Sakhalin Energy Investment Company Ltd.

Oil Spill Prevention and Response Plan
Onshore Processing Facility

SUMMARY
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On Enactment of the Oil Spill Prevention and Response Plan for Onshore Processing Facility.

In accordance with the requirements of the Order of Emercom of Russia No 621 dated 28.12.2004 (Attachment 1, Paragraph III, p. 1):

I ORDER:

1. To enact the SEIC Oil Spill Prevention and Response Plan for Onshore Processing Facility Operation as of September 1st, 2008 for five years.

2. To appoint the persons responsible for:

   1) Implementation of the OSR Plan – OPF Installation Manager (Kevin Giles/Rob Dijkema).
   2) Readiness of OSR manpower and resources at the asset – OPF QHSES Manager (Victor Martynov).
   3) OSR logistics and procurement issues at the asset - OPF QHSES Manager (Victor Martynov).
   4) Arrangement of the personnel's training in oil spill response actions and provision of OSR exercises and training at the asset – OPF QHSES Manager (Victor Martynov).
   5) Organization of OSR communication, notification and management systems at the asset – OPF Installation Manager (Kevin Giles/Rob Dijkema).
   6) Analysis and regular revision of the OSR Plan – Custodian (Doug Bell) and Process Owner (Kevin Giles/Rob Dijkema).

3. To get the persons responsible for OSR issues at OPF (according to the list) familiarized with this Order.

4. Supervision over the implementation of this Order to be conducted by HSES General Manager (Johan Pieters).

Timothy Scott Hake
SEIC Production Director

Date of Issue: 12/08/2009
APPROVE:
Sakhalin Energy Investment Company Ltd.
Chief Executive Officer

Ian Craig
2008
THE RF MINISTRY OF CIVIL DEFENSE, EMERGENCY CONTROL AND NATURAL DISASTERS RESPONSE (EMERCOM of Russia)

To Managing Director of approvals of Sakhalin Energy Investment Company Ltd. V.A. Trifonov

3 Tverskoi Proezd, Moscow 109012
Tel.: 926-39-01; fax: 924-15-46
Teletype 114-333 “OPERON”
E-mail: info@emduc.gov.ru
of 08.12.2006 No. 22-1-634

To No. ______ of ______
2006-OUT-M-12-00110

December 1, 2006

Dear Mr. Trifonov,

“Oil outflow response plan, Onshore Processing Facility” (hereinafter - Plan) is considered in the Department for Federal Territory Support of EMERCOM.

Based on the report of the State Expertise of projects of EMERCOM of Russia of 12.09.2006 No. GEP 08-06/720 and according to the order of EMERCOM of Russia of 30.12.2004 No. 621 the above mentioned Plan is approved.

We ask you to put the Plan into effect in due course taking into account the modifications of the Plan in accordance with “Plan of actions on correcting current version of OSR OPF Plan according to the comments of the State Expertise of projects of EMERCOM of Russia”.

Director of the Department for Federal Territory Support
3d class State counselor of the Russian Federation /signature/ H.I. Bekov

Trohanov V.I. (495) 449-95-84
Ministry of Industry and Energy of the Russian Federation

FEDERAL ENERGY AGENCY (Rosenergo) to Onshore Processing Facility Manager
Sakhalin Energy Investment Company LTD
Bent Granas

OIL INDUSTRY DEPARTMENT
7 Kitesygorodsky proezd, 109074 Moscow
Tel: 950-82-18

05.06.2007 No. 02-83-146
Re. No. 2007-OUT-y-10-00065 of 17.05.2007

Federal Energy Agency has considered “Oil and oil products spillage control and elimination plan. United Onshore Processing Facility” project (developed in 2006) as also the opinion of “Energy Ecology Centre” expert examination and the comment accounting table.

Presented “Oil spillage control plan. Onshore Processing Facility” is in overall conformity to statutory regulations of the Russian Federation and shall be approved upon provision that the Plan could be corrected in case of basic data change, including data for asset sufficiency rating.

CEO /signed/ V.E. Rybin

V.A. Gonchar
710-87-87

Date of Issue: 12/08/2009 Page No: 6
To: OPF Project Manager
Bernt Granás

EMERCOM OF RUSSIA
FAR EAST REGIONAL CENTRE
FOR CIVIL DEFENSE
EMERGENCY MANAGEMENT
AND NATURAL DISASTERS
RESPONSE
3-A Souznavo St., Khabarovsk, 680005
tel. 21-55-97, fax 21-88-61
E-Mail: postmaster@dvc.khr.ru

19 May 2006 № 17-223-1

Dear Mr. Granás,

Far East Regional Centre of EMERCOM of Russia approves your Oil outflow response plan on the OPF facility.

