

Subject to analysis and endorsement in the BoA meeting dated 20.01.2022 and approval in the O.G.M.S. meeting dated 25.02.2022

Maintenance Development Unit  
Investment Management Department  
No. 1736/13.01.2022

**ENDORSED,**

**The Board of Directors**

By Decision no. 1 dated 20.01.2022

**Chairman of the Board of Directors**

**GHEORGHE Cristian – Florin**

### SUBSTANTIATION NOTE

**for the approval, by the OGMS, of the Investment Program for 2022  
(also containing the estimates for the years 2023 - 2024)**

The Investments Program for the year 2022 and the estimates for the years 2023 - 2024 is an Annex to the Revenues and Expenditure Budget of 2022, as well as for the estimates for the years 2023 and 2024, investment expenses and financing sources representing elements presented in the budget.

The oil transport tariffs practiced by the company, approved by the National Agency of Mineral Resources include a modernization quota intended to finance the investment objectives comprised in the rehabilitation, modernization and development programs convened with the National Agency for Mineral Resources according to the "Petroleum concession agreement for the operation of the national transport system of crude oil, rich gas, condensate and ethane, including the main pipelines and the ancillary installations, endowments and facilities".

For the substantiation of the investment program 2022-2024 were analyzed the achievements estimated at December 31, 2021, namely the physical state and the value of the ongoing investments, in order to determine the remaining budgeted expenses in the period prior to completion as well as the new investment proposals developed by entities within CONPET.

The estimated value of the investments for the period 2022-2024, determined by further investments, under different stages (feasibility studies, design, planning and execution, execution), of the values estimated for new investments and of the transport program is of 330 million RON.

In terms of operations, the proposed investment works should aim to provide transport oil in the established parameters - volume, pressure, compliance with technological admitted losses as well as choosing the solutions that allow intelligent pigging, in pipelines replacement, which will ensure operational safety of the major pipelines of crude oil transport, eliminating risk factors.



e-mail: [conpet@conpet.ro](mailto:conpet@conpet.ro)  
[www.conpet.ro](http://www.conpet.ro)

- Replacement of connection lines Danube crossing C1-C2 and C3-C4 Borcea arm;
- Replacement of the crude oil transport pipeline Ø 20" C4 -Bărăganu on 3 sections (approximately 600 m), C2-C3, on 6 sections (approx.7900 m), Ialomita County;
- Replacement of crude oil transport pipeline Ø 20" Bărăganu-Călăreți on 6 sections (approximately 18,000 m), Călărași county;
- Teletransmission and telegestion system of the electric power consumptions in 15 locations of CONPET SA.

One of the major investment objectives with major impact on the environment contained in the draft program 2022-2024 is represented by the replacement works of the connection pipelines crossing over the Danube, namely lines C1 and C2 and Borcea arm, lines C3 and C4.

The current state of the under crossings is a major risk for the environment, for the petrochemical industry and national economy.

By replacing the pipes in the afore-mentioned crossings, the following objectives will be achieved:

- Ensuring the functioning of the transport pipeline, on the route in question, under safety conditions and designed parameters;
- Removing the serious risk of oil pollution, which would bear major environmental impact;
- safety in operation;
- reducing maintenance costs;
- increasing the operational life;
- ensuring optimal oil transport conditions at the designed parameters;
- major positive impact on the natural and human factor in these areas.

For the period 2022 - 2024, Conpet envisaged the initiation of the execution of the most important investment objective of this period, namely the replacement of the connection lines on the import crude oil transport pipelines of 20" și 28", between stations C1-C2 and C3-C4, here included the crossing of Danube river and Borcea arm by directed horizontal drilling.

In a global context marked by climate change, of global heating, of increase of pollution level but also by the concerns of institutions to combat the effects of these phenomena, the achievement of this investment objective will help improve the quality of the environment by ensuring the functionality of the crude oil transport under safety conditions and avoid the potential damages that may occur in case technical accidents.

As mentioned, the value of the investment objectives, contained in the draft investment Program 2022 and the estimates for the years 2023-2024, was achieved based on the information related to the physical and value status thereof at the date of 31.12.2021.

Also, because of some unforeseen circumstances that may occur in the field, throughout the works, eg. additional works or waiver at work, which could lead to changes (additions/decreases) of the budgeted values.

