

Warsaw, 13th of July 2010

Minister of the Environment

Maciej Nowicki

CONCESSION No. 39/2009/p

Pursuant to Article 46, Section 1, Item 1 of the Act dated 2 July 2004 *on the freedom of business activity* (Journal of Laws 07, No. 155, Item 1095, as amended), Article 15, Section 1, Item 1 and Article 16, Section 1 of the act of 4 February 1994 *Geological and mining law* (Journal of Laws of 2005, No. 228, Item 1947, as amended) and Article 104 and the following of the Code of Administrative Procedure, having considered the application of Mazovia Energy Resources Sp. z o.o. seated in Warsaw, with regard to the contract dated 13th of July 2007 on establishing mining usufruct, signed between Mazovia Energy Resources Sp. z o.o. seated in Warsaw and the State Treasury, acting on behalf of which is the Minister of the Environment, after receiving opinions of competent local offices, required by the *Geological and mining law*

I hereby decide

1. To grant to Mazovia Energy Resources Sp. z o.o., seated in Warsaw (TIN 525-241-12-31) a concession for prospecting for and recognizing natural gas deposits in the area of **“Rawicz” (parts of concession blocks no. 246, 247, 266 and 267)**, situated in the municipalities of: Pępowo, Pakosław,, towns and municipalities of: Krobia, Pogorzela, Poniec, Kobylin, Zduny, Bojanowo, Jutrosin, Miejska Górka, Rawicz in Wielkopolskie province, the borders of which are marked by the lines connecting the points (1-14) having the following geographical coordinates:

Point no.	latitude (N)			longitude (E)		
	[°]	[']	["]	[°]	[']	["]
1	51	46	45.00	16	54	15.00
2	51	46	40.78	16	59	23.47
3	51	46	40.80	17	14	53.48
4	51	39	58.79	17	14	53.49
5	51	39	58.78	16	59	53.49
6	51	33	31.00	16	59	53.50
7	51	33	20.00	16	57	30.00
8	51	34	55.00	16	54	05.00
9	51	35	21.00	16	55	21.00
10	51	36	05.00	16	56	08.00
11	51	37	27.00	16	55	56.00
12	51	38	00.00	16	52	50.00
13	51	37	50.00	16	51	30.00
14	51	37	50.00	16	50	49,17

Except for the area:

of the natural gas deposit “Zakrzewo”, the borders of which are marked by the lines connecting the points (15-33), with the following geographical coordinates:

Point no.	latitude (N)			longitude (E)		
	°	'	''	°	'	''
15	51	40	11.23	16	52	42.83
16	51	40	37.64	16	52	44.54
17	51	41	03.37	16	52	46.70
18	51	41	14.46	16	52	47.21
19	51	41	13.45	16	53	09.87
20	51	41	12.49	16	53	22.90
21	51	41	10.09	16	53	39.87
22	51	41	06.71	16	53	54.62
23	51	41	02.87	16	54	06.02
24	51	40	58.83	16	54	13.71
25	51	40	54.85	16	54	19.43
26	51	40	48.16	16	54	24.66
27	51	40	41.61	16	54	25.90
28	51	40	34.27	16	54	25.12
29	51	40	25.75	16	54	19.97
30	51	40	06.53	16	53	59.86
31	51	39	45.74	16	53	32.56
32	51	39	32.88	16	53	09.54
33	51	39	17.45	16	52	38.47

The area of vertical section of the above-described area “Rawicz” equals 389.1 km².

- The aim of the prospecting and recognizing works is to provide documentary evidence on natural gas deposits in the above mentioned area.
- The conditions which should be fulfilled by the entrepreneur using the concession are determined in the contract on mining usufruct dated 13th of July 2009, concluded by the State Treasury represented by the Minister of Environment and Mazovia Energy Resources Sp. z o.o. seated in Warsaw.
- The following scope of prospecting and recognizing works is determined:

Area of works	Period	Stage	Type of works	Scope of works
Rawicz	12 months	Stage I	Analysis and interpretation of existing geological data	
	18 months	Stage II	Drilling (m) / number of holes	3000/2
		Option*	Drilling (m) / number of holes	3000/3
	30 months	Stage III	Drilling (m) / number of holes	3000/2
		Option*	Drilling (m) / number of holes	3000/3
			Geophysics – Seismology 2D (km)	50

* Commencement of the scope of works specified in the option depends on results of analytical and drilling works.

