

THE EURO-ASIAN OIL TRANSPORTATION CORRIDOR PROJECT – the current state



Sarmatia Sp. z o.o.

Międzynarodowe Przedsiębiorstwo Rurociągowe



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Partnership
Platform 3 on Energy Security
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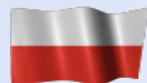


I) MPR „Sarmatia“ Sp. z o.o. shareholders

MPR "SARMATIA" SP. Z O.O.

Shareholders

- SOCAR - 25,32%
- GOGC - 16,09%
- PERN "Przyjaźń" S.A. - 28,79%
- JSC "Ukrtransnafta" - 28,79 %
- AB "Klaipėdos Nafta" - 1%



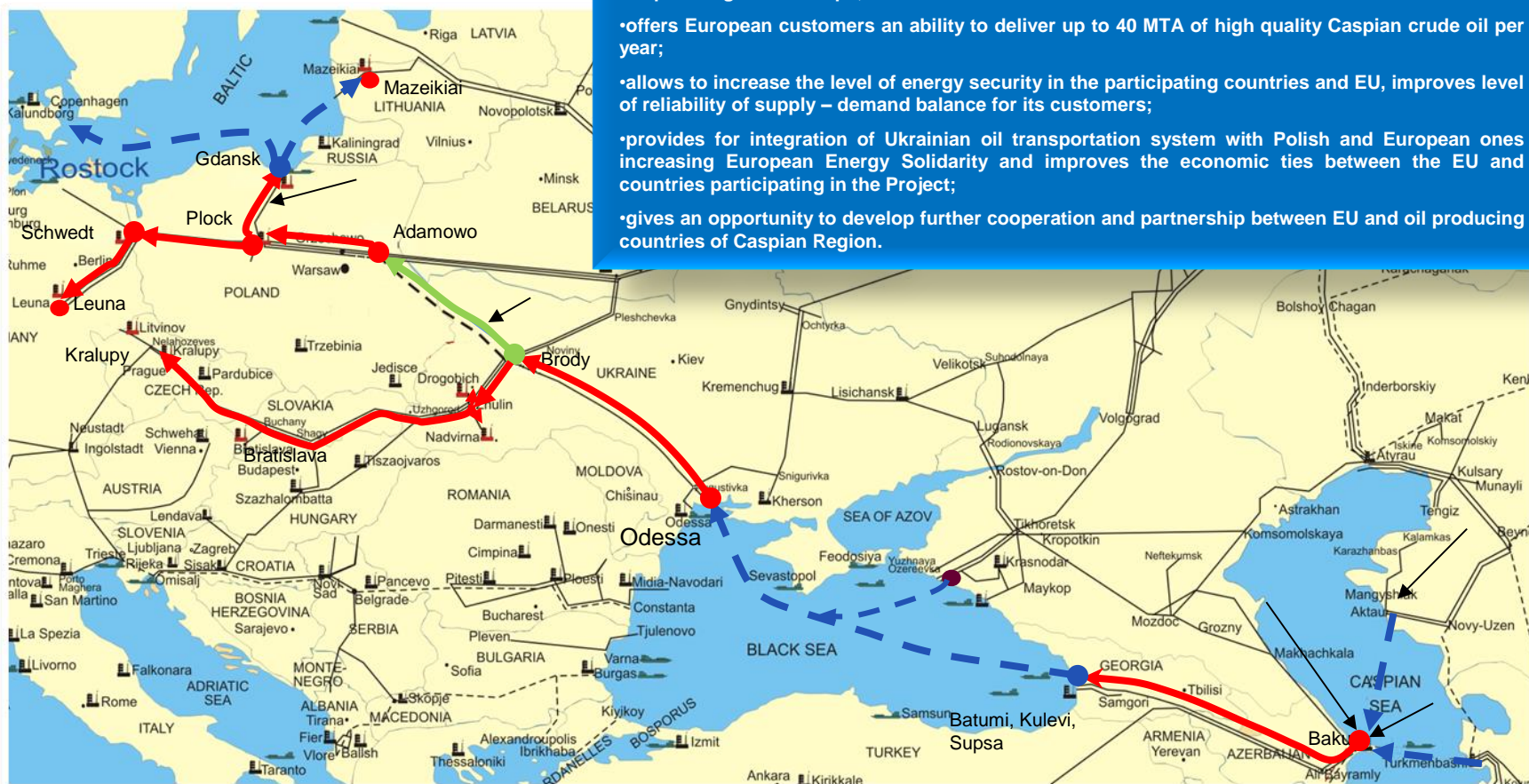


II) Euro-Asian Oil Transportation Corridor Project

EAOTC PROJEKT OVERVIEW

Benefits of the EAOTC project:

- creates an alternative, independent and reliable transportation route for the crude oil from the Caspian Region to Europe;
- offers European customers an ability to deliver up to 40 MTA of high quality Caspian crude oil per year;
- allows to increase the level of energy security in the participating countries and EU, improves level of reliability of supply – demand balance for its customers;
- provides for integration of Ukrainian oil transportation system with Polish and European ones increasing European Energy Solidarity and improves the economic ties between the EU and countries participating in the Project;
- gives an opportunity to develop further cooperation and partnership between EU and oil producing countries of Caspian Region.





III) Brody – Adamowo Oil Pipeline Project

INFRASTRUCTURE TO BE BUILT



The pipeline:

- Total Line Length – 396,3 km (270,6 km Poland + 125,7 km Ukraine),
- diameter - 32" (800 mm),
- MOP - 6,5 MPa,
- wall thickness - 13-23 mm,
- capacity 10 MTA (up to 30 MTA)

Pump stations:

- 1 in Brody (Ukraine),
- 2 in Poland on future stages

Control system SCADA with optical fiber cable along the pipeline.

PROJECT COSTS

Brody – Adamowo Oil Pipeline Project Costs (in EUR million)

Description	Initial investment,	Additional investment,	Additional investment,	Total Amount
	10 MTA	20 MTA	30 MTA	
Pipeline Section Brody - Border (Ukraine)	133.3	0	0	133.3
Pipeline Section Border - Adamowo (Poland)	324.7	0	0	324.7
Head Pump Station 1 (Brody, Ukraine)	28.2	4.9	4.9	37.9
Intermediate Pump Station 2 (km point 126, Poland)	0.0	39.8	2.7	42.5
Intermediate Pump Station 3 (km point 252, Poland)	0.0	0.0	42.5	42.5
SCADA System	2.8	1.0	2.6	6.4
TOTAL CAPEX	489.0	45.7	52.7	587.4

Calculations: ILF

THE SIGNIFICANCE OF THE PROJECT FOR EUROPE



- The Brody-Adamowo oil pipeline project is mentioned in “Energy infrastructure priorities for 2020 and beyond” as a priority one for the North – South Corridor.
- The Brody-Adamowo oil pipeline project is among the "Projects of Common Interest" for the Trans-European energy infrastructure (TEN-E) (number 9.1).
- The Brody-Adamowo oil pipeline project is a Project of Common Interest for the Energy Community (PECI) among the other 35 projects.

CRUDE OIL TRANSPORTATION RING



Brody – Adamowo pipeline will link the Druzhba North and Druzhba South. Combined with other PCI Litvinov-Spergau pipeline they will create the crude oil transportation ring, contributing to flexibility and reliability of the European oil transportation system.

*Picture and data are from the “Assistance for the identification of projects of common interest in the field of oil infrastructure in the context of the TEN-e regulation” Interim Report, September 2015

SOUTH-NORTH PIPELINE CONNECTION



Expansion of the Pomeranian Pipeline and the PCI 9.1 Adamowo-Brody pipeline combined with an Brody – Odessa pipeline would link the Black Sea and the Baltic Sea and create a South-North pipeline connection. This North South Connection would have a profound impact on the security of supply of Eastern Europe since it potentially would be able mitigate a Druzhba main pipeline disruption and supply crude simultaneously to both Druzhba South and Druzhba North.