The works from the investment program for the period 2022-2024 are presented in the structure, according to stage, as follows:

The value of expenses with the investment objectives proposed in the Multiannual Investment Program is as follows:

- Year 2022 – 115,000 thousand RON
- Year 2023 – 115,000 thousand RON
- Year 2024 – 100,000 thousand RON

The investment program proposed for the year 2022 has total value of 115,000 thousand RON, of which, on financing sources:

The modernization quota – 95,000 thousand RON  
 Own sources - 20,000 thousand RON

### INVESTMENT PROGRAM 2022

Thousand RON

| Crt.No.   | Name of the Objective   | Program 2022   |                     |               |
|-----------|---|----------------|---------------------|---------------|
|           |   | Total, o/w:    | modernization quota | own sources   |
|           | <b>Total general, o/w:</b>  | <b>115,000</b> | <b>95,000</b>       | <b>20,000</b> |
| <b>I</b>  | <b>PUBLIC DOMAIN</b>  | <b>95,000</b>  | <b>95,000</b>       | <b>0</b>      |
| 1         | Pipelines rehabilitation o/w:   | 30,055         | 30,055              | 0             |
| 1.1.      | Pipelines replacement   | 29,745         | 29,745              | 0             |
| 1.2.      | Safe disposals  | 310            | 310                 | 0             |
| 2         | Lines replacement C1-C2 Danube overcrossing and C3-C4 Borcea Arm  | 30,000         | 30,000              | 0             |
| 3         | Modernization and monitoring of the cathodic protection system related to NTS domestic and import - stage 2 | 3,500          | 3,500               | 0             |
| 4         | Modernization and monitoring of the cathodic protection system related to SNT domestic and import - stage 3 | 0              | 0                   | 0             |
| 5         | Consultancy and Technical support   | 25             | 25                  | 0             |
| 6         | Tanks   | 7,040          | 7,040               | 0             |
| 7         | Energy works  | 1770           | 1770                | 0             |
| 8         | Telecommunication works   | 1,215          | 1,215               | 0             |
| 9         | Pumping systems modernization   | 2,550          | 2,550               | 0             |
| 10        | Stations/ramp upgrade   | 13,367         | 13,367              | 0             |
| 11        | Buildings, station fences   | 610            | 610                 | 0             |
| 12        | Automation and SCADA works  | 4,227          | 4,227               | 0             |
| 13        | Other works   | 0              | 0                   | 0             |
| 14        | Projects, Studies, Technical Appraisals   | 641            | 641                 | 0             |
| <b>II</b> | <b>OPERATING DOMAIN</b>   | <b>20,000</b>  | <b>0</b>            | <b>20,000</b> |
|           | <b>INVESTMENT OBJECTIVES, o/w:</b>  | <b>14,906</b>  | <b>0</b>            | <b>14,906</b> |
| 1         | Pipelines rehabilitation  | 1,865          | 0                   | 1,865         |
| 2         | Buildings, station fences   | 883            | 0                   | 883           |
| 3         | LDH and wagons  | 4,850          | 0                   | 4,850         |
| 4         | Other works   | 5,655          | 0                   | 5,655         |

|   |                                      |       |   |       |
|---|--------------------------------------|-------|---|-------|
| 5 | Intangible investments               | 1,653 | 0 | 1,653 |
|   | Endowments and Independent Equipment | 5,094 | 0 | 5,094 |

The most important investment projects for the National Transport System, contained in the program 2022-2024, are:

## I. PUBLIC DOMAIN

### I.1. PIPELINES REHABILITATION

The necessity and opportunity have been established following the intelligent pigging inline inspections, the breakdowns history and the soil resistivity measures. The measures required by the environmental authorities and water management comprised in the compliance program, represented one of the determining reasons for making the decision to carry out various works on pipelines rehabilitation.

At substantiation have been considered the projects execution stages, namely the contracting of the design services and subsequently the contracting of the execution works.

Following the internal analyses performed it was realized a prioritisation of the works according to the breakdown - related risk estimated for each pipeline.

