



2022

GREAT FUEL&Co EXPEDITION



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Representatives of Gazprom and its subsidiaries in the presence of RTN officials conducted an emergency response drill at Sakhalin Energy's Prigorodnoye production complex (read more on page 9)

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The federal TV channel RBC+ broadcast a special report dedicated to Sakhalin Oblast Days in Moscow. The project was implemented by the regional government and Sakhalin Energy

**DEAR COLLEAGUES,**

20 October started our Winter Safety Day at Sakhalin Energy as part of the Great FUEL&Co Expedition. We are entering a challenging season of the year with peak loads in 2022–2023, which is even more complicated due to sanctions and a turbulent epidemic situation typical of this period of time.

Apart from that, in this stressful time we must meet our commitments to ensure reliable gas supply to the Sakhalin Oblast and the Far East at large.

Let me stress that while pursuing our priority objectives we should stick firmly to our philosophy of safety, professionalism and dedication in meeting our commitments.

Every year we discuss our production plans for this period focusing particularly on the seasonal hazards and risks along with the process-related specifics of our

operations. Our today's meeting is not an exception, but rather a rule providing us with an opportunity to check how well prepared our teams are to work in current conditions.

I encourage everyone to use our best leadership skills and knowledge learned while working in the project, so that we can safely navigate through this season on our Great FUEL&Co Expedition. Our performance in the autumn and winter of 2022–2023 will be reviewed separately by the Company's management to recognise top performing assets and employees.

Let us do our best to deliver exceptional performance despite the unprecedented challenges faced by our country today.

■ Roman Dashkov,
Chief Executive Officer

ДЕНЬ НАРОДНОГО ЕДИНСТВА

DEAR COLLEAGUES,

On 4th November, all regions of our large country will celebrate National Unity Day. This public holiday was established to commemorate the heroic events of 1612, when Russia put an end to its tragic Time of Troubles. People from different social classes, nationalities, and religions took part in the nationwide home guard, which reunited the country. Their common love for the Fatherland and devotion to their country became that unstoppable force which led to their victory and became a strong impetus for the revival of Russia.

The subsequent centuries-long history of Russia preserves many more glorious pages from the period when it was adding new lands in the Caucasus, the Black Sea region, the North, Siberia and the Far East. With the development of new territories, the country was joined by more and more peoples, each contributing to the unique diversity of the common homeland. At a time of great hardship, our ancestors showed true courage and bravery, standing together to defend their freedom and independence as a united and indivisible Russian nation.

Our country is going through difficult times. The unity of all patriots of Russia again, as many times in the past, is the foundation for the survival of Russia's statehood. And now it is our turn to demonstrate our dedication to the high civic standards and moral values laid down by generations of Russians, which are still close to each of us today.

I firmly believe that we will overcome all the trials and challenges we face with honour. And we will keep the love we have for our families, care for our people, and respect for the traditions and sacred origins of our Motherland in our hearts.

I would like to congratulate our multinational team on National Unity Day! Dear friends, I wish you wellbeing and new achievements!

■ Roman Dashkov,
Chief Executive Officer

**DEAR ROMAN DASHKOV,**

I would like to take this opportunity to wish you and the entire Sakhalin-2 project team a happy National Unity Day!

This holiday is based on the events that became an example for many generations of Russians. Over 400 years ago, our ancestors united against a common threat, defended the country, and overcame a protracted crisis.

Today, we all share a common goal – to keep our motherland prosperous and strong, and the united multinational team of Sakhalin Energy, which is able to implement the most ambitious projects, contributes significantly to achieving this goal.

I sincerely thank the entire Sakhalin-2 project team for their best efforts and courage during this extremely difficult period when Russia is facing unprecedented external challenges and pressure. In large, due to your work, Sakhalin Oblast maintains sustainable development and stable revenues in the regional budget.

Dear friends, on this festive day, I wish the professional team of the Sakhalin-2 project every success in meeting all the challenges ahead. I wish happiness and prosperity to you and everyone who is dear to you!

■ Valery Limarenko,
Governor of Sakhalin Oblast



Russia's Key Energy Interests

In October, Vladimir Putin, President of the Russian Federation, spoke at the Russian Energy Week Forum. At the panel discussion called Global Energy in a Multipolar World, President of Russia told the audience about the key goals and priorities of the Russian Fuel and Energy Complex (FEC).

President Putin mentioned that the global economy and FEC are experiencing an acute crisis associated with unstable price dynamics for energy resources, unbalanced supply and demand as well as unfair actions of some market players. In this situation, Russia is willing to continue supplying energy resources only on market terms and believes that imposing a 'price cap' will aggravate the global shortage of energy resources and increase their cost.

"Russia will not go against common sense and pay for the well-being of others at its own expense. We will not supply energy resources to countries that will cap their prices", noted the President.

The Russian Federation will continue to ensure stable energy security and develop relations with those countries that are interested in them. Our country intends to further increase energy export to fast-growing markets and expand the geography of supplies.

"In the near future, we will determine key infrastructure facilities for this purpose and start their construction including such promising projects as Power of Siberia 2 and its Mongolian section Soyuz Vostok as well as connecting the Asian and European segments of the national gas transportation system. We will continue supporting LNG terminal projects", said Vladimir Putin.

The President added that despite the sanctions Russia is among the world leaders in the oil and gas production and export as well as electricity and coal production. The high-tech segment of liquefied natural gas is also developing. The LNG production increased by almost 60% in August.

Russia will continue to reduce its dependence on foreign equipment and services. The plan is to bring the share of domestic equipment in the industry to 80% by 2025. Russia will also continue transition to settlements in national currency for Russian energy supplies. However, development of the domestic market remains the key priority.

"Our key task is to ensure that our domestic FEC works for the national economy, first of all to increase its competitiveness, develop and foster our regions, cities, towns as well as to improve the quality of life of our citizens", stressed the President.

Vladimir Putin mentioned that it is important to focus on increasing the volume of raw material processing and gasification of regions, i.e. connecting households, medical and educational institutions to the gas supply system. The head of state instructed the Government of the Russian Federation to extend the social gasification program beyond 2022.



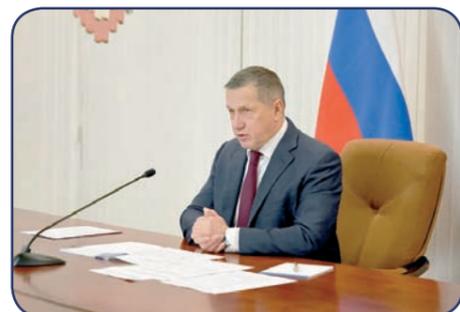
Source: kremlin.ru

Gas Supply to Consumers of Khabarovsk Krai and Sakhalin Oblast

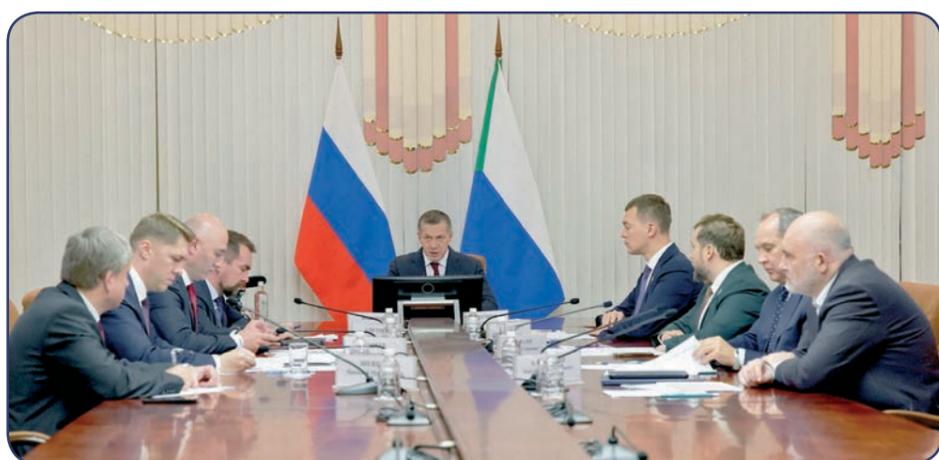
Yury Trutnev, Deputy Chairman of the Government of the Russian Federation and Presidential Envoy to the Far Eastern Federal District, held a meeting concerning gas supply and instructed the RF Ministry of Energy to develop a plan for uninterrupted gas supply to consumers of Khabarovsk Krai and northern districts of Sakhalin Oblast.

"In September, the supply of gas from the Sakhalin-1 fields to Khabarovsk Krai and northern districts of Sakhalin Oblast was discontinued. The Ministry of Energy of Russia has established a Task Force. Gas supply action plan is now in place. Currently, supply of gas to the regions is carried out by Gazprom PJSC from the resources of Sakhalin Oblast, but not in a full volume," said Yuri Trutnev.

As explained by the Ministry of Energy, in order to accelerate the uninterrupted gas supply to the consumers of Khabarovsk Krai and northern Sakhalin, the necessary regulations were adopted to use gas supplied as royalty under the Sakhalin-2 project.



"Sakhalin Energy continues to meet all export supply obligations and is now supplying additional gas to Russian regions. During the autumn and winter period, we must pay special attention to production reliability, including stable operation of auxiliary production systems



Source: dfo.gov.ru

and utilities. Employees performing rounds and scheduled repairs should display high vigilance and pay special attention to the preparation for scheduled activities, thereby eliminating risks of possible system inconsistencies that could lead to the shutdown of equipment and the entire facility. With such intense operation of the integrated process chain,

any unscheduled shutdown can affect not only the fulfilment of contractual obligations, but also the provision of sustainable gas supply to citizens of the Russian Far East. We just can't let that happen," said Roman Dashkov, Chief Executive Officer of Sakhalin Energy LLC, following the meeting held by the Presidential Envoy.

Vladimir Putin's Speech at 19th meeting of Valdai Club

The 19th meeting of the Valdai International Discussion Club was held in Moscow on 24-27 October. The theme of this year's forum is A Post-Hegemonic World: Justice and Security for Everyone. The meeting brought together 111 experts, politicians, diplomats, and economists from Russia and 40 foreign countries, including Afghanistan, Brazil, China, Egypt, France, Germany, India, Indonesia, Iran, Kazakhstan, South Africa, Turkiye, the United States, and Uzbekistan, to name a few.

President of the Russian Federation Vladimir Putin took part in the final plenary session. In his speech*, the Head of State addressed the main topics of concern to the entire global community:

"Humankind is at a fork in the road: either keep accumulating problems and eventually get crushed under their weight, or work together to find solutions – even imperfect ones, as long as they work – that can make our world a more stable and safer place.

You know, I have always believed in the power of common sense. Therefore, I am convinced that sooner or later both the new centres of the multipolar international order and the West will have to start a dialogue on an equal footing about a common future for us all... In this regard, I will highlight some of the most important aspects for all of us.

Current developments have overshadowed environmental issues. Strange as it may seem, this is what I would like to speak about first today. Climate change no longer tops the agenda. But that fundamental challenge has not gone away, it is still with us, and it is growing. The loss of biodiversity is one of the most dangerous consequences of disrupting the environmental balance. This brings me to the key point all of us have gathered here for. Is it not equally important to maintain cultural, social, political, and civilisational diversity?

...The significance of today's historical moment lies in the opportunities for everyone's democratic and distinct

development path, which is opening up before all civilisations, states, and integration associations. We believe above all that the new world order must be based on law and right, and must be free, distinctive and fair.

The world economy and trade also need to become fairer and more open. Russia considers the creation of new international financial platforms inevitable; this includes international transactions. These platforms should be above national jurisdictions. They should be secure, depoliticized and automated and should not depend on any single control centre...The transition to transactions in national currencies will quickly gain momentum. This is inevitable. Such is the logic of a sovereign economic and financial policy in a multipolar world.

