VESTI

Sakhalin Energy

JUNE 2020

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700th

standard oil cargo since the beginning of year-round production has been offloaded by Sakhalin Energy

safety

DEAR COLLEAGUES!

In June we will run Summer Safety Day sessions at all company assets and structural units and with our contractors' teams. Due to the pandemic, this year there will be on-line discussions in addition to our traditional meetings.

The year 2020 has been a difficult year for our company, our country and the entire world. Despite the soft oil and gas market, we continue to move forward, and the health of Sakhalin Energy and contractor employees remains our utmost priority. In these challenging times, it is our people who ensure business continuity, and personal safety is the focus of our attention.

Consequently, the company has developed an action plan to minimise the risk of coronavirus infection spread at our assets and decided to establish temporary accommodation facilities with a complete set of amenities to provide a comfortable 14-day stay to our personnel before they commence their rotational shifts. As we commence our summer turnaround campaign, with a lot of people arriving from the mainland, having specially equipped, readily available facilities is even more important than before. Through this approach, we have been able to make sure rotators can commence work on schedule and complete the planned work scope after being self-isolated for two weeks.

Even though the company has been operating in High Alert mode since 19 March 2020, our current performance indicates that our teamwork has been successful and effective. In the first half of the year, we celebrated two important milestones. The company shipped its 1,800th LNG cargo since the launch of our plant at Prigorodnoye and loaded the 700th crude oil cargo since the start of year-round production.

These are major achievements for the company. I would like to extend my sincere gratitude to all Sakhalin Energy employees and contractors for their commitment and contributions to our shared success. We would like to say a special thank-you to those who work at our production assets – our operational safety and reliability performance depends on your efforts.

This year, the overarching Safety Day theme is Positive Work Culture. Should we neglect it, our behaviour may have a negative impact on the health of others and may jeopardise workplace safety. I expect that on 17 June, every one of you will stop and think about how to work as effectively and safely as possible – but not only that, I also expect that you will transform your ideas into real actions going forward.

Ability to keep our emotional balance, self-control and the team spirit are the qualities that will definitely help us to weather these hard times. I am certain that you will demonstrate a proactive attitude and take good care of yourselves and your colleagues. More than ever we must act in unison, be reliable and follow our Safety Day's motto, All for One and One for All! If, and only if we stand united, we will be able to reach our goals.

I, on my part, promise to fully support you in implementing the best initiatives to be discussed this day. Ensuring work safety at all company assets and facilities remains on my personal radar screen.

Let's think through our safety plans today and every day for a certain tomorrow!

■ Roman Dashkov
Chief Executive Officer

CURRENT EVENTS

23 April — The Molikpaq platform has produced 300 mln barrels of oil since the start of production in 1999

23 April — Sakhalin Governor Valery Limarenko praised the steps Sakhalin Energy has been taking to fight the COVID-19 spread in the region

30 April — Sakhalin Energy won two awards in the Best Corporate Media 2020 Contest

3 May — Sakhalin Energy offloaded the 700th standard oil cargo since the year-round production

9 May — The delegation of Sakhalin Energy honoured the memory of the Great Patriotic War soldiers

21 May — Valery Guryanov put in charge of Gazprom Dobycha Shelf Yuzhno-Sakhalinsk. Previously, he worked as Deputy Director General for Production

spotlight interview

COVID-19: Time to Train Your Brain

As of today, COVOD-19 cases have been registered in all Russian regions. The state, the public, the business and the medical community are all united in their fight against the pandemic. The efforts of the business players are focused in two areas: supporting healthcare projects and, most importantly, ensuring the safety of their people and assets, taking into account specific aspects of their operations and their host region. Roman Dashkov, Sakhalin Energy's Chief Executive Officer, told us how the Sakhalin-2 project is being managed while the company faces the present epidemic threat.

– Mr Dashkov, how can you explain the fact that Sakhalin has one of the lowest coronavirus infection rates in Russia, even though hundreds of rotators travel there to work for local oil and gas projects?

– Well, Sakhalin being an island located far away from European Russia has played a role: it is easier to control passenger traffic here. With the disease spreading rapidly, the Oblast Government was fairly quick to respond by introducing a number of preventive measures.

Through good communication and engagement with the authorities, we made a number of timely decisions, suspending rotator crew changes and extending the current rotation period to three months. This gave us some time to assess the situation and come up with a comprehensive action plan. At that point in time, the overall coronavirus spread trends were ambiguous. In addition, the company has introduced epidemic control measures that are in effect during the cold and flu season.

The COVID-19 pandemic was only declared this year; however, by and large, methods used to control this disease are identical to those applied against any viral infection. Our coronavirus response has been largely proactive. As we analysed the new developments and guidelines issued by government authorities, we would quite often say to ourselves, "This has already been done".

– Did you have to make any changes to your management system?

– To ensure effective company operations in the High Alert mode, Sakhalin Energy established a General Coordinating Committee (GCC) chaired by the Chief Executive Officer. The GCC works on a 24/7 schedule. It consists of three Task Forces that must ensure business continuity under the current circumstances. Task Force No. 1 deals with coronavirus spread prevention at company assets. There are people from our Health Sector, HR Directorate, Facilities Management and many other company units on this Task Force.

Task Force No. 2, which works to ensure reliable production, cargo loading and project delivery, is led by our Production Director. In addition to his direct reports, this Task Force comprises experts from Commercial, Technical and Finance Directorates. We realise quite clearly that, while facing the current epidemic and a soft market, we must still ensure safe production and reliable oil, gas and LNG deliveries, and continue executing the OPF Compression (OPF-C) Project in line with the shareholder-approved schedule. The Task Force assesses the cumulative impact of various negative factors and develops mitigations.

Task Force No. 3, led by our Finance Director, delivers a steady cash flow for the company and monitors and responds to the sanctions pressure.

– The Sakhalin-2 project employs people from all over the globe, including many Russian regions. How do you currently deal with rotator crew changes?

– Indeed, Sakhalin-2 is an international project. However, the share of Russian nationals in our total manpower is about 95%, with over 55% of them being Sakhalin residents. Among rotators, that percentage is even higher. We have definitely taken into account a lot of factors when planning our rotator crew changes.

Pursuant to Sakhalin Governor's Executive Order, all arriving passengers must go into self-isolation for 14 days.

> **Our coronavirus response has been largely proactive. As we analysed the new developments and guidelines issued by government authorities, we would quite often say to ourselves, "This has already been done".**

The Oblast Government has established a number of observation facilities. At the same time, we realise that even such two-week-long isolation does not guarantee our assets would be completely protected from COVID-19; that is why the company decided to establish temporary accommodation facilities for Sakhalin-2 project personnel, partially reducing the load on public facilities.

We have taken some specific steps to manage rotator crew changes. A number of our assets have been designated as virus-free. Based on work and R&R schedule review, we have determined the optimal rotational shift duration of up to 70 days. We have also evaluated our manpower requirements by discipline based on our operational and maintenance plans. The company has also established a pool of Yuzhno-based experts on standby, ready to be mobilised at any time. We have identified key positions in various disciplines and found replacements from among Sakhalin residents and contractor personnel. Sakhalin Energy has been providing technical and other advice remotely to support the most challenging activities. And, of course, we have established COVID-19 testing on the arrival day, on Day 11 at our TAFs and on Day 10 after people commence their rotational shifts.

Our production assets are located far from each other. Our offshore platforms and the Onshore Processing Facility with an adjacent OPF-C construction site are located in Nogliki District, in the North of Sakhalin. The Prigorodnoye production complex, which includes the LNG plant, is located in the South. The company has split the incoming flow of rotators accordingly, with some arriving at Nogliki Airport via Khabarovsk and others arriving at Yuzhno Airport. Our TAF have been established there as well. When assigning specific TAFs to our rotators, we consider a rotator's home region, as well the location of his or her respective destination asset.

– It is hard to stay isolated for many days. What can be done to make life easier for your people?

– First of all, there were no readily available solutions or facilities in place on Sakhalin Island to mitigate the spread of the coronavirus disease. First, we had to have the tools to enforce compliance with isolation requirements. We assessed the status of possible TAF locations, delineated roles and responsibilities between the company and its contractors and engaged with them to figure out what the optimal set of TAF amenities would be, including internet access and TV channels.

To make isolation easier to bear, the company has proposed that our people make the best use of this time. Since entertainment and active sports options are limited, people should develop their intellectual capabilities, train their brains. Those stationed at our TAFs have an opportunity to learn, test their knowledge and get certified remotely. In addition, our OIM have presented them with work plan packs so that rotators could go through them and get ready for the forthcoming work at remote assets.

– How are medical support facilities functioning across the assets?

– Of course, our doctors are now working under a greater load. At the same time, we need to differentiate the medics stationed at the TAFs from the doctors working at our production assets. The TAF medics must first and foremost run timely test sample collection and daily medical checks for self-isolated rotators. Our asset doctors, in addition to their regular duties, now have to continuously monitor the health status of asset personnel, run temperature measurements on a daily basis and, of course, administer mandatory Day 10 COVID-19 tests.

– Some companies extend the duration of rotational shifts to reduce the frequency of crew changes.

– Under the circumstances, we had to adjust our plans. Some of our employees who had worked on the 5/2 schedule before the pandemic are now working 28-day rotations. For many, rotational shifts have extended to 70 days, with a 42-day R&R. I believe this is a logical step to minimise the risk of COVID-19 spread, prevent fatigue and keep family ties safe.

– How long does the company intend to continue working like this?

– As long as the situation dictates us to do so. The oil and gas sector advancement journey is a never-ending quest for continuous improvement, fraught with risk and uncertainty. The COVID-19 pandemic forced us to seek non-conventional solutions that resulted in more rational management of our safe operations. We might retain some of those solutions going forward.

– Do you feel that everything is under control?

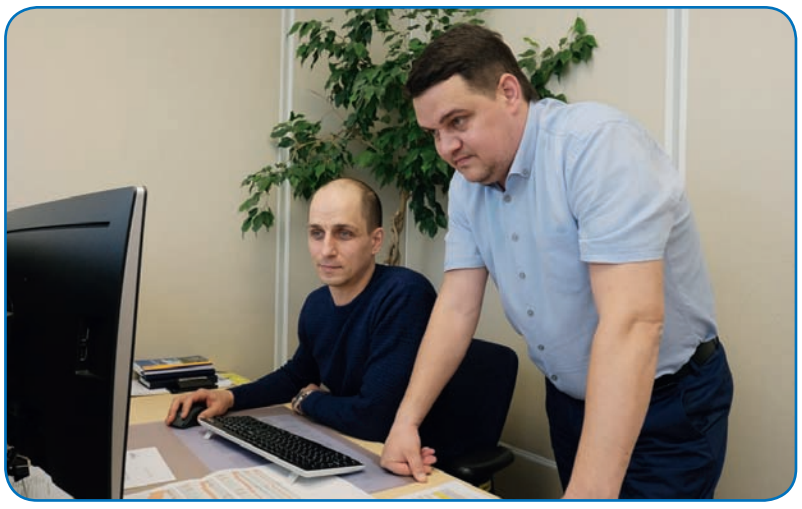
– One should never feel complacent, even if one is absolutely certain all the possible measures have been taken. The reason we should remain somewhat concerned is because there are grey areas along each step of the way. When we encounter them, we might not have solutions that have been planned in advance. Still, we must be prepared, having the required resources in place, as well as mental resilience. Our comprehensive response to COVID-19 includes internal teamwork involving the GCC, Task Forces, asset and function managers and OIMs, as well as effective, real-time coordination of efforts with regional authorities, including Sakhalin branch of the Russian Consumer Rights Protection Agency, with support from federal government and our shareholders.

■ Source: Gas Industry Magazine

cover story

75 Days since the Order was Given

On June 1, it had been 75 days since the company's move to the new working conditions: on March 19, the General Coordinating Committee (GCC), its Secretariat, and three Task Forces were established by order of the Chief Executive Director to make sure the company is run efficiently during the COVID-19 pandemic. It's been a very short time that would have gone by generally unnoticed and unremembered under 'peacetime' conditions. In the times of combat, however, every second counts, demanding of one to respond quickly and, what's most important, appropriately to the ever-changing circumstances. Andrey Oleinikov, the head of the GCC Secretariat, outlines its focus areas over the past month.



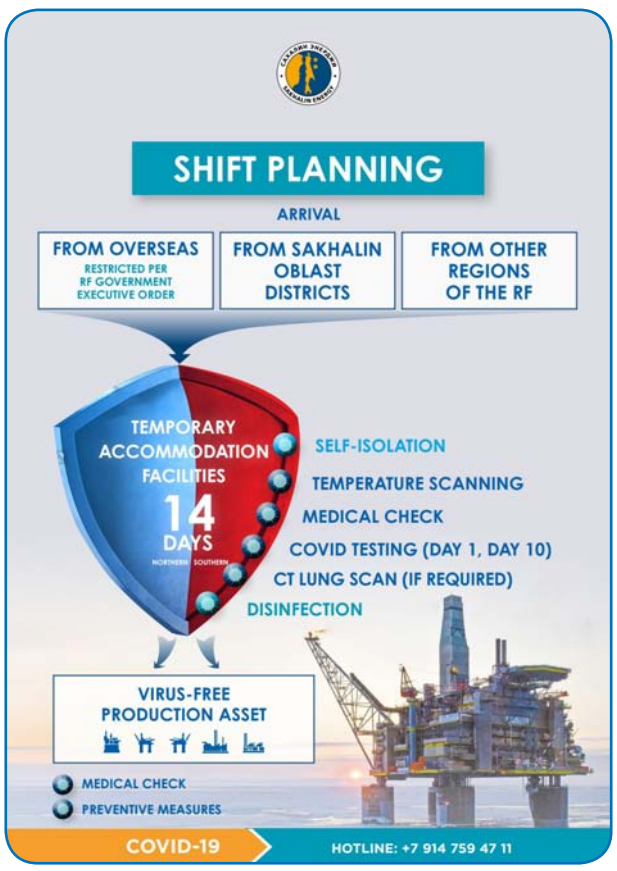
– Mr Oleinikov, crew changes remain one of the hottest topics discussed by the GCC. What weak spots have been identified and what solutions have been found so far?

– Indeed, properly arranged crew changes are key to making sure our assets are contagion-free. We've managed to accomplish this by putting in place all sorts of protective barriers. In other words, we fully supervise every single stage of the crew change process. As we did so, our main priority was to set up temporary accommodation facilities, or TAFs, while making the time spent there safe, comfortable, and fulfilling. Our next challenge was to take care of all the logistics, such as to charter flights for the personnel heading for the northern assets via the Nogliki Airport. This helped us minimise risks as opposed to the arrangement whereby the people would arrive in Yuzhno-Sakhalinsk first and be subsequently brought to the north of the island. The capacities of our northern TAFs are sufficient to shelter the entire staff of the OPF, the three offshore platforms, and the pipelines for a period of 14 days.

We have implemented a very well-thought-out algorithm for the conveyance of employees arriving from the areas most affected by the COVID-19 outbreak such as Moscow and Moscow Oblast. We are well aware that there is an increased risk of contracting the virus at an airport or on a plane, and Moscow has regrettably seen a record-breaking number of new COVID-19 cases in the past few weeks.

– Do we have yet another TAF in Nogliki District?

– Yes, one more facility, the Chaivo Camp, has been set up in the north. It is a dual-purpose facility. One wing (Block A) will serve as a TAF for 14-day isolation of new arrivals. The other (Block B) will be sterile. It will be used to overcome any hitches and glitches caused by the fickle Sakhalin weather (or the lack thereof) making it impossible to transport crews to the offshore platforms on time. The occupants of the facility's germ-free wing will enjoy a relaxed regime. While waiting for good helicopter weather, those who have completed the isolation will be allowed to go for a walk, have a chat, hit the gym, or play a game of ping-pong. After all, until navigation officially opens for our type of vessels, the only way to get our people to the offshore platforms is by air.



– There's one more novelty we have introduced at the recommendation of Rospotrebnadzor: isolation facilities …

– It is a requirement set out in Rospotrebnadzor's executive order rather than a mere recommendation. Due to the insular position of our region, the authorities have a unique opportunity to carefully screen new arrivals at the point of entry. However strict the screening measures may seem, it is the only way to reliably mitigate the risk of contagion spread. Authorities also conduct rapid COVID-19 testing of incoming passengers. The rapid test may not be 100% accurate but it is a handy supplementary screening tool. A PCR-based test is yet another testing method that provides more accurate results with a somewhat longer waiting time. If an air passenger's COVID-19 test comes back positive, that person and everyone who has come into contact with them must be kept at an isolation facility until the PCR test results are available. An isolation facility may not share a building with the place of 'ordinary' self-isolation, such as a TAF in our case. It's been so decided by the Sakhalin Oblast Office of Rospotrebnadzor.

We are serious and committed to preventing the spread of COVID-19: building on the experience of establishing TAFs, we've decided to set up our own isolation facilities for our employees as well. So we have done. First of all, we designated a standalone residential building on the grounds of the Zima-3 Housing Complex in the south of the island as an isolation facility. Then we assessed how many people might need to be isolated in view of the upcoming manpower-intensive 2020 shutdown, and added the Asino-2 Hotel. We completed the extension of the Tupik Camp in Nogliki: the northern isolation facility will be comprised of several living trailers. If necessary, the space occupied by the isolation facilities can also house new TAFs.

In June, the company's 2020 shutdown is scheduled to take place, with large numbers of workers expected to arrive from the mainland. To avoid disruptions to the intended work scope, we are going to provide accommodation for the personnel, that will arrive from the mainland on June 1, in the Sapporo Hotel. Should the need arise, we are prepared to repurpose the hotel as an isolation facility. This way forward has also been agreed upon with Rospotrebnadzor. Our overriding concern is to make sure that our employees report for work on time once the 14-day isolation is over. And, by all means, we want our people to stay healthy.

■ By Natalia Gonchar

Round Table of High Priority

Sakhalin Energy held a round table discussion with the Sakhalin hoteliers on the topic "Hotel Business During the Pandemic. COVID-19 Prevention and Response Measures."

The company invited to the round table representatives of the hotels from Yuzhno-Sakhalinsk and Korsakov, which are used as temporary accommodation facilities for Sakhalin-2 employees.

In his opening words Sakhalin Energy CEO Roman Dashkov said that thanks to quick decision-making by the Sakhalin Oblast Governor, the company managed to develop an integrated approach to coronavirus prevention. The company has established a General Coordinating Committee (GCC) with three functional task forces: Production, Financial Robustness, and Epidemic Prevention and Response. GCC is working 24/7 to coordinate and steer the operations as may be necessary with due account of the decisions made by the Federal and Oblast authorities. This enables the company not only to alleviate some of the challenges of the pandemic, but also to proactively assess and mitigate potential risks.

"I want to express our gratitude to Sakhalin Energy. You were among the first organisations who managed to develop with our support a process to prevent coronavirus importation," said Galina Kovtonyuk, Deputy Head of Rospotrebnadzor Department for Sakhalin Oblast. "No regions in Russia are left COVID-free. And the stream of passengers brings a serious threat of infection. Isolating a potential virus carrier from the public is one of the key measures to fight the coronavirus, and corporate isolation facilities such as the ones established by the company play a very important role," she added.

"The company requested hotels to support it in its efforts by providing rooms fully equipped in line with all requirements for the 2-week isolation of personnel. We are extremely keen on proper observation and quality of this isolation period. Our key goal is to prevent coronavirus spread to our production assets and ensure that the assets remain sterile," said Roman Dashkov.

Alexey Chun, Mega Palace Hotel General Manager, mentioned that Mega Palace observes all Rospotrebnadzor and Sakhalin Energy requirements when providing the isolation facility services. "This is an example when major businesses help small businesses to survive and even gain new experience," said the representative of one of the largest hotels in Sakhalin.

The round table participants discussed the hot topics related to the stay of Sakhalin Energy's staff in the temporary accommodation facilities and shared the plans for the next crew changes in the south of the island.

"You are our partners in this process, although you may be far from actual production activities. It is in our mutual best interest to successfully deal with these challenging times and we will continue to support each other," said Sakhalin Energy CEO in appreciation of the contributions of the meeting participants.

