

Poland 2016

OIL & GAS OPPORTUNITIES



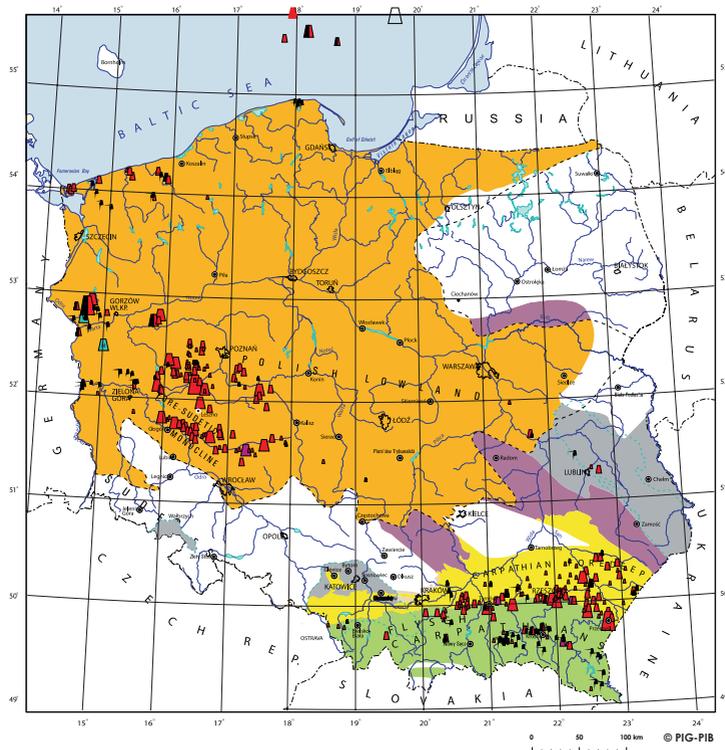
MINISTRY OF THE ENVIRONMENT
OF THE REPUBLIC OF POLAND

Poland 2016

OIL & GAS
OPPORTUNITIES

MINISTRY OF THE ENVIRONMENT
OF THE REPUBLIC OF POLAND

Hydrocarbons production in Poland



RESOURCES:



Coal Bed Methane perspective areas



Voivodeship towns

Oil deposits



Boundary of Zechstein formation



Other towns

Oil and gas deposits



Oil- and gas-bearing rocks of the Carpathian Foredeep



State boundaries

Gas deposits



Oil- and gas-bearing rocks of the Flysch Carpathians



Rivers

Natural nitrogen gas deposits



Carboniferous oil- and gas-bearing formations



Water reservoirs (natural and artificial)

Underground gas storage



Pre-Carboniferous oil- and gas-bearing formations



Areas without perspective oil and gas occurrence

The tender procedure

The granting of a concession for the prospecting and exploration of a hydrocarbon deposit and the production of hydrocarbons from a deposit, or a concession for the production of hydrocarbons from a deposit will require a **tender procedure**. The tender procedure provides non-discriminatory access to the execution of activities related to the prospecting, exploration or production of hydrocarbons and is consistent with the Hydrocarbons Directive.

The nearest tender is planned in 2016.

The most prospective areas for hydrocarbon exploration

Areas selected to the concession procedure was publicized on June 26th, 2015 by the Minister of the Environment. Areas have been selected due to prospects for hydrocarbon exploitation based on researches made by Polish Geological Institute – National Research Institute.

2016 Licensing round timetable

June 26 th , 2015	announcement of the tender areas
Q1 2016	a call for tender
till 7 days after a call for tender	time to submit an application for clarifications regarding the tender conditions
min. 90 days after a call for tender	time for offer submission for entities with positive result of the qualification procedure

Priority in the tender will be given to the best systems of hydrocarbon deposits exploration and extraction or hydrocarbon production. The tender will be based on the following criteria:

- **experience** in performing activities of prospecting and exploration of hydrocarbon deposits or production of hydrocarbons from deposits,
- **technical ability** to perform abovementioned activities,
- **financial offer**,
- **technology** of conducting geological work,
- **the scope and timing** of the proposed geological work,
- **the scope and timing** of mandatory geological sampling.

The qualification procedure

Every entity interested in obtaining a **concession for the prospecting and exploration of a hydrocarbon deposit and the production of hydrocarbons from a deposit**, or a **concession for the production of hydrocarbons from a deposit** needs to undergo the qualification procedure.

During the procedure an entity is assessed in terms of the state security and experience in the activities related to hydrocarbon deposits.

