



Warsaw, August 14, 2008

MINISTER OF ENVIRONMENT

Maciej Nowicki

DGiKGe-4770-51/08/MO

DECISION

Acting pursuant to Article 155 of the Code of Administrative Procedure and Article 16 section 1 point 1, section 3 point 3 and section 5a of the Geological and Mining Law of February 4, 1994 (Journal of Law of 2005 No. 228, item 1947, as amended) at the request of Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu "PETROBALTIC" S.A. in Gdańsk, having consulted with the Minister competent for Maritime Economy

I hereby decide

to amend license No. 6/2007 dated May 11, 2007, granted by the Minister of Environment to Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu „PETROBALTIC” S.A. in Gdańsk for extraction of gasoline natural gas from the "B4" deposit, located in the Polish Exclusive Economic Zone of the Baltic Sea, as follows:

point 7 of the license shall have the following wording:

"7. The licensed activity should be commenced within maximum 84 months, counting from the license date."

Justification

On May 11, 2007 the Minister of Environment granted license No. 6/2007 for extraction of gasoline natural gas from the "B4" deposit, located in the Polish Exclusive Economic Zone of the Baltic Sea to Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu „PETROBALTIC” S.A.

In its request dated May 27, 2008 the Company requested the Minister of Environment to modify the above license.

The requested modification was driven by the Economic analysis of the profitability of production from the B4 deposit. "Petrobaltic" S.A. intends to expand the production project by adding the already discovered B21 deposit by adding a potential B22 deposit, which will be examined by making 2D seismic study and drilling boreholes under currently held "Gaz Południe" exploratory and prospecting license. The aggregate resources to be extracted (given a success of the exploratory and prospecting efforts) after preliminary estimates would grow from 3.8 billion Nm³ (B4 and B6 deposits) to approximately 8 billion Nm³. Such gas volume would allow to double daily production, whereas an increase of investment outlays would be much smaller. The comprehensive and phased out development of four gas deposits (B4, B6, B21, B22) will also allow to design and execute gas conditioning and transport infrastructure, matching the double daily output, which will eliminate overlap of very expensive transport pipelines. All aforementioned aspects will enhance economic efficiency of the project, reduction of risk level, more financing opportunities and also diversification of gas supplies to Poland.

Pursuant to Article 16 section 3 point 3 and section 5a of the Geological and Mining Law and Code of Administrative Procedure the planned amendment to the license was consulted by the licensing authority with the minister competent for marine economy (Decision No. GB1o/073/842672/2008 of July 18, 2008).

As required by Article 155 of the Code of Administrative Procedure the Minister of Environment established that the amendment to the decision concerned with the change of commencement date of licensed activity involving the extraction of the gasoline natural gas from "B4" deposit lies in the interest

of the party, and the requested modification is not in breach with secondary legislation, nor does it breach social interest.

Therefore, the decision was made as stated above.

This decision is final.

The Party dissatisfied with the decision may, within 14 days from its receipt (by appropriately applying appeal regulations), apply to the Minister of Environment for reexamination of the case.

To be received by:

PPiEZRiG PETROBALTIC S.A. in Gdańsk

CC:

1. Ministry of Infrastructure
2. State Mining Authority in Katowice
3. Polish Geological Institute - Register of Mining Areas in Warsaw
4. District Mining Authority in Poznań
5. National Fund for Environmental Protection and Water Management (NFOŚiGW) in Warsaw
6. to files