

Submitted for review and endorsement in the Meeting of the Board of Directors of _____ and for approval to the General Meeting of Shareholders of _____
3688/03.02.2016

GENERAL MANAGER

Eng. Liviu Ilasi

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Report

on contracting external services for legal counsel and representation in the File no.5216/204/2008*/a1 in case the plaintiffs Dobrogeanu Dumitru and Dobrogeanu Paun file a second appeal against the decision no.3318/10.12.2015 pronounced by Prahova Court

By the petition filed on the dockets of Câmpina District Court under no.5216/204/2008, the plaintiffs Dobrogeanu Dumitru and Dobrogeanu Paun-Ioan sued the defendant Conpet SA, asking the court, by the decision to be pronounced, to order the defendant to decommission the pipes and installations from the land owned by the plaintiffs and to install these pipes and installations on a corridor along and in the close vicinity of the access roads (National Road 1), and in case of refusal, to order the defendant to pay indemnities; the equivalent value for the deprivation of use (rent) of the land occupied by the pipes and installations for the transport of oil products and of the protection areas along the pipes which cross the land of the plaintiffs starting from 2016, at the price of the area, equivalent to the annuity; the equivalent value for the loss suffered by the plaintiffs due to the impossibility of executing economic objectives according to the town planning certificate no.80/2006 and established in the General Urban Plan and Zonal Urban Plan, land with an area of approximately 5 ha, yards-buildings located on the National Road 1 Bucharest-Brasov, with an opening of 400 ml; the payment of indemnities (deprivation of use) for a land area of approximately 12,500 sqm damaged when the pipes and installations were installed through decrease of soil fertility.

In the reasoning of the action, the plaintiffs showed that they were the owners of the land with an area of approximately 5 ha, located within the built-up area of Baicoi Town, Prahova County, with the destination of yards-buildings, str. Republicii nr.1, Dobrescu area, National Road 1, km 79 + 500, a land which was undercrossed by two pipes of 4'' and 6 5/8'' respectively, diagonally between str. Republicii towards the working point of Conpet SA, and these pipes removed from economic use a large area of land owned by the plaintiffs where they wanted to erect buildings according to the town planning certificate and where they could not execute other economic and tourist objectives in partnership with other natural and legal persons.

The plaintiffs also claimed that, due to the restrictions imposed by the Oil Law no.238/2004, no buildings, fruit tree plantations, treeline roadways, green spaces, etc. could be built and placed in the pipe protection area, decreasing the economic potential of the land, and a great part of the land was damaged due to the works carried out by the defendant, having as consequence the decrease of economic potential and soil fertility, according to the pedological study made by a specialized institute. Subsequently, during the lawsuit, the plaintiffs gave up the heads of claim having as object the obligation of the defendant Conpet to do (our note: decommissioning of related pipes and installations) and to pay indemnities (deprivation of use) for the land area of approximately 12,500 sqm damaged when the pipes and installations were mounted through the decrease of soil fertility.

Conpet filed a counterclaim in the case, asking the court, in its turn, to order the plaintiffs to allow the exercise of easement right stipulated by art. 7 paragraphs (1) and (4) of Law no.238/2004 – Oil Law, showing that the court must establish the value of the annuity according to the provisions of art.7 paragraph (2) of the same Law.

Pieces of evidence consisting of documents, interrogatories, technical topometry and construction expertise and evaluation of the real estate property were produced in the case.



By civil decision no.2444 of 12.10.2011 the District Court of Câmpina admitted both the restricted action filed by the plaintiffs and the counterclaim filed by the defendant Conpet, and, consequently, ordered the defendant Conpet to pay to the plaintiffs the amount of **1,789,174** lei, representing the equivalent value for the deprivation of use of the area occupied by the pipes and installations for the transport of oil products and of the safety area along the pipes between 12.12.2005-12.12.2008, the amount of **718,975** lei representing the equivalent value for the deprivation of use of the same area in 2009, as well as to annually pay the equivalent value for the deprivation of use in amount of **718,975** lei starting from 2010.

At the same time, by the same decision, the defendant (Conpet) was also ordered to pay to the plaintiffs the amount of **243,600** lei representing the equivalent value for the loss suffered by the plaintiffs due to the impossibility of executing economic objectives on the land with an area of 2.04 ha located on the National Road 1, Km 79 + 500, and the plaintiffs were ordered to allow our company to exercise the easement right stipulated by art.7 of Law no.234/2004 on the land with an area of 45.104 sqm identified according to the survey expertise report drafted by Andreescu Florin.

In this procedural phase, Conpet was represented by lawyer Damian Constantin.

Conpet filed an appeal against the civil decision no. 2444 of 12.10.2011 pronounced by the District Court of Câmpina. The case was registered on the dockets of Prahova Court under no. 5216/204/2008*.

In this procedural phase of the appeal, Conpet was represented by the same lawyer who also assisted the company on the merits (lawyer Damian Constantin).