#### I.1.1 Pipelines replacement - out of which, the most important are:

- Replacement of the crude oil pipeline Ø10¾" F2 Siliște-Ploiești, in the Brazi Stadium – inside Petrobrazi Refinery, Prahova County, on a length of approximately 1170 m and replacement of cleaning installation.
- Replacement of crude oil transport pipeline Ø 20" C4 -Bărăganu on 3 sections (approximately 600 m), C2-C3, on 6 sections (approx. 7900 m), Ialomița County;
- Replacement of crude oil transport pipeline Ø 20" Bărăganu-Călăreți on 6 sections (approximately 18,000 m), Călărași; county;
- Protection of crude oil transport pipelines Ø 12" și Ø 14" Cartojani, route located between the Rail lines Triaj Brazi and Ghighiului street;
- Replacement of crude oil pipeline Ø10 ¾" LASCĂR CATARGIU-INDEPENDENȚA, on the section Capăt RK (capital repairs) Lascăr Catargiu - irrigations major pipeline, diameter 10 ¾", in length of approx 3.5 km
- Replacement of crude oil transport pipeline F1 Ø 8 ½ " Țicleni Bărbătești, in the water access road site Primăria Bărbătești, approximately 200 m;

#### I.1.2. I.1.2. Safe disposals - o/w:

- Safe disposal of the F1 and F2 10 ¾" Siliște-Ploiești crude oil pipelines and the decommissioning of the old - inactive pipes in the Comișani-Bucșani area, at the undercrossing of the Ialomița River;
- Solution study and design for the safe disposal of the 12" and 14" Cartojani-Ploiești pipelines at the overpassing of Cricovul Dulce river.

### I.2. LINE REPLACEMENT C1-C2 Danube OVERCROSSING DANUBE and C3-C4 BORCEA ARM

Feasibility study completed. Ongoing the execution and design contract.

### I.3. MODERNIZATION AND MONITORING OF THE CATHODIC PROTECTION SYSTEM RELATED TO THE NATIONAL TRANSPORT SYSTEM IMPORT AND DOMESTIC - stage 2

Design and execution project in progress for a number of 30 locations.

**I.4. MODERNIZATION OF THE MONITORING AND TRANSMISSION SYSTEM DATA RELATED TO THE CATHODE PROTECTION STATIONS MOUNTED ON THE F1 AND F2 ȚICLENI - PLOIEȘTI TRANSPORT PIPELINES**

**I.5. CONSULTANCY AND TECHNICAL ASSISTENCE**

**I.6. TANKS** – out of which, the most important are:

- Rehabilitation of the crude oil tank, with a capacity of 2,500 cubic meters from Moreni station
- Biled Fire Prevention and Security tank
- Pecica Fire Prevention and Security tank
- Constanța Pecica Fire Prevention and Security tank

**I.7. ENERGY WORKS** – out of which, the most important is:

- Teletransmission and telegestion system of the electric energy consumptions in 15 locations of CONPET SA

**I.8. TELECOMMUNICATION WORKS** – out of which, the most important is:

- Expanding Cyber + Telecom telecommunications locations for SCADA system and weighing system

**I.9. PUMPING SYSTEMS UPGRADE** – out of which, the most important is:

- Modernization of pumping station Potlogi
- Modernization of pumping station Ochiuri

**I.10. RAMPE/ RAMPS MODERNIZATION** – out of which, the most important are:

- Modernization of Ciresu ramp
- Modernization of Marghita ramp
- Upgrade of Moreni station

**I.11. II.2. BUILDINGS, STATION FENCING** – out of which, the most important are:

- Rehabilitation of the building related to connections 6kV, electrical distributors 6/0,4 kv A+B Central Dispatch, electrical distributors CDE, Călăreți station

**I.12. SCADA and AUTOMATION WORKS** - out of which, the most important are:

- Modernization of the temperature measurement system and level of crude oil in the tanks in Videle, Otești, Țicleni and Poiana Lacului stations
- Modernization of the centralized monitoring system of crude oil and rich gas rail transport.

**I.13. OTHER INVESTMENT OBJECTIVES**

**I.14. Projects, Studies, Technical Appraisals**

**II OPERATOR FIELD**

**II.1. PIPELINES REHABILITATION** - of which the most important:

- Replacement of the crude oil transport Ø8½", NEW, Refinery Vega-Brazi, in the area Refinery Petrobrazi - keyboard SKIDs, Prahova County, on a length of approx. 800 m and replacement of the cleaning installation.
- Commissioning of the air crossing of the crude oil transport pipelines 12 3/4" și 14 3/4" Cartojani-Brazi Refinery of the river Arges, Găiseni area, Giurgiu county

**II.2. II.2. BUILDINGS, STATION FENCING – out of which, the most important are:**

- Dispatch building, Biled ramp

**II.3. LDH and TANK CARS - of which the most important:**

- LDH 700 HP transformation

**II.4. OTHER WORKS - of which the most important:**

- Modernization of Integrated Information System
- Registry and document management application
- Electric power supply LEA loading post, Biled ramp

**II.5. INDEPENDENT EQUIPMENT AND ENDOWMENTS - of which the most important:**

- Pipe material transport semitrailer
- Lifting installations
- Computing - laptop-type system

Considering the hereabove presented, we propose the General Meeting of the Shareholders the approval of 2022 investment Program (comprising also the estimates of the Investment expenses for the years 2023 and 2024), in the form and contents provided in Appendixes 1 to this Substantiation Note.