Furthermore, new global development centres are already using unmatched technology and research in various fields and can successfully compete with Western transnational companies in many areas. Clearly, we have a common and very pragmatic interest in free and open scientific and technological exchange. United, we stand to win more than if we act separately... Technological development should not increase global inequality, but rather reduce it. This is how Russia has traditionally implemented its foreign technology policy.

I would like to emphasise it again that sovereignty and a unique path of development in no way mean isolation. On the contrary, they are about energetic and mutually beneficial cooperation based on



the principles of fairness and equality. In this regard, Russia believes it is important to make wider use of mechanisms for creating large spaces that rely on interaction between neighbouring countries, whose economies and social systems, as well as resource bases and infrastructure, complement each other. In fact, these large spaces form the economic basis of a multipolar world order. Their dialogue gives rise to genuine unity in humanity..."

Following the plenary address, the President answered questions from the floor. Many of them were about the economic situation:

Of course, we have side effects, mainly the losses related to the special military operation... but there are huge gains, and what is happening now, without any doubt, ultimately ... benefits Russia and its future.

...They are about the strengthening of our sovereignty across all areas, primarily, in the economic sector. Not long ago, we ourselves were concerned about the fact that...we are unable to do anything without our Western partners. We cannot perform

financial transactions, we have no... markets, or sources for acquiring the latest technology... All they need to do is snap their fingers for all that we have to fall apart. But no, nothing fell apart, and the basis of the Russian economy and the Russian Federation turned out to be much stronger than anyone may have thought, maybe even ourselves.

...Yes, we understand and see the difficulties in the mid-term. We realize that we cannot produce everything...Much still has to be done to create new supply chains both in imports and exports and to reduce the attending losses. However, overall, the peak of the difficulties is in the past, and the Russian economy has adapted. We will continue developing on a more sustainable, more sovereign platform.

This is an act of purification and understanding of our capabilities, the ability to quickly regroup and the objective need not only to speed up the import substitution processes, but also to replace those who are leaving our market. It turned out that in most areas our businesses are replacing those that are leaving.

A transition to carbon neutrality does not go against Russia's interests – we have opportunities for developing alternative energy sources...This does not scare us at all but, on the contrary, creates an impetus for development. Primary gas is the best source of energy as a transitional source of energy.

Russia is a Eurasian country; we remember this and we never forget about it. We have traditionally developed our relations with Asian countries...The Power of Siberia was built because we were aware that our Chinese friends' energy needs are growing, and we can meet them...We are also holding talks with India and other countries on a variety of ways to deliver our energy to the Indian and other markets. We will continue to liquefy natural gas. We are still modest participants of the global LNG markets, but we keep growing. We will continue down this line. We will keep expanding this area of business not even because of the existing restrictions, but because these are the global economic trends..."

*Please see the full text of Vladimir Putin's speech and the discussion at <http://www.kremlin.ru/>



Victory as a Symbol

This is the third year of cooperation between Sakhalin Energy and Qingdao New Refine Oil Trading Co. Ltd. It is the first private Chinese company among our hydrocarbons buyers and one of the active buyers of Sakhalin-2 oil on the spot market.

Another business meeting with representatives of Qingdao New Refine Oil Trading Co. was held in October in Moscow. It was followed by a cultural programme prepared by the company. The guests visited the Tretyakov Gallery and the Red Square, descended into the hall of Moscow's deepest metro station, Park Pobedy (the Victory Park). The partners showed great interest in the landmark of the same name



In addition to the painting, Commercial Director Andrey Okhotkin handed over to the head of Sakhalin Energy another memorable souvenir from Shandong Dongming Petrochemical Group Co., Ltd. The gift plate is engraved with words of appreciation on behalf of the partners

on Poklonnaya Hill. This memorial complex is traditionally on the list of attractions that many of our partners visit in Moscow. This tradition dates back to 2019, when the guests of the Company's 25th anniversary reception first visited Park Pobedy, dedicated to the victory in the Great Patriotic War.

The participants of the meetings had one more honourable mission, that is to pass the partners' symbolic gifts to the heads of their respective companies, Roman Dashkov, Chief Executive Officer of Sakhalin Energy, and Xiangping Li, President of

Shandong Dongming Petrochemical Group (part of Qingdao New Refine Oil Trading Co. Ltd.).

The Chinese company presented a drawing of a peony on silk paper with the lines from "Admiring Peonies", a poem by the famous poet Liu Yuxi (772-842) about prosperity and greatness. In China, the peony is a symbol of wealth and prosperity. The painting titled "Troika" presented on behalf of Sakhalin Energy depicts one of the Russian national symbols, which stands for the breadth of the Russian soul and the desire to move only forward!

meeting

vizit

Potential for Cooperation

In October, a delegation from Rosatom State Corporation headed by Sergey Obozov, Deputy General Director for Production System Development, visited the Prigorodnoye production complex.

On behalf of the Company, the delegation was welcomed at the site by Alexander Singurov, Head of the Production Directorate, and Ivan Shamonaev, Head of the Prigorodnoye production Complex. The guests were introduced to Sakhalin Energy's operations and corporate values, and were given a comprehensive overview of the Sakhalin-2 project, its performance characteristics, and the unique technologies employed. In turn, the guests shared their expertise on how to set up a production cycle in the nuclear industry, with many of its processes similar to those in the LNG industry.

During the meeting, the Company's representatives told the delegation about the establishment of the Unified Integration Centre, a new corporate tool. To this end, Sakhalin Energy has developed an innovative approach which makes it possible to pool the capabilities of the Company and its partners to improve the efficiency of the Sakhalin-2 project.

Another discussion topic centred around lean production practices that employees have been coming up with as continuous improvement initiatives aiming to streamline, and improve the efficiency of business processes. In addition, the topics of decarbonisation and hydrocarbon exports were not neglected.

The visit was rounded off with a bus tour of the production complex. In conclusion, the parties noted a great potential for further cooperation.

By Roman Dikov



Strategic Experience

conference

Sakhalin Energy took part in the Third All-Russian Scientific Conference titled Innovative Development of LNG Production Technologies. The event aiming to develop the LNG segment was hosted by the Gubkin Russian State University of Oil and Gas with the support of the National Chamber of Engineers.

Representatives of 47 organisations operating in the LNG industry, the scientific community, analytical centres, consulting companies, and leading universities discussed innovations in liquefied natural gas technology and assessed the outlook for this sector in Russia.

Opening the plenary session, Igor Meshcherin, President of the National Chamber of Engineers, highlighted the strategic importance of developing LNG production and emphasised the urgency of ramping up LNG supplies.

Igor Simdyashkin, Sakhalin Energy's lead process control technologist, shared some effective solutions to achieve this goal. His online presentation focused on the Advanced Process Control (APC) systems at Russia's first LNG plant. Over the course of their operation, the

Company's engineers have made several suggestions on how to enhance the APC algorithms. Most of them have already been implemented and are used on a day-to-day basis to sustain stable and safe production. "Without state-of-the-art automation facilities, trouble-free operation of the plant would be impossible. This is especially important as the plant satisfies the LNG demand of the Sakhalin-2 buyers," said Igor Simdyashkin.

Ilya Ugryumov, the Company's senior reliability engineer, spoke about using the Root Cause Analysis methodology to troubleshoot equipment failures. "Conducting in-depth investigations with event timelines and cause-and-effect diagrams is part and parcel of the operational reliability strategy. Such an approach makes it possible to



Source: gubkin.ru

draw up incident prevention plans and dramatically reduces the likelihood of incidents occurring," explained Ilya Ugryumov.

The conference participants discussed such areas as small- and large-scale LNG production, the preparation of natural gas for liquefaction, the use of advanced cryogenic technologies, and the transformation of promising LNG projects.

In conclusion, it was noted that despite the difficult geopolitical situation, the Russian Federation had ambitious plans to ramp up the volumes of liquefied natural gas production. In addition to large-scale production, there are numerous projects actively underway in Russia that involve the construction of small-scale LNG plants and supporting infrastructure.

By Olga Moreva

The Result of Teamwork

Far Eastern Energy Forum Sakhalin Oil and Gas 2022 will be remembered in Sakhalin Energy through another important event when Vitaly Markelov, Deputy Chairman of the Management Committee, Member of the Board of Directors of Gazprom, and Sergey Menshikov, Member of the Management Committee, Head of Department of Gazprom, visited the company.

The production meeting attended by the top management of the major shareholder addressed the company's safe and reliable operations in the short, medium and long term, with a focus on delivering against the key performance indicators set for 2022.

After discussing the mitigation of threats to availability of equipment while ensuring well integrity, they approved the Careful Reservoir Management scenario optimising the utilisation of LNG plant capacity based on well performance and the requirements of the field development and reservoir management plans.

A particular focus during the visit was on Gazprom and Sakhalin Energy engagement plan, the primary objectives including: harmonisation of standards to meet Russian requirements and establish a framework for spare parts and equipment manufacture at Russian enterprises; creating an industry-specific competence development centre for LNG and offshore field development with further integration into



similar centres in other high-tech industries; facilitating exchange of expertise and knowledge; looking into service provision, reengineering and manufacture of equipment counterparts or individual components, etc.

Another topic covered by the meeting was the establishment of the Unified Integration Centre (UIC) at Sakhalin Energy. This corporate tool is designed to promote Russian Content development through shaping a new business management model for supply chain management. Roman Dashkov, Sakhalin Energy's Chief Executive Officer, noted that the Unified Integration Centre is to create and develop a system of resources and competencies to maintain efficient, reliable

and safe production, regardless of global changes. The Head of the company added that what is learned through the UIC will be documented systematically, and the new tools and processes will be reflected in the UIC operations standard harmonised with other policies of the Sakhalin-2 Project Operator. The new tool was well received and commended by Gazprom's top management.

Concluding the meeting, Vitaly Markelov and Sergey Menshikov thanked Sakhalin Energy team for their professionalism, resilience and commitment in the challenging economic environment and wished the Sakhalin-2 team to continue safe and reliable operations.

Work on the formation of the Unified Integration Center was discussed as part of the discussion at the Far Eastern Energy Forum "Sakhalin Oil and Gas – 2022". The company's partners noted that in the context of tough economic realities, this is one of the most effective ways to pass the stress test of a changing environment and maintain opportunities for development. Evgeny Udovenko, Deputy Head of Production Directorate, Maintenance and Major Overhauls, talked about the new business process management model.



– Evgeny, the reality that we are facing now compels companies to search for unconventional solutions. Is the Unified Integration Centre one of them?

– At the moment, our activities are defined by the rapid changes in the external circumstances, notably sanctions. Things have already been heading this way, but now the fuel and energy companies are experiencing them in full force. I think it would not be an exaggeration to say that what we are experiencing now is a real trial by fire. We realise that this process often comes with a temporary "slump", so we see it as our task to minimise its depth and quickly resume our previous course or even reach a new level of quality of maintenance.

Current events have severely affected logistics, economic, financial, and manufacturing chains. Of course, this meant that the company had to make some pretty big changes to the paradigm of its operations, including to the work with suppliers of foreign equipment and maintenance services. But if the "road" is blocked, you have to hunt for an alternative route that will get you to your destination in a way that is both efficient and prompt. We've discovered one such route. The Unified Integration Centre is the next step in ensuring resilience of the Company's business processes.

– The name "Unified Integration Centre" is quite succinct, as if each word was worth its weight in gold. But still, which of these words do you think conveys the key meaning of the new path we are paving?

– All three words in this phrase have the same amount of importance. It indicates that we have combined the efforts of both Company employees and contractors into a single team which pursues a common goal. Conceptually, the goal is to become independent of external disturbances, such as the pressure from sanctions.

No matter what happens, the Company needs to con-

centrate its efforts on the Russian market and, as one of the most significant players in the fuel and energy sector in the Russian Federation, make a contribution to the expansion of the pool of domestic manufacturers. I believe we are capable of it. In fact, we are now creating a well-defined demand that will generate a supply upon which the Unified Integration Centre will be structured.

