

ESHIA public meeting notes

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| Date | 4.10.03 |
| Time | 14.30-16.00 |
| Settlement | Sokol, Dolinsk region |
| Location | School |
| Number of attendees | 7 |

1. Please, explain the pipelining method of “wet trench”?

When the crossing is to be made using the wet ditch method, the ditches are excavated by excavation equipment either from the shore if the stream is narrow or using equipment mats if required on very wide shallow streams with low flow. The excavated material will be loaded to a soil barge, or trucks working and moving simultaneously with the excavator. When using the wet ditch method the crossing is made without impeding the stream flow. The wet stream method is usually completed in a matter of hours, thus minimizing the duration of high turbidity. Turbidity curtains will be installed downstream of the crossing area to impede the release of any sediments from the excavated or disturbed site. Immediately following completion of the trench excavation the pipe strings are installed and backfilled including restoration of the riverbed as close as possible to its original conditions.

2. How will the pipeline be laid: above ground or subsurface?

Sakhalin II pipelines will be laid from the north to of the island to Prigorodnoye in the south. The pipelines will be laid 0.8 - 2 m under the ground in specially designed trench.

3. In what way are the issues regarding our seismological area solved? What measures are taken (safety measures)?

The Company is aware of the fact that the pipeline will be laid in a high seismic 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.

4. What technologies are used? Who is the designer? What is the procedure of carrying out examination?

The expertise is carried out by Russian controlling agencies. The Company has to go through a lot of approvals and get a lot of permits. For example, technical and economic substantiation (TEO) of the project was approved by the State Committee on Environment Protection of the RF Natural Resources Ministry.

5. What countries' experience is used for pipelining?

There are quite a lot of pipelines in the world, for example Europe is covered with a net of those. Shell has a Project Team that develops projects and works out technical specifications. This Team is located in Rijswijk, the Netherlands. The Netherlands, Oman, Chad, Cameroon also have such pipelines

6. What is the annual crude oil production at Molikpaq platform?

At its peak Molikpaq produces 90,000 barrels of oil per day. In 2002 1,459,000.723 tonnes of crude oil were produced.

7. What Sakhalin ecological organizations were involved in seismological zones assessment?

Environmental risk assessment was carried out by many organizations. For example, TEOC was reviewed and approved by the Natural Resources Committee as well as some NGOs.

8. Is region gasification planned?

PSA stipulates that local people can have their gas share from the Project. According to the agreement with the Russian Party tapping points for further gasification will be installed on the pipeline. At present an agreement for installation of two of such points is achieved – in the north and in the south nearby Yuzhno. The gas from the northern point will go to the needs of the northern districts and from the south – to gasification of the southern districts. Construction of the necessary gas infrastructure will be at the regional administration expenses.

9. Is it possible to construct crude oil processing plants on Sakhalin so as not to transport it abroad?

Today we sell oil to the existing refineries around the world. We would be happy to sell oil to any Sakhalin refineries.

10. What are the main provisions and terms of educational program implementation?

This year the Company has launched a scholarship program. There are three forms of scholarship: granting scholarships (living allowance) for significant achievements in studying; tuition fees reimbursement; other tuition related pay. To apply for a scholarship one need to submit a resume with copies of the latest class rankings from the school offices and other achievement evidence related documents. The Company will carry out screening and selection of the candidates. The selected persons will take English and Computer Skills Assessment Tests as well as the ones on profile school subjects. Final assessment and selection of nominees for scholarship will be made by thorough panel interviews. Not less than 5 candidates will be interviewed for each grant. This year 60 applications were received, 15 scholarships awarded, 13 candidates entered higher education institutions. Yearly student evaluation for further scholarship. We plan to announce another round of this program next April. Announcements will be placed in regional papers.

11. What will be done for our school within the framework of the education program?

This year the Company donated to each school in the Sakhalin Region a set of sport equipment (volleyballs, footballs, basketballs, baskets, nets), a set of maps and a set of visual aids on Road Safety.

12. Where can one get information on the Company grant programs?

Information on the Company's grant programs is published in local papers, you can also approach the Company's local representative or directly to the Company on the toll-free phone 8-220-732400.

13. Will houses for the population be built?

Sakhalin II project does not include construction of the housing facilities for local population. Construction camps will be built within the project. Construction of the housing facilities for local population is within the regional administration responsibility.

14. Regarding the answers to the questionnaire: «What social facilities not available in your town/village is it necessary to construct, restore» ... Has anything been done?

For example, as a result of questioning we found out that practically all schools are short of visual aids and sport equipment. We donated these for each school in the region to the Regional Department of Education. We also found out that the main demand of the population is health infrastructure upgrade. That is why we chose three hospitals we mentioned earlier in the presentation.

15. How long will the camp exist? What is its future?

Construction camp will exist through the construction time of a particular facility, then they will be dismantled and the area will be reinstated to a state

similar to its condition prior to the project. Though camps for maintenance personnel will also be constructed. These will exist till the project is over then they will be dismantled and the land will be reclaimed.

16. Will access roads to the camp go across the fields or along the federal line?

Mainly the project will use the existing net of roads. But when necessary special access roads will be constructed.

17. Will roads be reconstructed in case they are damaged by Company's heavy equipment?

Prior to Phase 2 activities the Company carried out special Infrastructure Upgrade Project to ensure large number of heavy vehicles can use the local roads.

18. What will happen to the region when all the resources are exhausted – speak about ecological aspects?

After Sakhalin II project is over the island will have infrastructure either upgraded or constructed for the project, i.e. roads, bridges, railroads, ports, airports. Project facilities will be dismantled and the soil will be reclaimed, i.e. it will be reinstated to a state similar to its condition prior to the project, the fertile layer will be restored and plants will be planted.

19. Do all the personnel members are to know English to be employed?

No, knowledge of English is not obligatory. There are some positions that require English. In this case this will be specified in the recruitment announcement.

20. In what way does the Company control the activity of its contractors?

Special policies and procedures are in place to mitigate impact of the project to the community. Contracts have special articles according to which contractors and subcontractors are to follow Sakhalin Energy policies and procedures.

21. Is it Sakhalin Energy that had sent sport balls to our school (we don't know who did it as there was no information or logos)?

Yes, as I mentioned earlier this year Sakhalin Energy donated sports equipment to all schools of the region. A set of those include volleyballs, footballs, basketballs, nets.

Note: The population is not satisfied with the activity of the Company contractors, in particular regarding construction of a bridge across the Kalka near Bereznyaky village, as the construction is very long.