

Minister of Environment

Warsaw, 31 December 2014

DGK-IV-4770-348/57952/14/AC

DECISION

Acting pursuant to art. 104 and art. 155 of the act dated 14 June 1960 – Code of Administrative Procedure (Journal of Laws of 2013, item 267, as amended), art. 47 section 2 of the act dated 2 July 2004 on freedom of economic activity (Journal of Laws of 2014, item 613 as amended) and art. 21 section 1 point 1, art. 22 section 1 point 1, art. 30, art. 31, art. 34 section 1, art. 49 section 2 and art. 133 section 5 of the act dated 9 June 2011 Geological and Mining Law (Journal of Laws no. 163, item 981, as amended), having considered the application of Energia Zachód Sp. z o.o. with its registered office in Warsaw, and having obtained opinions of competent cooperating bodies

I hereby decide

1) to amend the concession no. 4/03/p dated 19 February 2003 in the wording determined by the decision dated 10 December 2003, reference number: DGn/BB/487-8834/2003, decision dated 16 December 2005, ref. no: DGe-4770-3/8978/05/AP, decision dated 31 January 2008, ref. no.: DGe-4770-5/842/08/MO, decision dated 15 December 2008, ref. no.: DGiKe-4770-67/7016/08/MO, decision dated 29 December 2011, ref. no: DGiKGe-4770-227/57494/11/MO, and decision dated 10 April 2014, ref. no.: DGKw-4770-105/14841/14/AC, issued by the Minister of Environment to the company Energia Zachód Sp. z o.o. with its registered office in Warsaw, for prospecting for and exploration of crude oil and natural gas deposits in the area of concession block no. 207, located within the territory of the following communes: Czerwonak, Łubowo, Dominowo, Kleszczewo, towns and communes: Czerniejewo, Kostrzyn, Nekła, Pobiedziska, Swarzędz, Września and towns: Kórnik and Poznań in wielkopolskie province, in such a way that:

1. section 2 of the concession receives the following wording:

“2. The purpose of prospecting and exploration works conducted in Carboniferous, Permian, Triassic, and Jurassic deposits is documentation, within the above mentioned area, of crude oil and natural gas deposits.”;

2. Section 3 of the concession receives the following wording:

“3. The conditions to be met by the company using the concession are determined by the agreement for establishment of the mining usufruct dated 27 August 2002, concluded by and between the State Treasury, represented by the Minister of Environment, and Ramco Energy plc with its registered office at 62 Queen’s Road, Aberdeen AB15 4YE, Scotland, amended by annexes: no. 1 dated 18 February 2003, no. 2 dated 15 December 2008, no. 3 dated 29 December 2011, no. 4 dated 17 February 2012, no. 5 dated 12 March 2012, no. 6 dated 10 April 2014, and no. 7 dated 31 December 2014, concluded by and between the State Treasury, represented by the Minister of Environment, and Energia Zachód Sp. z o.o. with its registered office in Warsaw.”;

3. Section 4 of the concession receives the following wording:

“4. The concession is granted until 19 February 2020”;

4. Section 5d of the concession receives the following wording:

“5d. Drilling works for the purpose of prospecting for and exploration of crude oil and natural gas deposits will be conducted in Carboniferous, Permian, Triassic and Jurassic deposits up to the maximum depth of 5000 m.”

5. Section 5d shall be followed by section 5e in the following wording:

“5e. The following additional scope of prospecting and exploration works is determined:

Stage VII (1 year):

- analysis of geological and geophysical materials;

Option*

- reconstruction and drilling works in boreholes Trzek-1, Trzek-2, Trzek-3 and Krzesinki 1;

Stage VIII (2 years):

- performance of 1 borehole up to the maximum depth of 5000 m;

Option*

- performance of 4 boreholes up to the maximum depth of 5000 m;

- performance of 5 horizontal sections up to the maximum length of 2000 m;

- performance of 200 km of 2D seismic** or 200 km² of 3D** seismic;

Stage IX (2 years):

- performance of 1 borehole up to the maximum depth of 5000 m;

Option*

- performance of 7 boreholes up to the maximum depth of 5000 m;

- performance of 8 horizontal sections up to the maximum depth of 2000 m;

* Option – commencement of the optional scope of works defined for stage VII, VIII and IX depends on results of obligatory works on individual stages

** on the surface of the area

The scope of additional prospecting and exploration works is determined in the “Project of geological works for prospecting for and exploration of crude oil and natural gas deposits in the area “207”, stage VII, VIII and IX”, enclosed to the application for concession amendment.

