



Warsaw, 15 December 2008

MINISTER OF ENVIRONMENT

Maciej Nowicki

DGiKGe-4770-67/7056/08/MO

DECISION

Acting pursuant to Article 155 of the Code of Administrative Proceedings and Article 16 Clauses 1.2, 4 and 5a of the Geological and Mining Law of 4 February 1004 (Dz.U. of 2005, No. 228, item 1947, as amended) upon the application of Energia Zachód Sp. z o.o. in Warsaw, having obtained the relevant opinions as required under the *Geological and Mining Law*

I hereby decide to

amend the concession No. 4/03/p of 19 February 2003 as per the wording set forth by decision of 10 December 2003, ref. No.: DGn/BB/487-8834/2003 and decision of 16 December 2005, ref. No.: DGe-4770-3/8978/05/AP and decision of 31 January 2008, ref. No. DGe-4770-5/842/08/MO issued by the Minister of Environment to Energia Zachód Sp. z o.o. in Warsaw, for prospecting for and exploration of crude oil and natural gas deposits within the **concession block No. 207**, located within the territory of the communes of: Czerwonak, Łubowo, Dominowo, Kleszczewo, Nekla, towns and communes of: Czerniejewo, Kostrzyn, Pobiedziska, Swarzędz, Września and towns of: Poznań and Kórnik, located within Wielkopolskie Voivodeship, as follows:

1. Clause 3 of the concession shall have the following wording:

“3. The conditions to be fulfilled by the entrepreneur holding the concession are set forth in the mining usufruct agreement of 27 August 2002 between the State Treasury, represented by the Minister of Environment, and Ramco Energy Plc (assigned by Ramco Energy Plc to Energia Zachód Sp. z o.o. on 30 September 2002), as amended by Annex No. 1 of 18 February 2003 and Annex No. 2 of 15 December 2008”;

2. Clause 4 of the concession shall have the following wording:

“4. The concession is issued for the term of 9 years starting from the date of concession issuance.”;

3. After Clause 5a of the concession, a new Clause 5b shall be added and have the following wording:

“5b. The additional scope of work provides for drilling one horizontal well to the depth of 3,800 within the area of the concession block 207 and, optionally, one horizontal well to the depth of 3,800 m. In the event that the decision to proceed with the execution of the optional scope is taken, Energia Zachód Sp. z o.o. shall be obliged to submit an annex to the geological work programme not later than one month before beginning such works.”;

4. After Clause 9 of the concession, a new Clause 9a shall be added and have the following wording:

“9a. All geological samples, including drilling cores, acquired as a result of carrying out geological works are considered geological samples subject to long-term storage. The party performing geological works shall be required to deliver at least ½ of the volume of the acquired geological samples subject to long-term storage to the Central Geological Archives in Warsaw within one month of the completion of the geological works. A protocol evidencing the date, number and type of samples delivered shall be presented by the party performing geological works within 14 days of their delivery.”;

5. After Clause 14 of the concession, a new Clause 14a shall be added and have the following wording:

“14 a. In connection with the amendment of the concession no. 4/03/p and the change in the scope of work, the fee in consideration of the activity contemplated in this concession amount to PLN 130,549.35 (in words: one hundred and thirty thousand five hundred and forty nine zlotys; 35/00), and is payable within 14 days of the date of obtaining the concession.”.

The fee in respect of the activity contemplated in the concession shall be appropriated as follows: 60% constitutes the revenue of the communes in whose territories the activity is to be carried out, proportionally to the surface of the concession area falling within the boundaries of each commune, and the remaining 40% constitutes the revenue of the National Fund for Environmental Protection and Water Management – account number BGK III/o Warszawa 92 1130 1062 0000 0109 9520 0013.

Aurelian Oil & Gas Poland Sp. z o.o. with its registered office in Warsaw is hereby obligated to present forthwith the concession authority and the entities referred to in Article 86 of the *Geological and Mining Law* with the copies of receipts for the payments made pursuant to Article 85 of the *Geological and Mining Law*.”.

