

SALE & PURCHASE AGREEMENT

SEIC Contract Number:

D000XX

__/__/2010

Sakhalin Energy Investment Company, Ltd”, a legal entity registered in accordance with the Bermuda Islands legislation, conducting business activity in the Russian Federation through its Branch located at 35 Dzerzhinskogo St., Yuzhno-Sakhalinsk 693000, certificate of accreditation and certification No 20355.1 of 06 June, 2006, INN 9909005806, represented by _____, Supply Chain Manager, acting on the basis of the power of attorney, hereinafter referred to as “the Seller”,

_____, a legal entity, registered and existing under the laws of the Russian Federation, conducting activity in the Russian Federation, located at _____, taxpayer identification number (INN) _____, represented by _____, General Director, acting on the basis of the Charter, hereinafter referred as “the Buyer”,
Hereinafter collectively referred to as “the Parties”,

have concluded the present Agreement on the following:

1. SUBJECT OF THE AGREEMENT

1.1. In accordance with the terms and conditions hereof the Seller shall sell, while the Buyer shall buy the movable assets:

_____,

hereinafter referred to as “the Assets”.

1.2. The Assets specified in Item 1.1. of this Agreement is dismantled and ready for loading.

1.3. The Assets belong to the Seller by right of ownership.

1.4. The Seller shall guarantee that prior to concluding the present Agreement, the Assets specified in Item 1.1 hereof have not been sold to anyone else, not being under dispute, not arrested, not under a ban and is free of any rights on the part of third parties.

1.5. The Parties recognize that the Assets specified in Item 1.1 of this present Agreement, have been purchased and used by the Seller in “Sakhalin-2” Project, performed in accordance with Agreement on the Development of Piltun-Astokhskiye and Lunskiye Oil and Gas Fields on the Basis of Production Sharing. Present Agreement is concluded in full compliance with approved Materials and Equipment Disposal Procedure (document number: 0000-S-90-01-P-0033-00-E).

2. PRICE AND SETTLEMENT PROCEDURE

2.1. The price of the Assets specified in Item 1.1 hereof and being purchased by the Buyer shall be _____ (_____) Rubles including 18% VAT RUR _____ (_____) Rubles __ Kopeks.

This price for all the Assets specified in Item 1.1. is final and not subject to any amendments.

2.2. The invoice issued to Buyer shall indicate fees net of VAT, amount of VAT, and, when applicable, fees inclusive of VAT.

The payment shall be due prior to pick of the Assets but in any case not later than 3 days after the receipt by Buyer of the true, original and correctly prepared invoice to ensure that funds are released prior to the day of pick-up of the Assets.

2.3. After this Agreement is signed and the payment is received by the Seller within 5 working days the following documents shall be provided and signed:

- The Buyer and the Seller shall sign the Transfer & Acceptance Act as per the format in Appendix 1 to this Agreement;

2.4. Seller will ensure that invoice factures are issued in the format and completed in accordance with the requirements established by the Russian Federation legislation.

3. PERIOD OF VALIDITY OF THE AGREEMENT

3.1. Agreement shall be valid until the Parties fulfil their obligations in full.

4. ASSIGNMENT

4.1. The Seller shall, subsequent to the receipt of all payment in full transfer to the Buyer the Assets specified in Item 1.1 hereof in accordance with the Act of Transfer and Acceptance, which shall be signed by the representatives of the parties and shall be stamped under the seals of the Seller and the Buyer.

4.2. The Assets specified in Item 1.1 of this Agreement shall be transferred to the Buyer at Sakhalin Energy LNG site, Korsakov district, Sakhalin Island, Russian Federation, hereinafter referred to as “the Site”, condition “as is – where is“, Free-on-Buyer’s truck, unpacked.

5. ORIGATION OF THE RIGHT OF OWNERSHIP

5.1. The right of ownership of the Assets, which are the subject hereof and are specified in Item 1.1, shall originate for the Buyer since the moment of signing the Act of Transfer and Acceptance of the Asset.

5.2. The risk of accidental destruction or damage of the Assets shall be transferred to the Buyer from the date when the Parties have signed the Act of Transfer and Acceptance of the Asset.

6. RIGHTS LIABILITIES OF THE PARTIES

6.1. The Seller shall:

6.1.1. Transfer to the Buyer in his ownership the Assets, which are the subject hereof and in accordance with Item 1.1. The physical transfer of the Assets shall be made on “as-is” basis and the Seller shall not be responsible vis-à-vis the Buyer for warranties and guarantees for workmanship which may normally be applied to the sales of goods under applicable laws.

6.1.2. Ensure the presence of his authorized representative for signing the present Agreement.

6.1.3. Demarcate the area of the Assets as Work area and provide minimal hindrance to access for the Buyer’s workmen and vehicles. The Seller shall supervise the Buyer’s work so that the Buyer removes ALL items within this demarcated area and leaves.

