

SAKHALIN ENERGY INVESTMENT COMPANY LTD.

INVITATION TO TENDER

For the purchase of 9 containerized diesel power generators with power rating 1600 kWt

All assets being offered for tender are located on Sakhalin Energy's LNG site, Korsakov district, Sakhalin Island, Russia.

General Terms

Tender Reference: DRF173_5_LNG

Bid closing date: all interested parties to submit their bids no later than 1 September, 10:00 hrs Sakhalin time (GMT+10).

In order to participate in the tender all interested parties must be registered with Sakhalin Energy. Registration can be achieved by submitting a free form application by e-mail to following address Seic-surplus-disposal-team@sakhalinenergy.ru

In reply Disposal team of Sakhalin Energy will confirm registration of the applicant.

Important Note: It is not allowed to submit a financial offer to the mentioned above address.

2. All tender submissions are to be sent to the Procurement Tender box by emailing the Bid Submission Form (Appendix 3) to: contracting-tenderbox@sakhalinenergy.ru

All tender submissions, communication and additional documentation are to be clearly marked with the Tender Reference number. The Tender Reference number must be mentioned in Subject field of the e-mail message in which the bid is submitted.

Important Note: It is not permitted to copy financial offers to any other party in Sakhalin Energy, including the nominated Company's representatives. Failure by bidders to observe this instruction will lead to disqualification of such bids.

3. Review and evaluation of bids may take several weeks after the tender completion date.

Inquiries and clarification contacts:

e-mail: Seic-surplus-disposal-team@sakhalinenergy.ru,

Contact numbers in Yuzhno-Sakhalinsk: +7 4242 66 2542, +7 4242 66 2209,

Inspection of the Assets on offer:

The assets are located on Sakhalin Energy's LNG site, Korsakov district, Sakhalin Island, Russia.

Access to the LNG Site is restricted and inspection of Assets on offer can be arranged only via Sakhalin Energy Surplus Disposal Team at the following email addresses. All site visitors to the LNG site must undertake and pass a mandatory alcohol test. Potential buyers are requested to bring own PPE for site inspection safety boots (with steel toe), hard hat, safety glasses and clothing.

Seic-surplus-disposal-team@sakhalinenergy.ru

Terms and conditions of sale:

1. Description of the Assets on offer:

Lots 1-8. 1 containerised diesel power generator with power rating 1600 kWt, made in Russia, model “Zvezda-1600VK-02M3 01”, complete with Cummins diesel engine. The genset is fully disconnected from the power line, fuel supply pipeline, exhaust stack, unfixed from the foundation and ready for loading and transportation.

Lot 9. 1 containerised diesel power generator with power rating 1600 kWt, made in Russia, model “Zvezda-1600VK-02M3 01”, complete with Cummins diesel engine. This genset is damaged after fire of the engine turbine.

The genset is fully disconnected from the power line, fuel supply pipeline, exhaust stack, unfixed from the foundation and ready for loading and transportation.

2. Specification:

Lot 1-9

2.1 General description

Containerized Automated Diesel Power Station.

Assembling: OJSC “Zvezda-Energetika”, St-Petersburg.

Manufacturer: Cummins Power Generation, UK

Model: 1600DQKD

Year of manufacture: 2004

Type: “ZVEZDA-1600VK-02M301”.

GOST 23162-78 identity: ED1600T-T6300-3RN

Operating time

S/N	Runours
204	17968
205	17917
206	16687
207	16578
209	16656
211	17256
212	17563
213	17418
214	13771

Power station with serial number 214 is inoperative after firing of engine turbine.

2.2 General Technical Data

Parameters	Data
Power rating, kW:	1600
Rotation Frequency, rpm	1500
Number of phases	3PH
Current Frequency, Hz	50
Voltage, V	6300
Ambient Temperature, °C	minus 40 to plus 40
Weight, kg	34000
Dimensions (without exhaust system), m	10.5 x 3.2 x 3.4
Automatization rating, GOST 14228-80	three

Service life, years	10
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Engine	Cummins
Adjustment	Prime
Model	QSK60G4
Full-load fuel consumption, l/h	397

The pictures are attached in the Appendix 5

3. Location and Price Basis

The Assets on offer are located on Sakhalin Energy LNG site, Korsakov district, Sakhalin Island, Russian Federation (Hereinafter referred as the "Site").

The basis of Pricing shall be as follows:

- a. As-is- where-is basis
- b. Free-on-Buyer's truck, unpacked, in their current condition of assembly, Sakhalin Energy LNG site, Korsakov district, Sakhalin Island, Russian Federation.

The reserved price is defined for Lots 1 – 8 as follow:

1 000 000 Rubles (VAT incl.) for each Lot.