According to the order of EMERCOM of Russia of 30.12.2004 you are to submit this Plan to State Expertise of projects of EMERCOM of Russia.

The approval is valid in case of positive expert review.

Yours sincerely,

Director of the Regional Centre
General-lieutenant /signature/ V.O. Kapkanschikov
Sakhalin Energy Investment Company Ltd.
35 Derzhinskogo St.,
Yuzhno-Sakhalinsk,
Sakhalin Region

Reference No. Cf 01-02P-299 of 22.05.06
to Na2006-uot-y-10-00091 of 04.05.06

Having considered once more “Oil outflow response plan. OPF” taking into account comments which was presented by Sakhalin Energy Investment Company Ltd, the Agency of Federal Service for Natural Resource Usage Supervision of Sakhalin Region notifies that the Plan is completed and corresponds with current regulatory legal acts of the Russian Federation and Sakhalin Region.
Approves “Oil outflow response plan OPF” within its competence.

Head of the Agency /signature/ S.I. Kotelnikov

Shmeletskaya 422643 Semenova 723811
SAKHALIN EMERGENCY CONTROL AND FIRE SAFETY COMMITTEE OF SAKHALIN REGION

INSTRUCTION

« » 2006 Yuzhno-Sakhalinsk No

“On approval of oil outflow response plan. Onshore Processing Facility (Sakhalin Energy Investment Company Ltd.)”

According to the decision of Sakhalin Oblast Administration No 203-pa of November 10, 2005 “On approving requirements to the project of Plans of prevention and control of oil spill incidents in Sakhalin Region”, and Emergency Control And Fire Safety Committee of Sakhalin Region No. 73 of November 15, 2005 “On procedure and approval of Plans of prevention and control of oil spill incidents in Sakhalin Region” Sakhalin Emergency Control and Fire Safety Committee of Sakhalin Region

RESOLVED:

1. To approve “Oil outflow response plan. Onshore Processing Facility” presented by Sakhalin Energy Investment Company Ltd. when specified defaults are removed (Appendix No. 1)

2. To submit “Oil outflow response plan. Onshore Processing Facility” for examination to State Expertize of projects of EMERCOM of Russia.

Chairman of Emergency Control and Fire Safety Committee
First Vice-governor

S.G. Sheredekin
1 OBJECTIVES

The objectives of the emergency OSR planning in general and of this particular OSRP are as follows:

- To determine the level of possible oil spills and their consequences.
- To formulate the basic principles of oil spill prevention and response so as to determine the adequacy of response capability based on the conditions of possible spill sources as well as the geographical, navigational and hydrographical, hydrometeorological (metocean) specifics of potential oil spill areas.
- To arrange for socio-economic and environmental monitoring at affected sites, hazardous production facilities and surrounding areas.
- To establish coordination procedures and exchange information with industry, government agencies and other organizations involved in oil spill response.
- To assess the availability of, and requirements for, oil spill response capabilities and resources: emergency response teams; equipment and material stockpiles certified in accordance with established procedures (hereafter known as OSR resources); and/or the need to call on regionally available OSR resources from other organizations to comply with current legislation.
- To establish procedures to maintain and control preparedness at OSR management level including: planning practical exercises; professional and advanced personnel training; creating financial and material resources and assuring a required level of OSR resource preparedness.
- To prepare a situational schedule (calendar plan) of OSR operational procedures in the event of an oil spill.
- To implement targeted and scientific research programs aimed at oil spill prevention and improve OSR management performance in case of an emergency.

In developing the OSRP, Sakhalin Energy has taken into account relevant Russian Federation legislation and best international practice on OSR. The OSRP incorporates procedures to ensure the efficient application of OSR systems at a local level and their interaction with the State Emergency Prevention and Response System (RScHs).

This OSRP covers the Onshore Processing Facility operations located within the boundaries of the assigned area.

Plan coverage is limited by the OPF territory, as its boundary corresponds to the largest possible area polluted by oil, taking into account unfavorable weather conditions, time of day, location relief, and ecological features of the area.
2. RESPONSE RESOURCES, THEIR LOCATION AND TRANSPORTATION TO THE EMERGENCY ZONE

This Plan is the Facility OSR Plan and it covers all oil/oil products spills on or from OPF facilities.

