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GRAY WHALES IN DANGER. SAKHALIN ENERGY Co. TO SHIFT OIL PIPE?

MOSCOW/YUZHNO-SAKHALINSK, February 18 (RIA Novosti) - Sakhalin Energy Co., or SE, Project Sakhalin 2 operator, promises to reckon with environmental expert advice as it lays a pipeline off the maritime Piltun-Astokh oilfield, Ian Craig, company CEO, reassured Novosti in a telephone interview.

Petroleum-production Project Sakhalin 2 endangers gray whales in the Sea of Okhotsk, in the Russian Far East. The World Conservation Union established an independent expert team to delve into the problem. The team was ready with its analyses and forecasts, yesterday. If the SE places its oil derrick and underwater mainline, as blueprints have it, in the principal whale feeding ground, the gray whale population, scanty as it is-about a hundred, will be doomed, was team conclusion.

As he commented the information, Mr. Craig pointed out that it was none other than the SE who had called the World Conservation Union to set up its ad hoc team for all-round evaluation of the impact Sakhalin construction might have on the whales.

The team confirmed the apprehended hazards. If the problem does not receive a constructive approach, the company will have to suspend project development, warned our informant.

The experts, who fully recognize vital importance of Project Sakhalin 2, have come with advice on how to protect the whales, Mr. Craig went on. Thus, they have offered three optional mainline routes. The Sakhalin Energy vouches to make a final choice early next month.

Signed on June 22, 1994, a Project Sakhalin 2 production-sharing agreement entered into force the instant it was signed. Representing the host country were the federal government and the Sakhalin regional administration. Investment comes from an overseas consortium. The Shell Sakhalin Holding, affiliated to the British-Dutch Shell Corporation, holds a 55 per

cent block of project shares; the Mitsui Sakhalin development, branch of the Japanese finance and industrial mammoth Mitsui, 25 per cent; and the Diamond Gas Sakhalin 20 per cent.

The consortium established the Sakhalin Energy, 1994, to implement the ambitious petroleum and gas production project, Sakhalin 2.