6.1.4. Prepare the Assets for the loading on Buyer’s vehicles by the date agreed between the Seller and the Buyer.

6.1.5. Perform the loading of the Assets specified in item 1.1 of this Agreement on the Buyer’s vehicles.

6.1.6. Not bind the Buyer by any liability in terms of purpose-oriented use of the Assets under sale.

6.1.7. Provide all documents required for the conclusion of this Agreement in accordance with the RF legislation, including the documents specified in Item 2.3.

6.2. The Buyer shall:

6.2.1. Pay for the purchased Asset in full scope (Item 2.1 hereof) in accordance with the procedure and within the terms specified in Item 2.3.

6.2.2. Accept the Assets on conditions envisaged by the present Agreement.

6.2.3. Be responsible for permit and approval or other formalities required for operation and maintenance of the Assets from the date of the Act of Transfer and Acceptance.

6.2.4. Provide the vehicles to move out the Assets by the date agreed with the Seller.

6.2.5. Provide the packing, if it is required for safe loading and transportation of the Assets. The packing shall meet the requirements in accordance with the RF legislation.

6.2.6. Perform full removal from the Site of the Assets specified in Item 1.1. of this Agreement by the date agreed with the Seller but no later than __/__/10.

6.2.7. Be responsible for ensuring proper securing and transportation of the Assets in accordance with Appendix 2 to this Agreement, which is integral part hereof.

7. TAXATION

- 7.1. The Parties recognize that Seller is registered in Sakhalin oblast MIMNS of Russia № 1, INN 9909005806/KPP 650151001, tax registration certificate series 65 № 00180870 dated 11 October 2004.
- 7.2. The Parties recognize that payments received by the Seller under the present Agreement relate to its permanent establishment in Russia, and Buyer shall not withhold income tax, VAT and/or other taxes from such payments.
- 7.3. Buyer shall protect, defend, release, indemnify and hold Seller harmless from and against any claims, actions, liabilities, charges, demands, judgments and expenses (including legal expenses) which may be incurred by Seller in connection with the failure of Buyer to perform its obligations under the present Agreement.

8. LIABILITIES

- 8.1. For non-fulfillment or improper fulfillment of the present Agreement, its one-sided amendment or one-sided termination, the party in fault shall compensate to the other party the damage in the amount of the direct damage.
- 8.2. All the issues, that are not envisaged hereby, shall be regulated by the existing legislation of the Russian Federation.

9. DISPUTES

- 9.1. The disputes, disagreements, claims following from the present Agreement shall be resolved by negotiations. In case of failure to be resolved by negotiations, they shall be subject to the Sakhalin Arbitration court examination according the procedure envisaged by the existing legislation of the Russian Federation.

10. OTHER CONDITIONS

- 10.1. Unilateral termination of this Agreement by the Buyer is possible in the event of:
 - (a) Incomplete (discrepancies) quantities of Asset(s) as specified in item 1.1 transferred by the Seller.
- 10.2. Unilateral termination of this Agreement by the Seller is possible in the event of:
 - (b) Violation by the Buyer of terms and conditions pertaining to payment as specified in Item 2.2. of this Agreement if it exceed 10 (ten) days.
 - (c) Violation by the Buyer of terms of the Assets removal specified in Item 6.2.6. of this Agreement if it exceed 10 (ten) days
- 10.3. All amendments and changes hereto shall be issued in written and signed by both parties and registered as per the RF law requirements.
- 10.4. The present Agreement is executed in two (2) copies, in Russian and English languages one copy is for each party. In case of conflict in the translation of the Agreement, the Russian version shall prevail.

11. CONFIDENTIALITY

11.1. The Buyer, its Affiliates, officers, employees, Subcontractors and agents agree to keep and maintain full secrecy and strict confidentiality as to Confidential Information. The business of the Seller, its Affiliates and Co-Participants shall be discussed by the Buyer only with representatives of the Seller. The Buyer shall not disclose to or discuss with a third party, any affairs of the Seller, its Affiliates or Co-Participants without specific written authorization of the Seller. The Buyer shall maintain such full secrecy and strict confidentiality for a period of five (5) years from the Agreement expiry or termination date. To the extent the Buyer does make disclosure of any of the above matters to third parties, the Buyer shall ensure their compliance with the requirements of this Agreement.

11.2. The provisions of this Article 11 shall not apply to information that:

- (a) is or becomes publicly available, without fault of the Buyer, its Affiliates or their respective counterparts, agents and consultants, or
- (b) is disclosed to the Buyer by a party who is not under any legal obligation to the Seller, its Affiliates or Co-Participants prohibiting such disclosure, or

(c) is known by the Buyer as evidenced by written record before disclosure hereunder, or
(d) is developed by the Buyer without benefit of any information of the Lessee, its Affiliates or Co-Participants.

