NOTICES FROM MEMBER STATES

Communication from the Government of the Republic of Poland concerning Directive 94/22/EC of the European Parliament and of the Council on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons

(2016/C 239/03)

PUBLIC INVITATION TO BID FOR A CONCESSION FOR THE PROSPECTION AND EXPLORATION OF NATURAL GAS DEPOSITS AND THE EXTRACTION OF NATURAL GAS IN THE 'BYTÓW' AREA

SECTION I: LEGAL BASIS

1. Article 49h(2) of the Geological and Mining Law Act (Journal of Laws (*Dziennik Ustaw*) 2015, item 196, as amended)

2. Cabinet Regulation of 28 July 2015 on bidding for concessions for the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons, and concessions for the extraction of hydrocarbons (Journal of Laws 2015, item 1171)

3. Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons (OJ L 164, 30.6.1994, p. 3; Special edition in Polish: Chapter 6, Volume 2, p. 262)

SECTION II: ENTITY INVITING BIDS

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Postal address: ul. Wawelska 52/54, 00-922 Warsaw, Poland
Tel. +48 223692449, +48 223692447; Fax +48 223692460
Website: www.mos.gov.pl

SECTION III: SUBJECT OF THE PROCEDURE

1) **type of activities for which the concession is to be granted:**

Concession for the prospection and exploration of natural gas deposits and the extraction of natural gas in the 'Bytów' area, concession blocks 47, 48, 67 and 68.

2) **area within which the activities are to be conducted:**

The boundaries of the area covered by this bidding procedure are defined by lines joining points with the following coordinates in the PL-1992 coordinate system:

Point No	X [PL-1992]	Y [PL-1992]
1	717 727,830	420 880,037
2	710 216,130	420 752,340
3	709 994,910	434 842,340
4	698 409,340	434 721,120
5	682 184,522	434 676,546
6	682 361,035	425 652,512
7	715 272,850	395 605,440
8	716 494,070	396 555,860
9	715 724,310	399 111,560
10	718 080,130	401 575,960
11	718 106,130	402 821,010
12	715 616,010	404 551,170

Point No	X [PL-1992]	Y [PL-1992]
13	715 760,230	406 358,870
14	719 743,146	407 446,849
15	719 941,330	411 157,160
16	717 910,170	410 935,090

The surface area of the vertical projection of the area covered by this bidding procedure is 779,97 km^2.

The area covered by the bidding procedure is located in the following districts and municipalities in Pomorskie Province:

Słupsk district: municipality of Dębnica Kaszubska (0,46 % of the area);

Bytów district: municipalities of Czarna Dąbrówka (13,34 %), Bytów (5,61 %), Parchowo (16,81 %) and Studzienice (2,75 %);

Kościerzyna district: municipalities of Dziemiany (3,44 %), Lipusz (10,37 %) and **Kościerzyna (24,33 %)**, town of Kościerzyna (1,54 %) and municipality of Stara Kiszewa (0,03 %);

Kartuzy district: municipalities of Stężyca (7,73 %), Sulęczyno (12,21 %), Sierakowice (1,37 %) and Chmielno (0,011 %).

The aim of the works to be carried out in Palaeozoic formations is to document and extract natural gas deposits in the area described above.

3) **time limit, not less than 90 days from the date of publication of the notice, and place for the submission of bids:**

Bids must be submitted to the headquarters of the Ministry of the Environment no later than 16:00 CET/CEST on the last day of the 91-day period commencing on the day following the date of publication of the notice in the *Official Journal of the European Union*.

4) **detailed bid specifications, including the bid evaluation criteria and a specification of their weighting, ensuring that the conditions referred to in Article 49k of the Geological and Mining Law Act of 9 June 2011 are fulfilled:**

Bids may be submitted by entities in respect of which a decision has been issued confirming the positive outcome of a qualification procedure, as provided for in Article 49a(16)(1) and (2) of the Geological and Mining Law Act, independently, or as the operator if several entities are applying jointly for the concession.

