

ESHIA Public Meeting Minutes

Date	3.10.03
Time	18.00-19.30
Settlement	Kholmsk
Location	Library
Number of attendees	11

1. How will Sakhalin II Project contribute to our region?

Upgraded Kholmsk Fishing Port now Sakhalin Western Sea Port has begun its work, due to this fact new vacancies appeared. Power interlocking at Pioneer and Novoselovo railway stations will be conducted, automatic signaling system, blocking system will be installed.

2. Will the railroad from Kholmsk to Yuzhno-Sakhalinsk be reconstructed?

No, this is not in the Company's activity list.

3. How will the problems regarding the disposal sources in Aniva Bay be solved?

The Company will not discharge to the marine environment from the LNG plant. We will conduct dredging for the peer construction 12 miles off the shore. Also dredging will be done like it was in Kholmsk port. As for discharges, the plant's equipment will be cooled with air not water. Discharge will be cleaned with a special system according to the Russian legislation norms. Natural gas evaporated prior to getting to the water, hence there will be no discharge.

4. What safety measures while pipeline construction will be taken in case of a seismic hazard?

The Company is aware of the fact that the pipeline will be laid in an earthquake zone, this fact is taken into account in the construction project, thus the project underwent a state expertise review of compliance with operation in an earthquake zone. I.e. construction features of the pipeline and the trench where it will be put take into account the high seismic activity of Sakhalin region.

The pipelines will cross 24 seismic faults. All of crossings of active faults are designed to be crossed using below ground techniques:

- installation of a snaking pipeline within specially designed trenches
- protection with foam blocks placed around the pipeline.

Special monitoring system will be installed which will have:

- strain monitoring devices to directly identify potential damage to the pipeline due to seismic activity
- a leak detection system that can identify leaks at less than 1% of the pipeline flow.

5. How will the Company recoup for damages in case of an emergency situation? Is there any insurance?

I would like to mention that our main objective is to mitigate any impact on the environment. Our approach to the oil spills is "Prevention not response". Oil spill response plan is in place for the Phase 1, similar plans will be prepared for each of the Phase 2 facility.

Damages caused by spills from non-tanker spills are covered by Contractor or the Company's insurance. For example, the Vityaz complex:

- Molikpaq and Pipeline to SALM:
 - Operator's Extra Expense coverage not less than US \$200,000,000.
 - General Liability Insurance not less than US \$150,000,000.
- FSO and SALM Sakhalin Energy requires the FSO owner to maintain:
 - Protection and Indemnity (P & I) Insurance of US \$700,000,000 per incident for FSO and US\$100,000,000 for the SALM.

6. Where can one get acquainted with the report regarding the Company expenses in case of an emergency situation?

This is confidential information. All compensation payments will be done according to the Russian legislation.

7. Are there any similar projects implemented in the world?

Yes, there are similar projects in those countries where Shell operates: Oman, the Netherlands, Chad, Cameroon etc. I would like to mention that Europe is covered with a net of pipelines.

8. Is the Company under any ecological obligations to Japan?

The Company is responsible for the outcome of its activity. It is obvious that the whole region will suffer from an incident. That is why the Company is taking all the necessary measures to provide safe operations of its facilities.

9. What personnel will be needed within the framework of the Project? What specialties is it necessary to train?

During the construction period the following types of jobs will be available: office specialists, bulldozer and excavation equipment operators, insulating

works specialists, electricians, carpenters, reinforced concrete, welders, sideboom pipelayer operators, metalwork assemblers, testing equipment technicians.

10. Does the Company invest money in teaching Sakhalin residents English?

Yes, the Company organises special English training courses for its Russian speaking employees.

11. What are the method and the time of river drilling?

Majority of rivers will be crossed using wet trench method (90%). Rivers of highest importance will be crossed using horizontal directional drilling where area is suitable. Rivers classified as being of importance to salmon/salmon spawning will be crossed outside of salmon spawning season → October-March.

12. In what way does the Project influence gray whales?

Large-scale gray whales study was conducted on their behaviour, feeding grounds, living conditions and migration. On the basis of an independent conclusion it was stated that the project does not bring any damage to gray whales.

13. Was a seismic survey performed, were there any explosions within the grey whale habitat?

14. Were any damages incurred to the environment as a result of a seismic survey, in particular within the grey whale habitat?

In September 2003 the Company conducted a 3D seismic survey in Lunskeye field. The main objective of the survey was to gather additional geological data on the field for its development. More detailed information on the methods and equipment can be found in the district libraries and on the Company's site. This summer prior to works we placed Lunskeye Seismic EIA document there.

During survey specially trained marine mammal Sakhrybvod observers were on board of the survey vessel. No episodes of unusual behavior of the gray whales was registered.

15. What does long-term negative impact mean?

It means any impact that will last for a long period of time. For Sakhalin II project this means impact after construction and commissioning of the facilities.

16. Are relatives allowed to visit the workers on watch in the camp?

According to the Camp Management Policy no social visitors are permitted in the camps. However the personnel will have access to the telecommunication facilities.