– Will it be necessary to combine contracting organisations specialising in specific areas for this purpose?

– And that's not all. The Unified Integration Centre is "populated" by engineers and technicians, contract management experts, financiers, lawyers, and contractors. These are professionals who have stepped outside of their comfort zone to "absorb" the entire influx of priority tasks and actively work on them. It is this unifying approach that is meant to ensure swiftness and efficiency of solving priority tasks.

We consume two categories of suppliers' products: materials and services. And we are working quickly, relying primarily on analytical data and appropriate tools, to come up with ready-made solutions in these categories. In our case, such tools are provided by service contractors with world-class competencies.

– How well does the Unified Integration Centre correspond to the "window" through which key business objectives are communicated?

– To the fullest extent possible. After all, the new mechanism isn't just for combining resources; it's also for combining processes with the same-point integration. For instance, when we place an order for spare parts, the corresponding service provider gets to work on fulfilling that order. In parallel, we work with the same contractor on re-engineering, or creating counterparts of domestic spare parts, in order to later assemble the equipment we require from them.

It is important that this approach allows our contractors to grow alongside us. In order to design a new piece of equipment, integrators have to establish an in-house engineering centre – essentially, they receive a request for design work and cease to be solely service providers.

We are actively, purposefully pursuing collaboration in this direction, leveraging our team's strengths. Also, all of this work must be done in a way that helps Russian Content grow.

– Is this procedure essential to the process of adapting business solutions to Russian law, as the company moves to Russian jurisdiction?

– We have preserved our brand in this new work format – it serves as a sign of continuity, a symbol that we are still focused, competent, fast-paced, and capable of deal-

ing with any uncertainties. I would describe it as "genetic engineering." What needs to be done is not to tear down what has already been built, but to stick to the best practices and keep using them to meet the requirements of the Russian Federation. The technical side of things will be adapted as we begin using Russian components. This is a live, continuous process that will improve as the Russian regulatory framework updates. There is a great deal of work ahead of us.

– But surely the groundwork for achieving the so-called identity has already been laid, right?

– You're right. The Company started a project to harmonise national and international standards back in 2017, with the goal of identifying and analysing how they diverge and how they align. Sakhalin Energy is currently looking for Russian manufacturers of mechanical and rotating equipment, instrumentation, and control systems who comply with the requirements of the harmonised standards. In the long run, implementation of harmonised standards will ensure improvement in the quality of Russian goods and services in general.

The focus on the Russian market necessitates ongoing analysis of all equipment categories, looking for promising companies, and establishing productive relationships with them.

– In terms of this area, what were the outcomes of the Company's participation in the two major business events of September – Sakhalin Oil and Gas, and the St. Petersburg International Gas Forum (SPIGF)?

– Industry forums are an important tool for bringing demand and consumption in sync. They can be compared to a supermarket that gives you a clear picture of how much the "product" presented there corresponds to your consumer basket.

The SPIGF, for instance, made it possible to assess the extent to which a given market "shelf" is stocked with the products we require, as well as the direction in which we need to increase attention. The St. Petersburg International Gas Forum serves as a kind of symbol for the opportunities that lie ahead for the oil and gas industry. They are as numerous as the "endless" hallways of the SPIGF premises, which you can keep exploring and finding more and more new solutions. Meetings and focus sessions with our partners confirmed this – the experience we've gained will contribute to the Unified Integration Centre.

It is important that demonstrations of technical achievements, experiences, and practises at forums take place in the format of an open dialogue. At the Sakhalin Oil and Gas Far Eastern Energy Forum, this topic was brought up during the presentation of the Company's Single Integration Centre. As we talked to our partners and colleagues, we found that our initiative appealed to them. There was fire in their eyes. They believe in our idea, which proves its worth.

■ The page is prepared by Alfred Zaynullin, Marina Semitko



Sticking to Our Philosophy

On 20 October, the Company launched the winter safety marathon. Traditionally, the key event of the Sakhalin-2 project opened with an address by Chief Executive Officer Roman Dashkov.

“We are entering a challenging period of safe passage through autumn and winter with peak loads in 2022–2023 aggravated by the sanctions and unstable epidemic situation,” emphasised Sakhalin Energy’s Chief Executive Officer. He pointed out to the personnel that the traditional event was not an exception but a rule that provided an opportunity to test the teams’ readiness for the current conditions.

“We must stick firmly to our commitments while maintaining high safety standards and increasing dedication,” said Roman Dashkov.

Prior to the discussion on implementing the winter operational plans, Andrey Oleinikov, Sakhalin Energy’s Managing Director, addressed the team with words of encouragement. In his video message, he noted that each employee of the Company and its contractors was playing an important role in ensuring proper production reliability. “Strict compliance with all mandatory rules is the foundation of the safety pyramid in the Sakhalin-2 project,” said Andrey Oleinikov wishing the employees fruitful work in their teams.



This year, participants of the corporate event were offered to address five priority topics. They included winterisation, seasonal hazards and emergency preparedness, use of personal protective equipment (PPE), maintaining order in the workplace and healthy lifestyle.

Each subdivision could choose a topic to discuss in the team. For example, Piltun-Astokhsкая-B personnel reviewed not only the use of PPE in winter, but also the main hazards associated with icy surfaces, as well as measures to prevent them. The Corporate Affairs Division ran the Winter Safety Day with a focus on a healthy lifestyle. At the meeting, they learned about folk remedies to help boost the immune system in winter made by

Sakhalin indigenous people using local wild herbs.

The Winter Safety Day campaign will last in the Company for a month until 20 November 2022, covering all Sakhalin Energy assets. Everybody involved in the discussions can share their impressions of the event on the Crossteam platform installed on their smartphones. Such feedback is a kind of a forum that allows us to evaluate the effectiveness of the discussions held. The main purpose of the corporate Crossteam project is to help employees improve their health and develop their leadership skills. The Winter Safety Day also provides a great opportunity for this. It is high time to take an advantage of it!

■ By Pavel Ryabchikov

FEEDBACK FROM PARTICIPANTS

Igor Vorobyov, Head of Integrated Reservoir Modelling and Hydrocarbon Maturation Division: “First of all, I would like to note the great involvement of the staff in discussing the proposed topics. It proves their relevance to the staff, while also indicating the high quality of the presented materials. I would rate the event as excellent!”

Igor Shmelyov, Senior Specialist of HSE Projects Subdivision: “The discussion was held in the field, at the site of BVS Upgrade for Makarov GDS. Apart from the controls for autumn and winter operations, me and my colleagues looked with great interest at the possibilities offered by the Crossteam project. The event has left only positive emotions!”

Yulia Igonina, Specialist of the Organisational and Documentation Support Subdivision (Technical Directorate): “The well-chosen topics got the whole our team involved in the discussion process. We were acquainted, in the form of a game, with the method of workspace organisation. I would like to thank the organisers for thoroughly prepared supporting materials, their variability, and the original ways of presenting the information. With all the efforts, the Winter Safety Day turned out to be a bright and memorable event.”

Focus on Careful Reservoir Management

In October, Sakhalin Energy hosted a regular offsite meeting of the Exploration and Reserves Panel of the Gas Industry Commission for Field Development and Subsoil Use of Gazprom*.

During the meeting, the Commission members discussed the current state of field development, the burning issues relating to the planning and implementation of drilling operations and well workovers, the outcome of the 2022 4D seismic monitoring, the highlights of digital subsurface modelling, the growth and exploration projects within the Sakhalin-2 licence areas, and the achievement of targets amidst external constraints.

The Commission noted the high professionalism of Sakhalin Energy's specialists in field development, drilling, and well workover operations. The effective work of the Technical Directorate in the field of import substitution, finding alternative equipment, and ways of procuring original equipment did not go unnoticed. Accomplishing this task requires a study of engineering firms and vendors in the markets of Russia and friendly countries. To be able to do so, it is necessary to retain and develop the competences of the Company's specialists in the relevant areas of expertise.

The attendees commended the high-quality and safe implementation of the regular 4D seismic monitoring carried out at the Piltun-Astokhsokoye Field in 2022. It was completed with 100% Russian content and within the approved budget. The high complexity of the operations amid sanctions constraints and the important role they play in monitoring the inter-well space of hydrocarbon reservoirs were also recognised.

The Technical Directorate presented its digital simulation work featuring high resolution and considering probabilistic

scenarios to address the whole range of challenges. The Commission approved the choice of selected Russian reservoir simulation software package and the plans for further cooperation with Russian software developers.

The Russian Federation ranks first globally in terms of gas reserves. According to the national programme titled Reproduction and Use of Natural Resources, in terms of quantity and quality natural gas falls into the first group of minerals whose reserves, under any economic development scenario, will satisfy the necessary requirements up to 2035 and beyond.

Another item on the agenda dealt with the importance of exploration to maximise the life of the Sakhalin-2 project by expanding its mineral resource base. Its growth projects are significant not only in terms of replenishing its own hydrocarbon reserves and ramping up production, but also as a basis for developing technology and gaining expertise to tap external sources of oil and gas using the Company's infrastructure.

The meeting supported the strategy for moving away from the Maximum Recoveries option to a Rational Development scenario. "Such approach driven by external negative factors and the internal need to manage the operation of the field. This is needed to mitigate subsurface and process risks, ensure the

stability of LNG production, and extend the period of continuous extraction of hydrocarbons from the Lunskoye Field which is now at a mature stage in its life cycle," said Timur Gafarov, Sakhalin Energy's Technical Director.

Sakhalin Energy's partners for digital reservoir simulation from Gazprom VNIIGAZ, a leading gas industry research institute, took part in the meeting and shared their practical expertise and scientific advice on the subject.

Experts from Gazprom Dobycha Shelf Yuzhno-Sakhalinsk delivered presentations on the plans for the development of the Kirinskoye and Yuzhno-Kirinskoye Fields, including the arrangements made for 4-D seismic surveys. The suggestions included an initiative to share with Sakhalin Energy LLC scientific and practical experience and knowledge on drilling and operating offshore wells, carrying out 4D seismic surveys, blowout prevention, and a wide range of problems building on a consolidated body of geological, geophysical, and production data from hydrocarbon fields offshore Sakhalin.

The meeting of the Gas Industry Commission's panel resulted in a number of actions, including those to set up an expert working group consisting of Sakhalin Energy and Gazprom Dobycha Shelf Yuzhno-Sakhalinsk representa-

tives, to continue exploring opportunities offered by engineering firms and equipment vendors in the markets of Russia and friendly countries, and to promote competences in hydrocarbon field development and infrastructure setup on the continental shelf.

The Commission, represented by Deputy Chairman Sergey Ahmetsafin, concluded the meeting by thanking Sakhalin Energy's staff for the successful implementation of the plans to maintain stable hydrocarbon production and the efforts towards expanding the mineral resource base. Maintaining a robust mineral resource base and reliable production is not merely about meeting our obligations to supply energy to Asia-Pacific, but also about ensuring the energy security of the Russian Federation.

■ By Ruslan Oblekov

* The Gas Industry Commission for Field Development and Subsoil Use of PJSC Gazprom is a standing body established to implement a unified technical policy in the area of exploration and field development, expansion and sustainable use of the mineral resource base, subsoil protection, creation and operation of underground gas storage facilities, and scientific/methodological support for the integrated development of hydrocarbon fields in Russia.

THE COMPOSITION OF THE VISITING GAS INDUSTRY COMMISSION FOR FIELD DEVELOPMENT AND SUBSOIL USE OF PJSC GAZPROM

Chairman of the Meeting: Sergey Akhmedsafin, Deputy Head of PJSC Gazprom's Department 307, Deputy Chairman of the Commission.

Meeting participants: Ivan Dobrynin, Head of Division 307/6 of Department 307 of PJSC Gazprom, member of the Exploration Panel of the Commission; Alexander Abramovich, Head of Section at Division 307/8 of Department 307 of PJSC Gazprom.