Director General  
Eng. TUDORA Dorin

Economic Director,  
Unit  
Econ. TOADER Sanda

Head of Maintenance Development  
Eng. BUZATU Dan

Investment Development Chief Engineer  
Eng. CÎRLAN Anca

Head of Investment Management Office  
Eng. FLUERARU Daniel

Head of Legal Department  
Legal expert BĂNICĂ Cornel

2022 -2024 INVESTMENTS PROGRAM

| Crt. no. | Name of the Objective   | Estimated value of the objective | Estimated achievement at 31.12.2021 for the prior contracted objectives | 2022 Program |                      |                     |             | 2023 Estimates    |                    |                     |                    | 2024 Estimates |                      |                     |             |    |                      |                     |             |
|----------|---|----------------------------------|---|--------------|----------------------|---------------------|-------------|-------------------|--------------------|---------------------|--------------------|----------------|----------------------|---------------------|-------------|----|----------------------|---------------------|-------------|
|          |   |                                  |   | Km           | Total, out of which: | modernization quota | own sources | Program quarter I | Program quarter II | Program quarter III | Program quarter IV | Km             | Total, out of which: | modernization quota | own sources | Km | Total, out of which: | modernization quota | own sources |
|          | Total general, o/w:   | 404,127                          | 50,477  | 19           | 115,000              | 95,000              | 20,000      | 14,502            | 25,900             | 37,072              | 37,526             | 16             | 115,000              | 100,000             | 15,000      | 5  | 100,000              | 85,000              | 15,000      |
| 1        | PUBLIC DOMAIN   | 348,806                          | 45,157  | 19           | 95,000               | 95,000              | 0           | 9,587             | 22,618             | 32,522              | 30,273             | 16             | 100,000              | 100,000             | 0           | 5  | 85,000               | 85,000              | 0           |
| 1.1      | Pipelines rehabilitation, out of which:   | 121,868                          | 9,978   | 15           | 30,055               | 30,055              | 0           | 3,855             | 11,270             | 8,725               | 6,205              | 12             | 24,901               | 24,901              | 0           | 5  | 35,408               | 35,408              | 0           |
| 1.1      | Pipeline replacement  | 121,058                          | 9,978   | 15           | 29,745               | 29,745              | 0           | 3,855             | 11,220             | 8,575               | 6,095              | 12             | 24,901               | 24,901              | 0           | 5  | 35,314               | 35,314              | 0           |
| 1.2      | Safe disposals  | 810                              | 0   | 0            | 310                  | 310                 | 0           | 0                 | 50                 | 150                 | 110                | 0              | 0                    | 0                   | 0           | 0  | 94                   | 94                  | 0           |
| 2        | Replacement of connection lines Danube crossing C1-C2 and C3-C4 Borcea arm                                  | 110,798                          | 759   | 4            | 30,000               | 30,000              | 0           | 290               | 3,710              | 13,000              | 13,000             | 4              | 50,000               | 50,000              | 0           | 0  | 30,039               | 30,039              | 0           |
| 3        | Modernization and monitoring of the cathodic protection system related to SNT domestic and import - stage 2 | 7,402                            | 3,902   | 0            | 3,500                | 3,500               | 0           | 500               | 1,000              | 1,000               | 1,000              | 0              | 0                    | 0                   | 0           | 0  | 0                    | 0                   | 0           |
| 4        | Modernization and monitoring of the cathodic protection system related to SNT domestic and import - stage 3 | 3,500                            | 0   | 0            | 0                    | 0                   | 0           | 0                 | 0                  | 0                   | 0                  | 0              | 500                  | 500                 | 0           | 0  | 3,000                | 3,000               | 0           |
| 5        | Technical support and consultancy   | 100                              | 0   | 0            | 25                   | 25                  | 0           | 0                 | 0                  | 0                   | 25                 | 0              | 25                   | 25                  | 0           | 0  | 50                   | 50                  | 0           |
| 6        | Tanks   | 27,416                           | 12,267  | 0            | 7,040                | 7,040               | 0           | 1,400             | 1,504              | 2,106               | 2,030              | 0              | 8,109                | 8,109               | 0           | 0  | 0                    | 0                   | 0           |
| 7        | Energy works  | 4,625                            | 65  | 0            | 1,770                | 1,770               | 0           | 145               | 50                 | 800                 | 775                | 0              | 2,790                | 2,790               | 0           | 0  | 0                    | 0                   | 0           |