■ By Tatyana Derivedmid

cover story

Follow the Unknown Route

Sakhalin Energy continues to work under the enhanced emergency preparedness mode. Head of Russian Content and Vendor Relationships Subdivision Alexander Lapin shares his experience in new conditions.

– Your contribution to the work of the General Coordination Committee had a significant, pretty much phenomenal effect. You were brave enough to stray away from the known route for temporary accommodation facilities. What was the most challenging and the most seamless task?

– I was lucky to have such a team to work on this task. The most challenging initial conditions were the most captivating.

We were engaged in the set up of a temporary accommodation facility at the premises of the MRTS camp located in the Lunsky Bay shoreline, a 3-hour ride from Nogliki. It is a remote self-contained facility with its own features and restrictions. However, its layout would tolerate even the most unconventional solutions in order to use during the isolation.

"Thank you so much for everything! I wish you success, good luck, good health, good mood for the whole shift team! May God grant you long years of life ***(Feedback from residents of MRTS camp)***

We had to analyse the existing infrastructure and refit it to accommodate the staff. The facility was prepared properly on a very tight schedule and was ready to accommodate over 100 people in compliance with all anti-epidemic and safety requirements.

So I would answer this way: the most challenging things turned to be the most interesting and ended up the most satisfying.

– The first disinfections of the offices in Yuzhno-Sakhalinsk were under your supervision. How did your life experience help you with this task?

– Disinfection is the most powerful weapon against the pandemic indeed, and the proper disinfecting arrangements are the key to stop the spread.

My background is connected with especially dangerous infections and highly toxic substances. But I couldn't even imagine that such a life experience would come in handy after all these years. However, it proved to be quite to the point. Late March through mid-May, our team from the Epidemic Prevention and Response Task Force trained around 50 new disinfectors and introduced a daily disinfection routine at all company assets and contractor storage areas, where it was needed. I would like to express my gratitude to Natalya Kizima, C-HSE Lead Specialist (Industrial Hygienist), for her outstanding contribution to this procedure.

– You were there to meet the first employees who had to undergo a 2-week self-isolation. How did you manage to make the arrangements and provide psychological support?

– At that moment I was acutely aware that those were our colleagues, who would have to spend two weeks of isolation, restrictions and all sorts of discomfort – people we share our offices with and spend time off-site. Therefore, our communication was built on this very concept and we tried to do our best to make their stay as comfortable as possible. In the end, our efforts were highly praised by the residents of this temporary accommodation facility.

"My congratulations to your team, may you always win through, colleagues, and a peaceful sky over your homes!" ***(Feedback from residents of MRTS camp)***

Late April, a female employee of a contracting company, who underwent self-isolation in the MRTS TAF, gave a positive feedback. She expressed her gratitude to the management of the facility and those who improved living conditions daily.
Another positive feedback was written in a note left modestly on the table by one of the residents. Many people spoke kind words of support addressing the staff of the temporary facility, which creates the most friendly environment under current circumstances.
They also highly appreciated an innovation of a radio communication channel, which made it possible for all the residents to chat with their families and talk to their line managers at the assets.
The people also spoke highly of the TAF staff who showed their care not in word but in deed.

– Who supported you when it came to challenges?

– We received a massive support coming from both the company leadership team and ordinary employees. I would like to express personal gratitude to the MRTS TAF staff led by Vadim Novikov, Logistics Specialist, to our colleagues from the Epidemic Prevention and Response Task Force headed by Konstantin Kokorin, and also to our colleagues from the SCM Department, to the Human Resources Directorate, the Corporate Security Department and the Logistics Department.

HEAD OF FACILITIES MANAGEMENT AND DEVELOPMENT DIVISION, SERGEY DODA

"The COVID-19 pandemic, coupled with volatile energy prices and tougher sanctions, presented a number of challenges for the company and made us think outside of the box. Multiple destabilising events occurred simultaneously for the first time in the modern world. It is a challenge for the society and the economy.

Sakhalin Energy has been working consistently, professionally and proactively to introduce measures to mitigate the impact of adverse factors on the company and each and every employee. More specifically, the General Coordinating Committee (GCC) has been created that included different subject matter experts. Decisions and measures taken by this new Committee are meant to help the company preserve its financial and production stability, fulfil obligations to employees and ensure timely payments to the region budget.

Healthy employees make business continuity possible. That is why, GCC started with establishing temporary accommodation facilities (TAFs). According to epidemiologists, two weeks are enough to make sure that there is no virus. Then you can allow employees to work. Sakhalin Energy assumed the responsibility for the staff arriving to work at its production facilities.

A contactless survey system has been introduced for timely response to proposals by residents of TAFs. This effective initiative allows everyone to answer a questionnaire using a QR code and share the opinion on the level of service at the locations.

The company analysed the market and held negotiations with TAFs owners and hoteliers in a short span of time. As a result, we secured a sufficient number of TAFs for our employees in the north and south of the island. This expensive measure was deemed absolutely necessary and reasonable in the current situation.

While different in terms of location and comfort, the TAFs serve a single purpose: to protect the production facilities from the virus. The Logistics Department has organised charter flights to transport employees from the mainland. The Corporate Affairs Department works closely with the authorities and provides information support.

The Task Force headed by Konstantin Kokorin develops and implements epidemic prevention measures at all Sakhalin Energy facilities. Production and logistics employees work together to identify needs for resources, distribute and optimise accommodations.

"I express my gratitude to the staff of the "TUPIK" camp. Everything that depends on them is done excellent. They are very attentive to visitors. Order and cleanness are at a good level. Food is like at home. Thank you very much!"

Sakhalin Energy employees at the Nogliki airport

The Human Resources Directorate together with the IT Department worked fast to provide employees in TAFs with online training and learning opportunities.

The Finance Directorate signed contracts to organise procurement and provide sufficient personal protective equipment in time.

There is a lot of work and responsibility for employees who meet personnel at the airports and organise accommodation, catering, and other living necessities for a two-week quarantine period. This is where Tatyana Ilyina, Nogliki Logistics Foreman, and Tatyana Burdinskaya, Senior Travel Adviser, are doing a great job at the company's northern facilities.

Sanitary and epidemiological requirements impose certain restrictions on living in TAFs. The newcomers should understand it and take due care. There is a certain routine with clearly defined movement and meals requirements. All employees must follow them to make our considerable efforts and investments pay off. The alternative would be disastrous, which is why we define care not only in terms of the company's actions but also in terms of strict compliance with the rules by our employees. It will protect both ourselves and production.

All of us participated in the Employees Opinion Survey that showed a high level of loyalty among the company's staff. The time has come to prove it – not in word but in deed. We have all the resources and capabilities to do so and require diligence and discipline from everyone. Only together can we reach our goal."

By Marina Moruga

cover story

Locked Down

Diseases have been constant companions to humanity throughout its history. They have driven countries and peoples to the brink of extinction and caused unimaginable damage. The COVID-19 pandemic is the latest example of their destructive power. Fortunately, we have a powerful weapon at our disposal – isolation. Sakhalin Energy also decided to rely on this tried-and-tested protection method and organised temporary accommodation facilities for company and contractor employees to spend two weeks in self-isolation before coming to production facilities.

MRTS temporary accommodation facility

ISOLATION IS NOTHING NEW

"I am part of the offshore team, so I am used to working in some degree of 'confinement'. After all, you can't go for much of a walk on a platform. That is probably why I haven't experienced any serious issues with self-isolation. The hardest part is being locked – you cannot leave your room, go for a stroll, or talk to someone face-to-face. But that's still something that you get used to after a couple of days," says Sergey Stepovikov, Offshore Installation Manager (LUN-A).

Together with other staff members from the platform, he spent the self-isolation period in a hotel in Nogliki. Sure, it was a far cry from a five-star experience, but employees were provided with all the necessities. In fact, considering the force-majeure circumstances, the accommodation and catering have been more than adequate.

"I do not recall any significant issues. The only nuisance was unstable wi-fi, which didn't allow me to connect to the company servers through VPN. So instead I worked with documents offline and read books," recounts Sergey.

The other inconvenience Sergey and the group of shift workers had to face had nothing to do with the quarantine itself. When they arrived to Khabarovsk from Novosibirsk, their charter flight to Nogliki couldn't depart straight away – the weather had suddenly changed for the worse. They had to wait it out in the old building of the Khabarovsk Airport, right in the departure lounge, which had been provided to the employees at the request of Sakhalin Energy.

"We fully understand the necessity of the actions taken by the company to ensure continuity of production. We are also interested in uninterrupted work of all production facilities, including the LUN-A platform. After all, our professional reputation is at stake here," points out Sergey Stepovnikov.

FITNESS TIPS

"I have two pieces of advice for those heading for self-isolation. First, take a vacuum flask with you—it will come in handy for storing hot water for tea. Second, I strongly recommend you to get some sort of resistance band. Exercising in a lockdown is essential. Otherwise, two weeks with limited physical activity and generous three meals a day can result in gained weight, which will be difficult to lose afterwards," recommends Alexey Borisov, Senior Control Panel Operator at the OPF Gas and Condensate Treatment Shop.

He was quarantined in the temporary accommodation facility MRTS located near the OPF, and he was one of the first residents there.

Alexey says that he had an overall positive experience with the two-week self-isolation. If any issue happened to arise, it was dealt with promptly.

"I have friends from other companies who shared stories of their quarantines. I can't help but compare our experiences, and I can say that our company did a better job with organising everything," adds Alexey.

Alexey is also pretty happy with how easy it was for him and his colleagues to travel from continental Russia to Sakhalin despite the COVID restrictions imposed in the country. Company's assistance played a key role in this process. For Alexey, the company's letter of invitation to work site was a real lifesaver. Without it, he would've got stuck in state quarantine facilities in Krasnodar. Thankfully, he was allowed to fly out without delays. It's convenient to have a green light of sorts to go wherever you need!

SILVER LINING

Over two thousand years ago, the Roman playwright Publius Terentius Afer said: "Quot homines, tot sententiae" (There are as many opinions as there are people). This saying has been proven true time and time again, but in certain situations, employees of our company and contractor organisations see eye to eye. Currently, they unanimously agree on the importance of the measures introduced to prevent the spread of COVID-19.

Some employees even manage to find a silver lining in the current situation. For example, Irina Yeryomenkova, Occupational Safety and Health Specialist at RPSG GLOBAL (a contractor organisation providing catering services at Sakhalin Energy facilities) notes that despite an increased workload and challenging times, her colleagues stay positive – they smile and accept the restrictions as necessary measures. Some even try to give up smoking, realising that they need to take better care of their health.

"We have a lot of tasks now, for instance disinfections. Since February, we have ramped up their regularity to 6–8 times a day, and the overall cleaning is now carried out twice a week instead of once. Our workload has definitely increased, but I wouldn't say that my colleagues are feeling down or very stressed. People understand the importance of their work and strive to do it well," says Irina.

TUPIK temporary accommodation facility

Of course, all the people under partial or complete lockdowns still hope that sooner or later things will get back to normal. And they definitely will!

In the meantime, it is important to know that the preventive measures undertaken by the company yield positive results. Production facilities continue to operate, products are made and sent to customers, plans – be it adjusted – turn into reality. That means that Sakhalin Energy is successfully handling another challenge, proving its reputation as one of the most reliable producers of energy sources in the Asia-Pacific region.

■ By Pavel Ryabchikov

event

We Remember...

9 May is a special day for all Russian people. No matter where we may find ourselves on this day – in our homeland or abroad, we traditionally remember those killed during the War and express our gratitude to those who survived. They fought for four long years to defeat the Brown Plague and establish peace in the world. Red carnations at the Eternal Flame, like red drops of blood shed by warriors, St. George ribbons on the heart, a lump in the throat and tears in the eyes are invariable attributes of this day. Memory...

Each family in Russia and the entire former USSR has a hero – a war veteran. It is no wonder that the annals of the Immortal Regiment are enriched with new names every year. Some of them died in the battlefield, others lived to see the victory and tell their children and grandchildren about things that should never happen again. Each family has old photos and triangle-shaped letters that arrived from the front, carefully stored like invaluable treasure. Memory...

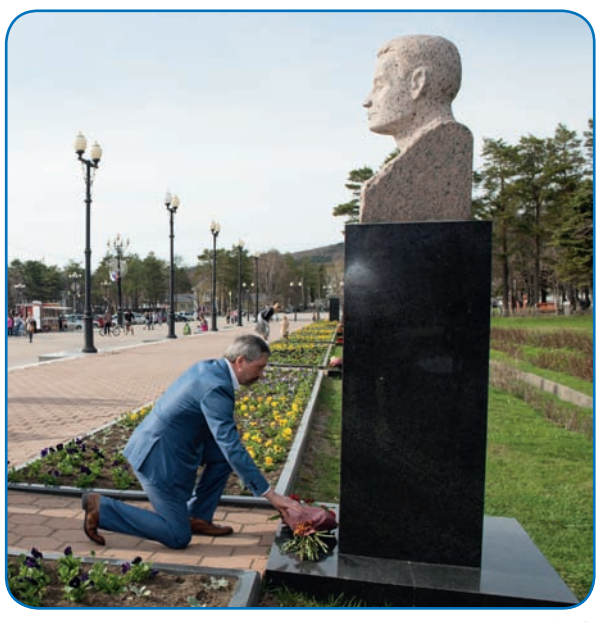
We all decide for ourselves how to celebrate the V-day: attend the military parade (in person or on TV), watch films and documentaries (there is a wide choice of those, from the ones we have known since our childhood, like At Six O'clock in the Evening After the War, to films of recent years with modern special effects, which make us feel the realistic effect of immersion in "the fatal forties"...), or admire traditional festive fireworks. Some of us go to war memorials to pay respect to soldiers who committed heroic deeds. Memory...

This year, many events traditional for Victory Day were organised in a shortened format or on-line due to the threat of the COVID-19 disease. The unifying effect of the holiday, however, was none the less for it. Moreover, it united the nation as never before. The Immortal Regiment paraded in the eternal order, Victory lanterns burnt in the windows and people put flowers to the Eternal Flame despite the challenges of our time. This is our choice. This is our memory. Eternal memory...

On 9 May, company employees laid flowers at the Eternal Flame in commemoration of the 75th anniversary of the Great Victory. Commemoration ceremony took place at the memorial complex on the Glory Square. "Today, we bow our heads before the heroism of soldiers and homefront workers whose unequalled feat of arms and labour exemplified courage, persistence and sacrifice. The memory of the Great Patriotic War lives in our hearts and continues through generations," Sakhalin Energy CEO Roman Dashkov addressed to the participants.

Participants of the ceremony observed a moment of silence and laid flowers to the Eternal Flame.

Then, the delegation headed to the Walk of Heroes of the USSR to honour the Soviet soldiers who participated in the battles liberating Southern Sakhalin and the Kuril Islands.



Chief Executive Officer Roman Dashkov, members of the Committee of Executive Directors, and heads of the divisions participated in the event.

■ By Natalia Gonchar

appointment

Success is Defined not by Doing Everything, but by Managing to do what is Most Important

This is a quality that Stephen Covey* considers essential for any high-performing leader. Timur Gafarov, who is the central figure of our column today, shares this view on priorities. Four years ago, he joined the company as the Deputy Head of LNG Train 3 and OPFC Projects. On 1 April, Timur Gafarov was appointed Technical Director of Sakhalin Energy.

Timur Gafarov graduated from the Ufa State Oil Technical University with an engineer's degree in "oil and oil-and-gas field development". He obtained a master's degree in the same field from the French Institute of Petroleum, and additionally an MBA under the Innovation and Project Management programme at the Russian Presidential Academy of National Economy and Public Administration. He worked in a subdivision of Gazprom's Gas, Gas Condensate and Oil Production Department, where he was responsible for the supervision of joint ventures in Russia and abroad.

– Mr Gafarov, please accept our congratulations. How is it to helm the Technical Directorate in these troubling times?

– Thank you for your kind words! Today, our business is influenced by two factors at once: macroeconomic indicators related to low hydrocarbon prices and the impact of the coronavirus disease on the whole world and our company specifically. It is a challenge both for me and for the Technical Directorate. But we are able to meet it, thanks to the team of professionals working in our department and across Sakhalin Energy. We operate as one single mechanism, understanding the goals and objectives before us. We are able to promptly respond to changes and we move in the right direction as well due to timely decisions of the General Coordinating Committee and its headquarters. There are work optimisation measures implemented throughout our Directorate, but we also follow the approved action plan for 2020 and subsequent years, taking into account production reliability and safety.

– Does your experience working on LNG Train 3 and OPFC projects help you in any way?

– Certainly. The implementation of these two projects requires functional cooperation between the company's various directorates on all issues, including in the area of resource base analysis. As such, it was an opportunity for me to learn how all of the Sakhalin Energy units work. Additionally, I am well acquainted with this area of production, as my primary occupation is related to the development of oil and gas fields.

– Due to the natural reduction of production rates, the company also aims to increase its resource base as part of its growth strategy. This is one of the main tasks of the Technical Directorate. What are you doing to achieve it?

– Currently, we have several projects at various stages of completion designed to expand the company's mineral resource base. We have already passed the Decision Gate 1 for the Lunskoye Block I, Piltun-Astokhskoye Block II and Northern Gas (Piltun-Astokhskoye field) projects, as well as the Decision Gate 3 of evaluating the prospects of the deep horizons of the Lunskoye field by drilling an appraisal well (LUN-9) in conditions of high reservoir pressure and high temperatures.

This year, for the first time in the company's history, we started working on extending the period of licenses for hydrocarbon development in the company's license areas. In April, we submitted a package of documents to the Federal Agency for Subsoil Use.

We initiated a project for the development of alternative geological, geomechanical, and dynamic models for the Sakhalin-2 project fields. It was approved for launch at the Decision Review Board meeting on 1 April.

Moreover, in April we started the PA-A Platform Upgrade project, which will provide us with significant opportunities to extend the development of the Piltun-Astokhskoye field area. We are continuing to process and interpret data from the seismic survey carried out using ocean-bottom nodes at the Lunskoye field. We have already completed the first stage of 3D data processing.

We put considerable efforts into the Russian content development. There is active work being done with Russian suppliers of geotechnical survey services. Earlier this year, representatives of one of the contractors visited the PA-B platform. There is a plan for collaboration with a Russian casing hardware supplier for 2020–2021. We continue to cooperate with TMK and carry out additional pipe product certifications as per the Road Map.

We understand that in order to ensure the sustainable development of Sakhalin Energy, we have to constantly work on, analyse and develop various solutions for the Sakhalin-2 project implementation. We always try to be one step ahead.

– How would you characterise Timur Gafarov as a leader?

– I am open and loyal to my employees, but I can also show firmness when the situation requires it. When presenting a task to a specialist, I also give them the freedom to choose how they want to approach it. I try to accept my employee's mistakes as well as my own in an adequate manner and analyse them together. I believe a good leader should be part of the team, which is why I work beside my team members every step of the way. When it comes to my work, I use my experience as a guide but I am always ready for change.

– What is the source of your strength? What drives you to move forward?

– There are a couple of things, I think. Firstly, there is the desire to learn, take responsibility, and make decisions. Secondly, there is the ability to rely on my team, people who have worked and continue to work with me in this company. Today, the organisational structure of the Technical Directorate allows us to implement strategic growth and development initiatives across all areas of our work, and we have formed a strong professional team that is always ready to meet new challenges in the oil-and-gas industry. All of this inspires optimism and confidence.

By Tatyana Derivedmid

** Stephen Covey is an American leadership and life management consultant. He is well-known as a keynote speaker and the author of the book "The 7 Habits of Highly Effective People".*

safety

All for One, One for All

Any way you slice it, coronavirus has changed our reality. The weariness of the isolation, gloves, masks, and uncertainty is in the air. It seemed that summer comes – and we will breathe a sigh of relief. But summer brings new risks and challenges.

Identify the hazards that await us this summer. See how to protect ourselves, our colleagues, our family and friends. These are the hot topics. They will be in the focus of our Summer Safety Day to be held on 17 June.

This year we will get together to discuss how to fight stress at work and at home, how to cope with chronic fatigue, how to care for ourselves and each other. We will also analyse one of the reasons for most reported incidents – lack of situational awareness – and we will speculate on how to avoid it.