Prospecting and recognizing works will be conducted in three stages.

Commencement of the next stage will depend on results of works in the previous stage. The scope of works was determined in the project of geological works, which constitutes attachment to the concession application. Information concerning detailed localization of geophysical 2D profiles and drilling works will be included in annexes to the project of geological works, which will be presented to the concession body not later than 30 days before the commencement of field works.

5. Within the scope of the granted concession quantitative changes of the scope of works are allowed, not exceeding 10%.
6. Mazovia Energy Resources Sp. z o.o., seated in Warsaw, is obliged to deliver a written notification to the concession body about completion of the works of each stage and a decision to commence the next stage (including options).
7. The contractor is obliged to provide the concession body with reports on conducted works annually, by the 31st of January of each year when the concession is in effect.
8. The concession is granted for the period of 5 years starting from the date of granting the concession, divided into 3 stages:

I stage - 12 months

II stage - 18 months

III stage - 30 months

9. The operations subject to the concession shall commence not later than within 6 months after the date of granting the concession. Commencement of the operations shall mean starting performance of the works specified in item 4 of the concession. The contractor is obliged to notify the concession body in writing about commencement of the operations included in this concession within 14 days after its beginning.
10. The geological works, that is drilling works, shall commence not later than within 18 months from the date of granting the concession.
11. Pursuant to Article 37 of the act dated 4 February 1994 *Geological and mining law* (Journal of Laws of 2005, No. 228, Item 1947, as amended) the contractor of geological works is obliged to manage the minerals being excavated or excavating itself during the works.
12. All geological samples, including drill cores, obtained during geological works are classified as geological samples of permanent storage. The contractor of geological works is obliged to deliver not less than 1/2 of the volume of obtained geological samples of permanent storage to the Central Geological Archive in Warsaw within a month after the date of completion of geological works. The contractor should

submit a protocol confirming the date, number and type of the delivered samples to the concession body within 14 days after the date of their delivery.

13. This concession does not violate the rights of owners of land properties and does not exclude the necessity of observing other requirements specified in regulations, in particular *Geological and mining law*, concerning spatial development, environment protection, agricultural and forest areas, nature, water and waste.
14. The payment for the operations specified in the concession equals PLN 82,341.34 (in words: eighty two thousand three hundred forty one 34/100), due within 14 days after the date of receiving the concession. The payment for the operations specified in the concession constitutes in 60% the income of municipalities where the operations will be conducted, proportionally to the area covered by the concession within the borders of individual municipalities, and in 40% the income of the National Environment Protection and Water Management Fund - account number BGK III /o Warsaw 92 1130 1062 0000 0109 9520 0013. Mazovia Energy Resources Sp. z o.o. seated in Warsaw is obliged to immediately provide the concession body and the entities specified in article 86 of the *Geological and mining law* copies of confirmations of payments made under article 85 of the *Geological and mining law*.

Substantiation

In the application dated 2 December 2008 (supplemented on 16 March 2009, 8 May 2009 and 10 June 2009) Mazovia Energy Resources Sp. z o.o. seated in Warsaw applied for concession for prospecting for and recognizing natural gas deposits in the area of "Rawicz".

The planned operations within the scope resulting from the concession application, pursuant to the Act of 3 of October 2008, *on providing information about the environment and its protection, participation of the society in the environment protection and assessment of environmental impact* (Journal of Laws No. 199, item 1227) and executive regulations (ruling of the Council of Ministers dated 9 November 2004 *on specification of types of undertakings which may have significant environmental impact and specific conditions connected with qualification of an undertaking for preparation of the report on environmental impact* (Journal of Laws No. 257, item 2573 as amended), does not constitute an undertaking with possible significant environmental impact.

Therefore, proceedings for assessment of the environmental impact of the planned operations were not conducted by the competent environment protection body, and it was not necessary for the entrepreneur to obtain a decision on environmental conditions.