Bids received will be evaluated by the bid evaluation committee on the basis of the following criteria:

30 %: financial capacities offering an adequate guarantee that activities relating to, respectively, the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons will be carried out, and in particular the sources and methods of financing the intended activities, including the share of own funds and external financing;

25 %: technical capacities for, respectively, the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons, and in particular the availability of appropriate technical, organisational, logistical and human resources potential;

20 %: scope and scheduling of the geological works, including geological operations, or mining operations proposed;

10 %: experience in the prospection and exploration of hydrocarbon deposits or the extraction of hydrocarbons, ensuring safe operation, the protection of human and animal life and health, and environmental protection;

10 %: the proposed technology for conducting geological works, including geological operations, or mining operations, using innovative elements developed for this project;

5 %: scope and scheduling of the mandatory collection of samples obtained during geological operations, including drill cores.

If, following the evaluation of bids on the basis of the criteria specified above, two or more bids obtain the same score, the amount of the fee for the establishment of mining usufruct rights due during the prospection and exploration phase will be used as an additional criterion allowing a final choice to be made between the bids concerned.

5) **minimum scope of geological information:**

Concession data	name of area: Bytów location: onshore; concession blocks 47, 48, 67 and 68;
Type of deposit	unconventional and conventional natural gas deposits
Structural levels	Cenozoic Permian Mesozoic Lower Paleozoic Precambrian
Petroleum systems	I – unconventional II – conventional
Source rocks	I – Silurian and Ordovician mudstones and claystones II – Cambrian mudstone-clayey intrusions and overlying Silurian and Ordovician mudstones and claystones
Reservoir rocks	I – Silurian and Ordovician mudstones and claystones II – Lower and Middle Cambrian sandstones
Seal rocks	I – Upper Silurian rocks (Ludlow and Pridoli) and Zechstein evaporites II – Silurian and Ordovician mudstones and claystones and Zechstein evaporites
Thickness of overburden	I – from approx. 3 700 m (Bytów IG-1 borehole) to approx. 4 000 m (Kościerzyna IG-1, Gapowo B-1) II – approx. 4 250 m (Gapowo B-1)
Trap type	I – unconventional II – structural, stratigraphic
Deposits identified in the vicinity (NG – natural gas; O – oil)	I – no shale gas deposits II – no natural gas deposits, but deposits have been identified in this interval: Żarnowiec W (O) – discovered in 1990; cumulative production: 4 160 tonnes; production in 2014: 50 tonnes; reserves and resources 17 840 tonnes (industrial 3 880 tonnes) Dębki-Żarnowiec (O, two separate deposits since 1995, for which aggregate date are given here) – discovered in 1977; cumulative production 39 120 tonnes; production in 2014: 810 tonnes; reserves and resources: 51 680 tonnes (industrial 7 590 tonnes) Białogóra E (O) – discovered in 1995; cumulative production over 11 years: 1 410 tonnes; production in 2014: nil; reserves and resources: nil (industrial: 380 tonnes)
Seismic surveys completed (owner)	2012: Seven 2D profile surveys (Indiana Investments Sp. z o. o.)
Benchmark and offset wells (TVD)	benchmark wells: Bytów IG-1 (2 569,70 m), Gapowo B-1/1A (4 299,79 m) offset wells: Kościerzyna IG-1 (5 202,0 m), Lębork IG-1 (3 310,0 m)

6) **commencement date of activities:**

The activities covered by the concession will commence within 14 days from the date on which the decision granting the concession becomes final.

7) **conditions for granting the concession, in particular concerning the amount, scope and manner of providing the security referred to in Article 49x(1) of the Geological and Mining Law Act and, where justified, the amount, scope and manner of providing the security referred to in Article 49x(2) of that Act:**

The successful bidder is required to provide a security covering non-compliance or inadequate compliance with the conditions laid down in the concession and for financing the closure of mine workings if the concession expires, is withdrawn or becomes invalid. This security is to be provided for the period from the date on which the concession is granted until the end of the prospection and exploration phase. The amount of the security is PLN 100 000. The form and date of its payment are governed by Article 49x(4) and (5) of the Geological and Mining Law Act.

