



Department of Communications, Energy and Natural Resources
Roinn Cumarsáide, Fuinnimh agus Acmhainní Nádúrtha

174

11/02/2011

Ms Meg Long
Enegi Oil Plc
44 Peter Street
Manchester M2 5GP
United Kingdom

Our Ref: B12/195

Re: Application by Enegi Oil Plc. for an Onshore Licensing Option in the Clare Basin

Dear Ms Long

I am directed by the Minister for Communications, Energy and Natural Resources to refer to your application received on 11 June 2010 concerning the above.

The Minister in exercise of the powers vested in him under Section 7 of the Petroleum and Other Minerals Development Act, 1960 has decided to reserve by way of Licensing Option (ON11/1) the area as set out in the Schedule to this letter (hereinafter referred to as "the Option area") for **Enegi Oil Plc** (hereinafter referred to as "the Company") from 1 March 2011 to 28 February 2013 subject to following conditions:-

1. The Company will, during the Option period, carry out a programme of work as specified in the attached Appendix I and prepare and present a report on the results of the work to Petroleum Affairs Division of this Department (PAD) by 30 November 2012 as outlined in Appendix II.
2. The Company being the holder of a Petroleum Prospecting Licence (PPL) during the full period of the Licensing Option
3. The Company will pay the annual rental fee applicable in respect of the Option area, an invoice in respect of first year's rental will issue on receipt of company's acceptance of this authorisation.
4. On or before 28 February 2013 the Company shall either relinquish this Licensing Option or shall have applied to have all or part of the area reserved by way of this Option exclusively licensed.

- 5. If the Company applies, on or before the expiry date of this Licensing Option to licence all or part of the area reserved by way of this Option, the Minister will be prepared to consider the granting of a follow-up authorisation (an Exploration Licence) to the Company covering an area to be agreed with the Minister having regard to the work programme proposed by the Company.
- 6. The Company will retain the services of suitably qualified consultants/contractors for the duration of this Licensing Option.
- 7. This Licensing Option is subject to the provisions set out herein and to the provisions as set out in the Licensing Terms for Offshore Oil and Gas Exploration and Development, 2007 (hereinafter referred to as "the Licensing Terms") with particular reference to Licensing Option authorisations and the General Provisions respectively. A copy of the said Licensing Terms, authenticated under the official seal of the Minister is attached herewith. The said Licensing Terms are incorporated in and form part of this licensing option.

The Minister wishes me to draw to your attention at this time that in granting this Licensing Option he does not necessarily accept that the Company have the technical or financial resources for a follow-up authorisation and before such authorisation can be granted it will be necessary for the Company to demonstrate to the Minister's satisfaction that these are in place.

Please confirm the Company's acceptance of the above terms and conditions by executing a duplicate of this letter and returning it to me.

Yours sincerely

Philip McMahon
 Philip McMahon
 Higher Executive Officer
 Tel: 00353 1 6782693

IN ACCEPTANCE AND AGREEMENT HEREOF

The seal of Enegi Oil Plc)
 was affixed hereto on)
 the day of 2011)

[Signature]
 Director
[Signature]
 Director

Appendix 1

Enegi Oil Plc Work Programme for Onshore Licensing Option in the Clare Basin

1. During the Option period, the Option holder will undertake the following programme:
2. Procure all available and relevant technical data, including well/borehole, seismic, gravity and magnetic data; and technical studies.
3. Evaluate existing data, re-interpreting and remapping where appropriate, to provide a reliable up-to-date assessments of previous exploration results, remaining exploration potential and any data/information gaps.
4. Carry out new geological/geophysical studies and data acquisition projects, as considered necessary, but specifically including those described below.
5. Collect approximately 200 suitable samples from outcrops and well/borehole cores and subject selected samples to whole rock, optical, SEM, BSE, XRF, SRD analyses to determine texture, lithofacies, sedimentary structure, fracturing, provenance, diagenesis, mineral and elemental composition, microporosity etc. and perform geochemical analysis (TOC, vitrinite reflectance, stable isotopes of produced natural gas and burial modelling) to determine potential for gas.
6. Generate maps, cross-sections and log correlations to determine the extent depth, thickness of the shale formations and the variation of key rock attributes; and assess the structural framework, potential stress regime and fracture orientation for the area.
7. Delineate prospective areas and quantify their gas potential; identify potential drilling targets and optimal well design; prepare and submit generic well proposals.
8. Perform and submit scoping/feasibility studies for likely production scenarios, accompanied by thorough descriptions of appropriate analogues.
9. Conduct preliminary environmental baseline/ impact assessment studies and local consultations in preparation for any seismic surveying, drilling or pre-development activity to ensure that any issues of sensitivity or concerns of the relevant authorities [NPWS, DEHLG, EPA, County Councils etc.] have been taken account of in an appropriate manner.
10. Integrate the work above into a comprehensive assessment of the petroleum resource potential of the area together with strategies, scoping economics and costed plans for further exploration / exploitation, and submit to the Department in the form of a written report no later than three months prior to the expiry of the Option.

Appendix 11

Reporting Requirements for Licensing Option ON11/1 in the Clare Basin over part of County Clare.

Before 30 November 2112 the Company will prepare and present the report detailed in item 10 of Appendix 1 to PAD. The report will provide details of the Company's technical assessment of the Option area, including:-

- full documentation of any technical studies or analyses performed or commissioned pertinent to the Option area, and
- a complete listing of the database used (well data, seismic data, reports/studies purchased or traded) with specific details of all physical and geological data acquired during the period of the Option.