

# PRINCE ANDREW, DUKE OF YORK VISITS KARACHAGANAK

The Prince Andrew, the Duke of York, the second son of Queen Elizabeth II of Great Britain, paid an official visit to the West Kazakhstan Oblast on July 3-4. The Prince is a professional military man, and had served 18-years in the Royal Navy. At present, the 46-year old prince actively participates in 100 various organizations, including the British Association of the Deaf, the Royal Air Club, and the London Ballet and together with the President of Kazakhstan, Nursultan Nazarbaev, is an honorable patron of the British-Kazakhstani Society.

His Highness, the Duke of York arrived in Uralsk on a special flight from Baku. Oblast Akim, Nurgali Ashimov, the British ambassador to Kazakhstan, Paul Brammel welcomed the esteemed guest at the airport. According to Mr. Brammel, Prince Andrew, as the special representative of the UK on international trade and investments, is interested in the consolidation of economic connections between the UK and Kazakhstan.

The esteemed guest's visit was no accident for Kazakhstan. The UK is the third largest investor into the economy. Its direct investments since Kazakhstan gained its independence total USD 5 B. The commodity turnover between the two countries reached USD 750 MM in 2005. The majority of British investments were made into the oil and gas sector. Kazakhstan's economic growth during the last few years was mainly in this sector, and British companies – including large oil firms as well as smaller service and supply companies – have experience in this industry, which was accumulated during the development of the North Sea,

which is similar to the Caspian region, with the exception of the sharp temperature fluctuations. In addition to oil and gas, British companies actively work in a number of other sectors.

According to Prince Andrew: "British companies have good positions on the Kazakhstani market, and the experience that is necessary for working in the petrochemical and other processing sectors. Great Britain also has a developed alternate energy sector, and can assist Kazakhstan in the future development of this area. Presently, we work on the goals of balancing our overall energy portfolio, and have necessary knowledge for providing assistance in the development of a national nuclear energy science. I know that Kazakhstan

of Kazakhstan's largest oil and gas condensate field – Karachaganak. In October 2003,



a Memorandum of Mutual Understanding between the WKO

was built with funds from KPO. The Prince became acquainted with its history and repertoire.

Theatre Director, Kuzhergali Tuleushev informed the Prince Andrew, as to precisely when and how the new building was constructed, as well as how much money was spent on the project. The Prince attended a rehearsal of the program, Folk Sources, which depicts the everyday life and traditions of the Kazakh people.

At the theatre, the Prince also met with the representatives from Uralsk business circles. 11 businesspeople led by the Director of the International Business Incubator, Zinat Musina talked for a half an hour with the Prince, and discussed problems surrounding the development of small and medium size businesses.

On the same day, Prince Andrew visited the recently opened Oblast Prenatal Centre, which was also built with support of KPO, where he observed the rooms that have been equipped with modern medical machines, and talked with the doctors. During his visit,

to the Prenatal Centre, the Duke wrote a note in the hospital guest book.

On the next day, Prince Andrew visited the Karachaganak oil and gas condensate field. Here, at the administrative building of Karachaganak Processing Complex, he met with the management of KPO, became acquainted with the production operations at the field, and held a small meeting with those company employees that were trained under the KPO Supervisory Management Program. On the afternoon of the same day, the Duke and his delegation flew to Almaty to participate in an investment conference. The conference organizers were the Royal Institute of International Relations, also known as the Chatham House, and the Central Asian Foundation of Democratic Development.

In Almaty, the Duke also participated in a diploma awards ceremony for the graduates of international programs at the Kazakh-British Technical University. Prime Minister, Daniyal Akhmetov also met with the prince. During their meeting, they discussed some issues concerning the development of cooperation between the two countries, exchanged their opinions regarding the prospects for the development of trade and economic relations, and cooperation in the areas of education and culture.

As was noted, presently, Kazakhstani-British relations are developing consistently. The UK is one of the most important strategic partners of Kazakhstan. 212 companies with the participation of British capital are registered in the country. These companies work in the oil

and gas, transport, metallurgy and financial sectors. The head of the Kazakhstani government updated the guest on a number of economic reforms that are ongoing in the country.

According to Mr. Akhmetov, it is also planned to develop a tourism industry, as part of which, British projects will be implemented. Moreover, it is soon planned to increase the number of air flights between the two nations, in order to expand the number of visitors to Kazakhstan for the development of business relations, including representatives from British small and medium size businesses.