Training as an Element of the Strategy

In October 2022, an emergency response drill was conducted by representatives of Gazprom and its subsidiaries in the presence of RTN officials at Sakhalin Energy's Prigorodnoye production complex.

The drill simulated the actions of emergency response teams and services during a collapse of the apron ring (base) of an oil storage tank.

According to the legend of the exercise, an "earthquake" caused "damage" to a supply pipeline with oil "spilling" into the tank bund. In the course of the rescue work, aftershocks began, causing the base of the pipeline to collapse. The situation was complicated by the "ignition" of the spilled hydrocarbons.

As part of the first stage of the exercise, a search and rescue of an "injured" employee was required, as well as reconnaissance of the "damaged" oil pipeline and its isolation. The priority actions of the second stage were to "extinguish" the fire and protect the neighbouring oil storage tank. As a result of the emergency drill, all objectives and tasks were achieved.

"The main pillars of the Sakhalin-2 operator's strategy are industrial

safety compliance and maintaining process stability across the Company's assets. We do everything we can towards achieving these objectives and ensuring the safety of people and equipment. Proper planning, proactive preventive maintenance, and tiered in-process control are all essential elements of our work that requires strict adherence to Russian emergency response regulations," said Andrey Oleinikov, Managing Director of Sakhalin Energy LLC.

"The Company has consistently engaged representatives of federal regulatory agencies, EMERCOM of Russia, and Gazprom to exercise practical skills and undergo training in emergency response techniques at its production sites. Now we have taken yet another step towards safe operations and will continue this work in the future," said Igor Abramov, Chief Compliance Engineer of Sakhalin Energy LLC.

Generating a Reliability

For the first time ever in the Sakhalin-2 project, the Onshore Processing Facility (OPF) and Booster Station 2 (BS2) inspected the main generators with a rotor roll-out. The equipment supplies power to the OPF, BS2 and Lunskeye-A platform. All operations were carried out by own resources of the Company and Russian contractors.

"Major inspections of that kind are carried out every 10-12 years or after a generator has been in operation for 100,000 hours. During the inspection, specialists checked the condition of three generators – two at OPF and one at BS2," said Andrey Vaseev, Head of Onshore Electrical Support Subdivision.

Sakhalin Energy's team has been preparing for these technical activities for two years: special equipment has been ordered, method statements (with a step-by-step description of operations) and test programmes have been prepared, risk assessments have been carried out and all services have been coordinated.

Besides site personnel, specialists from the following departments were also involved in the equipment inspection: Engineering and Maintenance Department, HSE Department, Project Sections at OPF and BS2 – over 100 people in total, including contractors.

PRE-EXECUTION

To roll out the 21-tonne rotor at the OPF, a special catwalk with rails and trolleys were installed and tested during the pre-execution phase – this was essentially a real railway. Once the reliability of the equipment had been confirmed, an exact match had to be secured between all moving and stationary parts so that the bringing of the rotor in operation would run smoothly.

"During the inspection, the generator is disassembled, the rotor is rolled out, and the equipment is checked and then reassembled. It seems simple at first glance, but behind each of these actions is the extensive and very responsible job of dozens of specialists," says Andrey Vaseev.

DISASSEMBLY AND ROLL-OUT

During disassembly, the specialists dismantled the generator's components: from temperature, vibration, pressure and other sensors to the more complex parts (oil pipes, bearings, fan casings, etc.). Previously, they carried out necessary electrical measurements and tests and subsequently gauged the clearance between the key elements of the generator. Once it has been assembled, the distance should not have changed – for example, it is only 2 mm between the exciter stator and the exciter rotor.

The specialists then proceeded to one of the most critical parts of the technical operation: rotor roll-out from the stator. Roll-out is a challenging, complex operation with the potential to cause damage to the equipment. The Project Team has done everything necessary to make sure this does not happen. Before the operation, a detailed briefing was given to the staff, discussing the sequence of all the planned actions.

"In fact, it is a kind of test to see if we have done everything right and calculated it correctly. At both OPF and BS2, we passed this test successfully, which was another demonstration of the vast experience and outstanding competence of Sakhalin Energy and the contractors involved in the work," adds Nikolay Abramochkin, Senior Electrical Engineer.

INSPECTION

During the inspection of the generators, the condition of their components was checked: stator, rotor, bearings, and air cooler and auxiliary devices. In addition to a visual inspection, this required detailed equipment inspection, electrical checks and testing, including NDT and ultrasonic inspection of components. A wide range of electrical tests, including specific ones based on state-of-the-art equipment diagnostics techniques, were carried out in accordance with a test programme. A Russian contractor, EXDI, that has confirmed its competence and is included in the pool of companies with which Sakhalin Energy plans to develop cooperation, has been engaged to carry them out.

The inspection found the equipment operating at both OPF and BS2 to be in good condition. Minor defects, such as peeling paint or traces of overheated grease, were quickly rectified. In addition, a decision was made to contact the manufacturer and develop a project to upgrade the equipment: to avoid the internal parts of the generator getting greasy, install a system of oil stripping from the bearing housings and the use of filters to prevent the internal parts of the generator from getting dusty.

ROLLING IN, ASSEMBLY, TESTING

The rotor rolling in and generator assembly phases proceeded as planned, after which the specialists undertook the mandatory no-load and load electrical tests of the equipment. The data from the major inspection confirmed that the generators are ready for further operation without any restrictions. All operations were carried out safely, to a high quality standard and within the schedule.



Method and Control

technology

During the implementation of the Sakhalin-2 project, more than one solution has been introduced that may be called a technological breakthrough for the domestic oil and gas industry. One of them is 4D seismic monitoring. Olga Timofeeva, Sakhalin Energy Chief Geophysics Specialist of the Capability and Technology Subdivision, explains why it proves its relevance to this day.

– **Olga, what exactly is the 4D seismic monitoring method?**

– As a rule, there is a seismic survey carried out prior to the commencement of the field operation to determine the depth and configuration of the reservoir. The seismic method is based on the excitation and propagation of elastic (seismic) waves. Special equipment then records the fact of the waves reflecting from contrasting geological boundaries. The 4D method is based on the exact reproduction of the seismic survey of such baseline survey.

After many years of the field operation, hydrocarbon production and RPM measures cause changes in the reservoir that affect its physical properties, and hence the nature of the seismic record. Typically, 4D data analysis implies comparing the baseline survey and the resurvey. The most common effects that can be interpreted from the 4D dataset are changes in fluid saturation and pressure.

– **Tell us how 4D seismic monitoring has been applied at the Sakhalin-2 project assets.**

– The Sakhalin-2 project operator is the first company in Russia to use 4D seismic monitoring to control the development of offshore hydrocarbon fields. Seismic monitoring was carried out first at the Astokh area of the Piltun-Astokhskoye field in 2010. Then the company applied 4D seismic surveys again in 2015 and 2018, but that time they were carried out on the entire area of the Piltun-Astokhskoye and Lunskeye oil and gas condensate fields of the Sakhalin shelf, thus confirming the technical and economic efficiency of the method.

It is important to stress that to date, these are the only examples of the use of full-fledged 4D seismic monitoring in Russia. Moreover, when carrying out a 4D monitoring survey, the Sakhalin-2 operator has used various technologies for offshore seismic works: both towed streamers and bottom sensors were used. Marine

seismic survey is always a large-scale project, which usually involves several vessels and a wide range of specialists in various fields. 4D monitoring differs from standard 3D offshore surveys as it requires repeating of the baseline survey at the adequate level of skill.

– **You emphasise that repeatability is the key element of seismic monitoring. Can you explain why?**

– Indeed, the method is based on the repeatability principle, which implies exact reproduction of the parameters of offshore operations and the seismic equipment package. First of all, the success of 4D monitoring relies on the positioning accuracy of sources and receivers, as well as the ability to reproduce their position in space during the resurvey. This is not a trivial task, given that we are trying to repeat the deviation of a 4.5 km streamer 10–15 years after the baseline survey.

The seismic survey method was developed by the German geophysicist Ludger Mintrop. In the early 1900s, he registered waves emerging from throwing multi-tonne iron balls down to the ground or from microexplosions. It turned out that crustal rocks of diverse density react to external influence differently, and hydrocarbons produce their own specific “response”.

Despite the complexity of the task, the quality of the data obtained at Sakhalin Energy facilities ranks high among the world’s best results. To ensure this, we perform detailed planning for each line during the survey, taking into account tidal currents and the streamer deviation. In addition, there is special real-time quality control, which allows us to reject lines with poor repeatability and accept only the data, that meets the established criteria.

– **Are there any other features specific to shelf operations? Maybe, you have faced some difficulties or challenges...**



Conducting a marine seismic survey at Sakhalin Energy facilities in 2018

– There is a number of factors that make surveying in the conditions of the Sakhalin shelf more complicated. The specific features of seismic surveys in the region are determined not only by the harsh climate – the ice in the Piltun-Astokhskoye field area melts only by the end of June, and then in early August, the Red Book gray whales come to the Piltun Bay area. These marine mammals use the area as feeding grounds, as their food supply is located there. And we have developed all the necessary measures to ensure safety and conserve the habitat of these sea giants during seismic surveys.

All this results in very short time limits for seismic surveys. Given the remoteness of the assets and the associated high cost of mobilisation, the success of the campaign is determined by the efficiency of operations within one season, subject to numerous restrictions.

– **Once the data has been received, what happens next?**

– After the seismic survey has been completed, the 4D data is to be processed. Just like with the field work, in 2010 we were the first in Russia to perform 4D data processing. Initially, experts from an international company were involved, however, since 2015 we have been cooperating only with Russian companies to process the 4D signal. During this time, contractors, together with the Sakhalin-2 operator, have developed new methods for processing 4D data to monitor the near-wellbore area.

Sakhalin Energy employees perform data analysis and interpretation on their own. The seismic geological model is the basic tool for further well construction planning, drilling optimisation, field de-

velopment control, and monitoring of waterflood and injection intervals in the injection wells.

Moreover, the application of 4D data changes over time and depends on the operation stage. At the initial stage, as a rule, it is about increasing reserves and intensifying production levels. However, in mature fields, it is primarily used to reduce costs and manage safety issues.

– **As far as I understand, this aspect is perfectly demonstrated by the example of the Astokh area, since it has the longest 4D data use history...**

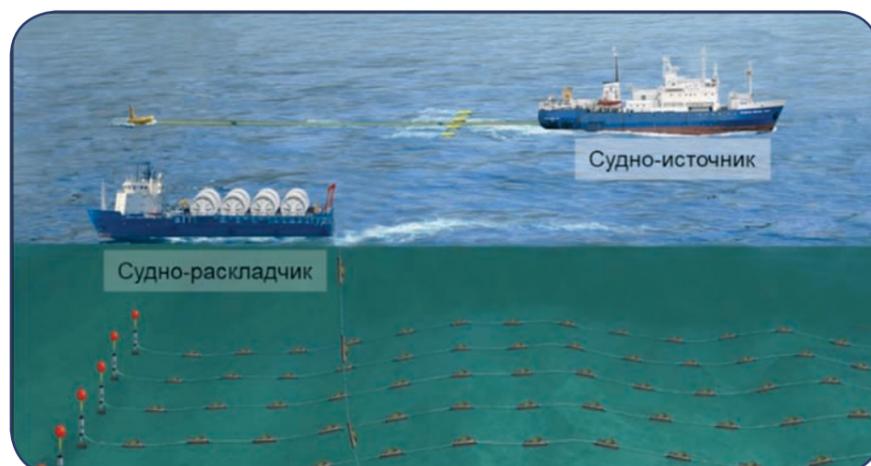
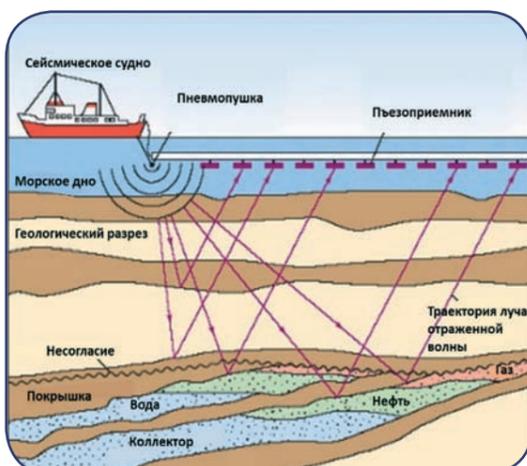
– In 2010, the results of 4D interpretation processing revealed an unrecovered oil area (bypassed oil) on the western flank between two injection wells. It was then penetrated by a horizontal well, which allowed us to increase the volume by 9.4 million barrels of oil. In 2015, the 4D seismic survey results enabled us to plan and drill a producer well and optimise the location of the injection well. This resulted in an increase by 8.4 million barrels. In 2018, the 4D interpretation results confirmed the water breakthrough in the Astokh area and made it possible to make the correct choice of operating modes for injection wells.