Furthermore, no areas of the European Ecological Network Natura 2000 are located in the planned concession area.

The initially planned concession area included the documented natural gas deposits: "Rawicz – main dolomite", "Rawicz – new red sandstone" and "Zakrzewo". However, the applicant did not decide to recognize in detail the subject deposits and did not plan additional geological works for their better recognitions. Due to the above, according to the rule of rational management of resources of fossils, the concession body did not find grounds to accept the initially planned concession area. Mazovia Energy Resources Sp. z o.o. did eventually limit the area of the planned concession, excluding the natural gas deposits: "Rawicz – main dolomite" and "Rawicz – new red sandstone", and the "Zakrzewo" deposit due to its location

has been excluded from the planned concession area with the points 15 to 33 (section 1 of this concession). As a result, the initial area of the planned concession, being 446.30 km², was limited to 389.10 km².

Mazovia Energy Resources agreed also to changes in the subject concession, proposed by the concession body and regarding the commencement date of drilling works, which was determined for 18 months starting from the date of granting the concession.

Pursuant to Article 16, Section 4 of *Geological and mining law*, the concession body consulted competent local cooperating bodies in the subject matter and received a positive opinion on the sent project of settling the case, except for the mayor of the town and municipality of Rawicz, who issued a negative opinion of the subject concession project (decision dated 27 May 2009, reference: GGPPiOŚ 7514-1/09), due to the conflict of a part of the area of the planned concession with provisions of the local spatial development plan for the town and municipality of Rawicz. Due to the above mentioned opinion, Mazovia Energy Resources Sp. z o.o. decided to exclude the area specified in the decision of the mayor of the town and municipality of Rawicz from the concession.

On account of prospecting for and recognizing fossils, the entrepreneur is obliged to pay the fee determined according to article 85 of the act *Geological and mining law*, as the product of the fee for a square kilometer for hydrocarbons (PLN 211.62) and the number of square kilometers of terrain (389.1 km²) where the operations will be conducted. The fee constitutes the income of municipalities where the operations included in the concession will be conducted, and the income of the National Environment Protection and Water Management Fund.

Pursuant to the ruling of the Minister of the Environment, dated 19 December 2001 *on collecting and availability of samples and geological documentation* (Journal of Laws no. 153, item 1780), the concession body found all geological samples, including drilling cores, obtained as a result of geological works, to be geological samples of permanent storage.

In consideration of the above, it was ruled as stated.

The present decision is final.

A party not satisfied with the decision can apply to the Minister of the Environment for reconsideration of the case, within 14 days after receiving the decision (subject to respective provisions regarding appeals).

Recipient:

Mazovia Energy Resources Sp. z o.o. seated in Warsaw

For the attention of:

1. Town and Municipality Office of Krobia
2. Municipality Office of Pępowo
3. Town and Municipality Office of Pogorzela
4. Town and Municipality Office of Poniec
5. Town and Municipality Office of Kobylin
6. Town and Municipality Office of Zduny
7. Town and Municipality Office of Bojanowo
8. Town and Municipality Office of Jutrosin
9. Town and Municipality Office of Miejska Górka
10. Municipality Office of Pakosław
11. Town and Municipality Office of Rawicz

12. District Office of Gostyń
13. District Office of Krotoszyn
14. District Office of Rawicz
15. Marshal Office of Wielkopolskie Province
16. District Mining Office in Poznań
17. National Environment Protection and Water Management Fund in Warsaw
18. Ministry of Economy in Warsaw
19. file

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[For the Minister, Undersecretary of State, Chief State Geologist, dr Henryk Jacek Jezierski]

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[rectangular stamp reading: Mazovia Energy Resources Sp. z o.o., Aleje Jerozolimskie 30 lok. 7, 00-024 Warsaw, tel. +48 22 827 75 27, fax +48 22 827 75 28]

[Rectangular stamp reading: Stamp duty in the amount of PLN 1,232.00 was paid on 02 December 2008 to the account of Ochota District of the capital city of Warsaw, account number 95 1030 1508 0000 0005 5002 4055, payment confirmation no. 64001016965]