The information on the detailed location of geophysical profiles and boreholes shall be included in the projects of geological works, developed pursuant to the Regulation of the Minister of Environment dated 20 December 2011 on detailed requirements regarding projects of geological works, including works the performance of which requires obtaining of a concession (Journal of Laws of 2001, no. 288, item 1696), which shall be presented to the concession authority not later than within 30 days prior to commencement of field works”;

6. Section 10 of the concession receives the following wording:

“10. The company is obliged to draw up written quarterly reports on activities subject to the concession, in the form of a table, containing a list of completed and remaining works, specified to be performed in section 5c and 5e, together with presentation of the location of field works and a list of works in the course of completion. A quarterly report for each period,

drawn up as of 31 March, 30 June, 30 September and 31 December of each year of the concession's validity should be submitted to the concession authority by the 14th day of the month following the month ending the quarterly reporting period. The described reporting obligation refers to the validity period of the concession from the date of when this decision becomes final.

The company is obliged to present annual reports on the conducted works to the concession authority (containing description of the completed works together with presentation of the location of the completed field works, parameters obtained as a result of the survey, and the advancement level of works in the course of completion) and, accordingly, the current results of works specified in section 5c and 5e of this concession by 31 January of each year of validity of the concession. The work results should be presented on electronic data carriers in formats taking into account the recording and presentation standards applicable to specific types of works”;

7. Section 11 shall be followed by section 11a in the following wording:

“11 a. Obligatory drilling works of stage VIII shall be commenced not later than by 1 May 2017.”;

8. Section 12 of the concession receives the following wording:

“12. Within the area subject to this concession, the company is obliged to:

1) observe the prohibition to perform boreholes mentioned in section 5c and 5e of the concession, that is:

- 16 vertical boreholes with the depth exceeding 1000 m;

- 3 horizontal sections with the maximum horizontal range of up to 1500 m, with the depth exceeding 1000 m;

- 13 horizontal sections with the maximum horizontal range of up to 2000 m, with the depth exceeding 1000 m;

in water intake protection zones, inland reservoir protection areas, in areas subject to environment protection in forms mentioned in art. 6 section 1 point 1-3 and 5 of the act dated 16 April 2004 on environment protection (uniform text: Journal of Laws of 2013, item 627), or in buffer zones of environment protection forms mentioned in art. 6 section 1 point 1-3 of this act;

2) observe the prohibition to conduct prospecting and exploration works mentioned in sections 5c and 5e of the concession within the areas of the European Ecological Network Natura 2000: Cybina Valley – PLH300038, Nature refuge near Promno – PLH300030; Grądy in Czerniejewo – PLH300049, Fortifications in Poznan – PLH300005, Natural landmarks of Zielonka Forest – PLH300058.”;

9. Section 14a shall be followed by section 14b:

“14b. Due to the prolongation of the validity period of the concession no. 4/03/p, the fee for the conducted prospecting and exploration operations shall amount to PLN 141,013.00 (in words: one hundred forty one thousand thirteen 00/100 Polish zlotys), payable within 14 days after the day on which the decision becomes final.

60% of the fee makes up income of the communes where the activities subject to this concession shall be conducted, proportionately to the area subject to the concession within the limits of individual communes, and 40% - of the National Environmental Protection and

Water Management Fund – account number: BGK III/o Warsaw 92113010620000010995200013.

Energia Zachód Sp. z o.o. is obliged to immediately present to the concession authority and to the entities specified in art. 141 of the act dated 9 June 2011 Geological and Mining Law, copies of confirmations of payments made pursuant to art. 133.”

2) to make the decision in point 1 immediately enforceable.

Substantiation

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

Next, the concession was amended by the decision dated 10 December 2003, ref. no: DGn/BB/487-8834/2003, decision dated 16 December 2005, ref. no: DGe-4770-3/8978/05/AP, decision dated 31 January 2008, ref. no.: DGe-4770-5/842/08/MO, decision dated 15 December 2008, ref. no.: DGiKe-4770-67/7016/08/MO, decision dated 29 December 2011, ref. no: DGiKGe-4770-227/57494/11/MO, and decision dated 10 April 2014. The above amendments were made upon request of the company and related to prolongation of the validity period of the concession, as well as modification of the scope and schedule of research works.