Long shifts, remote working, and, in general, the unprecedented environment – all this adversely affects our well-being and mood as well as performance and safety. When we get tired, our attention subsides, and we stop caring about many serious things – they seem normal to us. It is important to properly assess the situation, recognise potential risks, and make the right decision. The most important is to realise that we are together and that we are a big close-knit team. Remember the line from the famous movie: "All for one, one for all"? Four musketeers, four inseparable friends have never left each other in trouble – and no task was too tough for them.

Our safety also depends on every one and all together. It is important to care for each other, know how to solve dilemmas, and avoid risk normalisation. This is why we need to get together on the Safety Day and discuss these topics.

By the way, it is for the first time in the company's history that the participants will be offered the choice of two formats: face-to-face and online. While the former is well-known to us, the online format is novel not only for those who prepare and facilitate the Safety Day but also for those who participate in it. It's up to each team to decide which one to choose.

See our corporate intranet page for the information on the event organisation and useful thematic materials. If you have any questions regarding the Summer Safety Day, please contact Anna Lavrentieva from the Corporate Safety Subdivision.

We hope that discussions in the teams will be lively and fruitful. It is only together that we can effectively face new challenges, make our lives safer, and "whisper to our fate" once again: "Merci beaucoup!"

Alyona Olovyanishnikova

shutdown 2020

Sakhalin-2 Race Track Pit Stop

Safety Watch

Safety is the key message of maintenance planning for the shutdown, while it is extensively applied to both the company employees and the production process. Evgeny Kovalyov, Head of Corporate Safety Division, shared the main safety issues.

– Mr Kovalyov, why safety is under focus during the shutdown?

– First of all, because of the extensive scope of works and numerous temporary staff we have to contract for this period. These people often come to our production facilities for the first time and have to learn about our safety regulations. That's why we have to focus on it.

Moreover, we see additional risks related to hygiene and health care due to higher workload on household areas like canteens, living quarters and other amenity facilities. We need to be proactive at the planning stage to ensure safe working and leisure environment for our employees.

Second of all, equipment shutdown basically implies different operational conditions – pressure relief, nitrogen purge, braking containment and thermal conditions changes: cold things become hot and vice versa. These are not routine works; therefore, they require better supervision.

Finally, any incident can not only harm person's health or damage the environment, but also cause extension of the shutdown period and financial losses to the company. For this reason, the works could be suspended for the time of ongoing investigation. In case of a major incident, the authorities could step in and seize tools and equipment for further examination. To sum it up, if we don't address these issues properly, we can find ourselves in a dire situation. That's why our company takes time for laying groundwork. We come up with safety plans in advance and follow them to the letter.

– Are safety plans tailored to each asset? Most likely, they share some points, don't they?

– Exactly. Each production facility has a Turnaround HSE Plan developed specifically for it. The plan is approved by the Asset Manager and agreed upon with the HSE Department to ensure that it contains the best practices, lessons learned and standard outline.

Speaking of common sections, at the very least the plan includes information about Sakhalin Energy safety priorities (regarding our development strategies, people's well-being, equipment integrity, etc.). This is about Goal Zero, a key tool for the occupational safety. Our task is to make employees at all our assets aware of the company's key values for safety.

Moreover, the safety plan shows a work schedule and describes risks at each stage; it also lists substandard situations likely to take place during operation.

The next section, typically, contains a detailed risk register (tailored to each production facility). It should be mentioned that safety plans mainly focus on those risks which are related to the shutdown, and those which are aggravated with respect to normal daily operation. For instance, for opening an equipment unit, we will have a list of risks related to inert purge, hydrocarbon leak, etc.

Like any by-law, a safety plan would regulates roles, responsibilities and authorities of designated persons to ensure compliance with safety requirements. It also sets forth specific measures to mitigate risks (including deadlines and responsible persons).

Finally, we outline a process designed to learn lessons and analyse experience for further consideration. In other words, we study whatever caused an abnormal situation, as well as innovative solutions to consider them for further planning. All this makes a closed cycle based on a system approach, which can be applied to any process.

– From your experience, what risks are usually related to shutdowns?

– A shutdown always implies a great number of hazardous operations. The list includes lifting, hot works and works in confined space. Top priority safety-wise is given to simultaneous works, when several groups perform their tasks in the same location. A large number of works at height dictates strict control of working conditions to prevent objects from falling.

Speaking of environmental protection, we also address issues related to extensive waste generation. Therefore, we introduced waste generation limits, arranged storage areas and followed regulatory requirements at our assets. Waste is handed over to certified companies for transportation and further disposal.

During the shutdown and start-up of any production facility, there can be a short-term increase of emissions caused by gas combustion at a flare unit. Throughout this whole period, we perform advanced monitoring of the atmosphere by taking underflare measurements. Our company always seeks to reduce its environmental footprint.

Sakhalin Energy makes sure to inform citizens in advance about a shutdown via mass media and websites, while some stakeholders receive this information from the company first-hand.

– How will HSE specialists interact with safety engineers operating at assets?

– Day-to-day management of safety issues, of course, rests with the HSE specialists at assets. HSE Department acts as an expert authority, which provides updates and informs the asset staff about new requirements, if any. We set up regular meetings to discuss what kind of support they need. In addition, HSE Department has dedicated engineers whose day-to-day duties include preparation and support of the shutdown.

Prior to mobilisation of the contractors' manpower, it is mandatory to make sure that all of them are certified, trained and permitted to work at hazardous production facilities. This year we applied a system approach and made the whole process centralised for the very first time. To protect production staff from extra workload, we review all documents, check all certificates of each employee, which are submitted by contractors. This information is further entered into the unified register used by the assets for mobilisation of the manpower.

It is worth mentioning that a fair share of efforts to ensure safety is taken by our contractors. They mobilise additional manpower and engage their own specialists, so the occupational safety pool is growing pro rata with the maintenance pool.

– It was originally planned to have HSE engineers at production facilities. Were there any plan revisions due to the pandemic?

– Yes, at first we wanted to mobilise our specialists to all production facilities, but we are going online under the current circumstances. All the necessary support will be provided remotely. I'm talking mainly about remote training of engineers, from Yuzhno-Sakhalinsk.

– So, you will teach them where to look at?

– No, there is nothing we can teach them in this respect as they are quite familiar with their asset and their duties... We are working on a program-based training, which will allow us to become methodology experts and train others – contractors and temporary staff.

Moreover, we have HSE specialists who are authorised to give safety briefings and other safety trainings based on the programmes from production facilities. Like any safety engineer working at an asset, they can step in and run courses, but remotely as a single difference.

So this is the way we will navigate towards our Goal Zero, side by side, or better to say in current circumstances, screen by screen!

■ By Marina Moruga

Be Prepared For A Better Time

Sakhalin Energy continues to expand its LNG delivery market during these difficult times. Deputy Commercial Director Arthur Lubniewski speaks about new Chinese customers and further opportunities for the company in the LNG world.

– In October 2019 Sakhalin Energy delivered the first direct supply of LNG to China. Today we have two more buyers. Is this the continuation of new market development?

– Yes, we continue to expand our cooperation with the Chinese customers and certainly plan to add more to our customer portfolio in the future. Today we have two large Chinese NOCs (National Oil Companies) in our customer pool – PetroChina and UNIPEC, and we just realised another contract framework with the third big NOC in China – CNOOC.

Some further contracts will allow us to deliver more cargoes in the future if the Chinese customers are successful in our tenders, for example, Beijing Gas, ENN and JOVO. All of them, which is great to see, have been quite active in our recent tenders.

–Are we talking about the tender cargoes, that are above our scope for the long-term contracts?

–This is correct! These are the cargoes that we produce above our long-term and mid-term commitments with our customers in Japan, South Korea and Taiwan and sell them on the spot market. Giving that China is becoming Asia's largest consumer and will remain an absolute driver in the global gas demand, we want to be part of its opportunities.

LNG Marketing and Sales Team for North East Asian customers (outside Japan)

–It means we will have to reduce delivery to other countries like Japan, South Korea to cover China's demand in LNG…

–Not at all. We will always meet our long-term obligations to our customers in Japan and South Korea. We can satisfy the growing demand by additional cargoes resulting from our production over and above our commitments. As well as it often happens with some flexibility in the existing contracts we can shift some deliveries under mutual agreement. If one of our customers take the advantage to reduce the obligation, by that means we could increase our spot delivery to others.

We will remain a world-class reliable supplier to our customers and will continue to deliver on our promises.

–What are the advantages of direct deliveries to China?

– Over the last years we have been physically delivering cargoes to China, for example through trading companies affiliated with our shareholders. We work very closely with them – they are specialised traders with large portfolios and abilities to competitively bid in our tenders. However, it is paramount to have direct contracts and make direct deliveries. Our strategy "Sakhalin Energy markets and sells its products on its own" has existed for a long time and is supported by the shareholders in the context to always maximise the value for the company.

In addition, taking into account the growing importance of China market for the future LNG demand, we set ourselves up to success of the long-term aspirations for Sakhalin Energy as a whole. So, we focus not only on Japan, South Korea and Taiwan – our largest consumers, but as well on the big player China in the Asia Pacific Region.

–Do we plan to supply our LNG to any other countries beyond our general customers?

–Sure! We are always actively observing the market and further opportunities. I can envisage a potential expansion of our supplies to South East Asia: for example, Thailand, Singapore and Malaysia are becoming quite interesting markets in the future. But we need to understand, that these markets are further away than our traditional demand centers. One of the key differentiators between us and other suppliers is that we are so close to our markets. We can extend but that will mean we need to work even more effective and creative with our shipping availability. Nevertheless, in the continuing pursue of maximising value for the company we cannot ignore future opportunities that can provide this value. As well in comparison to other areas.

–Are there any peculiarities of dealing with the Chinese customers?

– There are indeed, and I really want to praise my team in this regard – they are doing a fantastic job! One of the key features of our new customers in China – not so the big NOCs but more the next group involving Beijing Gas, ENN or JOVO for example – is that they continue to build their experience in the LNG business, adding new suppliers to their portfolio, resolving new challenges / contract provisions and our close interaction helps to ramp up their knowledge. A large help and advantage in this context is that the Lead LNG Marketing Specialist for the Chinese Customers in my extended team – Tatiana Volkova – speaks fluently Chinese and is continuously in touch with the customers resolving all matters coming up. This is a fantastic opportunity to build excellent relationships from the beginning, because if you really help somebody during difficult times, this person will not forget you – even in our fast-paced environment. It is the most important thing that we treat our customers with respect!

–How does the company react on the current difficult situation with the low oil and LNG prices?

–We are tackling this situation from a variety of angles. One angle is – if we are making less money in the world with low oil and LNG prices, then we need to look into any opportunity to reduce our costs and to realise synergies from a variety of our existing contracts. This is one of our key focus areas in the current situation.

Another area is to make sure that even during these times it is absolutely key to deliver on all our promises. We cannot afford not to be reliable. We continue demonstrating to our customers that we deliver our cargoes on time and in the quality promised.

The third thing that I want to mention is that during these times it becomes even more important that we are very close to our customers. Through tight collaboration and continuous interaction via videocalls and other means of communication in these challenging times, we understand our customers, and they understand our situation, which helps us to further strengthen the relationships. During this quite difficult period our motto is: "Be prepared for a better time, for higher prices again, and when they come again, continue generating the maximum possible value for the company leveraging our excellent customer relationships and contracts.

customers

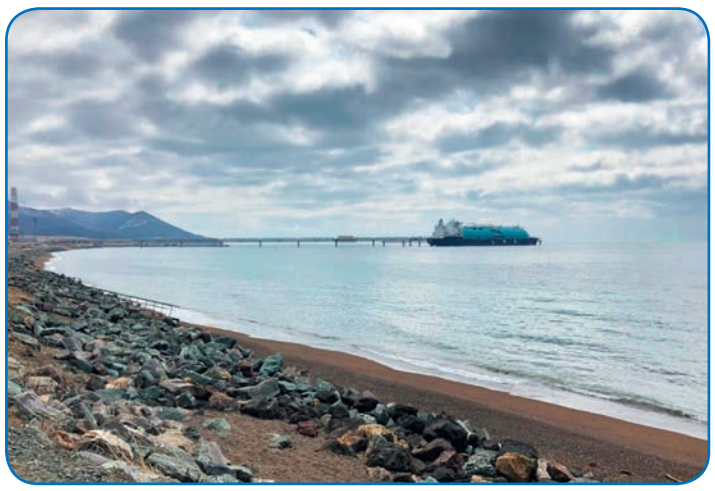
New 'Guests' in the Port of Prigorodnoye

The COVID-19 pandemic has caused a significant decrease in the demand for energy resources worldwide. Nevertheless, Sakhalin Energy continues carrying out its operations and the Commercial Directorates' LNG Delivery Planning Team is optimising the schedule in order to reduce additional transportation costs. As a result, the company was able to charter two LNG carriers last April.

One of the charters – Energy Frontier (under the Japanese flag) – was chartered on Delivered Ex Ship (DES) terms to Unipec Singapore Pte Ltd, our new Chinese LNG buyer, for unloading at the port of Shanghai in China. Yulia Volyanskaya, Specialist of the Export Operations Team (Commercial Directorate) explains that this vessel often carries our cargoes on Free On Board (FOB) terms, but the company sometimes leases it under a charter contract when an operational need arises.

"DES contract terms mean that the costs and risks associated with cargo transportation are borne by the seller until the goods are delivered to the port of destination, as opposed to FOB contract terms, where the buyer assumes responsibility for the cargo the moment it is loaded on board the vessel; each type of contract has its advantages." Yulia said. "To ensure reliable deliveries, we agree upon a set schedule with our customers. This schedule includes product deliveries under long-term DES contracts, specifying when the company delivers hydrocarbons to customers using its own vessels built specifically for the Sakhalin-2 project and also accounts for LNG deliveries on the buyers' vessels under long-term FOB contracts."

The other gas carrier – Seri Cempaka (under the Malaysian flag) – delivered the cargo to CPC Corporation, our customer in Taiwan, according to the supply plan. It is noteworthy that this is the first call of Seri Cempaka to Russian waters in general and to the port of Prigorodnoye in particular. In July 2018 we received Seri Cemara, another tanker of the same type belonging to the same shipowner. With tradition, Sakhalin Energy presented the crew of the newly arrived vessel with a picture of the Sakhalin-2 LNG plant as a welcome gift and a token of gratitude for their cooperation. In turn, the guests presented the company with a painting of the magnolia Champaca – a flowering tree that grows in South-East Asia, in honour of which the vessel was named Cempaka. The picture was added to the collection of the company's museum.



In early May, a gas carrier owned by KOGAS named HL SUR was loaded, our FOB buyer. It was the first port call for the vessel. The loading operation was completed successfully, just like in the two previous with the chartered vessels. It should be noted that in gratitude for our memorable first-call gift, we received a photo of the full crew on board, which is a truly exceptional gift.

Another important thing is that the pictures presented by the company to these and other tankers calling at the port for the first time had been painted by Sakhalin Energy Commercial Directorate employees. All in all, there were eight such paintings. Each of them has taken an honourable place on our buyers' vessels and is now travelling the world. What the company will give to the future first-callers as a sign of greeting is so far a mystery. Until the next first call.

■ By Marina Moruga

departments

Platforms of Success and Safety

What the beginning of 2020 was like for the TD Well Engineering team, with external factors changing unpredictably, at a rampant pace, and generally not for the best, describes Alexander Tselikov, the company's lead planning and performance engineer.

The personnel of Lunskoye-A platform

– We jumped into 2020 with ambitious operational goals. The COVID-19 pandemic and other external constraints made us rethink our plans.

Despite the adverse circumstances, we have managed to ensure continued successful, cohesive, and, most importantly, safe work of the department, the drilling crews of the three platforms, and our service contractors, and to deliver amazing results. To prove my point, let me fill you in on what's happening on the company's offshore platforms.

LUNSKOYE-A (LUN-A) PLATFORM

On LUN-A, we drilled the record-breaking 16 and 12 ¼-inch sections of the LA-524 ultra-ERD well, reaching a measured depth of 8,415 meters, then run and cemented in place a unique 4,718 meter-long 9⅝-inch liner. Almost 5 kilometers of pipe weighing about 400 tonnes was placed in a near-horizontal hole section!

Can you imagine a length of pipe running along Mira Avenue from Sakhalinskaya Street all the way to Aviatsionnaya Street? Now try and picture a mechanism that would be able to nudge it even one meter toward Korsakov. I bet it's difficult to even conceive of what the thing would be like.

Our engineers came up with a solution. It was decided to use a floating production liner system. Casing was hermetically sealed at both ends, just like a banana boat. Our engineering team may find this jocular analogy offensive because they have put in a great deal of effort to carefully plan and pull off such an impressive feat. But the same principle holds true: an air-filled tube floats in thick drilling mud inside the wellbore. This helps reduce friction against the wall of the horizontal section and push casing through to a planned depth using the weight of the drill pipe in the overlying vertical part of the hole.

Another challenge encountered during the operation was the narrow mud weight window that put the well at risk of mud losses while drilling and cementing. You have to hand it to the engineering team: they made full use of their drilling expertise and know-how to minimize such risks and complete the job with confidence and four weeks ahead of schedule. Test passed with flying colors!

PILTUN-ASTOKHSKOYE-B (PA-B) PLATFORM

The platform's team has successfully drilled PB-354, yet another ERD well with sand screens installed in its horizontal section. This efficient and relatively cost-effective sand control method enables prolonged and reliable production.

PB-354, the third consecutive well showing the world's best drilling uptime performance, has already been brought on stream.

Numerous well interventions have been conducted as part of the Well, Reservoir and Facility Management (WRFM) campaign, including injectivity profile measurements and scale treatment jobs.

We are through with well interventions in four of the wells, with several others waiting their turn. It should be noted that the operations have been rigless, making it possible to simultaneously rig up for drilling new wells.

PILTUN-ASTOKHSKOYE-A (MOLIKPAQ)

The platform's team has been conducting well workovers and making preparations for refurbishing the drilling rig. In one of the wells, they replaced parts of casing, performed a frac job, and installed new downhole equipment. In another, they changed out tubing hangers after some 20 years of service.

Wellhead equipment, such as casing heads and Christmas trees, was replaced in those two wells and several others on which workovers had been performed earlier. These activities will ensure safe and reliable operation of the well stock for years to come. It is very important because the next two years will see the Molikpaq refurbishment and upgrade project, so no well servicing jobs will be able to be performed using the rig during that time.

WORKING UNDER NEW CONDITIONS

Most of the described activities were performed during the spread of COVID-19. Newly emerging risks called for appropriate measures. We had to make urgent schedule revisions, introduce special safety rules and crew change arrangements.

Thanks to the measures taken by the company such as digitalisation of business processes, even the forced transitioning of most of its office staff to telecommuting has not affected performance.

The IT Department has been providing tremendous support to all of us. Nowadays, we hold meetings and conferences using digital technology such as IP telephony and web platforms. These products have significantly enhanced communications.

In close cooperation with HR and IT, we use a web-based training platform to offer engineering e-learning programmes conducted by trainers from remote locations. Moreover, we have significantly broadened our online training curriculum to replace some face-to-face seminars and improve the existing personnel training programme.

We undertake online investigations into actual and potential instances of NPT or non-compliance with the established standards. More often than not, we manage to identify such cases and prevent them from influencing our operations. Our small but mighty team of quality assurance experts is in charge of this work.

The results of our efforts can all be quantified. At the end of Q1, 2020, the ratio of non-productive time (NPT) to total drilling time (an internationally recognised metric of drilling performance) was 4.1%. It is a good result because the oil and gas industry's average of this ratio is in the range of 10 to 20%. When benchmarked against other world's leading drilling companies, we prove to be ahead of the game: both our new wells have been delivered with best-in-class drilling performance.

While our achievements make us happy, there are some big, externally driven changes ahead for us. It will take us a lot of energy and focus to rise to all the challenges and emerge victorious in this difficult situation. I sincerely hope that our team's spirit of friendliness and cooperativeness will help us achieve just that.

announcement

More Russian Content

Russian Content Development and Vendor Relationships Subdivision has developed dedicated page on the company's internal website.

It provides detailed information on what is Russian Content, what company and personnel are considered Russian, what commitments under the Production Sharing Agreement (PSA) on Russian Content Sakhalin Energy has. Also, the web page contains information on Joint Committee, between the company and the Russian party, which is also engaged in Russian Content related matters, its goals and objectives.