*Picture and data are from the “Assistance for the identification of projects of common interest in the field of oil infrastructure in the context of the TEN-e regulation” Interim Report, September 2015

BRODY – ADAMOWO REVERS EMERGENCY ROUTE

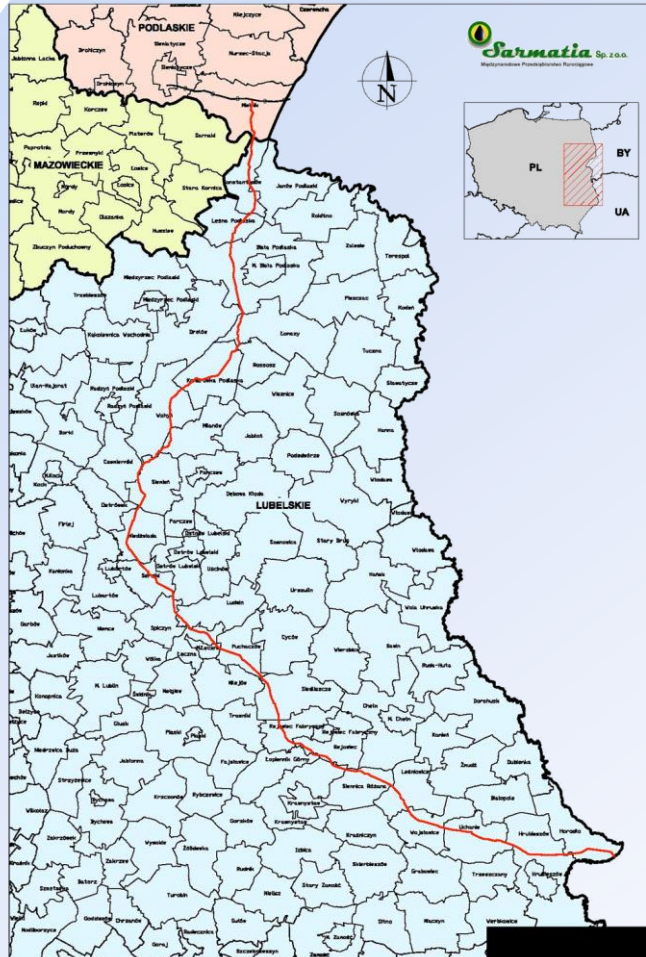


In emergency cases crude oil could be delivered from the North Sea and the Baltic Sea to consumers in Slovakia, Czech Republic, Hungary and Ukraine



IV) What has been done recently

REGIONAL AND LOCAL DEVELOPMENT PLANS CHANGES



Regional Development Plans:

- Lubelskie Voivodship RDP – was changed in June 2012.

Number of communities on the pipeline route:

- 26 Gminas

Local development plans – changes:

- LDP's have been changed in 19 Gminas
- The procedure of LDP changing in 7 Gminas is going on.

ENVIRONMENTAL IMPACT ASSESSMENT

Status of the work:

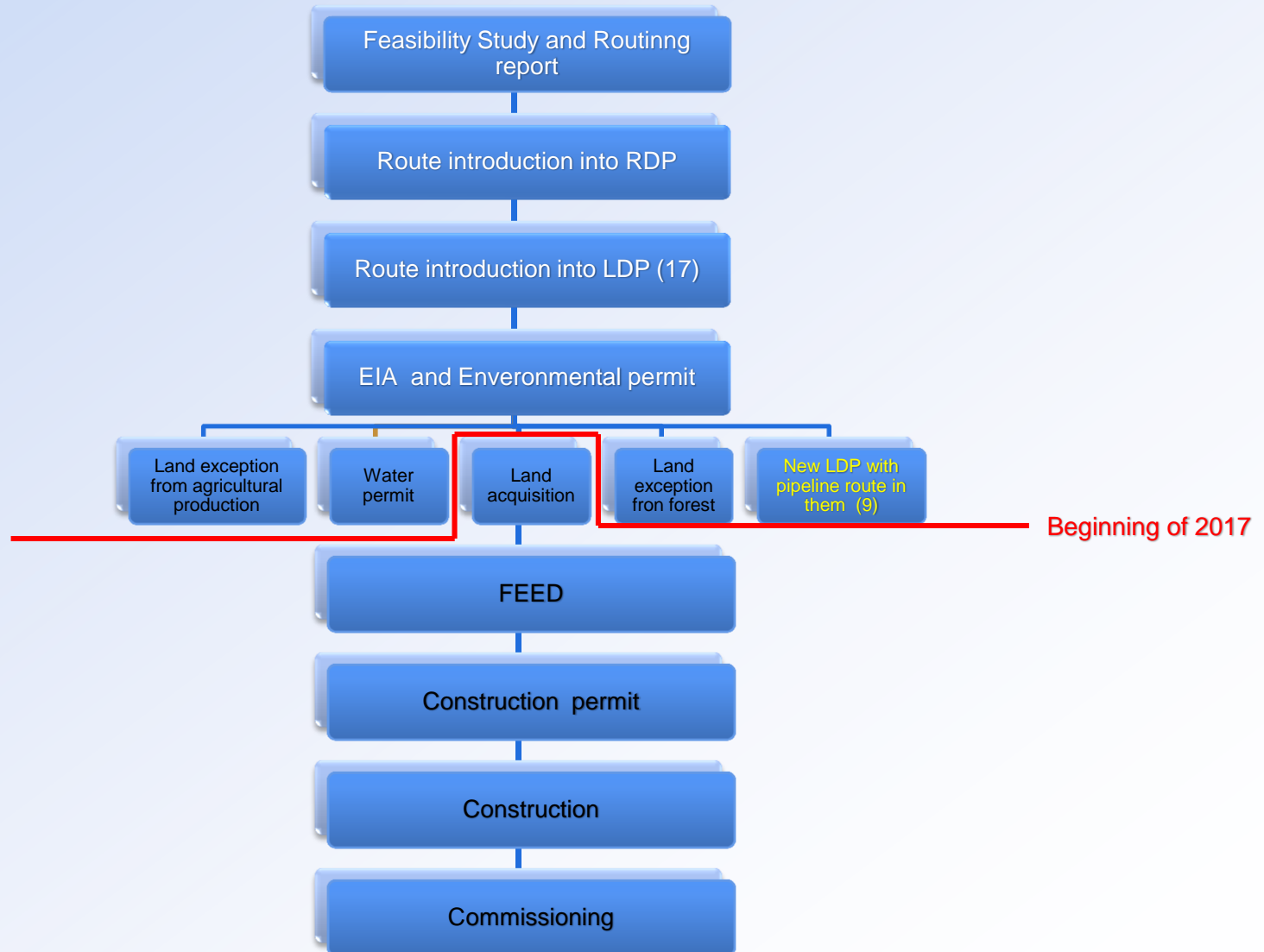
- Full environmental inventory on the pipeline's route (fauna and flora) - 100 %
- Research of heritage and archeological sites - 100 %
- Geological, hydrogeological and geotechnical study - 100 %
- Transboundary environmental impact assessment completed - 100 %
- Environmental Impact Assessment report prepared and approved by polish authorities - 100 %

Ministry of Environment and Natural Resources of Ukraine issued the Environmental permit for the Ukrainian part of the oil pipeline construction on November 27, 2012.

On September 13, 2013 Regional Director of Environmental Protection in Lublin issued the Environmental permit for the Polish part of the pipeline.



PROJECT IMPLEMENTATION SCHEME





V) Our nearest plans and expectations

Current activities

Task 1

- Update of the Feasibility Study of the Project, including the analysis of the revers deliveries of crude oil from North and Baltic seas to Ukraine in emergency cases.

Task 2

- Preparation of Local Developments Plans for the nine local communities in Poland with pipeline road implemented in them.

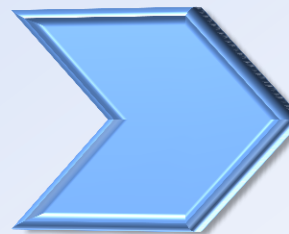
Task 3

- Preparatory works for the land acquisition.

EXPECTATIONS



- Intergovernmental Agreement concerning the EAOTC Project support



- Co-financing of the Project from European Funds



- Creation of favorable legal environment for the project implementation (adoption of the Law on transmission corridors in Poland)





**EAOTC Project creates the
stable route for Caspian crude oil
to Europe and significantly
contributes in achieving the
objectives of the Common EU
Energy Policy**

Thank You !

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