

ESHIA Public Meeting Minutes

Date	12.11.03
Time	14.00-15.00
Settlement	Leonidovo, Poronaisk District
Location	School
Number of attendees	97

1. What will Sakhalin look like in 50 years? Won't oil resources be exhausted?

You know that Sakhalin shelf is rich in resources in amount sufficient not only for that Project, but also for subsequent ones. All projects will provide benefits to the Government and Sakhalin Oblast Administration but the Company cannot control how they spend financial resources. As for direct benefits, they were shown in our presentation. I can add that direct benefits received from the Project are as follows:

- US\$ 55.6 mln. in royalties
- US\$ 100 mln. contributed to the Sakhalin Development Fund
- US\$ 45 mln. in bonuses
- US\$ 10 mln. of income tax paid by our employees
- US\$ 1 mln. in community programmes

Besides, the Project provides indirect benefits, such as, development of local businesses, service business, etc. It is planned that by 2010 inflow to the budget of Sakhalin Oblast will be US\$ 230 mln. while at present the budget expense item is US\$ 250 mln.

2. Is road upgrade connected with the Company (in Poronaisk District)?

Yes, these works were carried out and are continued by our contractors.

3. Why do contractors bring workers from mainland while there are a lot of unemployed people with similar specialties here?

Such situation may be caused by the following reasons:

- no medical permit
- no documents confirming qualification
- no work experience required
- no suitable vacancies at the moment

Deadlines are specified for completion of one or another work, so it was necessary to bring required specialists in advance. As the volume of work increases additional vacancies will be announced, check the print press.

4. Will contractors provide retraining?

No, they do not have license to provide retraining. Specialists already qualified are required to carry out works with limited deadlines. Vacancies appear in various time periods because of increasing volume of work.

5. What social vacancies are available in the Company?

No vacancies available at the moment but you should submit a resume to the Company.

6. Why do people apply for a job directly at contractors instead of at the employment agency?

It depends on contractors and employment agencies themselves. In most cases contractors provide employment agencies with the data and in parallel employ people directly because it is faster.

7. Why did Armor-group employ people who passed military service?

It is a requirement of the company, because they consider people who passed military service are able to handle weapons, aware of measures of precaution. Additionally they were trained, but all of them had basic knowledge gained in the army.

8. Could you give examples of locations where war dead, found while UXO clearance of RoW, were re-buried?

Smirnykh District (Pobedino, Onor, Smirnikh)

9. How is the company planning to monitor contractors with regard to road safety compliance?

The Company has formed a monitoring team as part of the transportation department to be a regulator. It means that employees of the Company exercise control of movement of transport of the Company and contractors, compliance with road safety and traffic rules.

10. Will domestic gas be supplied to the Sakhalin Oblast?

Russian party will get its profit in form of gas and oil. The question - how administration will handle it – should not be addressed to the Company. The Company will make provision for places for connection of additional branch pipelines, but construction of them and required infrastructure will be carried out at the expense of Sakhalin Oblast administration. It is possible that in the future gas will be supplied to boiler-houses.