Grounds:

On 19 February 2003, the Minister of Environment issued the concession No. 4/03/p for prospecting for and exploration of crude oil and natural gas deposits within the concession block No. 207 to Energia Zachód Sp. z o.o.

Upon the application of the entrepreneur the concession was amended by decision of 10 December 2003, ref. No. DGn/BB/487-8834/2003 and decision of 16 December 2005, ref. No.: DGe-4770-3/8978/05/AP and decision of 31 January 2008, ref. No. DGe-4770-5/842/08/MO with regard to the term of the concession and the time schedule of the exploratory works.

In the application of 25 August 2008 (supplemented on 21 October 2008) Energia Zachód Sp. z o.o. requested the concession authority to extend the concession term (from 6 to 9 years) and the scope of exploratory works in order to drill one additional horizontal well to the depth of 3,800 and, optionally, one horizontal well to the depth of 3,800 m.

In accordance with Article 153 of the Act of 3 October 2008 on access to information on the environment and its protection, participation of the public in environmental protection and environmental impact assessments (Dz.U. No. 199, item 1227), which entered into force on 15 November 2008, the provisions of the Environmental Protection Law of 27 April 2001 (Dz.U. of 2006, No. 129, item 902) apply to the administrative proceedings initiated before the entry of the former into force.

In the light of the *Environmental Protection Law* (Dz.U. of 2006, No. 129, item 902, as amended) and the related secondary legislation (Regulation of the Council of Ministers of 9 November 2004 concerning definition of the types of projects with potentially significant environmental impact and detailed conditions in relation to applicability of the requirement to prepare an environmental impact assessment (Dz.U. No. 257, item 2573, as amended), the contemplated activity, as defined in the

geological work programme, is not deemed to be a project of potentially significant environmental impact, which would be subject to obligatory environmental impact assessment. In the view of the above, no proceedings in respect of environmental impact assessment of the contemplated project were undertaken by the competent environmental authority, and the entrepreneur was not required to obtain the decision on the environmental conditions for permission to proceed with a project.

It should also be noted that no areas covered by the European Environmental Network Natura 2000 are present in the vicinity of the planned wells, or within their potential impact.

In accordance with Clause 16.4 of the Geological and Mining Law, positive opinions of the cooperating authorities have been obtained, except for the majors of Września i Kostrzyn who did not take a position within the statutory time limit. In accordance with Article 105a of the Geological and Mining Law, the failure to take a position within the above-mentioned time limit was deemed by concession authority as an acceptance of the distributed draft decision.

In accordance with the Regulation of the Minister of Environment of 19 December 2001 concerning collection and access to geological samples and documentation (Dz. U. No. 153, item 1780), the concession authority classified all geological samples, including drilling cores, acquired as a result of carrying out geological works as geological samples subject to long-term storage.

The entrepreneur has been obligated to pay a fee in consideration of the prospecting for and exploration of mineral deposits in the amount of PLN 130,549.35. The fee has been set on the basis of Article 85.4 of the *Geological and Mining Law* as the product of the rate per square kilometer for hydrocarbons (PLN 206.86) and the number of square kilometres of the area (631.1 km²) where the activities are to be carried out.

In the course of the proceedings the Minister of Environment ascertained, as required under Article 155 of the Code of Administrative Procedure, that the amendment of the decision with respect to prospecting for and exploration of crude oil and natural gas deposits within the **concession block 207** is in the interest of the party while it is neither in conflict with the relevant specific regulations nor does it contravene the public interest.

In consideration of the above, it was decided as hereinabove stated.

This decision is final.

A party not satisfied with this decision may submit, within 14 days of its receipt (appeal regulations applying accordingly) a request to the Minister of Environment for the case to be reconsidered.