Additionally, employees can learn about Vendor Development Programme which aims at identifying and attracting the most promising Russian companies to the Sakhalin-2 project and Sakhalin Energy employees Recognition Programme for contributing to Russian Content development. Both programmes aimed at increasing import substitution initiatives on Sakhain-2 project. Sakhalin Energy employees can register Russian Content initiative, using special form located on the main page and participate in Recognition Programme. Semifinalists will be automatically nominated for special 4th CED Award category for contribution to Russian Content Development.

Main page provides information on strategic trends for Russian Content development, including links to Standards Harmonisation Programme and production localisation in Sakhalin Energy Maintenance and Repair Facilities, key areas of work of Russian Content and Vendor Relationships Subdivision and up-to-date Russian Content development statistics.

For employees' convenience the intranet web page also provides useful links to Russian Content and Supply Chain Management related documents and procedures, forms and presentations templates for Joint Committee, Supervisory Board and its Working Group, marketing analysis reports for various categories of equipment and materials, training schedule, and Russian Content interviews and success stories.

Visit our page, add to Favorites and stay tuned.

Russian Content Development and Vendor Relationships Subdivision specialists will gladly answer your questions and provide support for implementation of Russian Content initiatives. Please, contact us by e-mail: SEIC-RCD@sakhalinenergy.ru.

technology

Observing the Development Rules

An improved automated tool is implemented at the Lunskoye field for accurate gas production volume distribution. Alexey Marchenko, Deputy Head of the Piltun-Astokhskoye Asset Development Division (Astokh Area) (Technical Directorate) and Olga Elcheninova, Category 1 Engineer of the Production Control and Optimisation Subdivision (Production Directorate), who developed this tool, described its main advantages.

– Do you share the same roles and responsibilities in the Technical and Production Directorates?

A. M.: There is no clear delineation of responsibilities, because both Technical and Production Directorates focus on maximising value from hydrocarbon resources.

However, well, reservoir and facilities management scales slightly different. The Production Directorate maintains proper

daily equipment operations, while we are focused mainly on long-term development objectives for the next 5 years, 20 years and beyond.

At the same time, we can say that we are closer to the well, as we focus on the way hydrocarbons enter the well, and the Production Directorate follows hydrocarbons above the choke.

There is close and integrated cooperation: reservoir development is impossible without surface equipment, but the latter is useless without stable and long-term production. We have mutually beneficial relationship, with slightly different perspectives and sometimes different planning time-frames.

– Why did you decide to develop a new tool?

A. M.: Actually, the tool has been developed long time ago, it was constantly improved, but its main idea is quite simple. If you analyse the processes in the reservoir and the field development, you will see that the total capacity of the wells at the Lunskoye area exceeds the system capacity. Therefore, some wells can be operated at a reduced flow rate, while providing the full amount of gas to the LNG plant. In this regard, there is a simple technical problem: which of the wells should be beaned back in flow rate?

O. E.: The Lunskoye gas condensate field is quite long and consists of several blocks, and it is developed from the offshore platform. Unlike onshore fields, where you may choose a convenient location to install a drilling rig, we have to drill wells from a single location (that is why some wells are more than 8 kilometres long).

Moreover, unlike oil fields where water injection is used to maintain reservoir pressure, the Lunskoye field is developed under depletion. In order to increase the hydrocarbon recovery factor, the field development should be uniform, with a pressure balance in different blocks.

– Do you use this tool specifically for a gas field?

O. E.: Yes, for the Lunskoye field only. In general, oil wells operate at a rate maximum possible from an operation envelope. The difference is that the oil platform produces as much oil as it can extract from the well, and the gas platform produces as much gas as necessary for consumers (in our case, it is the LNG plant and gas transfer terminals). We can optimise the production due to spare capacities.

Each train can produce a little more than 1,300 million standard cubic feet, and the maximum amount of gas that can be exported from the platform is a little over 1,000 million. This difference allows us to adjust the production. So we have a well priority setting tool that allows us to decide on wells for maximum or constrained flow rate and wells to be closed for now. Thus, we are able to maintain uniform development of the entire field.

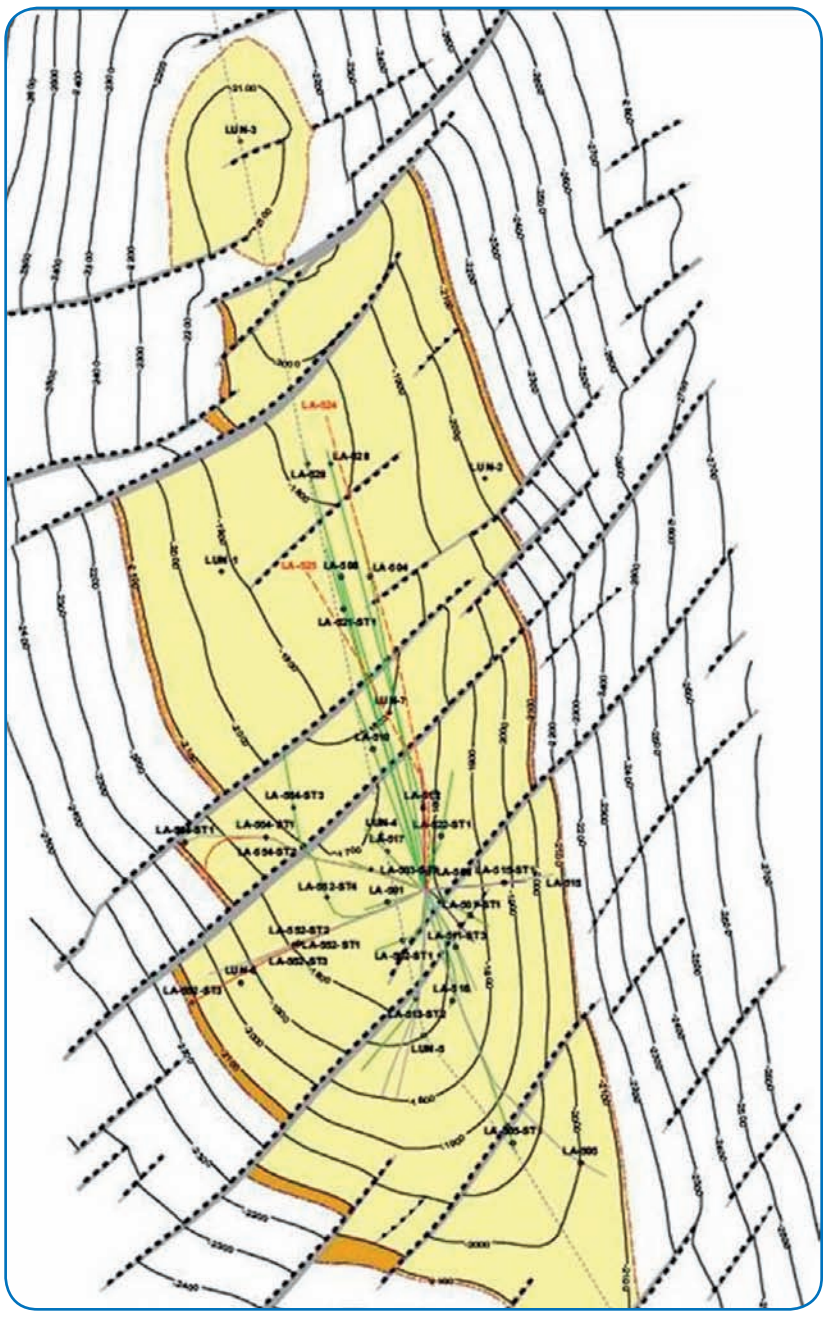
– Alexey, you used to develop the tool for the Lunskoye field, and now you coordinate the Astokhskoye field, don't you?

A. M.: Yes, I worked on this tool in another department. Initially, the production for each well was calculated in Excel, then computer-based methods were introduced to minimise manual updates and use the latest data. In addition, the calculations became more intelligible and clear.

– How do the data get into the database?

A. M.: This is the advantage that the uploading process is as smooth as possible. In order to make a decision on the flow rate of a particular well, you need

some inputs: first, the reservoir pressure estimates. This information is usually provided by the reservoir engineer of the Technical Directorate. Second, the performance limits of each well (provided by the production technologist of the Technical Directorate). Third, the total production and some more parameters that are provided by the Production Directorate. We tried to ensure continuous data input and that the most relevant information is used for the calculation.



Lunskoye field map

O. E.: We used to have several data sources. We analysed each well at daily morning meetings and considered deviations and recommendations from the system to advise platform operators on production distribution. But the problem is that the situation changes throughout the day: for example, the air temperature rises and the LNG Plant slows down the process, so you need to reduce the flow rate. Or there is an unscheduled shutdown at an oil platform, so the gas production at LUN-A has to be increased. In this case, the operator of the gas production control panel has to determine which well production should be decreased or increased. The operators have to call engineers so that their actions comply with our priority setting tool.

It should be noted that it was rather difficult for one person to use the previous tool, because they had to analyse the data. Now, we have implemented another software application which allows us to simulate wells, collect all information, and have the final analysis in a summary table. The operator of the gas production control panel can use the programme any time and make an independent decision. Routinely, information is updated automatically once an hour.

– What other advantages does this tool have?

O. E.: In addition to online analysis of well production, it shows a compliance index, that is the correlation of our actions with its recommendations. Of course, it is impossible to always comply with these recommendations, but a compliance index of even 90% means that the field development is correct. That is, we produce more gas from wells with high reservoir pressure and reduce production in wells or close them, if possible, where the pressure is more depleted. As a result, we get a higher total condensate production rate for the same amount of gas produced.

– Is it a unique technology?

O. E.: Generally, this is a standard practice, and the gas field development is based on uniform production principle, because it affects the hydrocarbon recovery factor. We just observe the development rule. This is more of optimisation than unique features.

Our advantage is that we have introduced an automated process, applied a large amount of data and several sources of information, and combined it in a single tool. This allows us to make decisions faster and respond promptly to changing conditions, which increases production accordingly.

By Marina Moruga

Victory: 75th Anniversary

Memories are like pattering, incessant rain, Memories are like never-ending icy snowflakes

This year our country celebrated Victory Day in a different way. Nevertheless, this experience, caused by force majeure, will be useful to us. Perhaps it will make us have a closer look into the life stories of our friends and relatives whose fate was changed by the war, and feel their joys and sorrows. The Vesti continues a series of publications dedicated to the anniversary of the Great Victory. Today, Alen Kireev tells us a story that happened in the war time.

UNCONVENTIONAL SOLDIER

My grandfather, Isengeldy Kireevich Kireev, was born on 9 November 1917 in the Dzhambeytinsky District in the west of Kazakhstan (in 1992, the district was renamed Syrymsky in honour of Batyr Syrym Datov, the elder of the Kazakh Baibakty clan, the leader of the anti-government movement in 1783–1797. – *Editor's note*).

In 1939, Isengeldy Kireev was called up for service in the Red Army. When the war broke out, my grandfather was 24 years old. On 25 June 1941, he was transferred to the 917th artillery regiment of the 350th Red Banner Order of Bogdan Khmelnytsky Zhytomyr-Sandomirsky Infantry Division of the 13th Army of the 1st Ukrainian Front. The division was fully formed in November of the same year. In early December, it went onto the offensive.

The division covered 388 kilometres and liberated 443 settlements from the enemy. There are many tragic stories in the history of this military formation. In August 1942, the division was surrounded by fascists and lost two regiments when fighting its way out of the entrapment. Then, it fought in the battles on the left bank of the Don, participated in the Voroshilovgrad, Zhytomyr-Berdichev and other offensive operations.

In July 1944, the division reached the Vistula River in Poland. Soon the advanced units crossed the river and captured a small area – a pocket of resistance, which later was widely known as the Sandomierz bridgehead. This military operation allowed the Soviet Army to continue the offensive in January 1945, which led to the liberation of Poland and entry into the German territory.

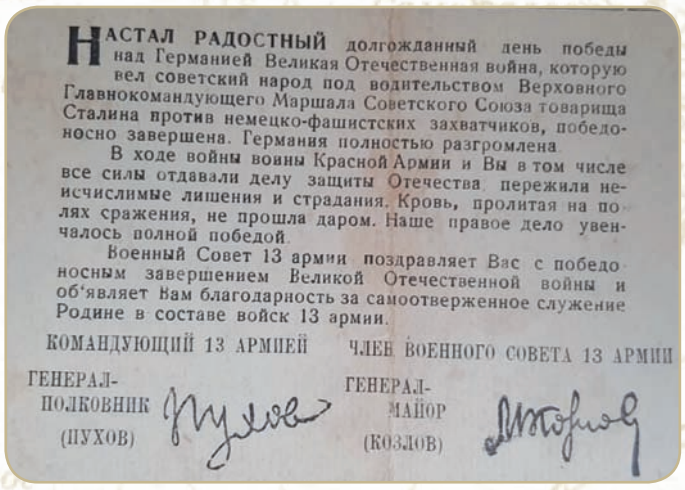
Starting from 16 April 1945, the division took part in the Berlin operation; on 23 April, it was transferred to the 4th Tank Army, and four days later, one regiment of the division contributed to the conquest of Potsdam, while the main forces were concentrated to the south of the city. The 350th Infantry Division ended the war by participating in the Prague operation, having arrived at the area west of Prague by 8 May.

My grandfather fought in the rank of senior sergeant. He was the commander of a reconnaissance detachment.

A reconnaissance man is an unconventional soldier who must think outside the box. This serviceman performs his work mainly behind the enemy lines, so his brain has to be alert 24 hours a day. The commander's experience, ability to find the right solution even in the most difficult situation without losing control or his presence of mind is an indispensable condition for the success of any reconnaissance group. Moreover, the commander has to demonstrate his willpower, ingenuity and cunning.

From the memoirs of Ivan Kobts, a frontline reconnaissance officer: "People feel the commander just like a rider feels their horse. If the horse feels that the rider is cowardly, then it will not even attempt to take a hurdle! With us, it's the same: if the commander is brave, the soldier thinks: "Yes, we will survive with him. He will not fail us." The commander's courage and self-control play a decisive role."

The main law of reconnaissance is: a reconnaissance man will sooner die than surrender. "In our troop, everyone was ready to detonate himself so as not to be captured by the enemy. Everyone carried a spare grenade with him for a case like this," Heinrich Katz, a reconnaissance man, wrote in his memoirs.



НАСТАЛ РАДОСТНЫЙ долгожданный день победы над Германией Великая Отечественная война, которую вел советский народ под водительством Верховного Главнокомандующего Маршала Советского Союза товарища Сталина против немецко-фашистских захватчиков, победоносно завершена. Германия полностью разгромлена.

В ходе войны воины Красной Армии и Вы в том числе все силы отдавали делу защиты Отечества, пережила неисчислимые лишения и страдания. Кровь, пролитая на полях сражения, не прошла даром. Наше правое дело увенчалось полной победой.

Военный Совет 13 армии поздравляет Вас с победоносным завершением Великой Отечественной войны и об'являет Вам благодарность за самоотверженное служение Родине в составе войск 13 армии.

КОМАНДУЮЩИЙ 13 АРМИЕЙ ГЕНЕРАЛ-ПОЛКОВНИК (ПУХОВ)

ЧЛЕН ВОЕННОГО СОВЕТА 13 АРМИИ ГЕНЕРАЛ-МАЙОР (КОЗЛОВ)

My grandfather returned from the war at the end of 1945. He began to work as a history teacher at a district school, where he met my grandmother, a primary school teacher. During the war, she had worked at Voroshilov Plant No. 231 in the city of Uralsk and showed excellent performance.

The enterprise has a heroic story. In September 1941, the plant equipment together with specialists was evacuated to Uralsk because of the blockade of Leningrad. The problem was the lack of workers. Recruitment was announced, and many local people volunteered to work at the plant. Those were mainly women and schoolchildren, many of whom were under 15. As soon as the first machines were installed, the boys and girls started working as apprentices to the Leningrad workers. Soon they began to operate the machines themselves. They worked for 12–16 hours a day, seven days a week. On 8 October 1941, less than a month since the arrival of the first echelon in Uralsk, the plant shipped the first batch of weapons to the front. It was a remarkable labour feat indeed.

From the very first days of the plant's arrival in Uralsk, the group of designers were developing an entirely new weapon at the time – ET-80 traceless electric torpedo for the navy. In July–August 1942, the first prototypes were tested. At the beginning of 1943, the first batch of these torpedoes was shipped to the Northern Fleet. All in all, the plant manufactured 303 ET-80 torpedoes during the war. It is known for a fact that Voroshilov Plant torpedoes sank the Wilhelm Gustloff, a giant German armed military transport ship, and General von Steuben, an armed transport cruiser.

During the war, the plant delivered about 4,000 mines of various types to the navy. In addition to torpedoes and mines, the plant produced ship compressors, fuses, induction shock devices, aircraft shells and other necessary equipment (16 items in total) for the front.

In 1943, the plant's team joined the nationwide fund-raising movement for the construction of tank columns, air squadrons, and artillery batteries. For these purposes, the staff donated most of their meagre salaries. In April 1943, young workers of the plant, together with the youth of Uralsk, raised 102,500 roubles for the construction of the Kazakhstan Komsomol Aviation Squadron. Workers, specialists and office employees contributed personal funds to the construction of Western Kazakhstan tank column.

As you see, I have every reason to be proud of my grandmother who worked at the plant. My grandfather died in 1971 at the age of 54, when my dad was only 14. The family had six children.

Isengeldy Kireev was awarded several medals – For Combat Service, For Courage, For the Conquest of Berlin and For the Victory Over Germany. On 12 December 1945, the 917th artillery regiment issued Certificate No. 123 to confirm that Isengeldy Kireevich Kireev was entitled to receive a For the Liberation of Prague medal. Sadly, my grandfather did not live to receive it. He was very modest, and hardly ever talked about his military exploits. This is probably why we know so little about his life during the war. Thankfully, we still have his medals and documents – they were preserved for us by my uncle, my father's younger brother.

By Elena Gurshal

Book as a Gift

Sakhalin Energy sent gift book sets to 27 libraries of the island, 23 of which host the company's information centres. This year, Book as a Gift campaign was timed to coincide with 75th anniversary of the Great Victory.

The list of new books includes illustrated historical backgrounders describing the main battlefields of the war, used equipment and weapons, and containing letters of soldiers, photographs from family archives, maps and diagrams, newspaper articles and commendation lists. Numerous interactive elements and solid structure of some books make the reading process educational and captivating for students of various ages. In addition, well-known and new works carry the readers over to the legendary and tragic war era: Poems and Tales About War (L. Kassil, V. Golyavkin, V. Trynkin, A. Platonov, L. Panteleev and others), The Immortal Regiment. The History of Great Deed, 10 Pictures of War, World War II Illustrated Encyclopaedia and others.

Being closed for visitors, the libraries continue to work remotely. In order to introduce to the readers interesting books in a series "75 years of the Great Victory", librarians of central libraries of Aniva, Makarov, Tymovsk, Smirnykh and Dolinsk prepared virtual exhibitions or announcements in social media.

As an official partner of All-Russia St. George's Ribbon campaign, Sakhalin Energy has sent to regional libraries more than 13 thousand symbols of the Victory. Librarians of Smirnykh and Vostochny handed the inherent attribute of this year's main holiday to people in the streets, shoppers and personnel of medical institutions. Their colleagues from Makarov arranged the Letter to Descendants campaign. They have put memory letters with attached ribbons to townspeople's mailboxes.