Prince Andrew noted the high pace of the development of the Kazakhstani economy, and expressed his admiration over the changes in the development of Astana. He completed his visit in the capital, after a meeting with the President of Kazakhstan and high-ranking officials. During a closed meeting with Nursultan Nazarbaev Prince Andrew noted that Kazakhstan and the UK have strong economic connections. One example is the successful cooperation in the oil and gas sector.

Following 2 hours of negotiations, the Duke of York said, "I had a successful meeting with the President of Kazakhstan, and we talked about our mutual commercial interests. I look forward to the continuation of the visit. It was interesting to see the changes that have occurred during the 3 years since my last visit. I want to congratulate Kazakhstan with its achievements, and hope that the UK will remain an active business partner for Kazakhstan."



is interested in the development of this sector."

The British ambassador to Kazakhstan, Paul Brammel said that he was glad that the visit on the part of the Duke of York began in Uralsk, which has close connections with the UK. Thus, the British BG Company, as a member of the Karachaganak Petroleum Operating consortium, participates in the development

and the city of Aberdeen – the centre of the oil and gas industry of the UK, was signed. "Several days ago, the WKO Akim returned from Aberdeen, and I am happy that the visit of the Duke of York will help in preserving this cooperation at a high level," Mr. Brammel said.

The guest's acquaintance with Uralsk began with a visit to the Kazakh Drama Theatre, which

## KPO EMPLOYEES COMPLETE SUPERVISORY MANAGEMENT PROGRAMME

47 Kazakh employees from Operations Department of KPO have successfully completed the second intake of the Supervisory Management Programme (SMP), accredited by the UK Chartered Management Institute.

During a certificate award ceremony KPO Operations Director, Cameron Crawford said: "The SMP course complements the on-the-job technical training that KPO provides to its local personnel, as part of the Nationalisation Programme. The company's leadership is confident that the development of supervisory skills will increase the professional competence of SMP students and, as a result, will accelerate the development of their careers within KPO".

SMP Programme Director, Jennifer Cock noted: "The programme methodology provides a set of team leadership and organisational tools and techniques, including planning, prioritising, managing resources as well as communication, presentation and time management skills. As of today, over 95 per cent of the graduates of the first and second SMP intakes have been promoted, and it's anticipated that those on the third intake will also be accelerated to higher levels of responsibility.

Since 2004, 94 KPO students have received Certificates in Management, and a further 63 are currently immersed in the programme's third intake, which will be completed next year.

KPO invests millions of dollars annually into training and



professional development of Kazakh personnel. The company plans to increase the number of Kazakh managers up to 40% by 2008.

The KPO Personnel Development Strategy has been developed to address requirements critical to the short and long term success of the company. This includes developing the professional qualifications of Kazakh employees, as well as fostering

their leadership and management skills.

National KPO employees are given tremendous opportunities to gain professional qualifications in Finance (Chartered Institute of Management Accountants); Human Resources Management (Robert Gordon University); Business Administration (Edinburgh Business School); Safety and Environment (NEBOSH qualification) and Management (Chartered Management Institute).

## FIRST KPO VERIFICATION LABORATORY OPENS

KPO has obtained an accreditation license for the verification of pressure and temperature measuring instruments, following an independent expert appraisal aimed at evaluating compliance with technical requirements for verification laboratories. The license was given by the Committee for the Technical Regulation and Metrology of the Ministry of Industry and Trade of the Republic of Kazakhstan. According to the license, the reequipped Pilot Camp's lodging facilities can be used now legally for the verification of measuring instruments.



Before bringing the laboratory into operation, the eight staff members of the KPO Technical Department were given the opportunity to attend three-week theory courses and a traineeship at the Educational Centre of the Almaty National Expertise and Certification Centre. After that, the staff received certificates qualifying them as verification specialists who test pressure, temperature, vacuum and gas and fluid discharge measuring instruments. It is important to note that many KPO staff members were studying even while off-shift period, eager to obtain status as verification specialists.

Stephen Nelis, the KPO Instrument engineer, speaking about the opening of the new laboratory said: "The fact that our staff members have obtained verification certificates was a major step for obtaining the accreditation license on testing operations".