8) **minimum scope of geological works, including geological operations, or mining operations:**

The minimum programme of geological works proposed for the prospection and exploration phase comprises:

Stage I duration: 12 months

scope: interpreting and analysing archival geological data

Stage II duration: 12 months

scope: executing 2D seismic surveys (100 km) or drilling one borehole to a maximum depth of 5 000 m, with mandatory coring of prospective intervals

Stage III duration: 24 months

scope: drilling one borehole to a maximum depth of 5 000 m, with mandatory coring of prospective intervals

Stage IV duration: 12 months

scope: analysing the data obtained

9) **period for which the concession is to be granted:**

The concession period is 10 years, including:

— a prospection and exploration phase of five years' duration, starting from the date on which the concession is granted,

— an extraction phase, starting from the date on which an investment decision is obtained.

10) **specific conditions for carrying out the activities and for ensuring public safety, public health, environmental protection and rational management of deposits:**

Implementation of the concession work programme must not infringe landowners' rights and does not remove the need to comply with other requirements laid down in legislation, in particular the Geological and Mining Law Act, and requirements regarding land use, environmental protection, agricultural land and forests, nature, waters and waste.

During the assessment of the draft decision and the geological data pack, an objection was raised by the municipality of Parchowo regarding the siting of the prospection and exploration works for the planned concession within its boundaries.

11) **model agreement on the establishment of mining usufruct rights:**

The model agreement is attached as an annex hereto.

12) **information concerning the amount of the fee for establishing mining usufruct rights:**

The minimum amount of the fee for establishing mining usufruct rights for the 'Bytów' area during the five-year base period is PLN 165 759,22 (in words: one hundred and sixty-five thousand seven hundred and fifty-nine zlotys and twenty-two grosz) per annum. The annual the fee for establishing mining usufruct rights for the purpose of the prospection and exploration of minerals is indexed to average annual consumer price indices set cumulatively for the period from the conclusion of the agreement until the year preceding the date for payment of the fee, as announced by the President of the Central Statistical Office in the *Monitor Polski* (Official Gazette) (Article 49h(3)(12) of the Geological and Mining Law Act).

13) **information concerning requirements to be met by bids and documents required from bidders:**

1. Bids should specify:

   1) the name (business name) and the registered office of the bidder;

   2) the subject of the bid, together with a description defining the area within which the concession is to be granted and mining usufruct rights are to be established;

   3) the period for which the concession is to be granted, the duration of the prospection and exploration phase and the commencement date of the activities;

   4) the aim, scope and nature of the geological works, including geological operations, or mining operations and information about the works to be carried out to achieve the intended objective and the technologies to be used;

   5) a timetable, broken down into years, for the geological works, including geological operations, and the scope of such works;

   6) the scope and timetable of the mandatory collection of samples obtained during geological operations, including drill cores, as referred to in Article 82(2)(2) of the Geological and Mining Law Act;

   7) rights held by the bidder to the real property (area) within which the intended activities are to be carried out, or the right for the establishment of which that entity is applying;

   8) a list of areas covered by nature conservation schemes; this requirement does not concern projects for which a decision on environmental conditions is required;

   9) the way in which the adverse environmental impacts of the intended activities are to be counteracted;

   10) the scope of the geological information available to the bidder;

   11) experience in the prospection and exploration of hydrocarbon deposits or the extraction of hydrocarbons, ensuring safe operation, the protection of human and animal life and health, and environmental protection;

   12) technical capacities for, respectively, the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons, and in particular the availability of appropriate technical, organisational, logistical and human resources potential;

   13) financial capacities offering an adequate guarantee that activities relating to, respectively, the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons will be carried out, and in particular the sources and methods of financing the intended activities, including the share of own funds and external financing;

   14) the proposed technology for conducting the geological works, including geological operations, or mining operations;

   15) the proposed amount of the fee for establishing mining usufruct rights, this being not less than the amount specified in the notice launching the bidding procedure;

   16) the proposed form of providing security;

   17) if a bid is submitted jointly by several entities, it must additionally specify:

      a) the names (business names) and the registered offices of all the entities submitting the bid;

      b) the operator;

      c) the percentage shares in the costs of the geological works, including geological operations, proposed in the cooperation agreement.