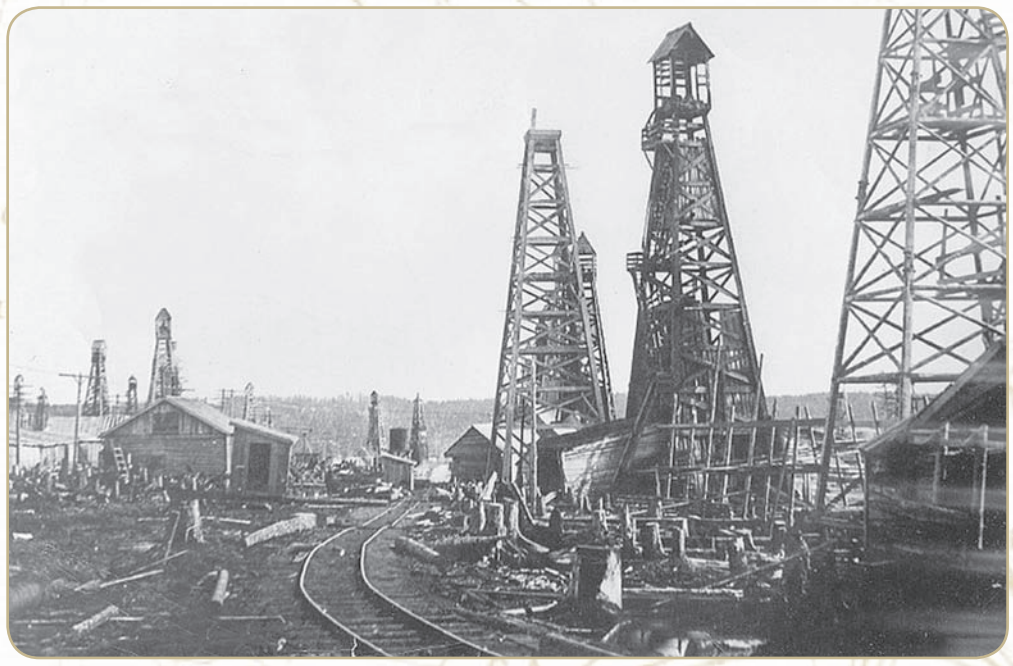
Book as a Gift exhibition in the central library of Makarov

Send us your stories about the war veterans at ea@sakhalinenergy.ru

figures and facts

Sakhalin Oil for Victory

During the Great Patriotic War, Sakhalin played a significant role in the provision of the army at the front and the enterprises of many regions in the Far East and the country as a whole with liquid fuel. Sakhalin oil accounted for more than a half of the 900 thousand tonnes of oil products sold in the Far East and Eastern Siberia in the pre-war years.



It was inevitable that the start of the Great Patriotic War should change the vector of exploration and production activities. 470 wells were operating in the Soviet oil fields of Northern Sakhalin by summer of 1941 to supply the Far East. Sakhalin oil workers were set the task to increase production. Residents of the island successfully coped with it and increased oil production by half compared with the pre-war year of 1940.

At the time, oil reserves in Western Siberia had not yet been explored, and black gold was chiefly mined in the Caucasus – in Baku, Maykop and Grozny. In the second year of the war, the Caucasian oil fields were either captured or were facing the risk of being captured by the enemy. When Hitler's troops reached the Volga, they were practically cut off from the rest of the country. Northern Sakhalin was the only source of oil that was not directly threatened by the war.

It was exceedingly difficult to organise oil production – there was a serious lack of qualified specialists. For this reason, a significant part of young people who graduated from the Okha Oil Technical School in 1941 were sent directly to the oil fields. Due to the acute shortage of labour resources, caused by the departure of many oil workers called up for military service, Sakhalinneft Trust employed women and teenagers to work at its enterprises. They toiled selflessly, doing their best to replace their fathers, husbands and elder brothers who were fighting against the enemy at the war front.

Burning with a desire to help the army, the youth joined in the two-hundreders, three-hundreders and five-hundreders movements. As the Sovetsky Sakhalin newspaper of 18 October 1941 reported, "...the ranks of the Stakhanovites who fulfil 200% and more of their work plan is growing. Oil worker E. S. Ivanov regularly fulfils 281% of the norm, Assistant Operator Khabibulin – 218%. Two norms were executed by Stakhanovites Rakovsky, Mingaliev, Abrashkin, Golubets and others."

In 1943, there were over one thousand Stakhanovites and overachievers on Sakhalin, who showed examples of highly productive labour to other workers. A large number of young oil workers were awarded the Excellence in Socialist Competition badge for their work that year. The high performance indicators were largely due to turbine drilling – the advanced method mastered during the war. For instance, record results were achieved by the self-supporting team of G. T. Podshivailov. The high-speed well drilling method allowed his team to put wells into operation twice as fast and achieve a reduction in the cost of the product by 60 thousand roubles.

In 1941–1945, records were set that exceeded the achievements of the pre-war Stakhanovites by far and surpassed production norms by 2, 3, 5, and even 10 times. It is noteworthy that such records were often set by adolescents, women and the elderly.

Dry figures about oil produced in the war time speak louder than words: 479.6 thousand tonnes in 1941, 540.2 thousand tonnes in 1942, 569.6 thousand tonnes in 1943, 616.5 thousand tonnes in 1944, 695.7 thousand tonnes in 1945. This demonstrates the heroism and dedication of the Sakhalin oil industry workers. The share of Sakhalin in the all-USSR production amounted to 1.6% in 1940 and 3.9% in 1945.

With such huge output, oil delivery to the mainland was a challenge. Before the war, Sakhalin oil was taken by tankers to the ports of Primorye and then transported in railway tanks to the Khabarovsk oil refinery. The geographic and natural specific features of the region (frequent storms and early freezing at sea) limited oil delivery from Sakhalin considerably. To solve the problem, it was decided in 1940 to build an oil pipeline from Okha to the mainland. The war spurred the start of the pipeline construction – the army and the country's economy badly needed uninterrupted oil supplies. The pipeline route was divided into three sections – 196 km along Sakhalin Island, 8 km on the sea bottom across the Tatar Strait, and 175 km across the mainland to Komsomolsk-on-Amur.

The management of the construction project was entrusted to Nikolai Belov, an experienced engineer. Preparatory work began in September 1941. The most difficult construction stage began in February of the following year, when the Tatar Strait was covered with a dense crust of ice. Pre-welded pipe stalks of 250 to 800 metres were taken by tractors onto the ice, welded together, and then lowered to the bottom of the strait through clearings cut in the ice. At the end of March, the pipeline crossed the strait from one shore to the other. The construction of onshore pipeline sections took another 15 months. The work was done by prisoners and employed workers.

The Japanese intelligence service kept a close watch on the progress of the strategic oil pipeline construction. They transmitted the obtained data to their German allies, but the information was not taken seriously – German experts considered the construction of such a large-scale pipeline in the existing conditions impossible.

Despite their scepticism, the almost 400-kilometre pipeline was launched and soon was operating at full capacity as early as July 1943, ensuring uninterrupted oil supplies from Sakhalin to the mainland. Over the four war years, the country received almost 3 million tonnes of oil from Sakhalin, which is more than the total amount of oil produced on the island in the entire pre-war decade. This is comparable with the volume of oil supplies from Grozny. Moreover, the quality of Sakhalin oil was as high as in Grozny: for example, oil from the Ekhabi oil field on Sakhalin had the highest rate of petrol output in the Soviet Union at the time.

Alongside with intensive oil production, active geological prospecting was carried out on the island throughout the war period. It involved both Sakhalin geologists and specialists from the mainland. Subsoil prospectors from the Far Eastern expedition of the All-Union Research Institute made a valuable contribution to the study of the south-western and western territories of the region. In particular, they studied the stratigraphy and oil content of tertiary deposits in the south-western and western regions of Northern Sakhalin.

■ Prepared by Marina Semitko based on the materials of neftianka.ru and skr.su.

The Okha Oil Field saw its first exploration back in July 1889. It was carried out by a retired officer, Grigory Zotov, and a mining engineer, Leopold Batsevich. Zotov was absolutely consumed by the idea of discovering oil there. Having drilled the first wells, he kept sending expeditions, but year after year, they ended in failure. Unfortunately, Zotov did not live to see the first commercial production of oil as he died in 1903.

In 1909, Zotov Successors and Co. was established, and one year later, on 12 May 1910, its first well was drilled. A team led by a mining engineer Mindov produced the first oil from the depth of 91.5 m with the bottom-hole reaching 123.5 m deep. That well was created by hitting rock formation with a V-shaped tool, such as an auger or a firmer gouge, from a percussion drilling rig. The gusher of the first well was quite modest producing only 200 litres per day.

The first industrial oil was produced on Sakhalin on 12 May 1910 under the leadership of Mining Engineer Mindov. For this purpose, a wooden rig was built in the Okha field, which has survived to this day and is now a historical monument. The Zotov rig, used to drill the first industrial well in the region, was operated until the 1950s. Photo courtesy of www.ruspekh.ru

continuous improvement

Why Do Leaders Go to Gemba?

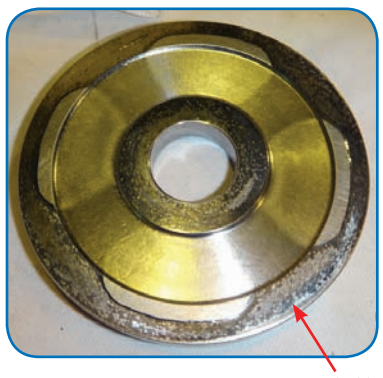
Traffic jams have ruined innumerable nerve cells. Their process analogues – hydrate blockages – can stop the entire production for a long time. However, monoethylene glycol (MEG) solution, which dissolves hydrate plugs in underwater pipelines, can solve this problem. Nikolay Cherkashin, OPF Head of Operational Excellence, talks in detail about the upgrade of the MEG shipping pumps modernisation at the Onshore Processing Facility.

– The project to upgrade critical equipment – MEG shipping pumps – was implemented at the OPF as part of the Continuous Improvement programme. The baseline analysis of the pump operation and control, carried out by specialists in many disciplines, was comprehensive indeed. Accordingly, the results were absolutely reliable.

The problem is that if the MEG solution is no longer supplied to multiphase pipelines, this may lead to a complete halt in the production of gas and condensate coming from the LUN-A platform. This must not be allowed, especially since the shutdown can be long – hydrate plugs in pipelines on the bottom of the sea are very difficult to dissolve.

But first things first. The operation of the P-5602 A/B MEG shipping pumps started in 2009. As we can see from label, there are two of such pumps – A and B installed at OPF. Technologically, they are tied in parallel; one pump is permanently in operation, while the other one is on standby. Soon after the start of their operation, it was found that the pump valves were not reliable enough. The OPF Rotational Equipment Engineers contacted the manufacturer, identified the cause of the malfunctions, and soon after the Teflon valves of the pumps were replaced with more reliable ones, made of titanium (Fig. 1). This was the first major modification of the pumps.

Figure 1. A defective Teflon valve



A more reliable titanium valve

In 2015, Process Automation and Control Optimisation Engineers introduced an Exapilot-based automated transition and pump start algorithm. This algorithm repeats the sequence of actions of the CCR Operator at the best start-up of the pumps. Exapilot minimises the start-up time of the standby pump, and also excludes human error in this process.

The plungers of the MEG injection pumps are lubricated and cooled by a working fluid, the flow rate of which is an indicator of seal wear and the need for mechanical tightening. Previously, this flow rate was controlled visually and was defined as “large” and “low”. Naturally, this approach is not comprehensive; in fact, it was rated by experts as insufficient during the inspection of the pump installation site or, using Kaizen terminology, going to gemba.

They immediately found a simple, but effective solution – to install a metal measuring tank. This allowed a systematic approach to the control of seal wear through a quantitative assessment of fluid flow in litres per hour.

It was by no means the only improvement suggested by going to gemba. In particular, the tightening of seals had been previously carried out with the pump turned off, which increased the risk of production deferment, since there was only one operating and no standby pump. Having studied the operating experience of such pumps at Schlumberger, our specialists decided to tighten the seals while the pump was operating and to ensure safety by installing a restrictive casing on the pump, partially made of transparent plexiglass, to visually control the operation of moving parts (Fig. 2).

But there is more! It was necessary to slightly change the configuration of the drainage tubes in order to facilitate access to the seals to be tightened (Fig. 3).

In the course of further analysis, it was found that the flow of lubricating and cooling fluid is controlled generally, that is, for all three plungers at once. However, such control did not reveal any lubrication or cooling problems for each particular plunger, and this could lead to premature pump failure.

Therefore, it was decided to modify the connection of the drainage lines using special three-way valves, eliminating the blocking of the fluid flow during switching. This scheme allows tracking the flow of cooling and lubricating fluid through each plunger separately.

Figure 2. MEG injection pump with a casing and upgraded drainage tubes

Of course, all changes were made in a controlled manner, in accordance with the company’s Management of Change (MOC) procedure.

As you see, the gemba walk by leaders of various teams proves to be very useful. A Leader (with a capital L) has extensive practical experience, deeply understands the logic of processes, and can help the team to take a fresh look at a problem.

There is no doubt that the Continuous Improvement programme is effective and that teamwork is especially important for its successful operation. Representatives of each discipline contribute to the common target by using their experience, knowledge and skills, and improve the equipment reliability, thereby ensuring production stability in the company. In addition, each employee can contribute to improving safety, reducing the period of work execution and costs. It is essential that We Build Our Strong Future Together!

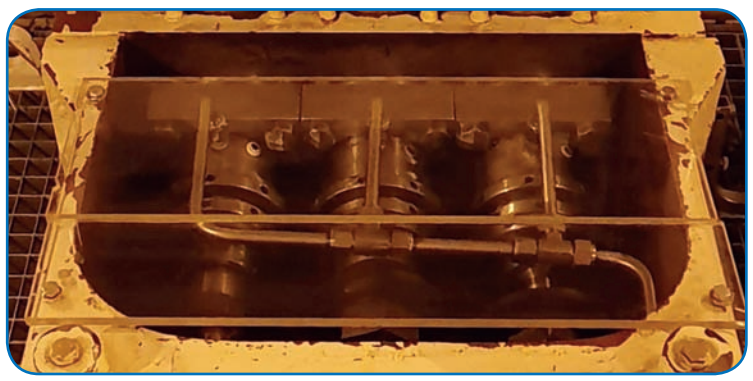
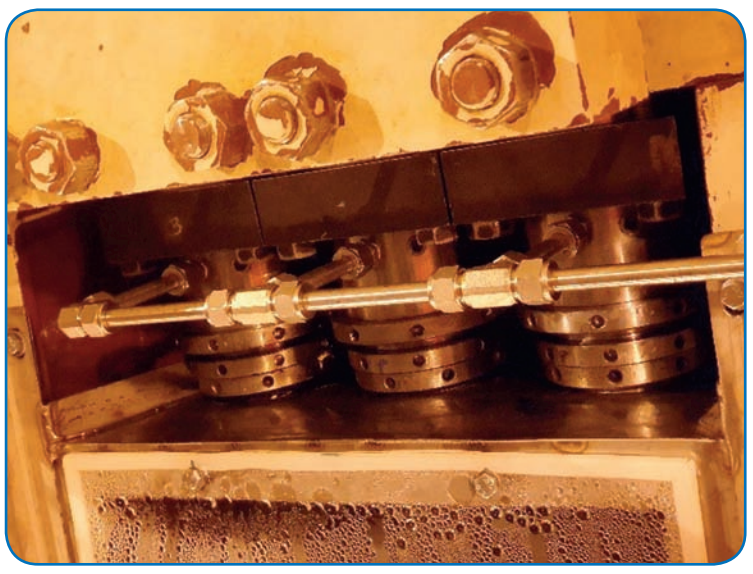


Figure 3. Modification of drainage tubes to facilitate access to the seals
Before: drainage tubes are an obstacle to seal tightening



After: the configuration of the drainage tubes has been changed; now they do not impede the tightening of the seals

safety

Keep Head Up

The annual World Day for Safety and Health at Work on Sakhalin OPFC Project.

OPFC project has gone through a lot in order to prepare for and prevent spread of the coronavirus on its site. From mandatory isolations, extended rotations to avoid travel and maintain business continuity, additional medical checks, campaigns, disinfections, temporary closure of recreational facilities and townhall meetings are among many other actions the project team members supported to ensure “sterile” and COVID-19-free OPFC Site.

In the end, as that famous song would say, The Show Must Go On!

As the entire month was concentrated on COVID-19 prevention, the project has selected somewhat different theme for the celebration of World Day for Safety and Health at Work. With the upcoming working at height activities, project team has conducted series of drills and exercises with focus on fall prevention and protection, rescue from height and dropped object prevention.

Paul Allen, Sakhalin Energy Site Manager commented on significance of the events saying: “The aim of these events was to emphasize the importance of fall protection and personal fall arrest systems

as well as requirements for work at height rescue plans. Our Professional Emergency Response Team has shown the audience the process and difficulties involved in rescue operations. All project staff has responsibility to ensure that work at height and dropped objects hazards are identified, activities are risk-assessed and mitigation measures are in place before commencing work”.

Subcontractor Management rewarded number of personnel for their outstanding safety performance to include several field safety officers for their efforts to ensure safe workplace for their fellow workers.

“The OPFC Project has its own set of values, designed between the leadership teams of Sakhalin Energy, PFML, Velesstroy and other key stakeholders, which govern our behaviour and include respect, honesty, integrity and empowerment. We trust that all our teams have demonstrated these values thus far and we will continue to do so as we move forward even in these difficult times. No doubt we will face further challenges but with hard work and an uncompromising focus on safety and wellbeing of our colleagues we are confident we can successfully continue to overcome any hurdles”, said Muntaser Bazyan, PFML Deputy Site Manager.

technology

Uncovering Subsurface Secrets

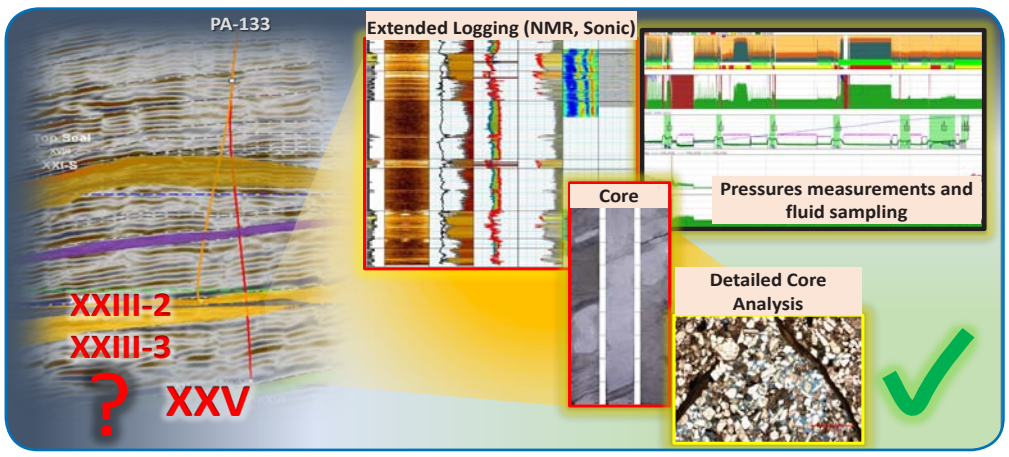
Alexander Dubok, Well Delivery Lead, tells about the peculiarities of designing and drilling PA-133 to new pay zones.

– The Astokh area – part of the Piltun-Astokhskoye oil, gas, and condensate field – has been developed for over 20 years. Since 5 July 1999, oil and associated gas have been produced mainly from Layers XXI corresponding to oil and gas deposits of the Nutovsky horizon, Nizhnenutovsky sub-horizon. Still, the pay zone of the Astokh area is not limited to this group of layers only – there are other formations that contain commercial hydrocarbon reserves. To name a few, there are the deposits of the oil and gas Layer XXIII currently in the Pilot Commercial Development (PCD) stage, and the gas Layer XXV – one of the exploration targets to sustain the gas production level.

The Technical Directorate has analysed the completeness of geological and geophysical data to assess the production potential and further development of these horizons. It has been found that previous data on Layer XXIII gave an incomplete image of the gas/oil and water/oil contact (GOC/WOC) positions, which is critical for the assessment of hydrocarbons in place and correct well placement. The quality and quantity of petrophysical data on the porosity and permeability properties of the Layer XXV rock formation significantly influence the assessment of initial gas in place expanding the limits of uncertainty.

Under the programme of PCD and Commercial Properties Update for Layer XXIII, the design document stated that PA-133 oil well should be drilled and put on production by the end of 2019. At the first stage of the well trajectory planning, the proposal was to drill one hole with a horizontal 800 m completion and run a standard set of well logging. However, in the design process, the Well Delivery team suggested expanding the set of activities to update the porosity and permeability properties, specify the positions of GOC/WOC in Layers XXIII and XXV, and obtain geological and geophysical data critical for further development. It was proposed that in addition to the main production hole, a pilot appraisal hole should be drilled to the depth of 3,571 m, which made it possible to uncover the bottom of Layer XXV and execute the additional reservoir structure appraisal program (recovering core from Layer XXV to update its porosity and permeability properties, taking deep gas samples to update condensate content, measuring reservoir pressure at different intervals with visual as well as physical and chemical confirmation of the fluid type, and running an expanded set of well logging).