Recipients:

Energia Zachód Sp. z o.o.
ul. Królewska 27
00-060 Warszawa

Cc.:

1. Municipality of Poznań
2. Municipality of Kórnik
3. Municipality and Commune of Czarniejewo
4. Municipality and Commune of Kostrzyn
5. Municipality and Commune of Pobiedziska
6. Municipality and Commune of Swarzędz

7. Municipality and Commune of Września
8. Commune of Czerwonak
9. Commune of Łubowo
10. Commune of Dominowo
11. Commune of Kleszczewo
12. Commune of Nekla
13. District Governor's Office in Gniezno
14. District Governor's Office in Poznań
15. District Governor's Office in Środa Wielkopolska
16. District Governor's Office in Września
17. Wielkopolskie Voivodeship Marshal's Office
18. Regional Mining Authority in Poznań
19. National Fund for Environmental Protection and Water Management in Warsaw
20. ad acta



Warsaw, 15 December 2008

MINISTER OF ENVIRONMENT

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DECISION

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I hereby decide to

amend the concession No. 5/03/p of 19 February 2003 as per the wording set forth by decision of 10 December 2003, ref. No.: DGn/BB/487-8835/2003 and decision of 16 December 2005, ref. No.: DGe-4770-4/8977/05/AP issued by the Minister of Environment to Energia Zachód Sp. z o.o. in Warsaw, for prospecting for and exploration of crude oil and natural gas deposits within the **concession block No. 208**, located within the territory of the communes of: Czerwonak, Łubowo, Dominowo, Kleszczewo, Nekła, Gniezno, towns and communes of: Kołaczkowo, Łubowo, Niechanowo, Orchowo, Ostrowite, Powidz, Słupca, Strzałkowo, towns and communes of: Miłosław, Czarniejewo, Witkowo, Września and towns of: Gniezno and Słupca, located within Wielkopolskie Voivodeship, as follows:

1. Clause 3 of the concession shall have the following meaning:

“3. The conditions to be fulfilled by the entrepreneur holding the concession are set forth in the mining usufruct agreement of 27 August 2002 between the State Treasury, represented by the Minister of Environment, and Ramco Energy Plc (assigned by Ramco Energy Plc to Energia Zachód Sp. z o.o. on 30 September 2002), as amended by Annex No. 1 of 18 February 2003 and Annex No. 2 of 15 December 2008”;

2. Clause 4 of the concession shall have the following wording:

“4. The concession is issued for the term of 9 years starting from the date of concession issuance.”;

3. After Clause 5 of the concession, a new Clause 5 a shall be added and have the following wording:

“5a. The additional scope of work provides for completion of 200 km of 2D seismics within the concession block 208 and, optionally, drilling 1 well to the depth of 3,900 m and a 3D seismic picture for the surface area of 200 sq. km. In the event that the decision to proceed with the execution of the optional scope is taken, Energia Zachód Sp. z o.o. shall be obliged to submit an

annex to the geological work programme not later than one month before beginning such works.”;

4. After Clause 9 of the concession, a new Clause 9a shall be added and have the following wording:

“9a. All geological samples, including drilling cores, acquired as a result of carrying out geological works are considered geological samples subject to long-term storage. The party performing geological works shall be required to deliver at least ½ of the volume of the acquired geological samples subject to long-term storage to the Central Geological Archives in Warsaw within one month of the completion of the geological works. A protocol evidencing the date, number and type of samples delivered shall be presented by the party performing geological works within 14 days of their delivery.”;

5. After Clause 14 of the concession, a new Clause 14a shall be added and have the following wording:

“14a. In connection with the amendment of the concession no. 5/03/p and the change in the scope of work, the fee in consideration of the activity contemplated in this concession amount to PLN 195,958.48 (in words: one hundred and ninety five thousand nine hundred and fifty eight zlotys, 48/00), and is due within 14 days of the receipt of the concession.

The fee in respect of the activity contemplated in the concession shall be appropriated as follows: 60% constitutes the revenue of the communes in whose territories the activity is to be carried out, proportionally to the surface of the concession area falling within the boundaries of each commune, and the remaining 40% constitutes the revenue of the National Fund for Environmental Protection and Water Management – account number BGK III/o Warszawa 92 1130 1062 0000 0109 9520 0013.

Energia Zachód Sp. z o.o. with its registered office in Warsaw is hereby obligated to present forthwith the concession authority and the entities referred to in Article 86 of the *Geological and Mining Law* with the copies of receipts for the payments made pursuant to Article 85 of the *Geological and Mining Law*.”.