– **This technology has been utilised in the project for 12 years. How would you rate its practicability?**

– The experience of the company and the engagement of domestic contractors has helped to significantly increase the Russian content in 4D projects, so that it has reached 100% in terms of the company operation. To date, the technologies and organisational and methodological approaches tested at Sakhalin Energy are planned for use in other equally large-scale Russian continental shelf development projects. It is all possible thanks to the fact that Russian contractors gained quite a lot of experience during their work performance under the Sakhalin-2 project.

We believe that these practices will be in demand as the number of offshore projects keeps growing. After all, to date, the use of 4D seismic monitoring is one of the main ways to control the development of offshore fields, which allows us to increase the profitability of reserves.

■ Interview by Elena Gurshal



Lunskeye field survey methodology with bottom seismic stations. Towed streamers on the left and bottom seismic stations on the right

There Are Never Too Many Initiatives

Sakhalin Energy announced the winners of the Russian Content Development (RC)* award. Twelve initiatives competed in the first half of 2022, which were implemented in Technical, Production and Finance Directorates. Five winning teams received recognition and commendations from Company's management.

* For more information on the awards and initiatives, please visit Russian Content Development and Vendor Relations internal website, at RC Recognition Programme.



Andrey Okhotkin, Commercial Director: "Dear colleagues! Today we are here to celebrate our achievements in Russian Content Development, but it would be impossible without your efforts. And I am even more excited to see the new plans formulated and prepared by the leaders and their teams here. There is so much hope and creativity in what we are doing".

* * *

Eugeniy Udovenko, Deputy Head of Production Directorate, MRTA: "Colleagues, today you are being awarded for your accomplishments in the first half of 2022, which is a significant milestone of the year. We have faced many challenges during this time, so I see it as recognizing those who have not cracked in this situation, but have toughed it out and readjusted themselves quickly to work under the new

conditions. Today, the Russian Content is not just about participation, it is about complete import substitution. This is a very complex task that requires creativity, and I see this creativity growing".

* * *

Kirill Alabuzhev, SCM Manager: "Our event today is not only about overcoming challenges in this tough period of time, but rather about professional teamwork aiming for the same goal and achieving it no matter the circumstances. This is how we should face the future, and this is how we should keep going in order to achieve all our ambitious targets and help the Company raise the bar even higher!"

* * *

Lyudmila Khimchenko, Head of Engineering: "A year ago, it was hard to imagine working without support

from our OEMs. Yet, against all odds, we are well on track in managing the situation: carrying out planned shutdowns and, whenever required, turnarounds in full and to a high standard. None of this would have been possible without your dedicated teamwork and engagement in Russian Content development at the Sakhalin-2 Project!"

* * *

Dmitry Dubik, Russian Content & Vendor Relations Manager: "Import substitution is indeed an exciting, versatile task requiring constant motivation to keep up the momentum. And not only that, but it helps to find true friends who are there to help in times of need. Therefore, Russian Content is also about connecting people!"



WINNERS

OF THE RUSSIAN CONTENT RECOGNITION AWARD

"Search for alternative Russian contractors to replace foreign OEMs to ensure uninterrupted operation of the Company's equipment and production facilities under sanctions"

Maria Guk
Ksenya Aman
Roman Streshinskiy
Vladimir Alexandrov
Vladimir Pavlyukov
Dmitriy Cheremisin
Natalia Frizyuk
Dmitry Dubik
Andrey Vaseev

"Connection to GDS: Vzmorye, Pobedino, Kholmsk"

Nikolay Lebedev
Evgeniy Mikhalyov
Vadim Legenkin
Oleg Kornienko
Vladimir Kvitchenko
Sergey Pechenov
Vladimir Arkhangelskiy
Andrey Vaseev
Yuriy Lopashchuk
Evgeniy Udovenko

"Conclusion of the new contract for provision of maintenance and repair services for rotating/instrumentation and control/electrical equipment and supply of spare parts"

Shamil Mukhtarov
Natalia Frizyuk
Evgeniy Udovenko
Alexey Borovik
Sergey Tsygankov
Alexey Soshnikov
Victor Reutov

"Replacement of gas dew point analyzers at OPF"

Vadim Legenkin
Vitaly Sokolov
Roman Oleynik
Andrey Koshenko
Sergey Pechenov
Nikita Varlamov
Vitaly Makoviychuk

"Conclusion of the contract with the Russian company PETROGAZTEKH SHELF-SERVICE LLC to carry out underwater engineering diving operations"

Elena Cherenkova
Valeria Sagitova
Vladimir Kashpurovich
Mikhail Nekrasov
Kirill Alabuzhev
Evgeniy Udovenko

Thank you all the participants and Congratulations to the winners!



For Superb Performance

For several years now, Sakhalin Energy's personnel has been rewarded for generating ideas and implementing projects aimed at continuous improvement. Those who are the best are recognised by the management of different sections of the Company and the Finance Directorate is no exception. Authors of three initiatives, which received the largest number of votes, were awarded based on the results of Q1 and Q2 of 2022. Leaders of the winning project teams give us a more detailed account of these projects.



The leaders of the Finance Directorate congratulated the winners at the awards ceremony, thanking them for their efficient work and excellent results



INNOVATIVE PRESERVATION SOLUTIONS – LASER SURFACE CLEANING

Alexey Ryazantsev, Senior Preservation Specialist: “While implementing the materials and equipment preservation programme, we had constantly given a thought about how to improve this process to achieve better productivity and reduce costs. We analysed available solutions and learned of the laser surface cleaning technology, which appeared to be the most optimal one. A laser emitter is capable of removing various contaminants from almost any type of surface, requires no chemical reagents and generates no waste during operation. We had studied the technology in detail and acquired the necessary equipment that met our safety, performance and mobility requirements from a Russian vendor. The use of the laser cleaning tool has almost doubled the speed of surface treatment. Saved man-hours will enable us to significantly expand the preservation programme to ensure equipment integrity and production stability. Today, our Company is one of the few Russian companies using this technology in their business.”

INTEGRATION OF PRODUCTION DIRECTORATE'S MONTHLY REPORTS INTO FIB REPORTING SYSTEM ON SQL SERVER

Alexander Barlyayev, Finance Analyst: “A single database instead of miscellaneous Excel files makes it possible to structure information quickly and improve methods of its transformation. The initiative required elaborating the logic of generation of each report, unifying their types and the pattern of activities, which has been integrated into the SQL server. A completed report in the relevant format is automatically built based on this information, which is followed by cost analysis. The new tool, being a centralised source of information, is relevant for purposes of migration to SAP and other systems, and will enable us to maintain analytics at the current level. In order to implement the initiative, the logic of each report was worked out, their types and the structure of the activities, which were included in the FIB database on the SQL server. It is not only that the use of server technologies in the field of finance makes data analysis easier, but it also accelerates access to that data and allows building automation algorithms. We will continue to perfect the processes of systematisation and transformation of financial data in order to improve the existing and generate new analytical processes.”

USING PREVIOUS PPE STOCK

Yulia Pereyagina, Contract Specialist: “When the PPE catalogue was updated in 2020, it did not include part of the previous PPE sets. In this situation, the previously used clothing could become redundant and subsequently, after the expiry of its service life, would be subject to disposal. In order to avoid this and optimise the Company's costs, three teams joined their efforts: Services Contracts Division, Corporate Safety Subdivision and the Inventory Management Subdivision. Specialists of these sections prepared a list of personal protective equipment not included in the new catalogue, checked their serviceability and handed the sets, which complied with requirements, to production facilities for further use during operations.”

*These are determined on the basis of the following criteria: economic effect, impact on the directorate's performance, cross-functional Interaction, innovativeness, replicability replication, application of CI-methodology.

■ By Alina Sin

Systemic Improvements

Project Realisation Department is among the Company's first departments where continuous improvement is being applied in a systemic way, in accordance with ISO 9001 principles. The Quality Management System (QMS)* has been used in the department since 2016 and remains fully operational to this day. In May, the department was successfully audited by Bureau Veritas, a third-party certification agency.

We have witnessed firsthand the value of the QMS as an effective management and development tool that creates a culture that helps everyone incorporate improvements into their daily activities in a smooth and seamless manner. In 2022, we have implemented seven initiatives in the department aimed at improving corporate business processes. Two of them are described below as examples.

VENDOR PERFORMANCE MANAGEMENT OPTIMISATION

Quality assurance for works and procured materials and equipment is a priority for the Projects. In this turbulent external environment, we are increasing our focus on the domestic market, with stringent controls ensuring the highest quality service possible. Efficient management and assessment of risks arising from the procurement of equipment requires constant monitoring of vendor performance and, if required, responding promptly to



changing circumstances. For this purpose, our QA team developed an online tool for tracking vendor KPIs. This Power BI-based

application is used to evaluate and visually track the timeliness of deliveries, product quality, status of paperwork, etc.. Besides,

it allows tracking the KPIs on a monthly basis, storing communication with each vendor, and identifying progress trends.

AS-BUILT DOCUMENTATION WORKFLOW OPTIMISATION

This initiative is about creating a single database including an electronic register containing information about all projects run by the department. This helps to streamline the workflow of preparing as-built documentation (a detailed design package reflecting actual implementation of design solutions), which significantly saves time, both for the Company and for engineering contractors. By freeing up man-hours we have timely prepared close-out documents for 68 completed projects to date. This is the result of two teams working together: project engineers who developed the electronic register concept and IT/IM who successfully implemented the initiative and made it functional.

* QMS is primarily designed to build a management system that provides a solid foundation for business sustainability, continuous quality improvement and customer satisfaction.

■ By Yulya Kryshina

In the Language of ESG

On 1 November, the day the Vesti newspaper was published, the Company's employees received by email another corporate information product, the ESG Digest. Published once a month since September, it features a selection of news about the ESG agenda, corporate, regional, Russian, and global.

Many people are familiar with the words ESG strategy and ESG principles, but do not really understand them. Everything is quite simple, though. The current trend includes three main components: E (stands for environment), S (social responsibility), and G (governance).

Sakhalin Energy was among the first in Russia to focus on sustainable development and social responsibility. Currently, the need to form our own ESG strategy is due to new legal requirements and initiatives in the climate agenda, occupational health and safety, anti-bribery and corruption, non-financial reporting, and other areas, as well as the expectations of our key stakeholders, including government agencies, buyers, the expert community, and the general public.

The Sakhalin-2 project operator launched this effort as part of the Great FUEL&Co Expedition. It is important for the transformation of the corporate governance

system based on the ESG principles and criteria to ensure business resilience and effective management of operational and strategic risks. With this in mind, the Company is adding a new page to its 2023-2027 Journey Book. It is not only the key corporate document that that will get ESG-oriented status – the annual Sustainable Develop-

ment Report and the monthly Social Projects Bulletin, too, are starting to speak in ESG terms.

Going forward, Sakhalin Energy's key guiding documents and corporate governance system business processes will be updated in line with the ESG Strategy/Roadmap.