2. Bids submitted in a bidding procedure should meet the requirements and conditions laid down in the notice launching that bidding procedure.

3. The following documents are to be enclosed with bids:

   1) evidence of the existence of the circumstances described in the bid, in particular extracts from the relevant registers;

   2) proof that a deposit has been lodged;

3) a copy of the decision confirming the positive outcome of a qualification procedure, as provided for in Article 49a(17) of the Geological and Mining Law Act;

4) graphical annexes prepared in accordance with the requirements relating to mining maps, indicating the country's administrative boundaries;

5) written undertakings to make technical resources available to the entity taking part in the bidding procedure if other entities' technical resources are used when implementing the concession;

6) two copies of the geological operations project file.

4. Bidders may, on their own initiative, provide additional information in their bids or attach additional documents thereto.

5. Documents submitted by bidders should be originals or certified true copies of originals as provided for in the Code of Administrative Procedure. This requirement does not apply to copies of documents which are to be attached to bids and were created by the concession authority.

6. Documents drawn up in a foreign language should be submitted together with a translation into Polish by a sworn translator.

7. Bids are to be submitted in a sealed envelope or a sealed package bearing the name (business name) of the bidder and indicating the subject of the bidding procedure.

8. Bids submitted after the expiry of the time limit for the submission of bids will be returned to the bidders unopened.

14) **information concerning the manner of lodging a deposit, the amount of the deposit and the payment date:**

Bidders are required to lodge a deposit of PLN 1 000 (in words: one thousand zlotys) before the expiry of the time limit for the submission of bids.

SECTION IV: ADMINISTRATIVE INFORMATION

IV.1) **Bid evaluation committee**

A bid evaluation committee is appointed by the concession authority for the purpose of conducting the bidding procedure and selecting the most advantageous bid. The composition and rules of procedure of the committee are specified in the Cabinet Regulation of 28 July 2015 on bidding procedures for concessions for the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons, and for concessions for the extraction of hydrocarbons (Journal of Laws 2015, item 1171). The bid evaluation committee submits a report on the bidding procedure to the concession authority for approval. Together with bids and all documents related to the bidding procedure, the report is open to other entities submitting bids.

IV.2) **Additional explanations**

Within seven days from the date of publication of the notice, an interested entity may request the concession authority to provide explanations concerning the detailed bid specifications. Within seven days from the receipt of the request, the concession authority will publish the explanations in the *Biuletyn Informacji Publicznej* (Public Information Bulletin), on the page of the administrative office subordinate to that authority.

IV.3) **Additional information**

Full information about the area covered by the bidding procedure has been compiled by the Polish Geological Service in the *Pakiet danych geologicznych* (Geological Data Pack), which is available on the Ministry of the Environment website (www.mos.gov.pl) and from the

Departament Geologii i Koncesji Geologicznych [Department of Geology and Geological Concessions]
Ministry of the Environment
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ANNEX

AGREEMENT

establishing mining usufruct rights for the prospection and exploration of natural gas deposits and the extraction of natural gas in the 'Bytów' area

concluded at Warsaw on ..... 2016 between:

the State Treasury, represented by the Minister for the Environment, for and on behalf of whom Mr Mariusz Orion Jędrysek, State Secretary at the Ministry of the Environment and Chief Geologist of Poland, acts under power of attorney No 5 of 27 January 2016, hereinafter referred to as the 'State Treasury'

and

XXX, having its registered office at: ..... (full address) .....