Response Capability Requirements

RF Government Decree of August 21, 2000 #613 and Sakhalin Oblast Administration Decree of November 10, 2005 #203 stipulate that a facility should be able to contain a "maximum possible onshore spill volume" within 6 hours.

OSR Resources

Sakhalin Energy has an immediate on site response procedure carried out by specially trained LNG/OET personnel and contracted professional OS ERT – as well as additional response functions involving other Sakhalin Energy and OSR contractor resources if required.

An effective offshore response requires a combination of:

- Containment (booms);
- Recovery (skimmers); and
- Temporary storage for oil and oil-bearing waste.

Emergency Response Depots

Emergency Response Depots (ERD’s) are listed below and shown in Figure 1. The distribution of equipment has been determined on the basis of an assessment of risk and environmental sensitivities relating to the operations.

- Nogliki (Marine and Onshore).
- OPF (Onshore).
- BS2 (Onshore).
- Sovetskoye (Onshore).
- Yasnoye (Onshore).
- Prigorodnoye (Marine and Onshore).
- Kholmsk (Marine).

As well as ERD equipment, Rapid Deployment Packs (RDP’s) are stored at each ERD. These packs consist of lighter equipment contained in a helicopter sling, Ural (possibly with trailer), road trailer or other container. This equipment is designed for immediate response activities.

Emergency Response Depot with OSR equipment for OPF is placed on PMD, located within the OPF area. Booms, skimmers, sorbent materials are kept in a permanent state of readiness and are maintained by the Sakhalin Energy Tier 1 OSR Contractors.
Human Resources

There is own Non-professional Emergency Rescue Team (NERT) on the OPF Asset, certified as established by law. Members of NERT are the OPF shift operational personnel in number of 16 people per shift.

Also the Sakhalin Energy’s onshore OSR Contractor maintains a response team which is on Duty at OPF PMD. This professional team is certified as an Emergency Rescue Unit according to RF Government Resolution No. 1479 on the Certification of Emergency Rescue Units and Rescuers (November 22, 1997). Additionally, a mobile Team of the OSR Contractor (12 people) based at Poronaisk will move to a spill site.

Other Logistical Considerations

Trajectory modeling has been carried out to predict the spread of the oil slick and plan for the timely delivery of OSR resources.

Sakhalin Energy has produced environmental sensitivity maps for Sakhalin North-East shoreline, along the pipeline route and around Aniva Bay. These maps provide detailed information about the presence and seasonal distribution of biological and socio-economic resources, and areas of special importance. These maps are to be used in OSR operations planning.
Figure 1 Location of OSR Emergency Response Depots
3. OSR TRAININGS

Sakhalin Energy prepares and carries out annual personnel training plans, issues schedules and programs/content for exercises and drills as well as plans and programs for technical/engineering training. Sakhalin Energy’s Emergency Response Committee (KChS), chaired by the Production Director monitors the implementation of these plans.

Type of Training

Emergency OSR training will be carried out to ensure the preparedness of resources for effective oil spill response operations. Training includes exercises in practical skills for the operation and use of oil spill response equipment in various environmental conditions. Specialized training includes the following:

- Lectures to personnel on environmental/ecological problems and the operation of special response equipment (within the framework of technical/engineering training).
- Specific, comprehensive field exercises using special response equipment in water bodies.
- Desk-top (command) exercises to practice management skills and procedures in situation control, communication and interaction.

Scope of Training

All personnel are to be instructed on and be familiarized with the following:

- Oil spill associated hazards to human life and health, wildlife resources, the environment, and tangible property.
- Methods and procedures for the prevention of hazardous fire situations.
- First-aid techniques.
- Safety rules during emergency response, rescue and repair operations, including the use of personal protection equipment.
- Waste management methods and procedures.
- General rules of response operations.

Exercises

Exercises are designed to provide participants with the opportunity to apply the skills they have learned on the Training Courses. These are based on a simulated incident and can involve one, some, or all Teams or Sections of the Emergency Coordination (ECT) or Crisis Management (CMT) Teams.

Exercises fall into three categories:

- Desktop exercises. These may involve the mobilization of teams and telephone/radio reporting but no field deployment of personnel or equipment.
- Field deployment exercises. These involve the field deployment of personnel and equipment.
- Combined Desktop and Field exercises in which desktop scenario and field deployments are combined.