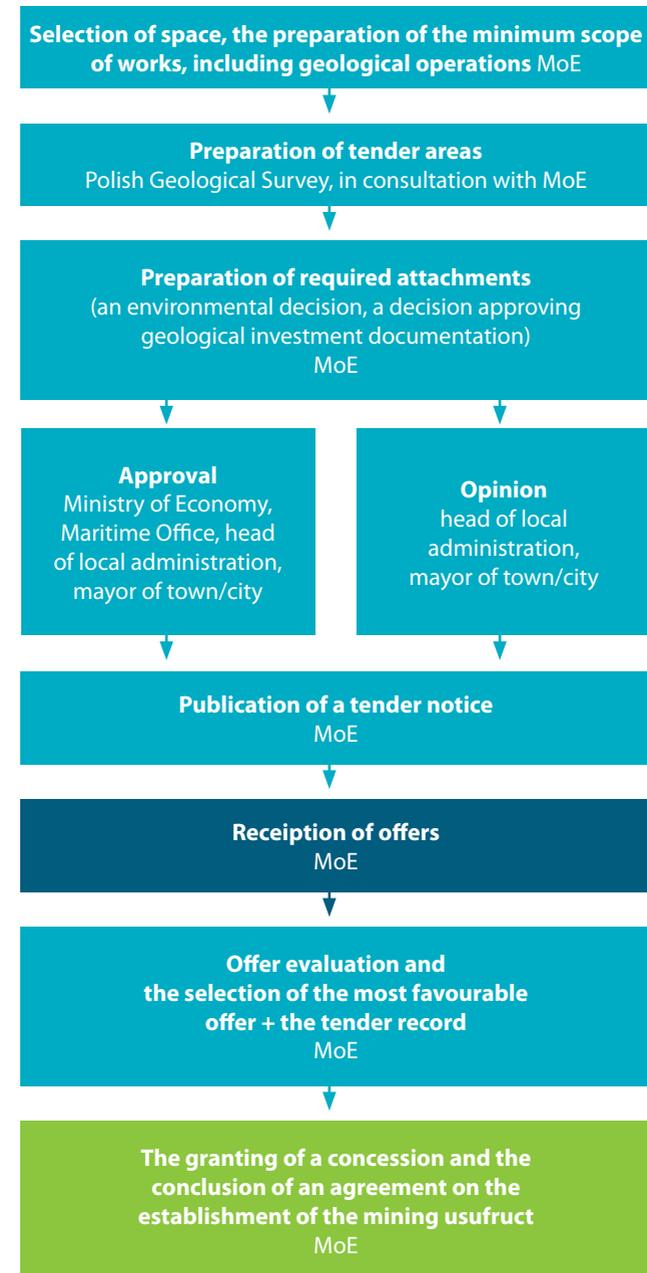
The procedure will end with the issuing of a **decision awarding a positive result of the qualification procedure** or a **refusal to award such a result**. A decision awarding a positive result of the qualification procedure will remain valid for 5 years.

Two types of qualification are distinguished:

for an operator	for a consortium member
the requirements include positive opinions of the General Inspector of Financial Information, the Financial Supervision Authority, the Head of the Internal Security Agency and the Head of the Foreign Intelligence Agency and documentation on experience in the prospecting or exploration of hydrocarbon deposits or production of hydrocarbons from deposits	the requirements only include positive opinions of the abovementioned authorities and there is no need to provide documentation on experience in the prospecting or exploration of hydrocarbon deposits or production of hydrocarbons from deposits

A threat for the state security constitutes grounds for annulling the decision and deleting the entity from the list of qualified entities.

