

## MND Prospects for New Deposits of Crude Oil and Natural Gas

**Hodonín, 14 January 2015:** MND is conducting one of the most extensive seismic surveys in its history on a site near Kyjov in Moravia, where geologists are using state-of-the-art 3D seismic exploration technology to scan an area of 193 square kilometers in the hope of finding as-yet-undiscovered crude oil or natural gas deposits. "Modern technologies are what has allowed us to maintain production in Moravia at stable levels for several decades. That's why we are surveying such a large territory, which we believe has never been mapped in a such a detailed fashion," explains MND's CEO Zbyněk Parma.

To find out what is underground, a network of cables had to be installed on an area that spans over some 330 square kilometers. The survey is being conducted by about 170 employees of a contractor company who use 10 special trucks that generate seismic waves and one detection vehicle fitted with computer equipment. Executed in close cooperation with the municipalities whose territory is targeted by the survey, the project is scheduled to last until the beginning of April.

3D seismic surveying consists of generating seismic waves and analyzing their reflection after they pass through underground rocks and rebound from depths of several kilometers. The waves are produced by special trucks equipped with powerful hydraulic systems capable of generating light seismic vibrations. The pulsations are detected by geophones installed throughout the surveyed area and transmitted to a computer via a network of thin cables. After the completion of the initial on-site phase, all measured data undergo computer analysis that determines the geological makeup of the area to underground depths of up to five kilometers. Subsequently, collected seismic data are interpreted by geologists with the aim of identifying areas where potential might exist for the drilling of exploratory wells. Only after wells are drilled, the presence of an oil or gas deposit can be confirmed, including the feasibility of production. The entire process from the start of exploration until the beginning of production can last as long as several years. If a deposit is discovered, the beneficial impact on local life is substantial, as municipalities in whose territory oil or gas is found receive production fees as well as a portion of proceeds from extracted minerals.

Last year, MND conducted a similar 3D seismic survey on 140 square kilometers in the Pálava and Mikulov area; the geological interpretation of collected data is currently under way.

MND extracts crude oil and natural gas at approximately 150 wells in South Moravia. Annual production amounts to some 160 thousand cubic meters of crude oil and 101 million cubic meters of natural gas, accounting for 2% and 1% of domestic consumption, respectively. Crude oil is transported via the Družba pipeline to the Kralupy Refinery operated by Unipetrol RPA or via rail to an OMV refining facility in Schwechat, Austria. Gas is processed and subsequently transported via MND's pipelines to distribution networks through which it is delivered to customers.

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