The drilling of a pilot hole increased the costs by almost 30%. The VOI (Value of Information) method was used to justify that. It let the Field Development team determine the value of the geological data on reserves (porosity, permeability, saturation, etc.) and demonstrate the economics of the planned investment.



The Decision Review Board supported the proposed concept and approved proceeding with the well delivery. All the standard well documentation was handed over to TDW, and in August 2019 the well was spud. The well was successfully delivered same year in December.

Many thanks to all involved in the delivery of the well and to our colleagues who ensured timely supply with the necessary materials. Close cooperation of different Sakhalin Energy directorates and our contractors supported by our leadership team created the synergy that wrote a new page in our company's history. Uncovering subsurface secrets, we ensure our continuous growth and development!

Six remarkable facts about the PA-133 drilling project:

- For the first time, core was taken over the entire pay thickness of Layer XXV. Formation pressure was measured at 40 points in the open hole with downhole gas samples taken.
- For the first time in the history of Molikpaq, formation logging tools were RIH on drill pipes.
- The deepest well in several years (3,571 m) was drilled from Molikpaq.
- Accurate positioning of the horizontal well section in Layer XXIII resulted in high oil rate – about 1,900 barrels or 244 tons per day.
- Positions of GOC/WOC in Layer XXIII were adjusted allowing to update the hydrocarbon reserves and select the well operating envelope better. In the future this will facilitate efficient drilling of new wells.
- Uncertainty was reduced and gas initially in place in Layer XXV was updated.

russian content

Adopting Experience, Developing Competencies

During the annual scheduled shutdowns, a certain scope of work on the Sakhalin-2 offshore platforms and pipeline system is carried out using equipment manufactured by STATS (UK) Ltd. Striving to systematically increase Russian content and localise technology in Russia, Sakhalin Energy entered into a tripartite memorandum of understanding with STATS (UK) Ltd. and INTRA Services Company LLC. INTRA Project Manager Mikhail Vdovukhin talks about the key aspects of this partnership, the exchange of international experience and the development of competencies of Russian specialists.

– How did INTRA and STATS (UK) Ltd. become partners in the Sakhalin-2 project?

– Our companies' paths first crossed at the PipeTech conference in Rome in 2015, where STATS specialists made a brilliant report on the creation of emergency response kits for trunk pipelines. The topic of the report was relevant to INTRA's key competencies. Our partnership began that same year.

As regards our collaboration under the Sakhalin-2 project, it all started at the moment when both companies received an invitation to tender for blocking pipelines during the overhaul of emergency shutdown valves (ESD valves) at offshore facilities. Having analysed the Terms of Reference, however, INTRA made a decision to refuse to participate in the tender to the benefit of its partners. This was due to the fact that the solutions laid down in the Terms of Reference could only be implemented through the extensive use of the most advanced equipment, which an extremely limited number of international companies (STATS being one of them) could boast of. Nonetheless, STATS showed excellent foresight and strategic thinking by offering that we participate in the contract, ensuring its Russian content, which was fully consistent with the spirit of our cooperation. Actually, this is how the synergy was created in the Sakhalin-2 project.

– What aspects do you coordinate on?

– Today STATS is sharing with us its basic knowledge, competencies and experience in local hydraulic testing and insulating process pipelines with the use of STATS equipment. Our specialists have already completed training courses at a plant in Scotland and gained considerable knowledge, which, in the short term, will allow us to independently perform service work as part of local hydrostatic testing, using specialised testers. In the future, training is also planned for an additional group of our specialists at the INTRA Research and Educational Centre, with the engagement of a qualified STATS coach. Active work is under way in this area, and a special training device is being prepared for manufacture.

The execution of pipe insulation work using high-tech Tecno Plug devices manufactured by STATS is a parallel vector in the development of cooperation between the two companies. In the long term, INTRA specialists are expected to master this process so well that the need for engaging foreign staff will eventually be minimal. This technology is quite complex and it will take more than one joint project to fully transfer it to the Russian company. In addition, plans are being developed to manufacture specialised equipment for the work at INTRA's production facilities using the Tecno Plug technology. The latter mainly involves using various special cassettes and modules for the mechanised positioning and loading of equipment into the pig receiver.

Currently, INTRA is considering the possibility of placing testers, in the most popular standard sizes, for local hydraulic testing in warehouses across the Russian Federation for permanent storage, which will significantly reduce equipment mobilisation time.

– What activities are planned under the Sakhalin-2 project?

–Three projects are planned to be implemented at Sakhalin Energy production facilities with the participation of our specialists trained under the STATS programme. The first one is local hydraulic testing of the pipelines as part of the technical tie-in of booster station equipment into the existing system of the Onshore Processing Facility (OPF). A number of local hydrotesting operations will be carried out in the territory of the OPF itself.

Another project will be implemented jointly with STATS on the Lunskoye-A platform. The scope of work includes performing double insulation of a 30-inch multiphase line for the subsequent overhaul of the emergency shut-off valve. The work will be carried out using a remotely controlled Tecno Plug device. In fact, this work can be considered one of the first stages in transferring this unique experience to the Russian company.

– What benefits do you get from this collaboration?

– The benefits consist in developing new competencies and gaining knowledge that will enable us to provide exclusive types of high-quality services to our customers and guarantee the highest level of safety. Owing to this approach, our company is actively developing, implementing projects successfully and earning considerable profits.

■ By Dmitry Dubik

corporate culture

Hot May

Sakhalin May is a chilly time of the year. But not for the Prigorodnoye production complex team: starting from April they are 24/7 on the asset getting ready to the planned shutdown 2020. Besides there was a number of events in complex's life in May: a traditional litter pick (Subbotnik), the offloading of 700th standard cargo of oil, celebration of 9 May, first shift change during pandemia. Some of them are on photos below. Summer will be even hotter, but what is more important let it be safe. "Safe multiplied by three" as the Deputy Production Director and Head of Prigorodnoye production complex Alexander Singurov says.

Prigorodnoye complex team used its 'clean zone' status (isolation from the external world) and cleaned the territory, including the LNG zone, oil export terminal, Yunona camp and other areas.

On 3 May some 450 people spent two hours of their 24/7 duty shift at the plant cleaning the plant territory after a long winter. Such cleanings have been taken since 2013.

9 May morning started with congratulations and handing the St. George Ribbons, while ended with a festive dinner.

A clean environment is important as for the people, so for the representatives of local fauna…

Prigorodnoe production complex watch!

One Anomaly for Two Markets

The spread of a previously unknown virus, COVID-19, is currently a global challenge. The coronavirus is a hazard not only in terms of human health implications. Its rapid spread has forced numerous countries to impose a quarantine, to suspend production and transportation, to close their borders and, ultimately, to change the usual lifestyle.

GLOBAL LNG ENERGY MARKET

The global energy market faced the COVID-19 pandemic in tough times. Due to intensive development of natural gas liquefaction capacities over the recent years and as a result of the previous warm winter, significant natural gas volumes accumulated at storage facilities all over the world by spring 2020. LNG overproduction and oversupply in Europe, in the Middle East and in the Asian-Pacific Region became obvious. The situation was similar on the oil market that also experienced excessive oil and oil product accumulation.

In that very moment, the virus outbreak caused "a perfect storm" on the global markets. The transportation volumes and international traffic have plunged to extremely low values, most industrial enterprises have been shut down and the energy consumption has reduced. Hydrocarbon market overstocking combined with decline in energy demand and economic activities has had a devastating impact on the energy industry and energy product prices.

One-third of the global LNG supplies takes place on the spot market, and the prices for spot batches have been exposed to the gravest impact. The LNG price index in the Asian-Pacific Region, the JKM index, has fallen to unprecedented values and still stays within the range of US$2 to 2.5 per million BTU. Such a low margin on the LNG spot market is recorded for the first time in its history.

However, in addition to spot prices, forward contract prices have also been hit badly. The bulk of global LNG volumes is contracted at the price referenced to the oil price. The oil price decline in the first and second quarters of 2020 has also caused price reduction with respect to LNG scheduled for supply in the second half of the year. We currently witness the continuing era of the minimum prices for liquefied natural gas.

This drastic negative change in the market situation has disrupted the industrial development plans worldwide. The largest LNG market players have withdrawn their investments into LNG construction projects equal to US$70 billion in order to maintain price liquidity in the context of low LNG prices and progressing pandemic.

As reported by Poten & Partners, no final investment decisions (FID) will be taken in 2020 under new natural gas liquefaction projects for the total design capacity of 228 million tonnes per year. The FIDs are expected to be delayed for at least a year, or two to three years under certain projects. This means that after the world overcomes the virus and proceeds to economy restoration activities, the gas and LNG demand will also grow. However, the LNG production will take time to make up for the lost development momentum. The certain existing scenarios envisage that, due to delays in commissioning of new gas liquefaction projects, a positive shift in the price situation on the LNG markets for producers and suppliers will occur quicker than expected.

The key to operation of all industry enterprises in the context of the economic decline at the moment is the strict financial discipline. The operating budgets in the industry have been subject to significant downward adjustments, which are vital for staying competitive on the market. The projects involving high LNG upstream net costs have been most severely affected. These projects are unable to secure the prices from LNG customers sufficient to cover the operating costs and are thus forced to slow down production and dismiss personnel while for the most part bearing the payment liabilities towards their creditors, which further aggravate their financial challenges.

LNG customers also take actions not contributing to market balance restoration. The announcements on cancellation of the scheduled LNG offtake from American projects in the Gulf of Mexico may serve as an example. Dozens of batches scheduled for supply from the USA in summer 2020 have been cancelled. Low LNG prices prevent the American LNG from being competitive on the European and Asian markets which are sufficiently covered by supplies from the adjacent regions.

Due to unexpected behaviour and high volatility of oil prices, customers have lost interest in concluding long-term LNG purchase contracts at the prices referenced to the oil price. Due to the current situation when inexpensive spot LNG ready for supply to any part of the world is available on the market at any time, customers gain an extra benefit and obtain extensive opportunities to improve their supply portfolios. The most common current trends are tenders for spot and production batches, short- and mid-term contracts for LNG supply at the prices calculated by hybrid formulas, i. e. with the first part of the LNG contract price referenced to the oil price and the other part referenced to the gas index at European, USA and Asian hubs.

Despite the challenging situation on the hydrocarbon markets aggravated by the coronavirus pandemic, certain positive changes should not be left unmentioned that will facilitate improvements in the energy industry situation. Low prices for "blue gas fuel" are undoubtedly beneficial in terms of conversion from coal to gas at thermal power stations worldwide. It is currently more economically efficient to use gas rather than coal for power generation, and this has an extremely positive effect on the environment and air quality all over the world. Many European and Asian countries have developed and implemented their plans for energy industry conversion to gas, thus contributing to LNG demand expansion.

Bearing in mind the consumers among the main Asian countries such as Japan, China, South Korea, Taiwan and India, we should not overlook the progress of certain other countries which have recently joined the LNG customers' club or intend to do so in the nearest future. These include Pakistan and Bangladesh, where regasification industry keeps gaining momentum while natural gas utilisation experiences steady growth. As for our region, Thailand demonstrates outstanding progress in construction of LNG regasification facilities and intends to triple its capacities in the next three years and become a new major LNG customer in the Asian-Pacific Region.

Global vessel fleet conversion from liquid hydrocarbons to LNG is progressing at a rapid pace. Both Europe and Asia have already constructed LNG bunkering terminals for various vessels, dry cargo and bulk carriers, tankers and cruise ships.

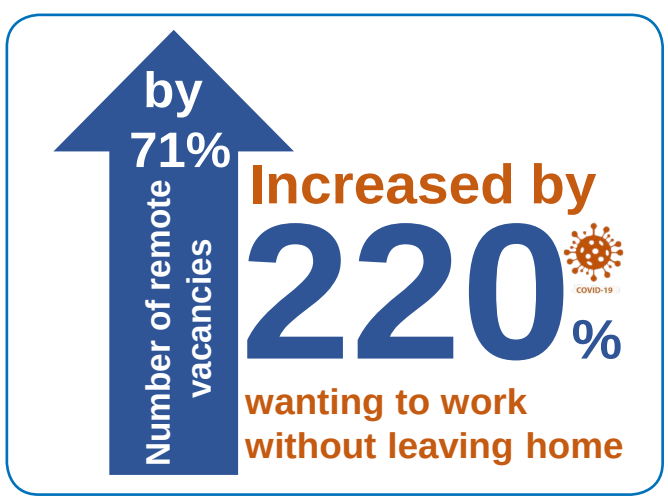
Most experts agree that the current challenging situation on the LNG market is not a long-term trend. As soon as the global community succeeds in gaining control over the pandemic, economic activity will intensify and the world will need more power. As the global economy recovers, we have grounds to expect a rise in natural gas and LNG demand. In the long term, LNG is still the energy source progressing at the fastest pace that is competitive with new recoverable energy sources.

LABOUR MARKET

One of the critical tasks at the moment is to preserve jobs. Many large companies have suffered losses, while an enormous number of small companies have been forced to suspend their operations or have even gone bankrupt. As a result, a lot of people ended up losing their jobs.

As reported by Antal Russia based on its research among 218 Russian and foreign companies, 75% of these companies have already reduced their personnel costs due to coronavirus: 47% have saved the business travel costs (due to business trip cancellations), 43% have cut their training and education costs, while 26% of the respondents reported that they seek to avoid salary reductions and bonus cancellations. The International Labour Organization has advised that the crisis due to the worldwide coronavirus outbreak will lead to working hour reduction by 6.7% in the second quarter of 2020. In February, companies cut their employment by 12%, while in March, this percentage was already equal to 40%. The vacancy filling plans have reduced from 47% to 21% in one month.

According to the data from other sources, Russia has been experiencing a natural growth in remote work vacancies; this figure has already increased by 71%. The number



of people who wish to work from home has grown by 220%. Education has the highest personnel demand with 74% of the vacancies. The second largest demand is recorded in sales. Experts say that the employment market is undergoing an unprecedented transformation. The labour market competition has increased by approximately 10%. An average of 75 persons respond to every 10 vacancies. To put this in perspective, the number of candidates was fewer by seven persons in February. Inexperienced candidates, particularly students, find it increasingly hard to get a job. Tough competition is observed in top management, arts, mass media. Lawyers, accountants and administrators also face employment difficulties. Training instructors, project managers and engineers have the best chances to succeed.

Headhunter employment portal reports that raw material production has made the top five industries that experience the greatest decline in candidate activity. This can indicate that industry employees currently tend to wait until the situation improves and do not wish to change their job. Headhunter also reports that the industry is now a leader in the quantity and momentum of vacancies along with medicine and pharmaceutical industry, civil service and construction, which may testify to its relatively stable position as compared to other sectors.

In other industries, the number of vacancies reduced as early as in March. The most significant decline was experienced by the sectors that suffered the greatest losses due to the current situation. These include arts and culture, entertainment industry, fitness centres and beauty salons, tourism, hotels and restaurants, other consumer services as well as consumer goods other than food products.

Labour market experts believe that the companies that have already switched to digital technologies and succeeded in rearranging their business processes and converting to online operation are more likely to survive the crisis. When the crisis comes to an end, the employment market will not be the same. This is backed up by KPMG studies, which indicate that in the next 12 months 59% of the companies will implement personnel cost optimisation, 44% will switch to a new management model (flexible work schedule, remote work, online recruitment), while 41% will introduce automated personnel management processes.

WORK MANAGEMENT AND REMUNERATION

The quick reviews performed by Ernst & Young to reflect employment market changes by means of a survey among 73 companies (including large companies with a headcount of 2 to 10 thousand employees in such sectors as metallurgy, oil, gas and energy, information technologies, car industry, retail sales, medicine, pharmaceutical industry, etc.) show that as of April 2020, above 75% of the survey participants do not yet intend to cut down their staff and working hours.

However, Headhunter reports that approximately 20% of the interviewed employers have already cut down their manning levels. Moreover, 37% of the survey participants have indicated that they will "definitely cut down" or "most likely cut down" their staff in the next six months.

21% of the companies have transferred all their personnel to remote work; 78% managed to do so only for a part of their staff as the job duties preclude transfer of all personnel to remote work; 1% of the companies still keep all their personnel at workplaces.

Remote work remuneration is equivalent to working day remuneration at 100% of the companies. Downtime not attributable to the employer or the employee is applied to 2% of the staff not transferred to remote work. 84% of the employers expect that the current situation will have an adverse impact on achieving their business targets.

41% of the companies have employees not engaged in work irrespective of the possibility to work remotely (the percentage of such employees ranges from 4 to 22% of the total headcount).

82% of the companies previously intended to increase remunerations by an average of 5.2% in 2020. 47% of such companies have changed their plans regarding remuneration increase percentage by an average of 3.4%. It should be noted that Sakhalin Energy has increased remunerations to its employees in full in strict conformity to the plans.

Despite the challenges encountered by the employment market and the industry as a whole, Sakhalin Energy continues to look for candidates among both experienced specialists on the oil and gas market and young specialists.

38% of the companies have already amended their remuneration strategy as of April 2020: 61% have introduced changes in extra payments and allowances above the statutory payments (such changes primarily envisaged payment suspension or payment amount variations); 50% have reconsidered their bonus policy (such changes primarily affected the target bonus amounts).

21% of the survey participants have implemented or intend to implement remuneration cuts. According to Headhunter's survey, the percentage of such companies is 23%. Moreover, 27% will most likely or definitely cut remunerations in the following six months. 23% of the companies have put or consider putting their remuneration increases on hold. 43% have decided to postpone or consider postponement of their annual remuneration increase.

COST REDUCTION

The companies currently deal with personnel costs using both traditional methods (employment suspension, four-day working week introduction, overtime cuts, contractor involvement reduction, postponed bonus payments, delays in certain benefit and extra payments) and alternative methods (one-time payments to support personnel, remuneration cuts for a specific period, job retention, personnel transfer, social assistance to employees in case of sickness).

62% of the companies have already implemented or consider implementation of the cost reduction actions not related to personnel. 16% have already introduced or consider introduction of cuts in overtime compensations while the number of such compensations grows due to changes in personnel work schedules.

12% consider the opportunities to cut costs by temporary staff downsizing or dismissal. 83% claim that they are not yet ready to downsize or dismiss their staff on a permanent basis.

The current situation results in the risk associated with personnel cost savings by employers, including cancellation of significant elements in the social security package. For instance, insurance companies expect that the economic recession and the pandemic will have an adverse impact on voluntary medical insurance (VMI): decline in economic activities may influence the employers' plans regarding VMI provision to employees. Bearing in mind that, according to the compensation and benefits market review, VMI benefits are provided by more than 90% of employers, changes in voluntary medical insurance programmes will generally have a strong impact on the employees' social security level.

CURRENT SITUATION AT SAKHALIN ENERGY

Despite the challenges encountered by the employment market and the industry as a whole, one of the leading oil and gas companies continues to look for candidates among both experienced specialists on the oil and gas market and young specialists. In general, candidates positively respond to the opportunities offered by the company; they are ready for negotiations during these tough times and welcome the prospect to start work later when the situation improves.

We would also like to highlight our efforts related to candidate recruitment for the company's target programmes, such as the educational grant programme and young specialists development programme. We keep selecting high school students to be awarded educational grants. The full process is currently implemented online.

The company is ready to actively consider graduates as candidates to fill the vacancies under the young specialists development programme and intends to be flexible in order to accommodate the needs of the students whose final paper defence is postponed due to the coronavirus pandemic.

The candidate engagement activities also involve career centres at higher educational institutions and their social media accounts. About ten higher educational institutions have already published information on Sakhalin Energy on their pages. The post about the company on the page of the Ufa State Oil Technical University has hit more than 5000 views in approximately five days. In view of the local candidates sourcing strategy, Sakhalin Energy also seeks to engage with career centres of Far East higher educational institutions and their social media accounts.