11.3. In addition, all obligations imposed on the Seller by this Article 11 shall not apply to and the Buyer shall have an unfettered right (subject to prior written notification to the Buyer) to disclose any information, including confidential information to:

(a) any persons, companies or organisations providing finance to the Seller or considering the provision of financing or refinancing to the Seller irrespective of the form of such financing and to their respective advisors and consultants;

(b) any person, company or organisation acquiring or considering acquisition of the Seller or subscribing or considering subscribing in the equity (of any kind) of the Seller; and/or

(c) the counter-party to the PSA or to any other party in accordance with the terms of the PSA or the working relationships established between the Seller and the Russian party.

11.4. Upon termination of this Agreement, Parties require the return of all Confidential Records which either Party has in its possession at that time or has received under this Agreement.

12. LEGAL ADDRESSES AND BANK DETAILS OF THE PARTIES:

BUYER

SELLER

Date _____

Date _____

Appendix No. 1
to Sale Purchase Agreement
No. D000XX
dated _____

TRANSFER AND ACCEPTANCE ACT

" ____ " _____ 2010

Sakhalin Energy Investment Company, Ltd”, a legal entity registered in accordance with the Bermuda Islands legislation, conducting business activity in the Russian Federation through its Branch located at 35 Dzerzhinskogo St., Yuzhno-Sakhalinsk 693000, certificate of accreditation and certification No 20355.1 of 06 June, 2006, INN 9909005806, represented by _____, Supply Chain Manager, acting on the basis of the power of attorney , hereinafter referred to as “the Seller”,

_____, a legal entity, registered and existing under the laws of the Russian Federation, conducting activity in the Russian Federation, located at _____, taxpayer identification number (INN) _____, represented by _____, General Director, acting on the basis of the Charter, hereinafter referred as “the Buyer”,
Hereinafter collectively referred to as “the Parties”,

have drawn the Act of transfer and acceptance as follows:

1. The Seller has transferred and the Buyer has accepted for the ownership:

(hereinafter the Asset)

2. The price of the Assets specified in Item 1.1 hereof and being purchased by the Buyer shall be RUR _____ Rubles including 18% VAT RUR _____ Rubles __ Kopeks.
This price for all the Assets specified in Item 1.1. is final and not subject to any amendments.
3. The Assets are transferred in the condition as defined in the Agreement.
4. Either Party confirms that it has received all the necessary authorizations for signing of the present Act and the persons signing this Act are duly authorized to do so.
5. This Act has been signed in two (2) originals, each in English and Russian, one original for each Party. In case of conflict in the translation of the Agreement, the Russian version shall prevail. Before signing of this Act, the Seller shall arrange to have the English version translated into Russian. Seller shall do so at no cost to Buyer.

BUYER

SELLER

Date _____

Date _____

THIRD PARTY VEHICLE'S HSE REQUIREMENTS ON THE SITE DURING THE CARGO TRANSPORT

All the vehicles coming to THE SITE for cargo transport **shall comply with all applicable RF Regulations.**

Key requirements and others that are particular to Sokol The Site are described below.

- **Driver requirements;**
 - All the drivers have to have a valid, correct type of driving license for the specific vehicle size.
 - Drivers have to have an updated authorization document from the vehicle owner or from the company. (Waybill)
 - Driver can be subject to alcohol screening on arrival and again on departure from site.
 - Driver and passengers will fasten their seatbelts all the times.
 - Drivers will not smoke or will not use communication devices while driving on THE SITE.
 - Speed limits and road safety signs to be strictly followed on the territory of the camp.
 - Drivers and vehicle that fail to comply with the rules will no longer be permitted at THE SITE.

- **Vehicle and Trailer requirements;**
 - Registered vehicles with vehicle inspection sticker & card to be in use.
 - Vehicles to be used for their design purposes.
 - Vehicles that are unsafe shall not be loaded at THE SITE.
 - Vehicles mirrors, seatbelts, headlights, stop lights, turning indicators, windshield, windows, brake system, steering and tires to be in safe condition.

- **Cargo loading and transport;**
 - Transporter shall provide the proper type of vehicle with sufficient capacity will be used for specific cargo transport.
 - Driver shall wear PPE, to be used when outside the vehicle during the cargo loading. (Hard hat, safety glasses, steel toe boots, hand gloves, snow chains)
 - Transporter shall provide proper type of cargo securing gear for specific cargo & vehicle type.
 - Transporter shall lash & properly secured cargo.
 - Vehicles that are unsafe shall not be loaded at THE SITE.
 - Vehicle with unsafe load will not be permitted to leave site.

- **When vehicles arrive to The Site;**
 - Driver can be alcohol tested on the security checkpoint. In the event the test is positive, the driver will not be permitted on site.
 - Vehicle may be searched by gate security for prohibited items.