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Press Release

Sakhalin II Phase 2 Project Office Opened by The Duke of York

Yuzhno-Sakhalinsk, Russian Far East, 28 April 2004: The Sakhalin II Phase 2 Project Office was opened by His Royal Highness, The Prince Andrew, Duke of York in Yuzhno-Sakhalinsk today as part of The Duke's three-day visit to Sakhalin Island.

"We are extremely pleased that The Duke of York, has been able to open the Phase 2 Project Office today. This office is now fully staffed with Sakhalin Energy employees who are assisting in the development of the Phase 2 Project. Its opening today is a significant milestone for the Company and we thank all of those who were involved in the building's construction." said David Greer, Sakhalin II Deputy CEO & Phase 2 Project Director.

Construction works on the 250 person, three-storey facility, which is located on the corner of Khabarovskaya and Chekov Streets Yuzhno-Sakhalinsk, were completed in the final quarter of 2003.

The Duke of York is visiting Sakhalin Island from 27-30 April 2004 in his capacity as the UK's Special Representative for International Trade and Investments to lend support to British business on the Island.

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Notes for editors

The Sakhalin II Phase 2 Project Office Contract was awarded to Russian company Transstroy Sakhalin, which was also responsible for permitting, approvals and acceptances.

The main subcontractor for civil, structural and architectural works was Russian company Spetstransstroy. Sakhalin Grazhdanproject carried out the design of the building jointly with Poon Lim, a foreign company registered in Russia. Poong Lim, subcontractor to Transstroy Sakhalin, also carried out the electrical, mechanical and construction management.

All bulk civil materials for the building - precast concrete products, underground pipe, wrought iron fencing, temporary signage, cement, crushed stone, earth fill, asphalt, etc. were procured locally on Sakhalin Island.

The construction period lasted twelve months.