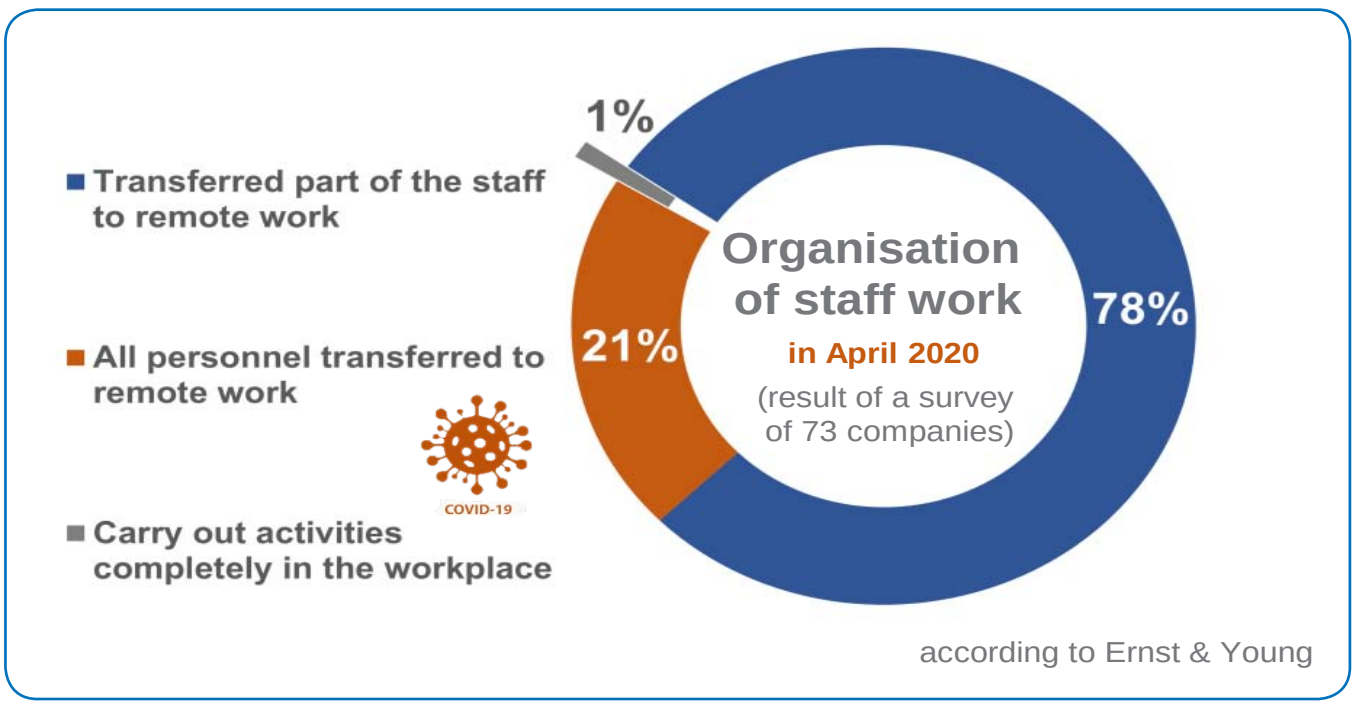
Moreover, additional opportunities for online engagement with graduates are being considered and implemented. For instance, the On-The-Job Training 2.0 project helped the company to gain additional opportunities and access to a wider university audience by publishing case studies on a dedicated portal. By solving the suggested cases, students are able to step forward and subsequently get an opportunity to participate in an interview with the company's specialists *(see details on page 19)*. Another new engagement format for the company is online lectures with higher educational institutions. An online meeting with the students of the Far East Federal University will be held in the nearest future.

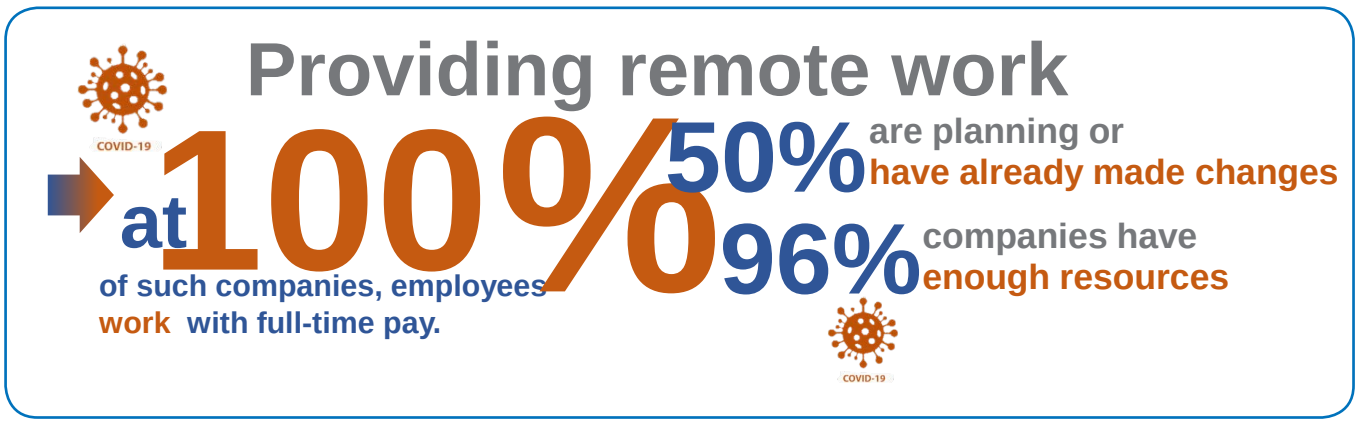
Under the voluntary medical insurance programme, new services have been offered to the company's employees and their family members based on the SOGAZ-TELEMED platform. This is the remote health services platform with participation of the doctors from the Moscow's leading hospitals that also offers psychological support on various issues, such as individual response to remote work or anxiety due to coronavirus infection risk.

In the context of the worldwide pandemic and the governmental actions to prevent coronavirus spread, the corporate Children's Centre continues to work on a remote basis. The teachers have studied the state-of-the-art technical capabilities to implement all main areas of children's development in the new format, including foreign language studies.

Moreover, the mortgage assistance and retirement programmes remain in effect, with the number of their participants constantly growing. This further demonstrates that, despite the overall negative trends on the employment market, Sakhalin Energy still preserves the benefits under the existing compensation and social security package and remains a reliable employer for its personnel.

■ Prepared by: Aleksei Nesterov, Alexander Morogov, Alexander Kiselev based on the materials of Energy International Agency, Wood Mackenzie, Poten & Partners, Ernst & Young, Headhunter, Antal, Vedomosti, Izvestia, RBC





personnel

Offering New Opportunities

Everyone is facing their own set of challenges during this pandemic. New graduates are especially anxious, as they don't know whether they can intern or get hired in the company of their dreams during the self-isolation period. It turns out they can! Right now any student of a Russian higher educational institution has a chance to join the Sakhalin Energy team remotely.

According to the project organisers, "Professional training 2.0" will be held bi-annually. New case studies might be required as early as this autumn. If you have any suggestions that you could turn into tasks for applicants, please email to Maria Nikolaeva.

This April, Sakhalin Energy's HR team took part in the "Professional training 2.0" federal project. Under the project, employers invite participants to solve case studies based on real operational tasks. For students, working on these cases is an opportunity to see which area they would be interested in studying and even writing a research paper on. Those who do well in the project have a real chance to win an internship, traineeship or even get a job offer from the participating employers.

This year, the company submitted six case studies in the following areas: HR management, chemical technology, geology, construction, and economic assessment of a project. Our colleagues from the Production and Technical Directorates Anna Platonova and Dmitry Litus actively participated in the preparation of the cases. It was not their first time helping the Human Resources Directorate with projects for young specialists, so they welcomed the task enthusiastically and developed a total of four cases.

In two weeks, Sakhalin Energy's case studies were viewed more than a thousand times. In the end, the company received 55 entries. Three of them were sent from the Far Eastern region, the rest – from higher educational facilities with which the company had not previously collaborated under the Graduate Development Programme.

**"Professional training 2.0" is a joint project of the All-Russia People's Front and the president's Russia – Land of Opportunity platform, supported by the Ministry of Science and Higher Education of the Russian Federation.
According to the website's statistics, over 82,900 students – including about 1,200 Far Easterners – are registered on the platform.**

The company's cases attracted students of the Nizhny Novgorod State Technical University n.a. R.E. Alekseev, the Ural State Mining University, the Orenburg State University, and the Chuvash State University n.a. I.N. Ulyanov, as well as the Industrial University of Tyumen, which had already approached the company with a proposal for cooperation in graduate recruitment in 2019. As for young Sakhalinians, we hope that they will actively participate in next competition.

"We are really excited to be part of an initiative that helps the young generation to discover the Sakhalin-2 project." Sakhalin Energy is well known and beloved among students of our long-term partners; our booth always attracts a lot of visitors during job fairs in these educational facilities. Participation in the "Professional training 2.0" project will boost our brand recognition and put us on the radar of an even broader audience of talented Russian youths; we will also gain experience in engaging students in a new medium – online – where the young generation spend most of their time," said Alexander Morogov, Head of the HR Subdivision.

We will review the submitted entries and summarise the results by midsummer. Best applicants will get recognised by the company, and those wishing to start their career at Sakhalin Energy will receive recommendations for the company's youth engagement programmes. The participants who are graduating this year will have a great chance to get chosen to fill open positions and join our well-knit multinational team.

■ Maria Nikolaeva

award

Double Recognition

Sakhalin Energy has won two awards in the 2020 Best Corporate Media contest held by the Russian Association of Communication Directors and Corporate Publishing (AKMR).

The company presented the Water Safety Is Important project in the Effective Tool for Building a Corporate Culture category. The topic is especially relevant for the island region: children spend their vacations in summer camps located in the countryside with an abundance of rivers and lakes. Their safety is the ultimate goal of the project. At the initiative of Sakhalin Energy, colourful information boards with water safety rules were installed in four summer camps. In addition, the company organised 'round-the-world tour' competitions, held with the participation of Senya, the protagonist of the Safety Is Important! partnership programme, as part of which the project is being implemented. Senya, young Sakhalin residents' favourite character, helped the schoolchildren to collect subject-matter puzzles, handed out illustrated flyers and comic books with useful tips and comments about the dangers of swimming at unequipped beaches. As it turned out, the company's experience, widely covered by regional and federal media, is in high demand not only on Sakhalin, but also in other regions of Russia. In 2019, the project materials were provided to one of the non-profit organisations from the Arkhangelsk Region at their request and are actively used during educational events.

Water Safety Is Important project at Chaika summer camp. One of the 'round-the-world tour' competitions, August 2018

Senior high school students get acquainted with the Energy for Growth book at one of the vocational guidance events, March 2020

The Energy for Growth, Russia's first 3D publication on the oil and gas industry, won in another category of the competition—The Best Corporate Book. It took Sakhalin Energy specialists and publishers almost three years to create the unique book, dedicated to the company's 25th anniversary. Hundreds of 3D designs on its pages were assembled manually. The 3D artwork takes readers on an exciting journey to the Sakhalin-2 production facilities. Copies of the extraordinary book were distributed to all schools and libraries of Sakhalin island.

The contest entries were evaluated by an expert panel. When choosing winners, prominent publishing and corporate PR specialists paid attention primarily to the successful results of the presented projects. The public recognition, the degree of interactivity, the social significance of the projects and other criteria were also considered.

■ By Marina Semitko

profession

A Guardian Without Knight's Armour

Last October, we asked our readers about the contents of the corporate newsletter. The results showed that they would like to see "Vesti" include stories about the company's employees and how they chose their profession. Our readers believe that the newsletter helps "see" a person and to get to know him or her. And so please meet Igor Levitsky, corrosion engineer.

Materials and Corrosion Team, 2019

– When you listen to successful people talking about how they chose their profession, you might get the idea that every person knows from birth what path to take. But that's not true. We navigate through life thanks to chance encounters and random events. How did you choose your profession?

– I guess I can call myself lucky because I chose technical disciplines back at school. In high school, I deliberately focused on the subjects that could get me into engineering. In fact, I realised pretty early that I was interested in the oil and gas industry. So, while my classmates were trying to figure out "what" they'd like to be, I was trying to understand "what kind" I'd like to be. It's difficult to find your true self, and I'm grateful that I found my path.

– Did anyone support your decision?

– Of course. My friends and parents did. They didn't give me any direct advice like "do it this way and this way only." Rather, they gave me emotional support and understanding. Sometimes your loved ones can throw their weight around, leaving you with zero chance to make your own decision. For example, my friend's parents are doctors, and they refused even to think about their son not following in their footsteps. I think that's wrong. Your loved ones should support you rather than decide for you.

– Which university did you graduate from? What was your major?

– Far Eastern Federal University in Vladivostok. I majored in Oil and Gas Engineering, specifically in construction and maintenance of transmission pipeline facilities. I chose this area because it's relevant to the Russian economy, it's a promising and rapidly growing branch, which provides a lot of room for improvement.

– How did you make your way into the company? What was surprising? What was challenging?

– After graduation I was looking for a job, and after several months I found myself in Sakhalin. At first, I felt like a kitten who had been brought into a new home: everything was exciting and unknown. But I wouldn't call it challenging. It was just an adaptation period that anyone might go through. Senior colleagues fully understand this. They try to support and show you the ropes, but also encourage you to make your own decisions. The most important thing is to give a rookie a fishing rod instead of a fish. Otherwise, he will keep waiting for help and will become assured that he can get away with anything.

– Do you remember your first working day?

– You wouldn't forget that! At 2 p.m. I was supposed to be at the office to sign the employment agreement. That day I had just arrived to Sakhalin and moved into a flat. Why on Earth I decided to change the water filter in the kitchen, I can't understand myself. I only managed to stop my kitchen from flooding two hours later. On the plus side, I met all my neighbours and learned the plumbers' phone numbers by heart.

But jokes aside, the first feeling was absolutely fantastic! Everything that seemed unreal back at the university was right in front of me: here is was, the Sakhalin Energy office. And I had a badge with the access to it! I couldn't even dream of working in such company. I guess the Gazprom motto worked like a charm.

– What if it was good luck? Did you by any chance meet a woman with a bucket full of water in the doorway?

– I'm a millennial, so I'm sceptical about all these superstitions. In fact, at Sakhalin Energy, this woman with a bucket would also carry a sign saying "Caution! Wet floor." Safety comes first.

– How do you overcome difficulties in your work?

– As with any line of work, corrosion engineers face a number of problems. Which material is better? Will it be subject to corrosion? What should we do if something is already corroded? It's not just our subdivision that solves these problems. I'm talking about massive joint efforts of experts from different teams and departments. Being a young specialist, I get a lot of help from my colleagues. I studied corrosion for half a year at university and I have been with the company for a year, therefore, I tap into the experience of my senior teammates and try to learn something new every single day.

Igor Levitskiy at the LNG plant in Prigorodnoye

My profession doesn't keep me in the office, it also takes me into "the field". Specialists from our subdivision help me to carry out inspections and support me during planned shut downs. It's fascinating, but also takes a lot of responsibility.

– "Corrosion" is a synonym to "destruction". Don't you feel like Don Quixote fighting windmills?

– I'm flattered to hear that you compare a corrosion engineer with a noble knight. But I would say that our work is nothing like fighting windmills. The point is: when you stop keeping an eye on corrosion or any other degradation mechanism, a production process may soon be shut down. Even the most corrosion-resistant materials are subject to some specific degradation mechanisms. For example, titanium will, of course, not rust, but at a certain temperature and in a chloride environment, it can crack. Neither can composite materials last a lifetime. They don't get corroded, but can be damaged by ultraviolet radiation. The job of our subdivision is to take care of all these degradation mechanisms.

No matter how perfect the materials may be, if you don't keep an eye on them, nature will take over. Even plastic and glass will degrade over time. Not to mention reinforced concrete structures standing in sea water! Within only a year metal can thin by over five centimetres.

– The morning sun never lasts a day… Progress does not stand still. What if they invent a material that puts you out of job? Or is that as impossible as building a perpetual-motion machine?

– This question is more philosophical than technical. Prototypes of a perpetual-motion machine (although rather questionable) have been already invented, but they show low efficiency. The same story goes with non-corroding materials. You can lay a pipeline made of gold, but who would do something like that? The bottom line is: experts in my field are safe from unemployment.

– Tell us about your colleagues.

– We have a small but friendly team. Looi Yoke Moi (we all call her May), Head of Materials and Corrosion Subdivision, has a field-specific education and extensive experience working for Shell in the North Sea and on other projects. She is a walking library. I don't think there is a single question she couldn't answer. People even get in line to consult with her. Of course, the lines in the canteen are longer *(smiling)* but, in fact, many employees seek May's advice. She is the company's main expert on corrosion, that's for sure.

You can also ask Alexey Zamyatin, who is a corrosion engineer, about trimethylamine or corrosion products, and he will fill up a whole notepad with formulas and explanations. Moreover, he will do it in such a way that you will understand it all without any chemistry background.

Clarence Kissol monitors corrosion at the LNG Plant. Recently, two new employees have joined our team—Sergey Tyurin, cathodic protection engineer, and Nikolay Ten, administrator.

When speaking of my colleagues, I don't think only about my teammates and Sakhalin Energy employees. Our company works with partners from all over the world, that's why our colleagues live on all continents.

If a person is interested in becoming a part of our company, our doors are always open.

– What goals are you currently pursuing?

– I dreamt of working in oil and gas, and I'm happy that I started my journey in this industry. My main goal for the next few years is to gain experience and knowledge. As my boss keeps saying: whatever goals you set, the most important thing is to lay a solid foundation. I want to contribute to the company's development.

– What do you do besides work?

– When I first joined the company, I was surprised by the variety of possibilities it provided in terms of leisure activities and sports: anything from archery to frisbee. I chose to join a diving club. We have regular practice in a swimming pool and in the open sea. You know, diving in Sakhalin waters brings you as much joy as diving in a warm sea.

– I think I know why you are into diving this much. You like to go deep into a problem…

– The main thing is to come back to the surface in time.

– Similar to the doctors' oath "Do no harm!", can you come up with a slogan for your profession?

– I would say, "Do no damage!" Meaning do whatever it takes to protect materials from damage and corrosion.

■ By Elena Gurshal

society

Looking Beyond the Horizon

In June 1994, Russia's first Production Sharing Agreement (PSA) was signed between Sakhalin Energy and the Russian Federation, represented by the Federal Government and the Sakhalin Oblast Administration. It was the starting point of the Sakhalin-2 project. In a year after signing the agreement, a new Governor, Igor Farkhutdinov, was appointed in the Sakhalin Oblast. From 1995 till 2003 he was a co-chairman of the Sakhalin-2 Supervisory Board. The future development of offshore projects largely depended on his attitude to the matter. This is what we talked about with Alexei Bayandin, the then Press Secretary of the Governor.

In 2004 an oil tanker was named after Igor Farkhutdinov. From 2008 till 2019 it was used for offloading the oil under the Sakhalin-2 project.

– The question about whether Igor Farkhutdinov was a supporter or opponent of the PSA sounds somewhat illogical today. There is an exhaustive answer to this question – the successful implementation of two oil and gas projects…

– Almost a quarter-century ago, it was not so obvious. I think that Igor Farkhutdinov's role in the implementation of the oil and gas projects is difficult to overestimate. When he became the Governor, the PSA for the Sakhalin-2 project had already been finalised. A year later, a similar agreement was signed on the Sakhalin-1 project. However, signing the PSA was only the first step towards its implementation, which would take years. What is more, it was a very difficult time for both the country and the island: miners' strikes, rolling blackouts, natural disasters, sea poaching, smuggling, unemployment...

On 20 August 2003, the helicopter with the governor Igor Farkhutdinov and his team on board crashed in Kamchatka. In April of this year, he would have turned 70.

As an economist and politician, Mr Farkhutdinov soberly assessed the situation and understood that the only way to develop the region was to implement offshore projects. There was no alternative way to fill the regional treasury, since it is always expensive to develop an island economy: no matter how good a project is and how well the production may develop, the transportation component always acts as a stumbling block, preventing the project from taking off. In this case, the region received a golden opportunity on a silver platter – explored and confirmed hydrocarbon reserves and a developed PSA! The choice was clear.