hereinafter referred to as the 'Holder of Mining Usufruct Rights',

worded as follows:

Section 1

1. The State Treasury, as exclusive owner of the substrata of the Earth's crust covering the area within the municipalities of Dębnica Kaszubska, Czarna Dąbrówka, Parchowo, Studzienice, Dziemiany, Lipusz, Kościerzyna, Stara Kiszewa, Stężyca, Sulęczyno, Sierakowice and Chmielno, the town and municipality of Bytów, and the town of Kościerzyna in Pomorskie Province, the boundaries of which are defined by lines joining points (1 to 16) having the following coordinates in the PL-1992 coordinate system:

No	Coordinates	
	X	Y
1	717 727,830	420 880,037
2	710 216,130	420 752,340
3	709 994,910	434 842,340
4	698 409,340	434 721,120
5	682 184,522	434 676,546
6	682 361,035	425 652,512
7	715 272,850	395 605,440
8	716 494,070	396 555,860
9	715 724,310	399 111,560
10	718 080,130	401 575,960
11	718 106,130	402 821,010
12	715 616,010	404 551,170
13	715 760,230	406 358,870
14	719 743,146	407 446,849
15	719 941,330	411 157,160
16	717 910,170	410 935,090

hereby establishes mining usufruct rights for the Holder of Mining Usufruct Rights in the area described above, limited above by the lower boundary of surface land properties and beneath by the floor of Palaeozoic formations, provided that the Holder of Mining Usufruct Rights obtains a concession for the prospection and exploration of natural gas deposits and the extraction of natural gas in the 'Bytów' area within one year from the date of the agreement establishing the mining usufruct rights.

2. If the condition of obtaining the concession referred to in paragraph 1 is not met, the obligations arising under the agreement shall expire.

3. Within the rock mass area specified in paragraph 1, the Holder of Mining Usufruct Rights may:

   1) in Palaeozoic formations, carry out activities relating to the prospection and exploration of natural gas deposits and the extraction of natural gas; and

   2) in the rest of the area, carry out any works and activities that are necessary in order to gain access to the Paleozoic formations.

4. The surface area of the vertical projection of the area described above is 779,97 km^2.

Section 2

1. The agreement establishing mining usufruct rights shall take effect on the date on which the concession is obtained.

2. The mining usufruct rights shall be established for a period of 10 years, including five years for the prospection and exploration phase and five years for the extraction phase, subject to the provisions of Section 9.

3. The mining usufruct rights shall expire on the date on which the concession is terminated.

Section 3

1. The mining usufruct rights entitle the Holder of Mining Usufruct Rights to use the area specified in Section 1 on an exclusive basis for the prospection and exploration of natural gas deposits and the extraction of natural gas in the 'Bytów' area, as well as for carrying out all operations and activities necessary for this purpose within that area in accordance with the legislation in force, in particular the Geological and Mining Law Act of 9 June 2011 (Journal of Laws (*Dziennik Ustaw*) 2015, item 196, as amended), hereinafter referred to as the 'Geological and Mining Law Act', and decisions issued pursuant thereto. During the prospection and exploration phase, the Holder of Mining Usufruct Rights may develop the minerals being explored only to the extent necessary to draw up geological and investment documentation.

2. The Holder of Mining Usufruct Rights undertakes to notify the State Treasury in writing of any changes resulting in a change of name or organisational form, changes in registration and identification numbers or increases or reductions in share capital, of the transfer of the concession to another entity by operation of law, the filing of a bankruptcy petition, the declaration of bankruptcy, the initiation of arrangement proceedings or the initiation of liquidation proceedings. The State Treasury may require that the necessary explanations be provided in such cases. Notification shall take place within 30 days from the date on which the circumstances referred to above occur.

Section 4

The agreement shall be without prejudice to the rights of third parties, in particular owners of land, and the Holder of Mining Usufruct Rights shall not be exempt from the need to comply with requirements provided for by law, in particular those relating to the prospection and exploration of minerals and the protection and use of environmental resources.