In the application dated 30 September 2014 (received by the office on 1 October 2014), supplemented on 12 November 2014 and 5 December 2014, the company Energia Zachód Sp. z o.o. requested the Minister of Environment to amend this concession to extend its validity period by 5 years for the purpose of performance of the following scope of prospecting and exploration works: 2 obligatory boreholes with the maximum depth of 5000 m, and the following optional works: 11 boreholes with the maximum depth of 5000 m, 13 horizontal sections with the maximum length of 2000 m, 200 km of 2D seismic studies or 200 km² of seismic studies, and reconstruction of 4 boreholes: Trzek-1, Trzek-2, Trzek-3 and Krzesinki 1. In the letter dated 15 December 2014, ref. no: CORR_0104_EZ_2014_DT (received by the office on 17 December 2014), the company requested to make this decision immediately enforceable, justifying the application with the particularly important interest of the party. The subject undertaking is characterized by a high level of complexity in terms of organization. Maintenance of continuity of works planned for the first half of 2015 is of particular importance for efficient and consistent with the schedule performance of the whole research project, aimed at achieving the geological objective assumed in the concession, that is finding and exploration of crude oil and natural gas deposits. Having analysed the contents of the application, the concession authority found that the premises listed in art. 108 of the act dated 14 July 1960 – Code of Administrative Procedure (Journal of Laws of 2013, item 267 as amended) have been met.

The subject application did not refer to extending the concession area, therefore, no tender procedure under art. 49 section 2 of the act Geological and Mining Law applies to this case.

The operations planned within the scope resulting from the application, pursuant to the act dated 3 October 2008 on granting access to information on the environment and its protection, participation of the society in environmental protection and environmental impact assessments (Journal of Laws of 2008, no. 199, item 1227 as amended) and the secondary legislation - Regulation of the Council of Ministers dated 9 November 2010 on undertakings that may exert significant impact on the environment (Journal of Laws of 2010, no. 213, item 1397 as amended), does not constitute an undertaking of significant potential impact on the environment. At the same time, according to § 3 point 43 letter c of the above mentioned

regulation, the company is prohibited to perform boreholes with the depth exceeding 1000 m, in water intake protection zones, areas of inland reservoirs, areas subject to environment protection mentioned in art. 6 section 1 point 1-3 and 5 of the act dated 16 April 2004 on environment protection, or in buffer zones of nature forms mentioned in art. 6 section 1 point 1-3 of this act.

Considering the above, no proceedings were performed to assess the impact of the planned undertaking on the environment, and it was not necessary for the company to obtain a decision on environmental conditions.

Pursuant to the application for the subject amendment to the concession, drilling works shall not be conducted in water intake protection zones, inland reservoir protection areas, areas subject to environment protection in forms mentioned in art. 6 section 1 point 1-3 and 5 of the act dated 16 April 2004 on environment protection, or in buffer zones of nature forms mentioned in art. 6 section 1 point 1-3 of this act.

Therefore, the contractor is obliged to observe the prohibition to conduct prospecting and exploration works within the area of the European Ecological Network Natura 2000: Cybina Valley – PLH300038, Nature refuge near Promno – PLH300030; Grądy in Czerniejewo – PLH300049, Fortifications in Poznan – PLH300005, Natural landmarks of Zielonka Forest – PLH300058.

Pursuant to art. 96 section 1 of the above mentioned act, the concession authority, having conducted an analysis, found that the planned new undertaking will not have a significant impact on the area of the European Ecological Network Natura 2000.

Should it be necessary to perform geological works having impact on the area of European Ecological Network Natura 2000, or to perform boreholes with the depth exceeding 1000 m in water intake protection zones, inland reservoir areas, areas subject to environment protection in forms mentioned in art. 6 section 1 point 1-3 and 5 of the act dated 16 April 2004 on environment protection, or in buffer zones of nature forms mentioned in art. 6 section 1 point 1-3 of this act, it will be necessary to amend the concession and to obtain a decision on environmental conditions, specifying environmental conditions for performance of the undertaking.

Pursuant to art. 23 section 2 point 1 and art. 34 section 1 of the act Geological and Mining Law (Journal of Laws of 2011, no. 163, item 981 as amended), the concession authority obtained opinions of competent heads of communes, town and commune mayors, and city presidents, who provided positive opinions on the proposed settlement of the case.

In addition, the president of the city of Poznan in the decision dated 16 December 2014, ref. no.: OS-I.6523.4.2014, pointed out to the need to meet the terms and conditions resulting from the binding provision of the law, among others to report the intent to commence geological works to competent heads of communes and the city president, and to observe environment protection conditions, including protection of the Earth surface, and local spatial development plans for the city of Poznan.

Simultaneously, in the decision of the head of Kleszczewo commune dated 17 December 2014, ref. no.: OR.6523.2.2013, the head of the commune raised the question of conducting prospecting and exploration works in observance with the necessary safety regulations was raised, in a manner not causing excessive impact of the works on the environment and the living comfort of inhabitants.