5 July 1999, the valve opening ceremony on the Molikpaq platform – a symbolic start of the first oil production on the Sakhalin shelf

30 July 1998, the start of construction ceremony for the Sakhalin Energy office on Dzerzhinskogo, 35

– But not for everyone. I remember the slogans of those times, raising alarm about the homeland being sold to foreigners. This wording is far from the most offensive. In the late 1990s, people often used stronger words to air their views.

– It's true, the resistance was very strong. Different arguments were provided against the PSA. The one that was used especially frequently is: "Oil and gas are not milk – they will not go sour. We must not let foreign companies produce hydrocarbons in our territory. If we cannot start offshore oil and gas production ourselves, we will wait for the next generations to do it." However, Igor Farkhutdinov understood that the island could not possibly plan any tasks for the next generations given the current rate of population outflow. It was necessary to solve the pressing problems the region faced at the moment.

– What helped the Governor reverse the situation? Odds were against him—many deputies and federal officials were very sceptical of economic reforms at the regional level.

– His firm belief that he was right. His aspiration was to make the region prosperous, and do it as soon as possible. I know this for sure. We were colleagues and I saw that he was working hard towards this goal, sparing neither himself nor his assistants. Igor Farkhutdinov was a workaholic. He could not imagine his life without work. On the other hand, he was not a fanatic with burning eyes – he was a person with realistic views, who had the gift of persuasion and extraordinary charisma, and he was a good friend. He explained, showed, proved his point to everyone involved: people's deputies, representatives of different ministries, investors, future buyers of Sakhalin gas. He made innumerable business trips, visiting different cities, countries and continents... And received numerous delegations here, on the island! The governor described his work like this: "I am always on the go; I even have to sew my own trousers with any thread I have at hand."

I remember the meeting attended by Mr Pulikovsky, the first Envoy of the Far Eastern Federal District. They were having yet another argument about the oil and gas projects. Then Konstantin Borisovich said, quite sincerely, that I. Farkhutdinov seemed to him the only person in the country who was concerned about developing offshore deposits. No one supported him, although it was obviously the only way for the region to get out of the economic chasm it had been hopelessly living in for a long time.

– The islanders trusted I. Farkhutdinov and elected him for the next governor term in the year 2000. Showing remarkable results in 2001, the Sakhalin Region ranked second in Russia (after the capital) in terms of foreign investment. Many foreign companies learned about Sakhalin; it won its place on the energy map of the world.

– In 1997, the first Sakhalin Oil and Gas Conference* was held in London. It was attended by representatives of the leading world oil and gas corporations and financial institutions. Igor Farkhutdinov understood that the only way to attract investors to the island and develop international relations is to convince business community that Sakhalin was ready for development.

In addition, we made presentations about the Sakhalin Oblast in different cities of Russia and abroad. I remember one curious incident: in Washington, our keynote speaker suddenly fell ill (during one of the sessions), and we urgently had to substitute him. The head of the delegation assigned the task to me. I thought: "No problem, I will read the report nicely." After I finished the presentation and the chairman said: "Now everyone is invited to ask questions," I saw our foreign colleagues, who were aware of what was happening, go pale. Nevertheless, I managed to answer the questions: I had attended almost all the meetings held by Igor Farkhutdinov, and I was on the ball, as it were. When I came down from the stage, the Americans patted me on the shoulder, saying: "Good job, good job." I. Farkhutdinov demanded that all members of his team be fully involved in the work.

– Alexei Ivanovich, you said that I. Farkhutdinov was not only a good politician, but also an economist.

– He held the degree of PhD in Economics, wrote several interesting books, and taught at Sakhalin State University. I was lucky to attend some of his lectures. They were very interesting. He had perfect knowledge of the material and spoke in a simple, easy-to-understand way. Many years have passed since that time, but I still remember the lectures and can retell much of the material. He did not teach in a patronising manner; instead, he passionately told his students about what mattered to him – the economic development of the island region. He wanted to win supporters among young people so that they could eventually join in the common cause. In addition, Igor Farkhutdinov had an excellent sense of humour and was great at making jokes, so the audience loved his lectures.

– Many of those who knew Igor Farkhutdinov personally recall that he was a good athlete.

– He did sports all his life; he loved skiing. By the way, it was during his office that the skiing facility was built for the sports school, and the first ratracks (snow groomers) were purchased. Sakhalin was the first region in the Far East to build a lit roller-ski track. This project was supported by Sakhalin Energy. Playing sports helped him relieve stress – he worked from half past six in the morning and often until midnight every day, seven days a week. He did not have a vacation for 15 years!

Thanks to him, I got interested in running the ski marathon. I watched him ski a 30-kilometre race and thought: "Can't I do the same?!" As a result, I'm skiing to this day. Together with Igor Farkhutdinov, we even conquered Mount Lopatin. Our first attempt to climb the mountain failed, because it began to snow. "The mountain didn't let us climb it," joked the local mountain guides. A few days later (during the May Day holidays), we made a second attempt. It was very hard: the slopes are steep, and we had to make a passage in deep snow, taking turns. We got out of breath. One of the guides stopped halfway, unable to continue the ascent. But we stubbornly climbed higher and higher. I remember that Igor Farkhutdinov had cramps in his leg, but he kept walking in spite of that. We couldn't but follow his example. I told myself: "It's the last time. Never again." When we reached the top, we were totally exhausted. We thought we had no power to admire the view from the mountain. We took some time to catch our breath, got up to our feet, and then – oh God! The view that opened before our eyes was absolutely breath-taking! We could see the western and the eastern shores of Sakhalin at the same time! And all the snowy peaks below us! Indescribable feeling!

– It felt as if you were looking beyond the horizon, didn't it?

– Igor Farkhutdinov was certainly able to do this – he saw beyond what others could see. He was a unique person; he knew how to convince others, to unite everyone despite their different interests, and used these skills to secure benefits for the region, for all Sakhalin residents.

A few days before his death, Igor Farkhutdinov held a press conference and talked about different issues, including offshore projects. He was full of enthusiasm: there was obvious progress in their implementation, the budget was replenished, his dreams were beginning to materialise. He smiled and joked; the press conference lasted two hours – twice as long as planned. When I look back, I think he had a premonition that he would pass away early. This may be the reason why he always seemed to be in a hurry, tried to do as much as possible, to make a difference, to lay a solid foundation for the region, and to leave his mark in its history. I guess it was no coincidence that one of his favourite songs was "There is only a moment between the past and the future. This moment is called life."

17 July 2001, a memorial stone laying ceremony at the future construction site of the LNG plant

■ By Elena Gurshal

** This conference serves as a business platform for the country's oil and gas industry, providing unique opportunities for all market participants. Originally, it was held in London so as to attract Western investors. In 2007, the conference was transferred to Yuzhno-Sakhalinsk, where it has been held for the past 13 years.*

Happy Birthday, Senya!

contest

15 years ago, our island welcomed Senya. He is the main character of Safety Is Important!, a partnership programme of Sakhalin Energy, the Chief Directorate of the MChS for the Sakhalin Oblast and the regional Ministry of Education.

Senya turned out to be a very well-informed boy who knows so much about DO's and DON'Ts in emergencies and other dangerous situations that he can teach a thing or two even to adults. Most importantly, Senya is eager to share his knowledge through animated videos (and there are quite a few of them — over 40!), comics, computer games, safety lessons, and other media.

Many children and parents know that they can always find Senya on his website www.senya-spasatel.ru, and they are happy to visit! The website attracts not only residents of the Sakhalin Oblast but also people from all over Russia and even from abroad.

Visits to Senya have become even more frequent this year. This is not that surprising as school children study online due to the COVID-19 pandemic and have more free time on their hands. They use it to drop by and learn from the young safety expert. Senya appreciates this increased interest a lot.

He is always happy to be of service. For instance, through the "Safety Is Important!" programme, he helped to equip 12 school safety classes and 10 safety information boards in kindergartens of the region. In other words, in his 15 years of life, he did a lot of good deeds, and we are sure that he has many more in store. In Senya's own words, he has gazillion plans!

To support our young friend in his endeavours, partners of the "Safety Is Important!" programme announced the "Happy Birthday, Senya!" contest for the most creative congratulations timed to the 15th anniversary of the programme and its main character.

Both adults and children are invited to participate in the contest. If your child or you are good at reading poetry, shooting congratulatory videos, making DIY postcards or performing songs, please congratulate Senya, the main character of the programme, which has been making the study of the rules of safe conduct easy and exciting for 15 years already.

Show your imagination! Perhaps it is your author's congratulation that will turn out to be the most touching or, on the contrary, the funniest of all. What is important for us is that you should put your heart and soul in it, make people smile and experience positive emotions.

Contest entries can be submitted in the following categories:

- Greeting Card (using fine or decorative arts techniques) (age 3+)
- Congratulatory Poster (age 7+)
- Video Greeting (age 10+)
- Literary Congratulation (age 7+)
- Congratulatory Song (age 7+)

You can send either an individual or team application to the contest. Entries prepared by the whole family are highly welcome. It is essential that all works submitted for the contest are based on original ideas.

Contest entries will be evaluated by a jury panel consisting of professionals. Winners will receive valuable gifts and prizes.

Entries will be posted on Instagram (Senya_spasatel) with the hashtag #Senyacontest15. Additionally, the most interesting congratulations will be determined by voting and awarded with prizes.

Please send your congratulations by e-mail to senya_spasatel@mail.ru. The deadline is 30 July 2020. Works on paper can be sent by post to 35 Dzerzhinskogo Str., Yuzhno-Sakhalinsk from 15 June to 30 July 2020.

■ By Pavel Ryabchikov

The Reach of Words

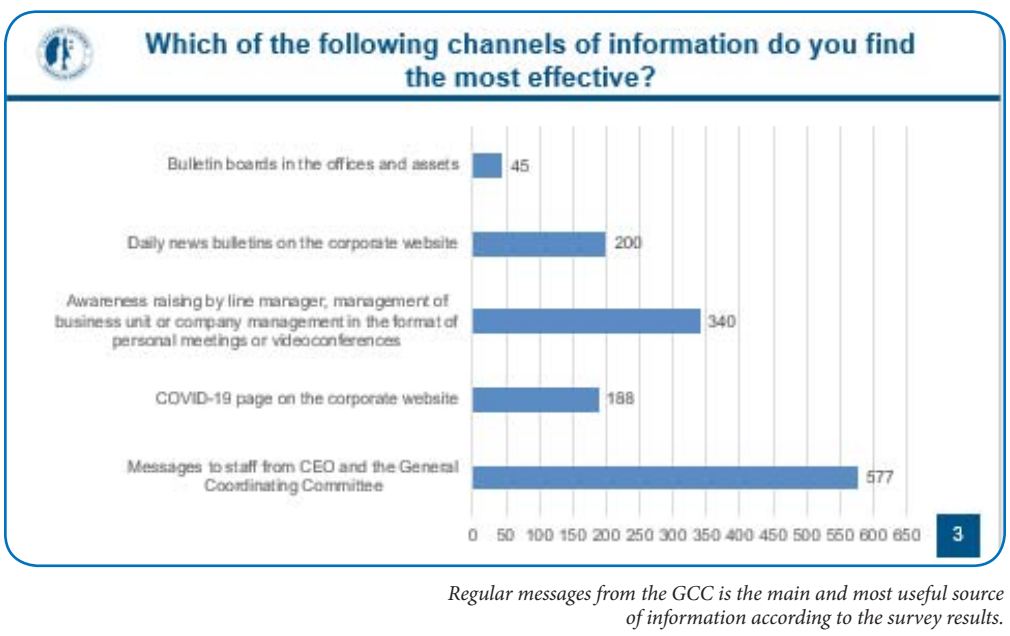
survey

From 30 April to 12 May, the company was conducting the latest employee survey. This time it took only five business days because it was important to receive information promptly. The objective was to analyse "the reach of words" about Sakhalin Energy anti-COVID-19 measures: the opinions of the company employees on information content, information sharing and the ways to improve this process.

The company received quick and informative feedback from 699 people, almost every third staff member who had spent no more than 3–5 minutes on the survey. Employees noted the efficiency of existing information channels but also shared many ideas on additional features and topics that require attention. We would like to thank everyone who submitted their answers!

the most useful among the information posted there.

Employees also pointed out that some information is missing. For example, details on the organisation of shift rotation (a section covering this issue was added to the COVID-19 web-page while the survey was still ongoing), official number of coronavirus cases in the company (which is fortunately zero as of the end of



Regular messages from the GCC is the main and most useful source of information according to the survey results.

Many survey respondents had a request: share more good news with employees during these hard times. Don't forget that the Daily News Bulletin accessed from the Intranet Home Page is still full of news reports on the company daily life and work, achievements and successes.
You can also enter the Coronatales Contest until the end of June and the World through a Lens Photo Contest until the end of July (see page 24 for details). The latter one includes 11 categories for photographers of all levels. Join the Contest, and send your photos! Capturing the beauty and unique charm of the life around us is a great way to distract yourself and cheer up your colleagues. This can be your chance to add to good news.

According to the survey, the most efficient communication channels are messages from the General Coordinating Committee (GCC): 577 votes, and information from Line Managers: 340 votes.

The company created an Intranet web-page dedicated to COVID-19. The majority of respondents reported messages from the GCC, presentations, FAQs, and links to other resources to be May) and forecasts. Some survey participants also drew attention to insufficient communication with staff members who are currently idle out of necessity.

We are going to review all suggestions and ramp up communication through the most efficient channels. Another important aspect is regular information sharing in work teams. Nowadays, most units hold meetings online — the efforts of the IT Department made it possible.

Some issues won't need to be addressed separately — they are already being worked on. For instance, some employees suggested that, apart from Intranet, the relevant news need to be posted on external resources as well. The company website (www.sakhalinenergy.ru) already added a corresponding section on 8 May. You can quickly access it by clicking on a banner on Home Page.

Of course, some questions still remain. Many of them are answered in regular messages from the General Coordinating Committee. If you cannot find some information, you can call the hotline.

Almost 90 % of the respondents answered that they are aware of its existence. The statistics on calls to +7 914 759 47 11 proves it. As of 20 May, almost 60 % out of 150 callers were the company employees. One of the comments from the survey participants said: "It would have been great if the phone number was simple and easy-to-remember." That's fair. We will take that into consideration in the future.

For now, we are working hard to communicate all the necessary information as effectively as possible. If you have any ideas on how we can do that, you may submit them by calling the hotline or through the established channels of the Corporate Affairs Department, including by sending an email to ea@sakhalinenergy.ru.

Through this banner, you can access the COVID-19 web-page both on the Intranet and public corporate website

contest

The World through a Lens: Challenge Accepted!

It was only a month ago that the photo contest "The World through a Lens" was announced in the company, and we already have our first participants and over 40 works.

It is symbolic that the very first photo to submitted for the contest is called "Self-isolation". It was a début of our colleague and her response to the challenge of our time.

Another participant set a unique record – she submitted 17 photos to the contest at once including the first work in the new *Ecology* nomination called "Lust for Life". The main driver of taking part in the contest was the desire to share the impressions of our beautiful island: "Not only do we build plants and compressor stations, but the history as well. However sad it is to realise, any project sooner or later comes to an end, so it would be great to keep the best moments of life on Sakhalin in the memory. The World through a Lens photo contest is an excellent opportunity for that!"

We will accept your works until 1 August 2020, at: ea@sakhalinenergy.ru. Please do not forget that the subject must include the words "Photo Contest".

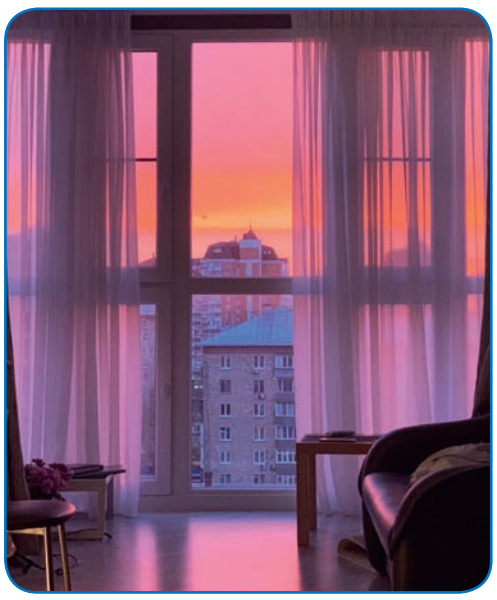
"I remember! I am proud!"

"Lust for Life"

To celebrate 75 years of the Great Victory, a special Victory nomination was introduced in the contest. The first work called "I remember! I am proud!" reached us on the eve of 9 May. Its author has also submitted other works to the contest and is not thinking of stopping: "As soon as I saw the photo contest announcement, I decided to share my shots and first submit the pictures taken long before the contest. I'm looking for new ideas now. The photo in the Victory nomination was special to me as it was associated with the memory of my great-grandfather who perished on a reconnaissance mission during that terrible war, it is associated with unchanging traditions, with my family. We remember and we are proud!"

The holiday is over, but the entrance to the Victory nomination is open. Military and patriotic photos are welcome for the contest. These may depict veterans of the Great Patriotic War, participants of the Victory parades, marches of the Immortal Regiment, military displays, and many other events. Let's all together support the victorious spirit preserved within the descendants of those who defended the Motherland, who stood their ground, who won the war against the German fascists that invaded our country in June 1941.

And finally, we have the first submission in the most creative of all nominations – ART-isolation. As a reminder: you can try your hand not only as a photographer, but also as an interpreter of fine art masterpieces – paintings or sculptures (or at least popular characters and stills from movies). The most important is that the photo shoot is done at home by improvised means, involves people, animals, household items (clothes and shoes, foodstuffs, toys, jewelry, and so on and so forth). By the way, the first work submitted represents an interesting interpretation of a famous painting Black Square by Kazimir Malevich.



"Self-isolation"

Black Square by Kazimir Malevich

We have another special nomination – Sakhalin Rim. It covers photos that tell about the life of employees on a long shift and those working remotely in the isolation and COVID-19 prevention mode. We are waiting for the brave ones who are willing to implement their ideas and share their observations of these times, unusual and difficult for all of us.

Apart from the special nominations, there are eight main ones: Sakhalin, Portrait, Work, Emotions, Travelling, Photoshop Miracles, Ecology, and Macro Photography.

We thank every active participant of the contest for their enthusiasm and creativity. We are waiting for new submissions. Be brave, feel like an artist!

We will accept your works until 1 August 2020, at: ea@sakhalinenergy.ru. Please do not forget that the subject must include the words "Photo Contest".

Please visit the company intrasite for the details of the Photo Contest. If you have any questions about participation in the contest, please call 66 2544 or 66 2711.

■ Yulia Vatutina and Evgenia Diamantidi

Coronatales: to be continued

Attention! Upon multiple requests from the colleagues and due to the end of the academic year, overpowering atmosphere of creativity, and the fact that coronavirus is not yet destroyed, the organising committee of the corporate contest Coronatales made a decision to prolong the open call for submissions until 25 June.

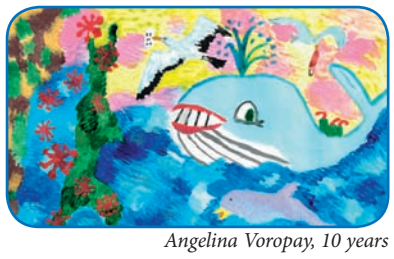
The contest was launched to support motivation and team spirit of all employees working at "Sakhalin-2" project who found themselves in unusual working conditions: some in the same space with their family members and the others separated from their loved ones for a long while.

Organisers aimed to ensure every participant wakes up an inner kid, the one who is unconditionally happy, positively charged, and makes people smile. Looks like the contest is managing this goal well. From the beginning, the children of various ages (from three-years-old toddlers to the respected grey-haired ones) submitted excellent works in various genres (from graphics, illustrations, and paintings to noir poetry, philosophical cinquains and almost a novel).

You are welcome to get inspired with the works and learn more about the rules on the contest web site and feel free to send your works at ea@sakhalinenergy.ru

Should you have any questions, please contact Alyona Olovyanishnikova (+7 914 759 4264) or Evgenia Diamantidi (+7 914 759 4221).

Besides the smiles from the audience, nice surprises and souvenirs are guaranteed!



Angelina Voropay, 10 years

Daria Nikulina, 14 years

Elizaveta Putro, 12 years

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