

**MID- LONG-TERM WORK PLAN****Summary of Sakhalin Energy's Offshore Construction Activities for 2007 and 2008****Submitted by SEIC**

Sakhalin Energy Investment Company's (SEIC) offshore activities during the 2006 construction weather window allowed successful completion of the placement of the 22,000 tons topsides on Lunskeye A platform, and laying of all the planned sub-sea pipelines and the tie-in to the Piltun A (Molikpaq) platform. Sub-sea power and communications cables were also installed to Lunskeye A, where commissioning for drilling will be complete before year's end; driving of the conductors for the future production wells will begin in December. One well was drilled from a jack-up rig sited adjacent to the Lunskeye A platform to test for the presence of shallow gas.

The whole of the 2006 construction campaign had been modeled beforehand for acoustic impact. Whenever the acoustic imprint was predicted to exceed the thresholds, the operation was re-designed until the acoustic thresholds were confirmed to be respected. Real-time acoustic measurements were captured during the construction period from July to September and confirmed that the thresholds were effectively not exceeded. Additional acoustic data from sixteen permanent buoys were also captured from June to October and are currently undergoing analysis. Results will be used to fine-tune the predictive model before it is used, together with other Western Gray Whale monitoring data which will by then be available, to optimize the 2007 programme.

SEIC's construction plan for 2007 provides for the towing-in and placement of the record-breaking 28,000 ton topsides on the Piltun B Gravity Based Structure during May and June. Similar techniques and marine vessels, as were successfully employed for the Lunskeye A during 2006, will be mobilised. Hook-up and commissioning activities on Piltun B will be completed by end November and development drilling will start in January 2008. Meanwhile, on Piltun A (Molikpaq) commissioning of the incremental facilities will continue until mid-2007, and the pipeline tie-ins at Lunskeye A will be installed and commissioned. With the pipelaying fleet demobilized, significantly less crew change voyages will be required and helicopter flights, weather permitting, will remain the preferred mode. Some 30 marine vessels will be deployed during the 2007 whale season, compared to the peak of 70 vessels during 2006.

Development drilling activities on Lunskeye A will start with conductor-driving in January 2007 and will continue throughout the year with drilling and completion of the cuttings re-injection well followed by three gas production wells. This activity will be supported by three supply vessels making weekly shuttle trips between the platforms and the port of Kholmsk.

During 2008, development drilling will be a continuous activity on Lunskeye A and Piltun B platforms. Some residual construction and commissioning activity will also be completed at the Piltun B platform requiring the final deployment of construction support vessels. Year-long oil production will be achieved from Piltun A and gas production from Lunskeye A will be continuously ramped up; first oil from Piltun B is expected during the third quarter. After demobilization of the last construction vessels, a fleet of seven marine supply, support and oil spill response vessels and one crew-change vessel will remain long term to serve, year-round, the three fully-manned offshore platforms.

The summary of vessels to be used in 2007 is in the table below.

**Number of construction vessels in 2007 - DRAFT - Subject to change**

Season	Vessels by Assets	Total Vessels
Early WGW season (May-June)	OSPL* - 4 (2 on standby at location , 2 travelling to Kholmsk and back) Topside - 5 (slow speed convoy) SEIC - 9 (4 on anchors, 3 to Kholmsk and back, 2 to Kaigon and back)	18
Peak WGW season (July-Sep)	OSPL - 4 (1 on anchors or DP, 1 to Kholmsk, 2 to Kaigon) Topside Commissioning - 5 (1 on anchors, 3 to Kholmsk, 1 Kaigon & back) SEIC - 9 (4 on anchors, 3 to Kholmsk and back, 2 to Kaigon and back)	18
Late WGW season (Oct-Nov)	OSPL - 0 Topside Commissioning - 5 (1 on anchors, 3 to Kholmsk, 1 Kaigon & back) SEIC - 9 (4 on anchors, 3 to Kholmsk and back, 2 to Kaigon and back)	14
Summary of Construction Vessels 2007	Topside, OSPL - 18 SEIC - 9	27