

## ESHIA Public Meeting Minutes

Date	<b>06.11.2003</b>
Time	<b>18:00-20:00</b>
Settlement	<b>Poronaysk</b>
Location cultural center	<b>Center for Education and Culture</b>
Number of attendees	<b>87</b>

- 1. Why do the workers involved in pipelining have such low salaries? The personnel performing similar work in Alaska have higher salaries.**
- 2. Why do region residents employed by the Company who are actually the owners of oil and gas have lower salaries than the Company experts?**

Sakhalin Energy doesn't have direct contact with the workers involved in pipelining as it employs contractors to perform this work. The Company has its own system of relations with its contractors: a contractor develops a program where he is to provide maximum use of local labor force, and the Company considers the submitted program. But the Company doesn't supervise the salaries paid to the local workers by the contractor; it is done by the contractor.

The difference between the salaries of workers and experts is due to the conditions of the labor force market, while solving the problem it is necessary to take into account the level of the country economic development, i.e. if a Russian company starts paying salaries equal to those paid in Alaska, it will turn bankrupt. The salary difference is based on the difference of conditions of market relations in a certain situation. There were some appeals against foreign companies stating that the situation results in the labor market imbalance.

- 3. What is the plan of further work regarding the Project?**
- 4. Where will gas be delivered in future?**

The Company got the report on the ecological expert examination and other favorable reports regarding its further work, i.e. construction of a LNG plant in Korsakov region, pipeline construction, as well as all the problems regarding construction of OPF in the area of VAL village have been agreed. By 2006 the LNG plant will start the first oil export and in 2007 - liquid gas export. Gas will be transported from the place of its production in the northern part of the island via pipelines to the LNG plant where it will be liquefied under pressure and low temperature which will provide its safe loading and transportation in tankers. It is necessary to note that within the framework of the Project the Company opens a new target market for this energy carrier – i.e. the countries of the pacific region and Asian countries.

- 5. When will Poronaysk residents be able to use natural gas?**

Unfortunately SE Company hasn't got any information on gasification of flats and apartments, but power plant gasification can be planned. SE Company can't control the situation regarding gasification of the cities located in the region, as this issue is supervised by the RF Government and the region governor, but by 2006 -07 gas transportation via the pipeline will start.

**6. What are the main problems of the Company arising from negotiations with the Russian party?**

The Company is on good terms with the representatives of the RF and we always reach decisions by consensus.

**7. Vostochnaya street in Poronaysk is being coated with asphalt, the work is not even half done, but the asphalt has started to crumble. Who is responsible for the repair and asphalt work?**

Taking over of construction facilities invested by the Company and built by Russian contractors is performed by the Russian party in compliance with the principles and standards approved in the RF that is why this question is to be addressed to Russian experts and those who perform the work.

**8. Pipelining will include man-made forest clearance, in the area of Gastello settlement there are cedar plantations, how will the damage after clearance be indemnified for?**

The Company has developed a project of land rehabilitation after pipelining. After work completion the fertile soil layer will be restored, grass will be sowed, trees will be planted. But in compliance with the present standards there will be a fire line stretching for 3 meters at each side from the pipeline axis. The Company also pays for recovery of forest resources.

**9. What is the amount of compensation for every Poronaysk resident for environmental damages while construction?**

All compensations are paid by the Company to the RF budget, in some cases the compensation procedure is determined in legal acts, but the Company tries to minimize its influence upon the environment. The Government should distribute payments for environmental damages.

**10. Sakhalin is located in an earthquake zone, what pipeline protection is provided?**

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.

**11. Do the Company personnel study Russian?**

Foreign experts and workers study Russian and there are various training programs.

**12. You state that the Company activity doesn't influence the environment, but can it be so that fish would spawn in an unaccustomed place and time? This is the influence of oil eruption as a result of the Company activity.**

The Company is taking all possible measures to reduce and eliminate the effects of its activity on salmonid fishes distribution area and reproduction. To achieve this purpose all the work on rivers will not be performed in the salmonid fishes breeding season. The Company doesn't perform any drilling operations or produce oil and gas in Poronaysk region.

**During the informal part of the meeting the following questions were asked:**

1. In what way does the Company activity influence the life of native Northern peoples?
2. Why are shifts so long?
3. Information on all the contractors and work areas is necessary.
4. How one can get a job?
5. A gas compressor station is to be constructed within the framework of the Project implemented in Gastello village, the work is to begin in 2003. But why haven't the work started?
6. There are camps along the pipeline corridor, are only workers on mission going to live there?
7. What kind of company is BETS company and what is its relation to the Project?
8. What is new on the Company's web-site regarding the Project and how often is it planned to be reviewed?
9. What social projects are supported and carried out by the Company, what is the time period when it is possible to submit projects?
10. There is an important issue regarding material support of talented children of small native Northern people to give them an opportunity to continue studying.
11. Has the Company got the opportunity to control the distribution of material resources that it pays as bonuses?