The tender procedure scheme



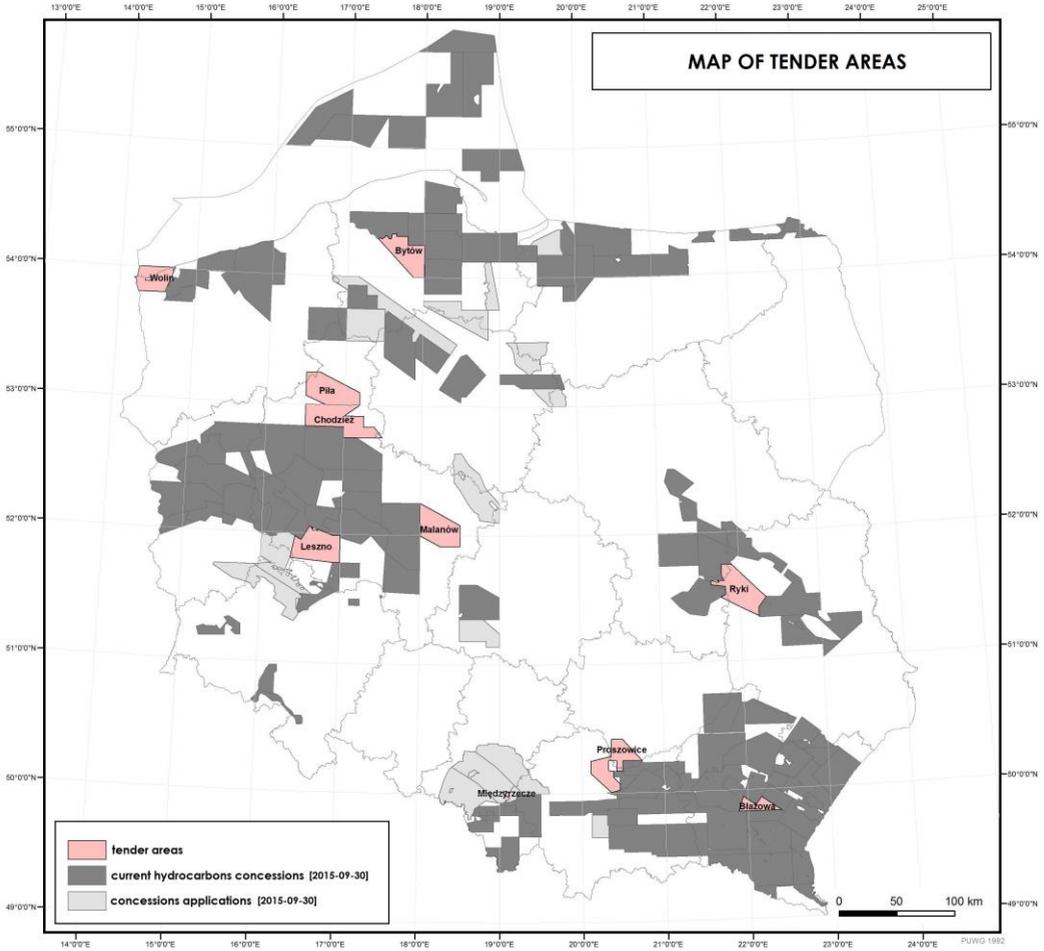
The tender areas

To the 2016 licensing round, 10 the most prospective areas for hydrocarbon exploration have been selected:

Nr	Area name	Acreage in km ²	Exploration target
1	Wolin	593,01	Conventional, Permian
2	Bytów	779,97	Unconventional - shale gas, Paleozoic
3	Piła	942,19	Conventional, Permian
4	Chodzież	1119,08	Conventional, Permian
5	Leszno	966,43	Conventional, Carboniferous and Permian
6	Małańów	876,63	Conventional and tight gas, Carboniferous and Permian
7	Ryki	968,69	Conventional, Carboniferous
8	Proszowice	818,29	Conventional, Jurassic and Cretaceous
9	Błażowa	270,05	Conventional, Carpathian and its basement
10	Międzyrzecze	18,90	Unconventional - coal-bed methane, Carboniferous

The tender areas location

The tender areas are marked **red**, while current hydrocarbon concessions **dark grey** and concessions applications **light grey**.



The granting of a concession

One concession instead of three

As a rule, a concession is granted for a period of **10 to 30 years** and is divided into **2 phases**:

- 1) prospecting and exploration phase (which lasts 5 years and can be extended for another 2 years)
- and
- 2) production phase.

The period for which a concession is granted depends on the size of the area and the assessment of the prospects of a given deposit.

In the case where a deposit is partly documented, it is also provided that the hydrocarbon production from the deposit can be started even as the prospecting and exploration phase is still underway (**the so called phased in deposit documentation**). The condition for the start of production is the award of an investment decision.

Joint application for a concession

In the case where entities jointly obtain a concession, they implement it in accordance with the terms and conditions set out in the **cooperation agreement** signed among them.

At the stage of the submission of a joint offer in the tender procedure, the entities must define a **percentage share of each of them in the costs** in case they win the tender and indicate one **operator**. The operator's percentage share in the costs of geological works, including geological operations, or mining operations, should be **more than 50%**.

The operator is an entrepreneur obliged to implement its rights and obligations under the concession granted with respect to the public administration authorities and liable with respect to these authorities and third parties, as well as authorised to represent the other entrepreneurs to which the concession has been granted, under the principles laid down in the Act.

DO YOU NEED MORE INFORMATION?

For further information concerning technical, legal and contractual details or for any other queries regarding participation in exploration and production of hydrocarbons in Poland, please contact the Ministry of the Environment

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