| 8        | Telecommunication works   | 5,100                            | 0   | 0            | 1,215                | 1,215               | 0           | 15                | 0                  | 1,000               | 200                | 0              | 2,335                | 2,335               | 0           | 0  | 1,550                | 1,550               | 0           |
| 9        | Pumping systems upgrade   | 8,887                            | 287   | 0            | 2,550                | 2,550               | 0           | 200               | 775                | 750                 | 825                | 0              | 2,300                | 2,300               | 0           | 0  | 3,750                | 3,750               | 0           |
| 10       | Stations/ramp modernization   | 40,450                           | 16,024  | 0            | 13,367               | 13,367              | 0           | 2,665             | 3,300              | 3,350               | 4,052              | 0              | 6,936                | 6,936               | 0           | 0  | 2,000                | 2,000               | 0           |
| 11       | Buildings, fences stations  | 1,581                            | 511   | 0            | 610                  | 610                 | 0           | 100               | 50                 | 100                 | 360                | 0              | 400                  | 400                 | 0           | 0  | 60                   | 60                  | 0           |
| 12       | Automation and SCADA works  | 15,673                           | 842   | 0            | 4,227                | 4,227               | 0           | 276               | 759                | 1,516               | 1,676              | 0              | 1,604                | 1,604               | 0           | 0  | 9,000                | 9,000               | 0           |
| 13       | Other works   | 48                               | 48  | 0            | 0                    | 0                   | 0           | 0                 | 0                  | 0                   | 0                  | 0              | 0                    | 0                   | 0           | 0  | 0                    | 0                   | 0           |
| 14       | Projects, Studies, Technical Appraisals   | 1,358                            | 474   | 0            | 641                  | 641                 | 0           | 141               | 200                | 175                 | 125                | 0              | 100                  | 100                 | 0           | 0  | 143                  | 143                 | 0           |
| II       | OPERATING DOMAIN  | 55,321                           | 5,321   | 0            | 20,000               | 20,000              | 0           | 4,915             | 3,282              | 4,550               | 7,253              | 0              | 15,000               | 15,000              | 0           | 0  | 15,000               | 15,000              | 0           |
|          | Investment objectives, o/w:   | 39,931                           | 5,321   | 0            | 14,906               | 14,906              | 0           | 3,225             | 2,790              | 2,828               | 6,063              | 0              | 11,624               | 11,624              | 0           | 0  | 8,080                | 8,080               | 0           |
| 1        | Pipelines rehabilitation  | 7,863                            | 2,054   | 0            | 1,865                | 1,865               | 0           | 0                 | 515                | 700                 | 650                | 0              | 3,944                | 3,944               | 0           | 0  | 0                    | 0                   | 0           |
| 2        | Buildings, fences stations  | 2,993                            | 988   | 0            | 883                  | 883                 | 0           | 200               | 233                | 300                 | 150                | 0              | 412                  | 412                 | 0           | 0  | 710                  | 710                 | 0           |
| 3        | LDH and rail tank cars  | 12,030                           | 2,278   | 0            | 4,850                | 4,850               | 0           | 2,042             | 1,558              | 1,250               | 1,250              | 0              | 1,650                | 1,650               | 0           | 0  | 3,252                | 3,252               | 0           |
| 4        | Other works   | 13,891                           | 0   | 0            | 5,655                | 5,655               | 0           | 2,250             | 270                | 3,135               | 0                  | 0              | 4,118                | 4,118               | 0           | 0  | 4,118                | 4,118               | 0           |
| 5        | Intangible investments  | 3,153                            | 0   | 0            | 1,653                | 1,653               | 0           | 775               | 0                  | 0                   | 878                | 0              | 1,500                | 1,500               | 0           | 0  | 0                    | 0                   | 0           |
|          | Intangible facilities and equipment   | 15,390                           | 0   | 0            | 5,094                | 5,094               | 0           | 1,690             | 492                | 1,722               | 1,190              | 0              | 3,376                | 3,376               | 0           | 0  | 6,920                | 6,920               | 0           |

Director General, - Eng. TUDORA Dorin

Economic Director- Econ. TOADER Sanda

Head of Maintenance Development Unit BUZATU Dan