

Bucharest
May 28, 2007

Petrom started temporary closure procedure of Arpechim Refinery

- ▶ **Measure taken following suspension of Integrated Environment Authorization**
- ▶ **Petrom will make best efforts to manage the consequences to fuel supplies and impact to other customers**
- ▶ **Petrom will contest the decision of the National Environmental Agency of Pitești**

Today, May 28th, 2007, the National Environmental Agency of Pitesti suspended the Integrated Environment Authorization no. 2/30.11.2005, based on which the Arpechim refinery operated and instructed Petrom to stop the activity in the refinery.

The National Environmental Agency of Pitesti justified its decision by the failure to take two measures provided in the Action Plan of the Integrated Environmental Authorization issued for the activity of Arpechim Pitești, namely the modernization of fixed and floating cover tanks for gasoline and shutting down the CAN waste lagoon and the biological mud new lagoon. Petrom assesses that the second measure is fully completed and the documentation in this regard was already submitted to the agency.

Dan Pazara, Communication Director of Petrom: „The measure to suspend the Integrated Environmental Authorization is disproportionate and unjustified to the failure of one item in the compliance program. The Arpechim refinery has a compliance program which has been negotiated with the Environmental Agency and includes specific measures to be taken until 2012, which is also the end of the EU specified transition period. We are making substantial investments to comply with the environmental standards In the last two years only at Arpechim the level of environmental related investments was more than EUR 60 mn.”

Regarding the modernization of the gasoline tanks, the refinery representatives prepared to implement more extensive modifications than the ones in the compliance program which required the extension of the term. Due to the fact that the refinery representatives found that it was technically impossible to complete the above mentioned measure in due time (December 31st, 2006), a series of discussions was initiated with the representatives of the Environmental Authorities in order to identify the best solutions.

„We are surprised by this decision given the constructive discussions we were having with the Environmental authorities and the fact that the situation at Arpechim does not involve major environmental risks or for the health of employees and inhabitants in the area.” added Dan Pazara.



Currently, as per the decision of the National Environment Agency in Pitesti, the temporary closure procedure of Arpechim was started. The closure of the refinery is a severe measure that has a negative impact on the Romanian economy and more so on the Romanian petrochemical industry which depends on the raw materials supplied by Arpechim. Petrom will do its best to reduce the impact on the fuel supplies and customers.

In addition, Petrom will use all legal means to contest the measure decided by the National Environmental Agency in Pitesti.

In spite of the information in the media, Petrom does not intend to shut down or sell the Arpechim refinery. As we announced, Petrom will invest approximately 200 mn euros until 2010 for the modernization and efficiency increase of Arpechim.

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