The ESG Digest issues and other relevant information on the subject are available via the banner on the on the homepage of the intranet.



Managing Emotions and More

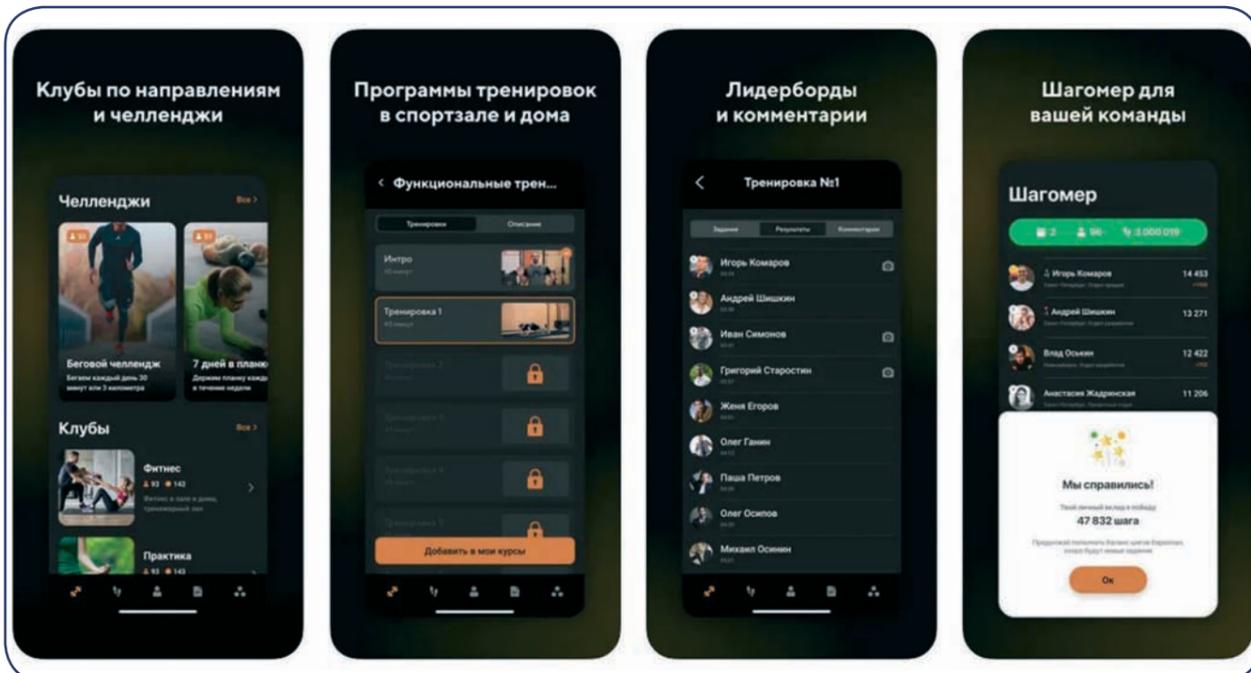
We continue using the Crossteam platform. Every month, it offers a growing number of opportunities to make sure we eat healthy and do enough physical activity.

In September, the platform hosted a step challenge. Participants competed in the number of steps taken during their "journeys" from one Company's asset to another. In the individual all-around, the winners are Evgeny Mikhalev (third place), Dmitry Ignatov (second place), and Vitaly Cho (first place). Vitaly is the only representative of the Lunskeye-A platform team in the step-counting competition, with an average of 25,513 steps taken per day.

The Approvals and Compliance Division became the champion in the number of steps taken per team member. Within a month, each of the five members of this team, who chose the challenge, walked more than 12 thousand steps a day – they walked a total of 1,920,450 steps.

These are the names of our colleagues who used the app the most in September: Maria Vysokova, Irina Samatova, and Vitaly Cho. August leaders remained active in September as well.

In October, new projects were added to the app. Among them are the Healthy Lifestyle Marathon challenge and three more useful courses: Perfect Morning, Level3, Functional Training at Home, and Healthy Back.



The mobile app enables you to take care not only of your physical health, but also of your emotional health. Now the platform hosts two topic-based courses on stress resistance: Psychological Self-Help and The Art of Managing Emotions.

Every month, the Crossteam app team holds two webinars on different topics. In October, one webinar was about

the microclimate in the family, and the other one was called Running in the Off-Season for Amateurs. For November, topics such as mental health and winter sports have been scheduled. Follow the platform updates.

Join the colleagues actively using Crossteam and stay healthy!

By Valeria Kolosovskaya ■ Валерия Колосовская

Staying Healthy Through the Winter



A flu vaccination campaign has been underway in the Company since 20 September. We continue our conversation* with Andrey Lee, Senior Specialist in Health Department.

– **Andrey, the vaccination is on for over a month already. Are you pleased with the progress so far?**

– COVID-19 is affecting the flu vaccination progress. In fact, some employees don't get their shots because they have had a recent coronavirus. Moreover, many are postponing their vaccinations saying they would like to get vaccinated against COVID-19.

As healthcare professionals, we encourage you to be safe and not procrastinate on getting both a flu shot and COVID-19 vaccine. Check with your doctor for the best vaccination plan for you, considering your work and home life activities. A general recommendation stays having a three-day quiet time: restrict visits to crowded places, avoid contact with people with colds, minimise physical and mental stress, balance work and recreation, sleep well and eat a healthy food. Even though these tips are quite standard, by making them a habit, you can avoid getting sick and prevent infection.

You can get a flu shot at the International SOS Clinic during weekdays from 10: 00 to 16: 00. To make an appointment, call 46-29-11.

– **What are the Targets of the Vaccination Campaign?**

– According to the decree of the Russian Chief State Sanitary Officer for 2022/2023, the target is 60% of the population. The goal is ambitious, yet achievable. It was the closest that was achieved in season 2020/2021, when 59% of the population was vaccinated in Russia.

At production facilities, the number of employees vaccinated has increased steadily year by year. While in 2012 the vaccination coverage was 30.3%, in 2021 it is already 51.3%. Last year, the percentage of vaccinated employees across the entire project of employees against influenza was recorded at 40.3%.

– **In October we conducted our first survey to find out how the employees feel about being vaccinated. Any conclusions to be drawn from the survey?**

– It turned out that 8-9% of respondents are anti-vaccination and about 38% are not ready to get

vaccinated. Everyone has freedom to have their own opinion on disease prevention. Of course, vaccination is not 100% protection, but we must remember that without it, the likelihood of a severe case is high. Here I mean severe forms of flu and COVID-19, including complications. Furthermore, by deciding not to get vaccinated, you increase the chance to infect your relatives and loved ones, especially those who are at risk. These include children under 6, elderly people, pregnant women, and people with chronic illnesses.

Vaccination remains a reliable, safe and effective method of managing the flu incidence. The Russian Federation shows its positive impact: the more people who are vaccinated, the less the infection is occurring.

– **How long will the vaccination last?**

– You can get a flu shot both in November and December at the Company's medical stations or at International SOS Clinic. So anyone who missed the vaccination or hasn't decided to get it yet can catch up. The main thing is not

to put it off, since time is needed to develop full immunity: up to 14 days after the flu injection and up to 21 days after the COVID-19 shot. In December we are expecting a rise in acute respiratory viral infections.

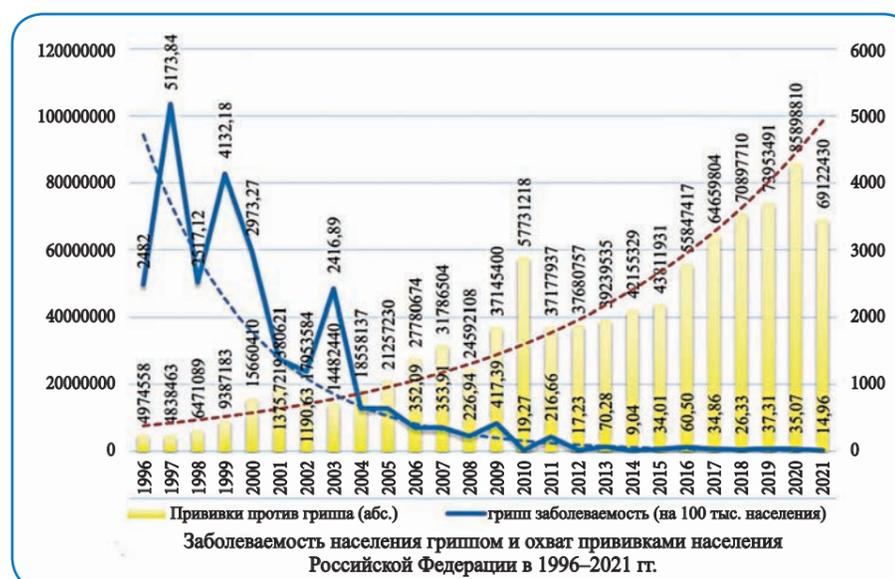
– **A piece of advice from you as a health care professional: how to avoid getting sick in winter?**

– For almost three years, our recommendations have been the same: wear masks or respirators indoors and when contacting others, wash your hands thoroughly or use sanitiser, avoid crowded places, and keep a social distance as much as possible.

As winter approaches, remember about the risk of hypothermia, check weather forecasts, and dress accordingly. Make sure you get enough sleep and eat food rich in vitamins C and D. Maintain a healthy lifestyle and spend more time outdoors. And make the most of your life.

■ Interview by Tatyana Luzan

* See the first interview on the 2022 flu vaccination campaign in October Vesti.



Source: State Report The state of the sanitary and epidemiological well-being of the population in the Russian Federation in 2021

Trainees: Confidence in Tomorrow

For almost 20 years now, HR and Production Directorates have been working together enrolling candidates for the Traineeship Programme. This remains a steady and reliable talent pool of skilled technicians. The Programme has proven its worth in the current circumstances, where having skilled professionals builds up confidence in the future!

This year, over 150 candidates applied for the Programme: 16 candidates met all criteria and were selected for the Programme. They are:

- eight operation technicians;
- two mechanical technicians;
- three electrical technicians;
- three instrument technicians.

Notably, four trainees were participants and winners of the Sakhalin and Far East WorldSkills Russia contests. Nine trainees have university degrees or are on a way of getting higher education. Half of the newly enrolled applicants are already familiar with the Company – they did their Internship here.



Studies began early in October with a welcome session: students were greeted by Denis Smirnov, Deputy Head of Production Directorate, Operations and Yakov Pyak, Head of HR Business Operation, Learning and Development Division, as well as team of teachers who will spend five

months working with them at the first stage of the 32-month Traineeship Programme.

We welcome our trainees and wish them all the best in their learning and professional development!

■ By Svetlana Verbina

New Market Prospects

In 2022, due to the unstable geopolitical situation, export volume of Russian flowline gas has decreased. At the beginning of the year, the potential volume of gas transportation capacities that could be used for gas supply to the EU countries amounted to almost 200 billion cubic metres (with supply volumes at the level of 145 billion cubic metres as of the end of 2021).

In early 2022, Russia was able to supply flowline gas to Europe along the following routes:

- the Nord Stream 1 gas pipeline (two pipes with a total capacity of 55 billion cubic metres);
- the Nord Stream 2 gas pipeline (two pipes with a total capacity of 55 billion cubic metres; built and ready for operation but not certified by the German and EU authorities);
- the Yamal–Europe gas pipeline (a transit pipeline across Belarus and Poland with a capacity of 33 billion cubic metres);
- transit through Ukraine (annual supply of at least 40 billion cubic metres under a transit contract of 2019 for the period up to 2024 on the “pump or pay”^{*} terms via two corridors through the Sokhranivka gas metering station (GMS) (southern transit branch) and through the Sudzha GMS (northern transit branch); and
- the TurkStream gas pipeline (the Balkan Stream branch to the Southern European countries, with a total capacity of 16 billion cubic metres).

