



January 2006

## Main News



- In December Sakhalin Energy has commenced its 2005/2006 winter river crossing

activities as part of the Sakhalin II Phase 2 onshore pipeline construction. Sakhalin Energy's contractors and subcontractors have been fully briefed on the requirements of the Company's "River Crossing Strategy", which contains important information on the river classification system, impact mitigation measures, crossing methods and other information regarding this work. In January 27 rivers were crossed. The river crossing reports are regularly placed on Sakhalin Energy web site at:

[www.sakhalinenergy.com](http://www.sakhalinenergy.com).

## Phase 1 News

- Preparatory work for installation on the Molikpaq platform of the oil and gas conditioning modules (MTI) and interconnections to integrate and connect to oil and gas offshore pipelines is in progress. The MTI project will enable the year round transportation of crude oil and gas to the onshore processing facility (OPF) for further transportation to the LNG plant in Prigorodnoye.

At present, the associated gas is used as fuel for the Molikpaq turbo-generators and the platform heating, also for water supply turbo-pumps and turbo-compressors, and the rest of it is re-injected back into the field reservoir to storage the gas for future exports.

The upgrading of the platform and its process systems is aimed at ensuring a continuous process of oil and gas extraction throughout 365 days of the year. The new modules will condition both crude oil and gas, extracted from the reservoir to required sales specifications.

## Phase 2 News

- The onshore processing facility (OPF) successfully achieved 2.5 million man-hours worked without a lost time incident.
- By the end of January, 1930 km of linepipe had been manufactured, 1825 km coated and delivered to the island. Over 1050 km of onshore pipeline have now been welded and completed.
- In January David Greer, Sakhalin Energy Deputy CEO and Phase 2 Project Director, visited a number of river crossing locations to review progress and compliance. During the visit David reinforced the

importance of safety, environmental compliance and of schedule.

## Social Performance

- Sakhalin Energy supported the first phase of an environmental education project to educate children about local wildlife and raise understanding of the principles of nature conservation. Local school children from the ecological Club Uragus built and then install nest boxes for various bird species known to nest in habitat that has been influenced by vegetation clearance along the pipeline Right of Way. Together with Club Boomerang, Sakhalin Energy's Environment Team helped develop the project.

- In 2005 Sakhalin Energy supported 20 programmes within its Small Grants – Big Deeds Project. One of these projects was initiated by Rosinka kindergarten from Sokol, Dolinsk district. In the kindergarten Russian folk holidays are being held - with the children actively taking part in them. A grant was allocated for the purchase of wooden spoons, traditional Russian musical instruments and Russian national costumes for children.

- Nogliki-Tymovsk credit programme continued in these northern districts. The project was initiated by the company in September 2005 and is implemented in partnership with the Sakhalin Small Enterprise Development Foundation. The programme is aimed at supporting and expansion of existing businesses and operations, purchase of capital assets for expansion and opening of new businesses in the two remote Sakhalin districts.



- The Company donated six ambulances to the Health Department of the Sakhalin Oblast. These vehicles will be working in Nogliki, Korsakov, Kholmsk, Dolinsk, Poronaysk and Yuzhno-Sakhalinsk.

## Recruitment and Training

- In January Sakhalin Energy announced 26 vacancies for the Russian employees.

## More Details

To learn more about job opportunities with Sakhalin Energy go to:  
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