The positive appraisal on the part of the national independent auditors, providing our company with the right to calibrate measuring instruments by ourselves, is proof that KPO has all required conditions, including qualified personnel, appropriate facilities with optimal measurement capabilities, modern testing equipment and, of course, financial support. The opening of the laboratory is a very significant event for all KPO staff. Once again, it proves the company's never-ending determination to improve the qualifications of its local personnel.

One question could arise: What are the advantages of opening this facility? It is important to note that recently, KPO has been receiving services from third parties, including contractors that were charging a great deal of money for their work. Now, with the opening of the laboratory, KPO will decrease its dependence on contractor company services. KPO personnel will be able to conduct all necessary verification of the metrology features of its equipment. Therefore, KPO will obtain an opportunity to implement a more flexible policy, and do all necessary verification without contractor's help and most importantly, minimize expenditures.

All of the KPO staff that received verification certificates say that this is their contribution into the KPO's Business Improvement Plan, which the company began in 2005 to minimize production costs.

## DIRECTLY FROM THE UNIVERSITY TO A PRESTIGIOUS JOB

In Kazakhstan, not every oil and gas company, whether foreign or local, can proudly declare that it has developed a unique long-term programme for graduate engineers. The programme aims at the improvement of the theoretical knowledge of its graduates, by providing them with the opportunity to work side by side with experienced oil and gas specialists, who are always ready to

Karachaganak. Participation in the "Young Graduate Engineers Programme" has accelerated the development of professional skills on the part of the graduates, who got the chance to learn about many aspects of the oil and gas industry, including exploration and drilling. Undoubtedly, this will develop their future career as well".

The graduates were trained by the best



give a piece of advice and share their experience. The graduates obtained this opportunity after they successfully completed the ten-month long, "Young Graduate Engineers Programme" administered by "Karachaganak Petroleum Operating B.V.", at the end of June.

A diploma award ceremony was held on June 29th at the Karachaganak restaurant. The graduates were congratulated on successful completion of the programme. Paolo Campelli, KPO General director, Sergio Zanovello, HR Operations manager, and Zhanel Adilova, Training section head, all wished the students continued success in their future careers.

These young specialists, the best of the best, will be working in Western Kazakhstan oblast. Every graduate is happy to receive a prestigious job immediately after graduating from university. 26 graduates from Almaty and Uralsk universities obtained a unique opportunity to improve their knowledge and gain experience working in an international company. All of the chosen graduates went through a thorough short-listing selection process in order to participate in the programme, which was organized by KPO HR specialists and Production Directorate. The lucky individuals, dizzy with success, displayed their positive emotions in public. The selection criteria were highly demanding, and to become a programme participant, each candidate should be an A-level graduate, highly motivated and determined. Moreover, for the 10-month period, all programme participants were paid a monthly stipend that was enough to pay for their accommodation and food.

Sergio Zanovello, HR Operations manager, noted: "The programme participants received a unique opportunity to combine their theoretical knowledge with practice working at one of the world's largest oil and gas condensate fields,

Kazakhstani and foreign professors. During the programme, participants studied the English language, attended a four-month course on the oil and gas sector, and engaged in a two-month internship at various KPO departments, including Production and Maintenance, Reservoir and Petroleum Engineering, Well Operations, etc.

Zhanel Adilova, the Training section head, noted: "Due to KPO projects such as this one, the image of an engineering degree in the West Kazakhstan Oblast is increasing continuously, which is helping bring Kazakhstan into the list of the 50 most developed countries in the world. This fact best corresponds to the "full development" concept as mentioned in the annual address of President Nursultan Nazarbaev".

The graduates expressed their kind thanks for the opportunity that was given to them to accelerate the development of their professional skills. Their speeches, which were addressed in both English and Russian, were directed to the professors and those people who during the last ten months, became the young specialists' close acquaintances.

Several years ago, KPO moved to its operational phase, which will continue through to 2038. For this, the company needs to build a team of Kazakhstani specialists capable of running complex production operations, which is one of the main priorities of KPO today.

The KPO training strategy has been developed to address requirements that are critical to the short and long-term success of the company, and is based on the continuous improvement and development of professional qualifications on the part of Kazakhstani specialists. In general, the efficient realization of the HR nationalization programme contributes a lot into the economic development of the region and of the country as a whole.

## LUKOIL OVERSEAS LAUNCHES NEW SALES ROUTE FOR KARACHAGANAK OIL

The first tanker loaded with production from Karachaganak, an oil, gas and condensate field located in Northwest Kazakhstan, departed from Odessa oil loading terminal.