In relation to the reasons of the appeal filed by Conpet, Prahova Court admitted the appeal filed by Conpet SA against the civil decision no.2444 of 12.10.2011 pronounced by the District Court of Câmpina, cancelled the appealed decision. Also, considering the case for retrial, the court admitted the second head of the counterclaim filed by the defendant Conpet SA against the petitioners-plaintiffs Dobrogeanu Dumitru and Dobrogeanu Paun Ioan and:

“Ordered the plaintiffs to allow the access of the defendant SC Conpet SA to the land with an area of 1,927 sqm on a corridor of 2.4 ml placed along the pipes existing on the land, having each pipe as symmetry axis on the vertical plane.

Ordered the defendant to pay to the plaintiffs an annuity of 262 lei according to version I of the expertise report of agricultural engineer Voinea Adina made in appeal.

Ordered the plaintiffs to pay to the defendant the amount of 18,525 lei as legal expenses, the rest after the compensation of the survey expert's fees”.

The plaintiffs Dobrogeanu Dumitru and Dobrogeanu Paun Ioan filed a second appeal against the civil decision no. 453 of 25.06.2014 pronounced by Prahova Court. The second appeal was registered on the dockets of the Court of Appeal of Ploiești.

The Court of Appeal of Ploiești rejected the second appeal as ungrounded by decision no.314 of 19.03.2015. Irrevocable.

In the procedural phase of the second appeal, Conpet was represented by the same lawyer who also assisted the company on the merits and in the appeal (lawyer Damian Constantin).

The plaintiffs filed an application for revision (extraordinary means of appeal) against the civil decision no. 314 of 19.03.2015 pronounced by the Court of Appeal of Ploiești in the file no.5216/204/2008*. The case was registered on the dockets of the Court of Appeal of Ploiești under no. 5216/204/2008*a1. By decision no. 703/04.11.2015, the Court of Appeal of Ploiești admitted the motion to dismiss for lack of subject-matter jurisdiction of this court and established the jurisdiction for the settlement of the case in favor of Prahova Court.

By decision no.3318/10.12.2015, Prahova Court rejected the application for revision filed by the claimants in revision – plaintiffs Dobrogeanu Dumitru and Dobrogeanu Paun. This decision may be appealed by means of a second appeal within 15 days from its notification date. We mention that the decision has not been notified to us on the date when this document was drawn up.

The decision issued in this file has a major importance due to the fact that the delivery of a decision



which is favorable to the plaintiffs might have as consequence the maintenance of the decision delivered on the merits (civil decision no.2444 of 12.10.2011 pronounced by the District Court of Cămpina) by which Conpet was ordered to pay to the plaintiffs Dobrogeanu Dumitru and Dobrogeanu Paun-Ioan excessive amounts of money whose value amounts to approx. 7,000,000 lei up to present. So, the stake of the lawsuit is extremely important both for Conpet and for the plaintiffs. This fact and the consistent behavior of the plaintiffs over time (our company was sued by these persons several times) give us the right to believe that the degree of likelihood that they will file a second appeal against the Decision no.3318/10.12.2015 pronounced by Prahova Court is high.

As the lawsuit began more than 6 years ago and during this entire period the interests of the company Conpet SA were defended by the same lawyer (Damian Constantin) in all the four procedural phases (merits, appeal, second appeal, revision), of course taking into account the complexity of this file, we consider that the experience acquired by him in the thorough knowledge of the lawsuit is extremely difficult to be regained by other jurists. Therefore, in the event that the plaintiffs file a second appeal against the Decision no.3318/10.12.2015 pronounced by Prahova Court, all these aspects recommend the lawyer Damian Constantin as the most appropriate for further support of the interests of the company in the File no. 5216/204/2008*/a1.

Considering the aforementioned, according to the provisions of art.1 of Government Emergency Ordinance no.26/2012 concerning measures to reduce public expenses and consolidate financial discipline and also amending and supplementing certain normative acts, we request the General Meeting of Shareholders to **approve that, in case when the plaintiffs file a second appeal against the decision no. 3318/10.12.2015 pronounced by Prahova Court, Conpet should purchase external services for legal counsel and representation in the case – file no. 5216/204/2008*a1 which will be judged by the Court of Appeal of Ploiești.**

We also request to the General Meeting of Shareholders to **mandate the members of the Board of Directors to establish the maximum limit which has to be considered in the negotiation of the fees to be paid and to empower the company management to negotiate and conclude the contract for legal counsel and representation in the case.**

MANAGER OF CORPORATE MANAGEMENT DIRECTORATE

Jurist Anamaria Dumitrache

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HEAD OF LEGAL DEPARTMENT

Legal Advisor Irinel Geanta

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The undersigned, **ANDRA IOANA BOIANGIU**, certified translator under no. 2718/2000, hereby certify the accuracy of the translation into the English language of the document written in the Romanian language, which has been seen by me. registered under no 2016/451/2/3

Translator,

ANDRA IOANA BOIANGIU