4. Obligations of the Buyer:

- 4.1 Meet all HSES requirements as well as the Sakhalin Energy Business principles listed in the Appendixes 1-3 to this Invitation to tender and the Sakhalin Energy internet website www.sakhalinenergy.com . Specific links to the documents shall be provided by the Seller on request. Signing of the contract shall deem the Buyer of having read, understood and agreed to abide by the HSSE and the Business Principles as published on the said internet website.
- 4.2 Be responsible for all permits and approval or other formalities required (whether from Sakhalin Energy or the relevant Russian authorities) for handling and removal of the Assets from the moment of the handover.
- 4.3 Provide vehicles on the Site for loading and transportation of the Assets by the date agreed with the Seller.
- 4.4 Mobilize requisite Manpower, Material, Equipment and Resources for the safe performance of loading and transportation of the Assets.
- 4.5 Safely tie down of all the Assets units and components thereof on vehicles and transporting the same out of the Site, using certified equipment of good condition.
- 4.6 Buyer to supply vehicle and personnel information to the Seller representative as a minimum 2 days prior to requiring site access.

5. Obligations of the Seller

The Seller shall:

- 5.1 Demarcate the area of the Assets as Work area and provide minimal hindrance to access for the Buyer's workmen, vehicles, construction machinery and equipment. The Seller shall supervise the Buyer's work so that the Buyer removes ALL the Assets within this demarcated area and leaves no debris or waste behind.
- 5.2 Ensure the electrical cables and equipment at the area of Buyers activity are dead and properly isolated. Upon Buyer's application issue the relevant Permit to Work if it's necessary.
- 5.3 Perform the loading of the Assets on the Buyer's vehicles.
- 5.4 Have the right to stop work at Work area in case of unsafe situations.

6. Bid Submission and Contract

- 6.1 Bidders are requested to fill in the Bid Submission Form (Appendix 4 to this Invitation to tender) and to send it to the Contracting Tender box as per General Terms specified above.
- 6.2 Seller does not bind itself to award sales agreement to the highest or any tender received. Goods being offered for sale may not necessarily be awarded for sale after the subsequent analysis of bids. Seller reserves right to withdraw any items from the lot on offer.
- 6.3 The bidder confirms their acceptance of conditions, specified in the Sale and Purchase Agreement template (Appendix 6 to this invitation to tender) by submitting the filled Bid Submission Form.

7. Warranty/Guarantee

The physical transfer of the Goods shall be made on “as-is – where is” basis and Seller shall not be responsible vis-à-vis the Purchaser for warranties and guarantees for workmanship which may normally be applied to the sales of goods under applicable laws. For this reason, it is mandatory that prospective bidders or their agents inspect the Assets to confirm quantities and condition of the goods prior to submitting their bids.

8. Act of Hand Over/Title and Transfer

- 8.1 The Act of Handover to be signed by the Buyer and Seller prior to physical activity at Work area. The responsibility for the safe handling of the Assets and all risks pertaining to the Assets shall be transferred to Buyer the moment The Act of Handover is signed.
- 8.2 Exact terms of Title transfer are subject to agreement between Sakhalin Energy (Seller) and successful bidder (Buyer).
- 8.3 Since the transfer of title shall take place on as-is-where-is basis, the term “Caveat Emptor” applies.

9. Indemnity

- 9.1 The Buyer shall protect, defend, release, indemnify and hold Seller harmless from and against any claims, actions, liabilities, charges, demands, judgments and expenses (including legal expenses) which may be incurred by Seller in connection with the failure of Buyer to perform its obligations under the Sales Contract.

10. Fulfillment of Obligations

For non-fulfilment or improper fulfilment of the Sales Contract, its one-sided amendment or one-sided termination, the party in fault shall compensate to the other party the damage in the amount of the direct damage.

11. Other issues

- 11.1 All the issues, not covered in the Sales Contract, shall be governed by the applicable existing legislation of the Russian Federation.
- 11.2 Unilateral termination of this Agreement by the Seller is possible in the event of:
- (b) Violation by the Buyer of terms and conditions pertaining to payment if it exceed 10 (ten) days.
 - (c) Violation by the Buyer of terms of the Assets removal if it exceed 10 (ten) days.

Health, Safety, Environmental and Security requirements to tenderer

- 1.1. Participant of the subject tender (hereinafter called the "TENDERER") is required to confirm compliance with all relevant Sakhalin Energy (hereinafter called the "COMPANY") HSES Policies, Standards and Procedures for the duration of the CONTRACT as detailed in HSES Clause Appendix 2 to the Invitation to tender # ITT DRF173_5_LNG. Current versions of COMPANY Policies, Standards and Procedures can be accessed at http://www.sakhalinenergy.com/en/aboutus.asp?p=hs_psp . Access to that website is restricted and will be provided to companies, who registered their participation in the tender.
- 1.2. TENDERER shall develop and include in his Technical Tender submission a preliminary CONTRACT HSES Management Plan specific for the Scope of Work or Services to be undertaken under the proposed CONTRACT, incorporating and complying with all legislation and COMPANY HSES Policies, Standard and Procedures. The COMPANY's "model" HSES Management Plan is available at the above hyperlink and should be adapted for the specific Scope of Work and/or Service required under the CONTRACT.
- 1.3. TENDERER shall note that where TENDERER's HSES policies, standards and procedures exceed COMPANY's, the higher standard shall prevail.

