

Recommended for analysis and endorsement in the Board of Administration Meeting dated _____ and for approval of the General Meeting of Shareholders dated _____

27683/31.07.2015

GENERAL DIRECTOR

Eng. Liviu Ilasi

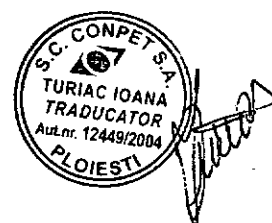
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**Report
on the contracting of external legal assistance and representation services in Case
no.5216/204/2008*/a1 pending before the Court of Appeal Ploiesti**

By the registered application pending with Campina Law Court under no.5216/204/2008, the plaintiffs Dobrogeanu Dumitru domiciled in Baicoi, No.17, Oltului Street, Prahova County and Dobrogeanu Paun-Ioan, domiciled in Bucuresti, No.5, Crinul de Padure Street, Block G5, Entrance A, 1st Floor, Apt. 12, District 6, took legal action against the defendant CONPET S.A., requesting the court that, by the decision to be pronounced it should order the defendant to decommission the pipelines and related installations located on the lands – plaintiffs property and assemble the pipelines and installations along a corridor and in close vicinity to the access routes (DN1), and, in case of refusal order the payment of damages; the counter-value for the lack of use (rent) of the land occupied by the pipelines and installations related to the oil products transport and the protection areas along the pipelines crossing the plaintiffs lands, starting 2006, at the area price, equivalent with the annual income; the counter-value of the losses borne by the plaintiffs due to the impossibility to use certain economic facilities, as per the zoning permit no. 80/2006 and established in G.U.P. and Z.U.P., land covering approx.5 ha yards-constructions situated at DN 1 Bucuresti – Brasov, with a frontage of 400 m; the payment of damages (lack of use) of a land surface of about 12,500 sqm degraded on the assembly of the pipelines and installations by diminution of the soil fertility level.

In the reasoning of the application, the plaintiffs showed that they were the owners of the land covering approx. 5ha situated within the boundaries of Baicoi City, Prahova County, with the destination years-constructions, No.1, Republicii Street, site Dobrescu, DN 1, km 79 + 500, land overcrossed by two pipelines of 4", respectively 6 5/8", in diagonal from Republicii Street to CONPET S.A. working site, and these pipelines set-aside from the economic use a large part of the land owned by the plaintiffs, on which they wanted to make constructions, as per the zoning permit and on which they cannot execute other economic and touristic facilities in partnership with other legal and natural persons.

The plaintiffs also argued that, due to the restrictions imposed by the Oil Law no.238/2004, on the pipelines protection zone cannot be managed and located constructions, fruit tree plantations, strips, open spaces etc, lowering the economic potential of the land, and, by the works performed by the defendant a large part of the land has been degraded, resulting into the diminution of the economic potential and soil fertility, as per the pedological approach performed by a specialized institute. Subsequently, along the process the plaintiffs have renounced to the heads of claim having as scope the obligation to provide work/services (i.e. decommissioning of the



pipelines and related installations), namely ordering the defendant CONPET to pay the damages (lack of use) for the land surface of approximately 12,500 sqm, degraded when assembling the pipelines and installations, by lowering the oil fertility level.

CONPET formulated in the case a counterclaim, by requiring, in its turn, to the instance to order the plaintiffs to allow the exercise of the easement right provided at Art.7, Paragraph (1) and (4) of Law no.238/2004 – the Oil Law, showing that it is required the set out, by the instance, of the annuity quantum, as per the dispositions of Art.7, Paragraph (2) of the same law.

In the case were submitted documentary evidences, interview, specialized surveying appraisals, constructions and evaluation of the real estate. By way of the civil sentence no.2444 from 12.10.2011, Campina District Court admitted both the restrained action stated by the plaintiffs, as well as the counterclaim stated by the defendant CONPET and, consequently ordered the defendant CONPET to pay to the plaintiffs the amount of **1,789,174 Lei** representing the exchange value of the lack of use for the surface occupied by the pipelines and installations related to the oil products transport and the security zone along the pipelines, for the period 12.12.2005 – 12.12.2008, the amount of **718,975 Lei** representing the exchange value of the lack of use for the same surface for 2009, as well as the annual payment of the exchange value related to the lack of use, in quantum of **718.975 Lei**, starting 2010.