Section 5

The State Treasury reserves the right to establish within the area referred to in Section 1(1) mining usufruct rights for the purpose of carrying out activities other than those specified in the agreement, in a manner which does not infringe the rights of the Holder of Mining Usufruct Rights.

Section 6

1. The Holder of Mining Usufruct Rights shall pay the State Treasury the following fee for the mining usufruct rights in the area specified in Section 1(1) during the five-year prospection and exploration phase for each year of mining usufruct (counted as 12 consecutive months):

   (a) PLN ..... *(amount) (in words:* ..... *zlotys)* for the first year of usufruct, starting from the date on which the agreement took effect, within 30 days from the beginning of that year of mining usufruct;

   (b) PLN ..... *(amount) (in words:* ..... *zlotys)* for the second year of usufruct, starting from the date on which the agreement took effect, within 30 days from the beginning of that year of mining usufruct;

(c) PLN ..... *(amount) (in words:* ..... *zlotys)* for the third year of usufruct, starting from the date on which the agreement took effect, within 30 days from the beginning of that year of mining usufruct;

(d) PLN ..... *(amount) (in words:* ..... *zlotys)* for the fourth year of usufruct, starting from the date on which the agreement took effect, within 30 days from the beginning of that year of mining usufruct;

(e) PLN ..... *(amount) (in words:* ..... *zlotys)* for the fifth year of usufruct, starting from the date on which the agreement took effect, within 30 days from the beginning of that year of mining usufruct,

subject to the provisions of paragraph 2.

2. If the date for payment of the fee due for a given year of mining usufruct falls between 1 January and 1 March, the Holder of Mining Usufruct Rights shall pay the fee by 1 March. However, if the fee is subject to indexation in accordance with paragraphs 3 to 5, the Holder of Mining Usufruct Rights shall pay it no earlier than the date on which the index referred to in paragraph 3 is announced, after taking that index into account.

3. The fee specified in paragraph 1 shall be indexed to average annual consumer price indices set for the period from the conclusion of this agreement until the year preceding the date for payment of the fee, as announced by the President of the Central Statistical Office in the *Monitor Polski* (Official Gazette of the Republic of Poland).

4. If the date for payment of the fee falls in the same calendar year as that in which the agreement was concluded, the fee shall not be indexed.

5. If the agreement was concluded and took effect in the year preceding the year in which the date for payment of the fee falls, the fee shall not be indexed if the Holder of Mining Usufruct Rights pays it by the end of the calendar year in which the agreement is concluded and takes effect.

6. If the Holder of Mining Usufruct Rights loses the mining usufruct rights established under the agreement before the time limit specified in Section 2(1) and (2) expires, the Holder of Mining Usufruct Rights shall be required to pay the fee for the entire year of usufruct in which these rights were lost. If, however, the mining usufruct rights are lost as a result of the concession being withdrawn or for the reasons specified in Section 9(1), (3) or (4), the Holder of Mining Usufruct Rights shall pay the fee for the entire usufruct period specified in Section 2(1) and (2), taking into account indexation for the year preceding the termination of the agreement. The fee shall be paid within 30 days from the date on which the mining usufruct rights were lost. The loss of usufruct rights shall not release the Holder of Mining Usufruct Rights from environmental obligations relating to the subject of the mining usufruct rights, in particular obligations relating to the protection of deposits.

7. The Holder of Mining Usufruct Rights shall pay the fee for the mining usufruct rights into the bank account of the Ministry of the Environment at the Warsaw Branch of the National Bank of Poland, No 07 1010 1010 0006 3522 3100 0000, for the establishment of mining usufruct rights in connection with a concession for the prospection and exploration of natural gas deposits and the extraction of natural gas in the 'Bytów' area.

The date of payment shall be the date on which the funds are credited to the State Treasury's account.

