

ESHIA Public Meeting Minutes

Date	3.11.2003
Time	18.00-20.00
Settlement	Yuzhno-Sakhalinsk
Location	Sakhalin Regional Library
Number of attendees	98

1. How will your pipeline be protected against seismic activity and earthquakes if compared with the Alaskan pipeline?

The comparison with the Alaskan pipeline is available on the Company's Internet site. The only reason why Alaskan pipeline is above the ground is permafrost. It was approved by BP. With regard to a seismic activity Alaskan pipeline can withstand seismic load once in 1000 years.

There is no permafrost in Sakhalin. For the emergency cases the pipeline will be equipped with special valves. The special design (serpentine) will enable the pipeline to safely move during the earthquake. Special polyether boxes around the pipeline are intended for leakage prevention in case of the pipeline break.

2. Is state of health important for employment? What measures are applied for employees' health protection? Are there any preventive medical inspections, medical insurance, sanitary leaves?

At first an employee should take medical examination. Unfortunately recently there was an accident (fall while cleaning windows). But accidents occur less than once per 1,000,000,000 man-hours. The company and its contractors comply with safety regulations. If compared with the other companies Sakhalin Energy rates 25% better. We have recreation facilities, which employees and their guests can freely use. We arrange preventive medical inspections. Our Russian employees have their medical insurance policies.

3. What will be your actions in case of oil spill and contamination of municipal water intakes?

First of all, the pipeline is designed not to leak. Its design enables to prevent the spill. Special sensors will detect any spill. I cannot provide the details of the operation of the oil spill detectors. The technology is borrowed from pipeline construction in other countries. This technology finds its application all over the world. Such problems have not occurred yet.

4. What's the purpose of the public meetings? How does the company consider the opinions and suggestions of the local residents addressed to you? Are these opinions considered at all?

Legally these meetings are not public, this is the company's initiative. We would like to meet with the local residents, be aware of your concerns, tell you about our plans. Construction techniques have already been designed. The pipeline design has been examined by experts. But we have made some alterations to the company's policy according to the people's concerns

First of all, most of the claims should have been addressed to the Russian Government. Many of the claims concerned *Sakhalin-1* project, but this is not our project. Another demand was to install the platform in some other place. But the platforms cannot be relocated to the place, where there is no gas and oil. We have developed the HSE system – at its consideration over 70 Russian universities and experts gave the positive conclusion. All the possible measures to minimize the environmental impact (including the impact on grey whales) have been taken.

5. Why does the company discharge wastes into the Aniva Bay nearby the LNG plant, ignoring negative public attitude?

The company will not produce any discharges into the marine environment from the LNG plant (we will perform dredging operations for pier construction – 12 miles offshore). The existing ground will be excavated (analogous to the operations performed in the Kholmsk port). As for the discharge, the facility equipment will be air- and not water- cooled. Emissions will be purified by a special installation in conformity with the Russian legislation requirements. Prior to discharging into water natural gas evaporates. As for the Aniva Bay classification: we have obtained TSUREN conclusion – the experts in assessing fishing value of a water body.

6. Why did you cancel the construction of the camp for pipe welding station in Mitsulevka?

After the first stage of consultations we planned that our contractors would need a camp in Mitsulevka. When the issue of choosing a contractor arose, we provided them the liberty for creating the plan. Currently, the project is being worked at, the company has its contractors with their own attitude, their costs. All this is considered when practical decisions are taken. Nobody has completely abandoned the idea to build a camp in Mitsulevka. The pipeline there is thicker than in other sections and it means machine welding, that is why there will be no pipe welding plant. This year we will not launch the construction of a camp in Mitsulevka.

7. Will vehicles carrying heavy goods cross the village?

At present before pipe or cargo transportation contractors are to submit plans for prevention of damaging the villages. The plans that do not meet the requirements are not approved.

PR experts examined schools in the villages involved in the Project and decided to fence the schools that are close to the road, to install traffic signs. We are taking measures to decrease the effect. We won't achieve the goal in case we are opponents. We'll do everything possible to make the local resident feel safe.

Road rehabilitation is an obligatory requirement that is included in contractors' tender cost. All the roads will be rehabilitated.

8. Why does Korsakov, located in the vicinity of the hazardous facility (LNG plant), which can explode have no advantages (jobs, gasification)?

I don't know any cases of explosion of such plants. Yes, we have spoken about 200 working places but the plant will have modern equipment, and we won't need many workers. The Mayor of Korsakov expressed his satisfaction with the funds incoming to the districts budget. Korsakov Administration reserves the right for the share of the produced gas. The locations of gas outlets are being agreed upon with the Administration. The Administration hasn't answered the question regarding the amount of gas required and the time, when it is needed.

9. What can you say about employment and opportunities of young specialists, who haven't got any work experience? Where one can get information on the Company program of professional training? Is it possible for graduates of Yuzhno-Sakhalinsk higher educational institutions, who were not involved in the program to get a job in your Company?

The Company has launched the program of Russian personnel training. In October 2003 the Company started a training program for those who don't have any work experience. The period of training is 3-4 years. The personnel will be engaged in the facilities operation. This training is not an educational project, it is professional training. Personnel recruitment is an open process, we put ads in newspapers and on TV. We need not only technical specialists.

10. Shall we buy our gas at the world market prices?

Gas supply in the domestic market: the prices are subsidized. It is about \$20 per m³. And even Gasprom currently cannot develop gas fields. The prices will grow. The Government and Administration will receive their share of the gas from the LNG plant. What they will do with the gas is non of SE business. But there is a possibility to supply gas to the heat power plant. If necessary the outlets can be installed.

General issues regarding the pipeline. We have to live on and there are no other sources except oil and gas. It is always possible to find millions of mistakes, but in case we don't allow the Project to be implemented it would influence your life as well.

As for seismic activity: nobody wants to have problems. International experience shows that seismic activity is not dangerous. It is considered while taking engineering decisions. All engineering decisions comply with international requirements. Nobody can prevent emergency situations, but the question is how to response them. There are sensors, valves. We've developed the emergency response programs.

Opinion from the audience: 11 years ago we held the first public meeting regarding the Sakhalin II Project. Providing the population with information by SE Company is called PR, i.e. the Company is winning the population confidence. I am acquainted with all the documents and I can say that the quality of information and project documentation has been improved. Today the demands of 'gray whale enthusiasts' are satisfied.

The question was asked if the company takes into account the population's opinion - Question 4); It is impossible to alter or amend the project after its approval, unless a court decision binds to do so, as all the changes will lead to the zero point where everything started from. It is necessary to note that some newspapers make ethic mistakes while informing the population.

Regarding Question 5 (discharge of wastes in the Aniva bay ...) – Korsakov and Yuzhno-Sakhalinsk discharge more wastes per day.