Concurrently, by the same decision, was ordered to the defendant (CONPET) the payment to the plaintiffs of the amount of 243,600 LEI representing the exchange value for the loss borne by the plaintiffs to the impossibility to achieve several economic objectives on the land covering 2,04 ha, located on DN 1, KM 79 + 500, and, by the same decisions the plaintiffs were ordered to allow our company to exercise the easement right provided at Art. 7 of Law no.234/2004, on the land covering 45,104 sqm, identified pursuant to the topographical expertise survey ind. Andreescu Florin.

At this stage of the procedures, CONPET has been represented by lawyer Damian Costin.

Against the civil decision no.2444 from 12.10.2011 pronounced by Campina Law Court, CONPET has filed appeal. The cause was registered under no.5216/204/2008* pending before Prahova Law Court.

At this stage of the procedures CONPET was represented by the same lawyer, who assisted and represented the company also on the merits. (lawyer Damian Constantin).

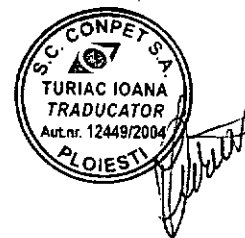
With respect to the reasons of the appeal formulated by CONPET, Prahova Law Court admitted the appeal stated by CONPET S.A. against the civil decision no.2444 from 12.10.2011 pronounced by Campina District Court , annulled the appealed sentence. At the same time, withholding the cause for retrial, admitted the second head from the counterclaim stated by the defendant CONPET SA, inconsistent with the respondents – plaintiffs Dobrogeanu Dumitru and Doborigeanu Paun Ioan and:

“Orders the plaintiffs to enable the defendant CONPET SA the access to the land covering 1927 sqm, on a corridor of 2.4 ml placed along the pipelines located on the land, having as symmetrical axe in vertical plan each line.

Orders the defendant to pay to the defendants an annuity, as per version I of the expert report Eng. Voinea Adina, performed in appeal, of 262 Lei.

Orders the plaintiffs to pay to the defendant the amount of 18525 Lei legal expenses, rest after the set-off of topo expert fees.”

Against the civil decision no.453 from 25.06.2014 delivered in cause by Prahova Law Court in case no.5216/204/2008*, the plaintiffs Dobrogeanu Dumitru and Dobrogeanu Paun-Ioan



stated a refund action (extraordinary means of appeal). The cause is being registered on docket of the Court of Appeal Ploiesti under the no.5216/204/2008*/ a 1 and received hearing on 29.09.2015. We hereby show that, up to the date of drawing this report CONPET has not been summoned. We hold this information from Portal Instances – portal.just.ro.

The stake of the trial is extremely important for the company. The solution given in this file – in the revision is very important, as, the pronouncement of a favourable solution to the plaintiffs could have as consequence the preservation of the solution delivered on the merits (civil sentence no.2444 from 12.10.2011 pronounced by Campina District Court, by which CONPET was ordered to pay to the plaintiffs Dobrogeanu Dumitru and Dobrogeanu Paul-Ioan certain excessive amounts whose quantum reaches, up to date, the amount of 7,000,000 Lei. Concurrently, this fact would represent an extremely dangerous case law, with material impact, which could endanger the viability and profitability of the crude oil transport through pipelines, by the delivery of the instances of some similar judicial orders.

Since the law-suit started more than 6 years ago and in all this period the interest of CONPET S.A. have been defended by the same lawyer (Damian Constantin), in all the three stages of the procedures (merits, appeal, second appeal), obviously considering also the complexity of this file, we reckon that the experience acquired by the latter in the thorough knowledge of the law-suit is extremely difficult to be recovered by other jurists. These aspects recommend the lawyer Damian Constantin as being the most suitable to further defend the company's interests in Case no.5216/204/2008*/a 1 pending before the Court of Appeal Ploiesti, in the extraordinary means of appeal – revision.

Considering the above, under the provisions of Art. 1 from EGO no.26/2012 regarding certain measures of public expenses reduction and strengthening of the financial discipline and amendment and completion of some normative acts, we hereby require to the General Meeting of Shareholders to **approve the contracting, by CONPET S.A. of external legal assistance and representation services in case no.5216/204/2008*/a1 pending before the Court of appeal Ploiesti.**

Concurrently, we require the General Meeting of Shareholders to grant mandate to the members of the Board of Administration to set out the maximum limit that should be considered when negotiating the fee that is to be paid and to empower the company's management for the negotiation and conclusion of the contract for legal assistance and representation in cause.

**DIRECTOR OF THE CORPORATE MANAGEMENT DIRECTION
Jurist, Anamaria Dumitrache**

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HEAD OF THE LEGAL SERVICE

Legal Advisor, Irinel Geanta

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