HSES clause to be used in Contract**COMPANY HSES POLICIES, STANDARDS AND PROCEDURES****MAIN POLICIES**

HSE Commitment Policy

Sakhalin Energy Life Saving Rules

MAIN STANDARDS

Medical Fitness

Medical Conditions of Contract

Management and Prevention of Drugs & Alcohol

Road Transport HSE Management

Vehicle Condition Monitoring Checklist

Loads Transport By Road

Cranes & Lifting Equipment

Permit to Work

Toolbox Talk

Hazardous Work

Personal Protective Equipment

MAIN PROCEDURES

Control and use of Loose Lifting Equipment

CHECKLIST

Fire safety

THIRD PARTY VEHICLE'S HSE REQUIREMENTS ON THE SITE DURING THE CARGO TRANSPORT

All the vehicles coming to THE SITE for cargo transport **shall comply with all applicable RF Regulations.**

Key requirements and others that are particular to Sokol The Site are described below.

- **Driver requirements;**
 - All the drivers have to have a valid, correct type of driving license for the specific vehicle size.
 - Drivers have to have an updated authorization document from the vehicle owner or from the company. (Waybill)
 - Driver can be subject to alcohol screening on arrival and again on departure from site.
 - Driver and passengers will fasten their seatbelts all the times.
 - Drivers will not smoke or will not use communication devices while driving on THE SITE.
 - Speed limits and road safety signs to be strictly followed on the territory of the camp.
 - Drivers and vehicle that fail to comply with the rules will no longer be permitted at THE SITE.

- **Vehicle and Trailer requirements;**
 - Registered vehicles with vehicle inspection sticker & card to be in use.
 - Vehicles to be used for their design purposes.
 - Vehicles that are unsafe shall not be loaded at THE SITE.
 - Vehicles mirrors, seatbelts, headlights, stop lights, turning indicators, windshield, windows, brake system, steering and tires to be in safe condition.

- **Cargo loading and transport;**
 - Transporter shall provide the proper type of vehicle with sufficient capacity will be used for specific cargo transport.
 - Driver shall wear PPE, to be used when outside the vehicle during the cargo loading. (Hard hat, safety glasses, steel toe boots, hand gloves, snow chains)
 - Transporter shall provide proper type of cargo securing gear for specific cargo & vehicle type.
 - Transporter shall lash & properly secured cargo.
 - Vehicles that are unsafe shall not be loaded at THE SITE.
 - Vehicle with unsafe load will not be permitted to leave site.

- **When vehicles arrive to The Site;**
 - Driver can be alcohol tested on the security checkpoint. In the event the test is positive, the driver will not be permitted on site.
 - Vehicle may be searched by gate security for prohibited items.

Bid Submission Form**Tender Reference:** DRF173_5_LNG

Company name _____

Date: “ ____ ” _____ 2010

Table 1

General Information about Bidder	
Company's address	
Company's postal address	
Phone number	
Fax number	
E-mail	
Company's focal point (full name)	
Focal point's position	
Web-site	
Number of permanent staff in Sakhalin	
Copy of Certificate of Incorporation	
Management structure table (showing names of directors and senior positions)	

Table 2

Additional information	
Specify company's type: Consulting company / Research institute / Recruitment Agency / Other (specify)	
Specify company's status (government owned or private)	
Company shareholders (if possible)	
If Russian content is less than 100%, please name your foreign partners and indicate percentage of their interest	

Commercial offer

Lot reference number	Description	S/N	Q-ty	Offered price, VAT inclusive, RUR	Comments, special terms
1	1 containerised diesel power generators with power rating 1.6 MWt	204	One lot	RUR _____	
2	1 containerised diesel power generators with power rating 1.6 MWt	205	One lot	RUR _____	
3	1 containerised diesel power generators with power rating 1.6 MWt	206	One lot	RUR _____	
4	1 containerised diesel power generators with power rating 1.6 MWt	207	One lot	RUR _____	

5	1 containerised diesel power generators with power rating 1.6 MWt	209	One lot	RUR	
6	1 containerised diesel power generators with power rating 1.6 MWt	211	One lot	RUR	
7	1 containerised diesel power generators with power rating 1.6 MWt	212	One lot	RUR	
8	1 containerised diesel power generators with power rating 1.6 MWt	213	One lot	RUR	
9	1 containerised diesel power generators with power rating 1.6 MWt, unusable	214	One lot	RUR	

Please list attachment, if any _____