With regard to the above remarks, it should be noted that from the day of granting the concession, the company is obliged to observe the binding provisions of the law, in particular the Geological and Mining Law, and referring to spatial development, environment protection, agricultural land and forests, nature, water and waste (section 13 of the concession). Furthermore, the company Energia Zachód Sp. z o.o. in the application for the subject amendment to the concession, in determining the methods of preventing or limiting

consequences of potential threats related to performance of drilling works, undertook to maintain safe distances of the planned borehole locations from landslides.

Pursuant to art. 30 and art. 31 of the act Geological and Mining Law, the decision specifies the age of deposits and the space within which mineral deposits are to be prospected for and explored, the scope and schedule of geological works, as well as the validity period of the concession. Simultaneously, the maximum deadline for commencement of drilling works on stage VIII was specified.

In addition, pursuant to art. 82 section 1 and section 4 of the act – Geological and Mining Law, updated was the scope and schedule of reporting of prospecting and exploration works performed within the framework of the subject concession, in order to provide the geological administration body with current information on the course of works.

The company was obliged to pay the fee for prospecting for and exploration of mineral deposits, which was determined pursuant to art. 133 of the act Geological and Mining Law as the product of the rate per square kilometre for hydrocarbons (PLN 223.44) and the number of square kilometres of the area (631.1 km²) on which the operations will be conducted. Pursuant to art. 141 section 1 and section 2 of the act Geological and Mining law, 40% of the fee constitutes revenue of the National Fund for Environmental Protection and Water Management, and 60% constitutes revenue of the communes proportionally to the size of the territory on which the prospecting and exploration operations will be conducted.

Pursuant to the presented application, the area of individual communes within the territory of the subject concession area (631.1 km²) is as follows: urban and rural commune Kostrzyn – 145.79 km², urban and rural commune Pobiedziska – 118.27 km², urban and rural commune Swarzędz – 100.6 km², urban and rural commune Nekla – 61.19 km², urban and rural commune Czerniejewo – 49.84 km², rural commune Łubowo – 44.48 km², city of Poznan – 41.04 km², rural commune Kleszczewo – 28.52 km², rural commune Czerwonak – 24.56 km², urban and rural commune Września – 9 km², rural commune Dominowo – 6.056 km², urban and rural commune Kórnik – 1.75 km².

The concession authority allowed the parties active participation in the proceedings, and prior to issuing this decision allowed them to comment on the collected evidence and materials in the subject case. The parties to the proceedings submitted declarations that they raise no objections as to the proposed settlement of the case.

In the course of the proceedings, the Minister of Environment determined, as required by art. 155 of the Code of Administrative Procedure that the amendment of the decision within the scope resulting from the application for amendment of the subject concession is in the interest of the parties, whereas no detailed regulations prevent the amendment, and it does not infringe public interest.

Due to the above, the decision was made as stated in the introduction.

A party not satisfied with the decision may within 14 days upon its receipt (in accordance with legal provisions on appeals) file a request to the Minister of the Environment for renewed consideration of the case.

[round seal of the Minister of Environment]

[pp. Minister, Undersecretary of State, Chief State Geologist, Sławomir Marek Brodziński]

[signature]

Recipients (confirmation of receipt):

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11. Wanda Szaroleta
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13. Paweł Szczepaniak
14. Lucyna Wojciechowska
15. file

Copy to (confirmation of receipt):

1. Kórnik Town Office
2. Poznan City Office
3. Czarniejewo Town and Commune Office
4. Kostrzyn Town and Commune Office
5. Nekla Town and Commune Office
6. Pobiedziska Town and Commune Office
7. Swarzędz Town and Commune Office
8. Września Town and Commune Office
9. Czerwonak Commune Office
10. Łubowo Commune Office
11. Dominowo Commune Office
12. Kleszczewo Commune Office
13. District Starosty Office in Gniezno
14. District Starosty Office in Poznan
15. District Starosty Office in Środa Wielkopolska
16. District Starosty Office in Września
17. District Mining Office in Poznań
18. Marshal's Office of Wielkopolskie Province
19. Regional Environment Protection Directorate in Gorzów Wielkopolski
20. Ministry of Economy in Warsaw
21. National Fund for Environmental Protection and Water Management in Warsaw
22. Provincial Environment Protection Inspectorate in Poznań

[stamp: Stamp duty in the amount of 626,00 PLN was paid on 30 September 2014 to the account of Ochota district of the capital city of Warsaw, account no.: 95 1030 1508 0000 0005 5002 4055, payment receipt no. -]