

THE MINISTRY OF NATURAL RESOURCES OF THE RUSSIAN FEDERATION

DEPARTMENT OF NATURAL RESOURCE MANAGEMENT AND ENVIRONMENTAL PRESERVATION, SAKHALIN AREA

DECISION №9

on the case regarding an administrative offence

On April, 01, 2003 Yuzhno-Sakhalinsk

I, the State Inspector for monitoring the use and protection of water bodies in the Sakhalin region, Nora Sergeevna Fryanskaya

(a post, First name, middle initial, last name the person who have born the decision about an administrative offence)

Have considered on April 01, 2003 (in the Department of Natural Resource Management and Environmental Preservation (Ministry of Natural Resources) of Russia in the Sakhalin region, Yuzhno-Sakhalinsk, Communist Prospect 70, Suite 308) the case regarding the administrative offence committed by the Company Sakhalin Energy Investment Company, LTD.

(the name of the enterprise, establishment, the organization, name of the official)

On the basis of a decree dated March 18, 2003 regarding administrative rights violations. The Sakhalin Nature Protection Interregional Public Prosecutor of the Senior Justice Advisor, and on the document verifying observation of requirements using nature protection legislation from 12/24/2002-01/26/2003.

It is established: the examination, conducted December 24, 2002-March 14, 2003, by the Sakhalin Nature Protection Inter-regional Office of the Public Prosecutor together with state inspectors from the Department of Natural Resource Management and Environmental Preservation (Ministry Of Natural Resources of Russia) for the Sakhalin area. The Sakhalin Specialized Sea Inspection (Ministry Of Natural Resources of Russia). The federal entity Sakhalinrybvod documented the considerable infringements of Nature Resource Protection regulations while platform "Molikipak" was in operation, as accepted by the Company.

The company admits nonfulfillment of the conditions and requirements of the license for water use (YuSKh №00031 MTsZDKh, registered 12/29/2001) and nonfulfillment of contracts for use of water bodies (12/29/2001):

(specify the essence of the violation, reason, consequence and guilt)

Thus, in 2002 given a limit of water use for industrial needs of 4926.4 thousand cubic meters, the platform "Molikipak" removed 6298.5 thousand cubic meters, with a limit of water removal of 4923.1 thousand cubic meters, it allocated 6273 thousand cubic meters. Thus, the Molikipak platform exceeded water limits for industrial needs by 1372.1 thousand cubic meters and exceeded limits for water removal for industrial sewage by 1350.4 thousand cubic meters.

In 2002 given a limit water use for corporate purposes (everyday needs and corporate use including corporate household sewage) of 10.74 thousand cubic meters, the Company actually used 14.56 thousand cubic meters, exceeding water use limits for household sewage wastewaters by 3.82 thousand cubic meters.

The infringement of item 3.4 of the license requirements regarding the measurement, processing, and registration of used water emissions is admitted (i.e. the preliminary water inventory is in violation), as a result of which doubtful data regarding the quantity of water emissions have been recorded in the statistical water use record using the form 2-TP (VODKhOZ) for 2002. Thus, according to the log-book recording water-intake equipment usage, in January 2002 it 928.2 thousand cubic meters were taken, while in the waters log-book and in the statistical water use record only 171.9 thousand cubic meters were documented. Continuing, in February of 546.9 thousand cubic meters and 145.7 thousand cubic meters were documented, respectively. In March – 764.0 thousand cubic meters and 153

thousand cubic meters. In April – 633.6 thousand cubic meters and 171.2 thousand cubic meters.

The speed of sewage emissions mixed with cooling waters as emitted into the marine environment from the Molikpak platform northern hawsehole in June, July, and September 2002 exceeded the allowable by twofold or more according to the water use license. Given the speed limit of 299.33 cubic meters/hour, actual dumping speeds during the specified periods were, respectively, 933.52 cubic meters/hour, 601.44 cubic meters/hour, and 933.52 cubic meters/hour.

Biological purification technology on the Molikpak platform do not work as designed, as demonstrated by chemical analysis results by the federal entity Sakhalin Territorial Fund for Geological Information, during the period 07/30/2002-10/16/2002

Moreover, after purification sewage is additionally polluted. In July 2002, the contents of the weighed substances in sewage prior to purification totals 353 mg/l, after purification—614 of mg/l, and in October—149 mg/l, 281 mg/l respectively.

According to chemical analysis results by industrial inspection, the concentration of polluting substances in company sewage has exceeded allowable norms:

- of weighed substances in May, June, July, September, and October 2002 by threefold and more (allowable concentration – 35.5g/cubic meter, actual concentration 117.7-160g/cubic meter).

- of phenols in January, March, May, September, November, and December between 1.4–10 times.

The infringements set forth above of license conditions and requirements for the operation of the Molitpak platform in 2002 essentially proven truthful by the letters №02-159 (03/05/2003) and №02-169 (03/11/2003) of the company Sakhalin Energy Investment Company LTD.

Thus, the legal entity—Sakhalin Energy Investment Company LTD.—has violated the requirements of Article 92 “Water codes of the Russian Federation” dated 11/16/1995. №167-F3 and Article 39 “Regarding preservation of the environment” dated 01/10/2002 №7, which express in the failure to comply with the conditions and requirements established by the water use license YuSKh №00031 TsMDZKh, registered 12/29/2001, and contracts of water works use, dated 12/29/2001.

Thus, administrative offences are detected in the Company's actions, as stipulated by Article 8.1, Part.2, Item 8.14 of the Code “Regarding administrative offences.”

According to Article 8.14 Part 2 “Code of administrative offences of the Russian Federation”

I hereby decide

To declare the company Sakhalin Energy Investment Company, LTD. guilty of an administrative offence

and to fine the Company the sum of 40,000 rubles (forty thousand rubles)

being the legal person

(a post, a place of work)

located at 693000, Yuzhno-Sakhalinsk, 35 Dzerzhinsky Street.

(address)

The penalty shall paid within 30 days from the date of delivery of the decision to the account of Department of the Federal Exchequer (Ministry of Finance) of the Russian Federation for the Sakhalin area (Inter-regional Inspection

№1 of the Ministry of the Russian Federation for taxes and tax collection for the Sakhalin area) r/s
40101810900000010000 GRKTs GU, the Central Bank of the Russian Federation on Sakhalin area, BIK
046401001, INN 6501115412, code OKATO 2070341

A document confirming payment, shall be presented to the Department for State Control (Department of Natural Resource Management and Environmental Preservation (Ministry Of Natural Resources of Russia) for the Sakhalin area (the address: Yuzhno-Sakhalinsk, Communistic Prospect 49))

(the name of the address of the organization which have imposed the penalty)

The present decision can be appealed: at the office of the chief state inspector for the use and protection of water bodies, in Arbitration Court of the Sakhalin Area for 10 days from the date of its inception according to clauses 30.1, 30.2 (Code of Administrative Rights). The Russian Federation.

The state inspector for monitoring

The use and protection of water bodies N.S. Frjanskaja

The decision is sent by the certified mail " _____ " _____ 2003 to the address:

The decision is handed " _____ " _____ 2003 _____