8. The fee specified in paragraph 1 shall not be subject to tax on goods and services (VAT). If legislation is amended to the effect that the activities which are the subject of this agreement are subject to taxation, the amount of the fee shall be increased by the amount of tax due.

9. The State Treasury shall notify the Holder of Mining Usufruct Rights in writing of changes in the number of the account referred to in paragraph 7.

10. The Holder of Mining Usufruct Rights shall send copies of proof of payment of the fee referred to in paragraph 1 to the State Treasury within seven days from the date of payment of the fee for the establishment of the mining usufruct rights.

Section 7

After the Holder of Mining Usufruct Rights obtains an investment decision specifying the conditions for the extraction of natural gas, the parties shall, within 30 days from the date of that decision, sign an annex to this agreement specifying the conditions for the implementation of the agreement during the extraction phase.

Section 8

The Holder of Mining Usufruct Rights may exercise the mining usufruct rights established in Section 1(1) only after obtaining written consent from the State Treasury.

Section 9

1. If the Holder of Mining Usufruct Rights infringes obligations laid down in the agreement, the State Treasury may, subject to the provisions of paragraphs 3 and 4, terminate the agreement with immediate effect, without the Holder of Mining Usufruct Rights being entitled to make any property claims. However, the agreement shall not be terminated if the Holder of Mining Usufruct Rights has infringed obligations under the agreement due to *force majeure*.

2. If the agreement is terminated for the reasons specified in paragraph 1, the Holder of Mining Usufruct Rights shall pay the State Treasury a contractual penalty of 25 % of the fee for the entire usufruct period specified in Section 2(1) and (2), subject to indexation for the year preceding the year in which the agreement was terminated.

3. If the Holder of Mining Usufruct Rights delays payment of the fee by more than seven days beyond the deadlines specified in Section 6(1) or (2), the State Treasury shall request the Holder of Mining Usufruct Rights to pay the outstanding fee within seven days from the receipt of the request, failing which the agreement will be terminated with immediate effect.

4. The State Treasury may terminate the agreement in whole or in part by giving 30 days' notice, effective at the end of the calendar month, if the Holder of Mining Usufruct Rights does not inform the State Treasury of the circumstances referred to in Section 3(2) within 30 days from their occurrence.

5. The Holder of Mining Usufruct Rights shall be bound by the agreement until the date on which the concession is terminated and may not terminate the agreement.

6. The agreement shall be terminated in writing, failing which the termination shall not be valid.

7. The parties agree that if the State Treasury terminates the agreement, the fee paid for the mining usufruct rights, referred to in Section 6(1), shall not be reimbursed.

8. The State Treasury reserves the right to seek compensation in excess of the amount of contractual penalties on general terms if the amount of damage incurred by the State Treasury exceeds the contractual penalties.

Section 10

In the event of *force majeure*, the parties shall immediately make every effort to agree on a course of action. '*Force majeure*' shall be understood as an unexpected event which directly affects the Holder of Mining Usufruct Rights, prevents the performance of the activities to which the agreement relates and cannot be predicted or avoided.

Section 11

The Holder of Mining Usufruct Rights may apply for the extension of the agreement, in whole or in part, and must do so in writing, failing which the application will be invalid.

Section 12

If the agreement is terminated, the Holder of Mining Usufruct Rights shall not be entitled to make any claims against the State Treasury for an increase in the value of the subject of the mining usufruct rights.

Section 13

Any disputes arising out of the agreement shall be resolved by the ordinary court having jurisdiction over the seat of the State Treasury.

Section 14

In matters not governed by the agreement, the provisions of the Geological and Mining Law Act and of the Civil Code, in particular those relating to leases, shall apply.

Section 15

The Holder of Mining Usufruct Rights shall bear the costs of concluding the agreement.

Section 16

Amendments to the agreement shall be made in writing, failing which they shall not be valid.

Section 17

This agreement has been drawn up in three identical copies (one copy for the Holder of Mining Usufruct Rights and two copies for the Minister for the Environment).

State Treasury **Holder of Mining Usufruct Rights**