Priorities of LUKOIL Uzbekistan Operating Company LLC Environmental Activity

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Table of Contents

1. General Information about LUKOIL Uzbekistan Operating Company LLC;
2. Health Safety & Environmental Policy;
4. Ecological Monitoring;
5. Innovative Technologies and Design Solutions Introduced in LUKOIL Uzbekistan Operating Company LLC to Ensure Ecological Safety;
6. Social Effects of LUKOIL Uzbekistan Operating Company LLC Projects Implementation;
LUKOIL Uzbekistan Operating Company LLC operates in the territory of the Republic of Uzbekistan under Production Sharing Agreements with respect to the sections of Kandym Group of fields, Khauzak-Shady and Kungrad, as well as sections of South-West Gissar and Ustyurt region. Main projects and implemented works are concentrated in the territory of Bukhara region (in Alat and Karakul districts) and Kashkadarya region (in Dekhkanabad and Guzar districts).
Priorities:

✓ Continuous improvement of Health Safety & Environment status, harmonious exploitation of natural resources, both involved in production and located in the territories of production facilities operations;

✓ Improvement of industrial and environmental safety of production facilities, mitigation of adverse impact on ecological safety through enhancement of production facilities reliability, ensuring its safe and accident-free operation;

✓ Achievement of the level of industrial and environmental safety, corresponding to the highest standards in leading international petroleum companies;

✓ Reduction of volume and toxicity of emissions, pollutant and wastes discharges in the process of production expansion by means of introduction of new innovative technologies, equipment, materials and raising of automation level of production process control;

✓ Mitigation of anthropogenic impact on environment, caused by new commissioned facilities, through improvement of quality of pre-project and project documentation development and carrying out of environmental assessment.
Basic Principles and Commitments of the Company:

- Compliance with the legislation of the Republic of Uzbekistan and international requirements;
- Involvement of the entire staff (including contractors) in ensuring high level of industrial and ecological safety;
- Prevention and mitigation of negative consequences;
- Priority of preventive actions;
- Application of up-to-date technologies in the area of industrial and ecological safety;
- Strict requirements to contractors and informing of public.
Continuous control over compliance with environment protection requirements is established at all facilities of the Company. Continuous Ecological Monitoring of Environment is conducted in cooperation with State Committee for Nature Protection of the Republic of Uzbekistan.

Scheduled monitoring is conducted by special-purpose certified laboratories of State Committee for Nature Protection of the Republic of Uzbekistan – State Specialized Inspectorate of Analytical Control, State Biological Control, Tashkent Research Institute of Water Resources and Geology, etc., which control quality of:

- open air;
- surface and subsoil water;
- soil and earth;
- radiation environment;
- flora and fauna.
Construction Background:

Location of wells in water protection area of State Reserve, restriction of operation, increase of capital expenses for well carrying over

Up-to-date complex of facilities was constructed for collection, temporary storage, and disposal of drilling waste and oily mud (capacity 12,000 t/y).

Optimal arrangement of well mouths was maintained.

The facility is registered in State Cadastre of Waste Disposal Facilities.
Khauzak Gas Production Facility

Up-to-date complex of facilities for treatment of effluents (capacity 360 m³/day), comprising:

- systems of effluents treatment (primary treatment);
- systems of domestic waste water treatment (primary and biological treatment);
- leak-proof evaporating ponds;
- green belt irrigation systems, using treated domestic waste water (water reuse).

- construction of landfill for disposal of effluents is under way (injection into underground horizons). The Company (first in the Republic of Uzbekistan!) has obtained a relevant License.
Gissar Oil and Gas Production Facility
(Okkul and Koshkuduk oil fields)

Up-to-date complexes for oil gathering, treatment and shipment (in 2009-2011 facilities were completely renovated), comprising:

- system of effluents treatment (primary treatment);
- system of injection of treated effluents into underground horizons for the purpose of water reuse;
- system of associated petroleum gas utilization in oil treatment process.

The Company obtained Ecological Certificates for oil production processes at South Kizilbayrak and Koshkuduk fields in accordance with the legislation of the Republic of Uzbekistan.
Kandym Group, North Part of Shady Section, Gissar Group of Fields

Engineering and construction of production facilities in accordance with the requirements of international standards and legislation of the Republic of Uzbekistan:

- mandatory Environment Impact Assessment procedure (EIA);
- state ecological expertise of design solutions;
- meetings with community and discussions;
- detailed development and approval of preventive actions for performance of works in conservation areas at government agencies;
- development of biodiversity actions, including actions for protection of state reserve – Dengizkul lake, included in Ramsar List;
- application of the best world practice in oil and gas industry.
New workplaces are created, both in LUOK and in contracting and service companies;

District infrastructure is developed (construction of motor ways and railways, power transmission lines);

Comfortable working and living conditions are created for employees;

Environmental literacy of local population is improved;

Expertise is improved (instruction and training of staff);

Stability in provision of the Republic of Uzbekistan with gas and liquid hydrocarbons is maintained.
Performance Standards in the Area of Ecological Safety

- All aspects of environmental impact are within set limits. Frequency index of incidents with ecological consequences (FEC) = 0;
- In 2012 validity of ISO 14001:2004 and OHSAS 18001:2007 certificates for all production processes of the Company was successfully confirmed;
- First place, based on the results of environment protection contest in 2008, 2010-2011 for the projects in development and production stages of LUKOIL Overseas Holding Ltd Group;
- No incidents/accidents with ecological consequences throughout the entire period of the Company's operation (2004-2011).
THANK YOU FOR YOUR ATTENTION!