil and gas agency that will sell the LNG to El Paso for transport to U.S. customers.

El Paso said it expects initial deliveries of the gas to begin in early 1976 and to eventually reach a volume of some one billion cubic feet daily. The value of the 25-year contract with Sonatrach has been estimated at nearly \$8 billion.

The project itself, estimated at \$1.7 billion, includes facilities in the U.S. and Algeria and a nine-ship transport fleet that El Paso will operate to haul the liquefied gas to the U.S.

A billion-cubic-foot-a-day processing plant will be built in Arzew, Algeria, by Chemical Construction Corp., a subsidiary of Aerojet-General Corp., itself a subsidiary of General Tire & Rubber Co., at a cost of about \$350 million.

Further financing details for the massive project were disclosed over the weekend. First National City Bank of New York said it helped arrange \$399 million of private bank loans for Sonatrach, on top of over \$700 million of loans from a variety of sources previously disclosed.

The latest loan is part of a credit package put together with the Export-Import Bank. As announced last Monday, the Ex-Im Bank agreed to extend \$157 million of credit to Algeria for the gas liquefaction facilities. First National City Bank said the Ex-Im Bank will also guarantee over \$200 million of the \$399 million to be furnished by private banks.

Participating in the loan with First National City will be Bank of America, First National Bank of Chicago, Fuji Bank, Bank of Montreal, Continental Illinois National Bank & Trust Co., Marine Midland Bank-New York, Toronto Dominion Bank and United California Bank.

The financing was the third arranged for Algeria in the past month. Late last week, First National City, Chase Manhattan Bank, Bank of America, Continental Illinois, Manufacturers Hanover Trust Co. and Chicago's First National had extended \$300 million of loans to two Algerian state-controlled banks. Earlier, Sonatrach signed a \$250 million loan with a group led by First Boston Corp.