Grounds:

On 19 February 2003, the Minister of Environment issued the concession No. 5/03/p for prospecting for and exploration of crude oil and natural gas deposits within the concession block No. 208 to Energia Zachód Sp. z o.o.

Upon the application of the entrepreneur the concession was amended by decision of 10 December 2003, ref. No. DGn/BB/487-8834/2003 and decision of 16 December 2005, ref. No.: DGe-4770-4/8977/05/AP with regard to the term of the concession and the time schedule of the exploratory works.

In the application of 25 August 2008 (supplemented on 21 October 2008) Energia Zachód Sp. z o.o. requested the concession authority to extend the concession term (from 6 to 9 years) and the scope of exploratory works in order to carry out, in addition, 200 km of 2D seismics and, optionally, drill one additional horizontal well to the depth of 3,900 and shoot a 3D seismic picture covering the area of 200 sq. km.

In accordance with Article 153 of the Act of 3 October 2008 on access to information on the environment and its protection, participation of the public in environmental protection and environmental impact assessments (Dz.U. No. 199, item 1227), which entered into force on 15 November 2008, the provisions of the Environmental Protection Law of 27 April 2001 (Dz.U. of 2006, No. 129, item 902) apply to the administrative proceedings initiated before the entry of the former into force.

In the light of the *Environmental Protection Law* (Dz.U. of 2006, No. 129, item 902, as amended) and the related secondary legislation (Regulation of the Council of Ministers of 9 November 2004 concerning definition of the types of projects with potentially significant environmental impact

and detailed conditions in relation to applicability of the requirement to prepare an environmental impact assessment (Dz.U. No. 257, item 2573, as amended), the contemplated activity, as defined in the geological work programme, is not deemed to be a project of potentially significant environmental impact, which would be subject to obligatory environmental impact assessment.

In the view of the above, no proceedings in respect of environmental impact assessment of the contemplated project were undertaken by the competent environmental authority, and the entrepreneur was not required to obtain the decision on the environmental conditions for permission to proceed with a project.

It should also be noted that no areas covered by the European Environmental Network Natura 2000 are present in the vicinity of the planned wells, or within their potential impact.

In accordance with Clause 16.4 of the Geological and Mining Law, positive opinions of the cooperating authorities have been obtained, except for the major of Września who did not take a position within the statutory time limit. In accordance with Article 105a of the Geological and Mining Law, the failure to take a position within the above-mentioned time limit was deemed by concession authority as an acceptance of the distributed draft decision.

In accordance with the Regulation of the Minister of Environment of 19 December 2001 concerning collection and access to geological samples and documentation (Dz. U. No. 153, item 1780), the concession authority classified all geological samples, including drilling cores, acquired as a result of carrying out geological works as geological samples subject to long-term storage.

The entrepreneur has been obligated to pay a fee in consideration of the prospecting for and exploration of mineral deposits in the amount of PLN 195,958.48. The fee has been set on the basis of Article 85.4 of the *Geological and Mining Law* as the product of the rate per square kilometer for hydrocarbons (PLN 206.86) and the number of square kilometers of the area (947.3 km²) where the activities are to be carried out.

In the course of the proceedings the Minister of Environment ascertained, as required under Article 155 of the Code of Administrative Procedure, that the amendment of the decision with respect to prospecting for and exploration of crude oil and natural gas deposits within the **concession block 208** is in the interest of the party while it is neither in conflict with the relevant specific regulations nor does it contravene the public interest.

In consideration of the above, it was decided as hereinabove stated.

This decision is final.

A party not satisfied with this decision may submit, within 14 days of its receipt (appeal regulations applying accordingly) a request to the Minister of Environment for the case to be reconsidered.

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8. Commune of Kołaczkowo
9. Commune of Lubowo
10. Commune of Niechanowo
11. Commune of Orchowo
12. Commune of Ostrowite
13. Commune of Powidz

14. Commune of Słupca
15. Commune of Strzałkowo
16. District Governor's Office in Gniezno
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21. National Fund for Environmental Protection and Water Management in Warsaw
22. ad acta