However, the European authorities announced

Balkan Stream) plus the Ukrainian GTS (where 40 billion cubic metres are contracted but only 16–17 billion cubic metres are formally used year-on-year).

According to the latest Gazprom data, in January–September 2022, the company produced 313.3 billion cubic metres of gas. This is 17.1% (64.8 billion cubic metres) less than last year. Demand for gas by the energy corporation in the domestic market over this period decreased by 4.1% (7.2 billion cubic metres). Natural gas foreign sales amounted to 86.9 billion cubic metres, which is 40.4% (58.9 billion cubic metres) less than in the same period in 2021.

However, the unit value of Gazprom’s exports to non-CIS countries in the first half of 2022 was more than 3.5 times higher than the value in the same period in 2021. Last year, the company sold raw materials at an average price of USD 274 per one thousand cubic metres, and in 2022 the price was USD 691. Therefore, the company’s net profit in the first half of 2022 alone amounted to approximately USD 41 billion, which is 2.6 times higher than in the first half of 2021. Let us remind you

It will not be possible to quickly redirect export gas volumes to the east. Even if a contract with China is concluded on the construction of the Power of Siberia 2, it might take three to four years to start the supply.

The main volumes of the produced gas are currently sold in the domestic market based on the Federal Anti-Monopoly Service tariffs and cross-subsidies, which implies prices that are far from gas export rates. This approach has proved its worth in a situation where the income from the natural gas export makes it possible to compensate for supplies to the domestic market and also to develop various investment programmes.

Taking into account all the aspects, there are three scenarios for the development of the situation with the budget filling by export and gas duties. The first one implies that gas prices will remain high worldwide, while the second one implies low prices, but the gas shortage in the EU could be alleviated by supplies from Russia. Both schemes mean that the revenue from gas sales will remain at a high level thanks to the EU countries, and the

policy regarding domestic gas prices will not change. The third, worst-case scenario, is a drop in prices and revenues with gas prices decreasing and EU supplies not recovering. In this case, the question is whether the government is ready to solve current problems and replenish the budget by raising gas prices for domestic consumers and producers. The low cost of gas is largely perceived by the population as an element of social justice. The loss of a cheap energy resource would mean the loss of the main competitive advantage for a domestic industrial producer when compared to foreign ones. This can lead not only to the stalling of import substitution in the country, but also to the loss of the share of both the external and domestic markets.



an indefinite halt of the Nord Stream 2 certification (minus 55 billion cubic metres). In May, Russia lost the opportunity to supply gas through the Sokhranivka GMS (minus 12 billion cubic metres as per the transit contract), as well as through the Yamal–Europe gas pipeline (minus 33 billion cubic metres), which has been subject to Russian counter-sanctions. Thus, by the summer of 2022, the total volume of gas transportation capacities for the supply of Russian gas to the EU countries has decreased by exactly two times (minus 100 billion cubic metres).

During the summer, due to a combination of reasons, the utilisation rate of the Nord Stream 1 gas pipeline gradually decreased until it was completely shut down on 3 September (minus 55 billion cubic metres), and the volume of flow through Ukraine to the Sudzha GMS decreased by 43–45% (minus 12 billion cubic metres year-on-year). In other words, the available gas transportation capacity for gas supplies from Russia to the EU has decreased to 16 billion cubic metres (the

that in 2019, Gazprom sold 203.5 billion cubic metres of pipeline gas totalling to USD 55.5 billion, and the company’s physical exports in 2020 were 199.2 billion cubic metres, while the revenue was USD 25.25 billion.

At the same time, the government intends to receive much more taxes on gas export revenues. In July, the President of Russia signed a law increasing the mineral extraction tax (MET) proceeds for Gazprom by RUB 1.248 trillion in 2022 over three months (at the expense of a surtax). In 2023, the additional MET for Gazprom will amount to at least RUB 600 billion, and the additional gas export duty will be almost RUB 462 billion. It means that the company will have to pay another trillion in addition to current taxes, despite the fact that exports are predicted to decrease.

There is a reasonable concern: what can happen to tax proceeds from gas production with decreasing exports and changes in pricing environment in the market, provided that exports will not reach their previous levels any time soon?

Of course, the main ways to solve this problem are to search for new markets for gas sales abroad and maintain tax payments at current levels through export revenues. But the challenges of regulating energy prices on the domestic market, which now look more urgent than ever, should be dealt with by promoting the welfare of the population in the long term. Then, all the problems associated with the imposition or elimination of any duties or additional subsidies will be mitigated. Doing business (be it gas sales or any other economic activity) in accordance with transparent, constant market rules that regulate themselves gives competitive advantages to all market players and makes it possible to respond more quickly to the supply-and-demand situation.

^{*} These provide for the carrier’s obligation to provide the agreed minimum volume of oil to the shipper within a certain period. The shipper, in its turn, shall accept the specified minimum volume of oil and make a payment, regardless of the fact of acceptance.

When Sails of “Krusenstern” Rustle Above My Head...

The Sakhalin Island Literary and Art Museum of the Book of A.P. Chekhov presents the ‘Krusenstern. Around the World’ exhibition, where everyone can spin the Admiral’s globe, look at the collection of ‘half-eaten’ fish, get acquainted with ancient coins, and see more than one hundred memorial items and relics. Stefania Ushakova, Curator of the Orient Coin Collection of the State Historical Museum, Co-curator of the Exhibition, provides some details.



– Stefania, this collection of different exhibits, united by one project in one space, is an unprecedented effort. How difficult was it?

– Indeed, it was not easy. The project engaged custodians, curators, and scientific staff from more than ten libraries and museums in Moscow, Saint Petersburg, and Sakhalin. Despite the geographical distance, we managed to create a team united by a common goal, which is the first rule of success.

– On what basis did you collect the exhibits?

– First of all, we wanted to dedicate this exhibition to the memory of a man of distinction and to collect exhibits that nobody had seen before because they had been stored in the reserves of museums and were not displayed. These are items that belonged to Ivan Krusenstern or to his colleagues who participated in a round-the-world expedition. There are also items dedicated to the era. For example, trade relations between countries and Russia are illustrated through numismatics – coins from Indonesia, China, Japan, and other countries.

– Which of the exhibits is the most interesting to you?

– The collection of fish from the zoological institute made the greatest impression on me, as well as on my colleagues and everyone who visited the exhibition in Moscow. This is a very interesting story. When the ships came to the coast of Japan, the expedition crew arranged for the translators to bring them fish for lunch. The crew ate half of the fish and turned the rest into a collection: they taxidermised them. Somehow, the fish were taken to Saint Petersburg and have been stored in the Academy of Sciences all this time. This collection was first presented at exhibitions in Moscow and Sakhalin.

– In the 19th century, only powerful countries could arrange round-the-world voyages. In what ways was this trip useful for Russia from an economic, scientific, and political perspective?

– Most notable were the scientific discoveries and the amending of geographical maps (specifically, part of the coast of Japan, the eastern coast of Sakhalin, the Kuril ridge, and the Hawaiian Islands were mapped). Meteorological surveys were carried out for the first time, which is extremely important for studying climate history. The ethnological study of the flora and fauna of the places visited by the expedition, for example, the Marquesas Islands, created a real sensation.

For Russia, it was a major geopolitical contribution, as the country solidified its position in the North Pacific Ocean area. In addition, the first expedition gave rise to further ocean travels for a long line of Russian seafarers.

– A 3-year voyage is incredibly challenging, both mentally and physically. After that, if I am not mistaken, Ivan Krusenstern did not have any sea voyages.

– Yes, that is correct. Ivan Krusenstern went on a round-the-world expedition at the age of 43; he was an experienced sailor and a pride of the Russian fleet. However, after the expedition, he suffered from several diseases until the end of his life. Krusenstern was not a quiet pensioner, however, and from 1811, he served as Inspector of the Naval Cadet Corps and was concurrently a researcher. In 1827, he became the Director of the Naval Cadet Corps, a position he held for 16 years. He also joined the Admiralty Council and a year later became a member of the Moscow University. As a scientist and admiral, his biography is tightly linked to the sea. Even after returning to his estate in 1842, he continued to be active and, together with his partners, founded the Russian Geographic Society.

ONE HOUR AROUND THE WORLD

Free excursions will be arranged for Company employees and their family members in November. The excursions will be conducted by the employees of the Sakhalin Island Literary and Art Museum of the Book of A.P. Chekhov. The exhibition ‘Krusenstern. Around the World’ is open on the following days:

3 November: 13:00-14:00

5 November: 14:00-15:00

11 November: 18:00-19:00

19 November: 14:00-15:00

27 November: 11:00-12:00

Submit your preferred date and number of guests to visit the excursion to: ea@sakhalinenergy.ru

– Russia already had land-based trade relations with China at that time, so why did we need marine logistics?

– It would take more than three years (much more, actually) to travel from Moscow and Saint Petersburg to Kyahtu, the trading point with China. In addition,

Russia had to support Russian America with food and necessary items. It was difficult, inconvenient, and most of the food rotted before reaching its destination. It would have been much easier to buy products from Japan or China and solve the problem. Therefore, the goal of the expedition was to conclude a treaty with Japan, a country that at the time remained closed to the world, and to open the maritime border with China. Count Rezanov was to solve these issues, which is why he joined the round-the-world voyage with Mr Krusenstern. The ship was loaded with gifts for the Japanese

cart”. Ivan Krusenstern was a naval officer, a participant in the Russo-Swedish War, and a volunteer in the Royal Navy (at the time it was the best fleet in the world and Krusenstern was distinguished among the best 12 officers), as well as an initiator of the round-the-world voyage. Count Rezanov was a courtier and founder of the Russian-American Company in 1799. Therefore, there was a dispute about who would lead the expedition. Emperor Alexander I left it open, telling them to decide for themselves. It was complicated. No mutual understanding was ever reached.

In their memoirs, the expedition members say that Krusenstern was fair to his subordinates and could interact with all members of the crew, i.e. he was not snobbish. He worried about the health of his personnel, which was obvious when the crews met. Contrary to the image of the main character in Juno and Avos, the poem and rock opera,



Company employees who attended the first excursion, organised for Sakhalin Energy staff in October

Governor in order to build up diplomatic relations.

– Unfortunately, the diplomatic mission failed.

– To this day, historians still debate why this happened. Was it Rezanov’s fault or the circumstances? Russia failed to establish trade relations with Japan, which remained closed for another half-century. It also failed with China. Krusenstern and Lysansky reached Guangzhou, sold the goods, and in some tricky way negotiated with local officials to trade, however no official permission was granted. Straight after that, marine trade was banned. The trick had failed.

– Do you think that if Count Rezanov were a better diplomat, there would have been a chance?

– History knows no “if”, but we can imagine. What would have happened if the trading relationship had been established? It could have been beneficial for both parties.

– Why was there a confrontation between Krusenstern and Rezanov? Did this lead to the failure of the diplomatic mission?

– This is typical: “The restive steed and timid deer must ne’er be harnessed to one

Rezanov was arrogant, snobbish, and held himself above maritime laws.

An interesting fact: Krusenstern and Rezanov had to share one six-square-meter cabin. For more than half a year, they did not speak and went to bed with their backs to each other. There was a struggle among the crews – who was on whose side.

– Not an easy environment, it is surprising that this expedition was successfully completed. Let’s get back to the exhibition...

– In my opinion, for every visitor, the exhibition is more than just studying the exhibits. This is not a full stop, but an ellipsis... Next year, the State Historical Museum will celebrate its 150th anniversary. The Decree founding the Imperial History Museum was signed on 9 February 1872. The most famous Russian historians and collectors were there at the onset. Over the past almost century and a half, we have collected more than five million exhibits, from the most ancient archaeological sources to the works of modern craftsmen. Many events are planned for the sesquicentennial, including exhibitions. I would like to mention one of them – as part of the “Your Country” project, the Sakhalin museums visited us, and now we have arrived to visit Sakhalin.

■ Interview by Elena Gurshal

The Anniversary World Through a Lens Photo Competition

The 15th corporate The World Through a Lens photo contest* has announced the winners. In honour of its anniversary, we made sure that the “birthday competition” received proper attention and around 300 photographs as a gift!

MY COMPANY, MY PROJECT

AMATEUR



1st place–Alexander Shilovskikh,
At the End of the Day (Company’s Assets subcategory)



1st place–Irina Krylova,
Welder at Work (Portrait subcategory)

PROFESSIONAL



1st place–Alexander Gaivoron,
Transfer (Company’s Assets subcategory)

LIFE AND BREATH OF THE ISLAND

AMATEUR



1st place–Tatiana Luzan,
The Brave One (The Future of the Region subcategory)



1st place–Nikita Solovyov,
Zhdanko Chains (The Magic Power of Nature subcategory)



1st place–Svetlana Lepasson,
Brave Beetle (The Magic Power of Nature subcategory)



1st place–Anastasia Gaivoron,
First Snow (The Island Lifestyle subcategory)
Professional

PROFESSIONAL



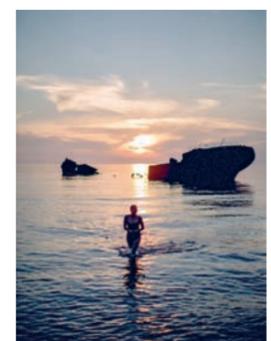
1st place–Alexander Gaivoron,
The First Race in the Year (The Future of the Region subcategory)



1st place–Alexander Gaivoron,
The Boat-Dress (The Magic Power of Nature subcategory)



1st place–Vasily Gushcha,
Take Off (The Magic Power of Nature subcategory)



1st place–Alexander Yemanakov,
The Mermaid (The Island Lifestyle subcategory)

WORLD WITHOUT BORDERS

AMATEUR



1st place–Kirill Doda,
Old Prague (The Bounties of Nature subcategory)



1st place–Anastasia Gaivoron,
Lama (The Bounties of Nature subcategory)



1st place–Marat Fazletdinov,
Nature (Lifestyle subcategory)

WORLD WITHOUT BORDERS

PROFESSIONAL



1st place-Oleg Tkachenko,
Good Morning, Myanmar (The Bounties of Nature subcategory)



1st place-Zoya Galimova,
A Dragonfly (The Bounties of Nature subcategory)



1st place-Ildar Yanbekov,
Walking Down Mount Sinai (Lifestyle subcategory)

UNEXPLORED RUSSIA (SPECIAL CATEGORY)

AMATEUR



1st place-Yaroslav Ivashechkin,
Photo Wallpapers

PROFESSIONAL



1st place-Oleg Tolstov,
Altai Kaichi

THROUGH A LENS OF FUTURE GENERATIONS (SPECIAL CATEGORY)



1st place-Tamila Doroshenko,
And There's Space in My Eyes



2nd place-Ahn Seong Chol,
Silver Clouds over St. Petersburg



3rd place-Ksenia Zhilina,
Morning Dew

SPECIAL JURY PRIZES



Alexander Shilovskikh,
The Course of Life, Life and Breath
of the Island category
(Amateur category)



Zoya Galimova,
Dandelion, Life and Breath
of the Island category
(Professional category)



Zoya Galimova,
Little Sisters, Life and Breath
of the Island Region category
(Professional category)



Vasily Gushcha,
Walk on Zhdanko, Life and Breath
of the Island category
(Professional category)



Oleg Tolstov,
Friends, World Without Borders category
(Professional category)



Tamila Doroshenko,
In My Mind, Through a Lens
of Future Generations special category



Maria Petrova,
In the Lens, Through a Lens
of Future Generations special category



Tamila Doroshenko,
Lightness, Through a Lens of Future
Generations special category

* You can learn more about each winner on the competition website worldthroughalens.ru.



The Island of Happiness. Not in inverted commas

This autumn, the Sakhalin International Theatre Centre of A. P. Chekhov has launched a creative project that has the same name as our column. Three young directors from different cities, including the Art Director of the Chekhov Centre, Alexander Ageyev, were among the participants. We asked Alexander to share his thoughts on the artistic path, the theatre and the project with our readers.



– The biographies of famous actors most often follow the following chain: dream of a career – first experiences in a drama school – study – theatre (or film). You put those links the other way round. What brought the economist and lawyer to the theatre stage?

– The answer is trivial: destiny and coincidence. When I was a first-year student, I wanted to quit on a number of occasions. I had no understanding of where I was and what I had to do... I came from the village of Solnechny, which is 25 kilometres from Komsomolsk-on-Amur. There was nothing else there but gyms and the Community Centre. Lydia Shipilova, a teacher at the theatre college and one of the leading actresses of the Chekhov Centre, helped me to get over my hesitation. And I was somehow caught up and drawn in it.

The director's laboratory "AllSakhalinedUp" is dedicated to the 75th anniversary of the Sakhalin Oblast. The project is supported by the regional Ministry of Culture and Archives, the Ministry of Education, and Sakhalin Energy.

Then there was another coincidence – the Shchukin School sent out their invitation letter to take a correspondence course in directing. At the time, I was in my second year of theatre college, married and had already become a father. Despite the circumstances, I went to apply. That was a desperate act – in Moscow, where I was for the first time, I had no relatives or acquaintances. To get on the class, you had to go through several rounds and various competitions. By the finish line, I was so tired that I don't even remember how I was admitted. When I was asked why I needed all this, I said: "If you don't take me, I'll become a politician." "The Threat" has helped (smiling).

– What made Sakhalin so attractive to you? Does the call of Chekhov's three sisters "To Moscow! to Moscow! to Moscow!" not work with you?

– I realised that I am all about Sakhalin. For example, when I get on a plane and have my seatbelt on, I feel that I'm starting to miss the island. When I get back, it's traditional to go to the theatre from the airport. I go around it starting on the fourth floor and ending on the basement. Even the walls here are my very own, and the people are my family. For me, the theatre is not a building located at 45

Kommunisticheskoy Ave. It's a phenomenon!

– Do you remember your first visit to this "phenomenon"?

– Before the Chekhov Centre I had really never been to the theatre. Even when I was in my first year at college. My teacher, Andrei Koshelev, once told me that if I didn't go to the theatre, he would expel me. After watching the first performance, I decided to find a different path in my life. I was persuaded not to do it by my dear angel, Lidia Shipilova, who suggested that I watch *A Very Simple Story*.

– For our readers, this is a parable about hate and love, good and evil, callousness and kindness. The message is conveyed through the animals – the purity of their souls is still in place despite living among humans. To save the unborn baby, they are ready to sacrifice their own lives.

– From that moment on, I understood how a director and an actor should talk from the stage. It's a play about me, about love and the fact that every person, even if they have wasted their life, is capable of action and self-sacrifice. It can be done on any stage, I don't accept the notion of a 'provincial theatre'. Both in Moscow and in Yuzhno-Sakhalinsk everything should be for the people. Do you remember what Yevgeny Vakhtangov did in 1922?

– He staged *The Princess Turandot*.

– Exactly. In times of hunger and fear, he gave people a fairy tale. For two hours, while the performance lasted, they felt safe and, most importantly, happy. This is the mission the theatre still has nowadays.

– In 2009, the creative laboratory concept was introduced into Sakhalin theatre. It helps young directors and playwrights to bring their visions to life and gives theatres a choice of interesting material and professional directors to stage. You are an active supporter of this movement. Could you tell us about your first experience in this area?

– As a student, I came to Daniil Beznosov (who was the Art Director of the Chekhov Centre at the time) and told him defiantly that I would like to take part in the first laboratory as well. He offered me the story *Fro* by Andrei Platonov. At the time, only two artists (Anna Antonova and Andrei Kuzin) could take part in the staging of the sketch play, which clearly did not cover the list of actors. I had to ask students to help. We were rehearsing for three days, with practically no one leaving the theatre. The audience voted to finalise the sketch into a full-fledged stage play and introduce it into the theatre's programme. It was a victory – though, as it turned out later, a Pyrrhic one.

– Why?

– I have lost something, failed to build up something, messed up something in this story. Now, with several plays under my belt, I realise that I lacked experience and support. Rimas Tuminas said that the audience must not be lied to, stories must be told sincerely, as you pray to angels and heaven in church. Now I would do this play differently, but I don't want to go at it yet.

– In one of your works, you tried to understand whether Sakhalin could be called an island of happiness. Was it successful?

– Let me start from afar. When I was in Perm, I was struck by the art object "Happiness is just around the corner" on the embankment. I brought a bunch of magnets with this image and handed them out at the theatre. The play *The Island of Happiness* was an idea of Rodion Beletsky, a good friend of mine,

with whom we rarely see each other, unfortunately. *The Island of Happiness* is staged using verbatim technology (documentary theatre based on an interview with a character, a real person).

The artists walked around the city asking people questions that Rodion had formulated. A play text was created from the answers. When we have collected the answers, we had to quote the word "happiness". The stories were different, but the play still turned out to be about love for the island. It took me a long time to come up with a shape. How could such different people get together? My recollection is that I was standing in the second-floor lobby, looking out at the square in

The era has gone, I miss Lidia Shipilova, Andrei Koshelev and Klara Kisenkova very much, I miss them endlessly.

– Maybe one day a play will be written about how the Chekhov Centre began... Let's go back to the present day, to the AllSakhalinedUp director's laboratory. Which play did you choose as the sketch for the play?

– A bit about the project itself. Directors from different cities (including myself, Vitaly Fyodorov from Khabarovsk and Nikita Novikov from Novosibirsk) had three days to produce a sketch of the play and present it to the audience and critics. It is a kind of pitching process where the decision is made as to which of the laboratory shows should be further sup-



A scene from the play "The Man of the Yx Myth", presented by the director from Novosibirsk Nikita Novikov as part of the "All sakhalined up" laboratory

ported and given the green light to put on a full-scale production. I have chosen a play by the Sakhalin writer Vladimir Semenchik, *The Fish Fryers* (by the way, this is his first experience as a playwright).

– What attracted you about this work? At first glance, a very Sakhalin story about men of different social status going on a fishing trip on 8 March, leaving their spouses on such a day.

– First of all, the key requirement of the project is that all plays must be related to Sakhalin. And winter fishing is one of the Island's specialities. Although I am not a fisherman (for me the square near the Chekhov Centre is already a taiga), I still found it interesting to work with this particular theme.

I came up with a lot of solutions to make the audience feel 'inside' the story, to make it their own. We even wrote a song for the play. I'm sure it will be echoed and sung on locations other than the stage.

– I guess my next question has only one answer. However, I still dare to ask: is your favourite place on Sakhalin a theatre?

– No, it isn't. I enjoy coming home in the evening after a busy day at work. The lights are dimmed, the smell of delicious food, and the children, the three of whom I have, are talking quietly. I also like it when there's a snowstorm and you have to climb out the window to open the door. We have very friendly people living on our street, we clear paths and access ways from snow together. Children, laughter, dogs, sunshine and snow. *The Island of Happiness* – not in inverted commas.

■ Interview by Elena Gurshal

– You have already mentioned artists who were at the origin of Sakhalin theatre and have passed away. Klara Kisenkova has recently joined this sad list. What kind of relationship did you have with her?

– Can you imagine what it's like to lead a theatre staff at 29? It was necessary to go to the tigers in a sheep's skin. Klara has been a great help to me. Our friendship began with the play *The Prodigal Grandson* based on the play *Trees Die Standing*. Every rehearsal I went to with a pen and notebook and listened attentively, writing down all the remarks. One day she turned to Andrei Koshelev and said thoughtfully: "I like this boy." Those words sounded like a blessing to me.

When I do a play, I never go backstage, even if it's not my scene, because otherwise the living fabric breaks down, the mood can disappear, you can fall out of tune. Klara was the one who taught me that. She called all of us her children.

– Interview by Elena Gurshal