A total of 10,000 tons of REBCO (Russian export blend crude oil) crude was dispatched of the tanker Seasoning chartered by major oil trader.

The new export route for Karachaganak crude is the result of an extended joint effort by Karachaganak Petroleum Operating (KPO), the international operating consortium, where LUKOIL is a partner with a 15% interest, and KazTransOil (Kazakhstan).

In accordance with the long-term agreement between KPO and KazTransOil the crude is pumped via the Karachaganak – Bolshoy Chagan – Samara route. Out of Samara, the crude can be directed either to Black Sea or



Baltic ports or directly to Central Europe via the Druzhba pipeline depending on Transneft's export schedule.

Shipping volumes are currently at 20,000 tins per month. They will be increased gradually in the future.

The route complements well

the existing Karachaganak crude shipping system through the Caspian Pipeline Consortium and to the Orenburg Gas Plant. The route offers good economics and opens new potential markets for Karachaganak crude.

## THE HOUSE OF CULTURE FOR VILLAGERS

Karachaganak Petroleum Operating B.V. (KPO) has successfully completed the reconstruction of the House of Culture in the Berezovka village of the Burlinsky district of the WKO.

KPO has invested more than KZT 34 million in the project. The project has been implemented under the social infrastructure improvement programme for the settlements adjacent to the Karachaganak field.

KPO General Director, Paolo Campelli said: "The successful implementation of this project emphasizes the commitment of KPO to its social obligations. We are happy that the residents of Berezovka will now be able to fully develop their talents in the renovated House of Culture".

The reconstruction of the House of Culture included the internal renovation of the rooms, the replacement of the windows and doors, the heating systems, ventilation, lights and electricity systems.

Also under the project, a boiler house was built, and gas, heating, water and electrical supply pipelines were installed. The porch was constructed, asphalt and pavement were laid, and a roof and fence were built. The local contractor "Domostroitel" performed the construction.

Following the overhaul, it is now planned to open in the House of Culture the new social facilities including barber shop, a sewing shop, a gym, a police office, and others, in addition to the existing library and dance class.

KPO had earlier implemented a number of important social projects in Berezovka, including the gasification and overhaul of the water supply system, the renovation of the school, the purchase of school equipment



and furniture. 1,200 tons of garbage was also removed from the streets and yards, and compensation was paid for those residents who conducted the gasification of their houses by themselves.

Under the KPO community relations programme, the company also regularly organises sanatorium-resort treatment for pensioners and children, and provides sponsorship support for various social events.

KPO invests USD 10 million annually into the development of social infrastructure in Western

Kazakhstan. These funds are allocated for the construction of schools, hospitals and roads, along with other social facilities. During the 40-year FPSA, the total amount of social investments by KPO will be USD 400 million.

In addition, the company also allocates about KZT 100 million per year as sponsorship support for community oriented initiatives. In 2005 alone, KPO has implemented over 60 sponsorship projects in area of education, healthcare, the enhancement of the role of young people, and culture and sports initiatives.

## BE PROFESSIONAL IN YOUR FIELD

It is recognized throughout the world that the only fundamental advantage of any company or organization are its human resources. Personnel are the most valuable resource for any company, and accordingly, the importance of managers and HR specialists is growing, and the effectiveness of a company's work depends on this.

KPO actively participates in the development of the Karachaganak field, and is one of the largest employers in the region and a leader in oil and gas production in Kazakhstan. The company management is deeply interested in the development of the professional skills and the knowledge of local employees, and developing the leadership and management skills of its most promising professionals. KPO pays special attention to international training programs and the awarding of certificates.

Recently, two KPO employees; Gulsara Imangaliyeva and Galim Akhmed'yarov, Compensation and Benefits Specialists of the Human Resources Department, obtained international professional qualifications as Global Payment Specialists, following the completion of training, and successfully passing examinations at the training centre of the Kazakhstani CAPC in Almaty. Moreover, in addition to professional qualifications as Global Payment Specialists (GPS), Gulsara and Galim



received international certificates – including a Certificate of Administration of Global Payments and a Global Payment Certificate. The training was conducted under the WorldatWork program, which is the world leader in compensation systems, benefits and accumulated compensation.

WorldatWork is an international association of specialists in the area of compensation policy and financial incentives. Founded in 1955, Worldatwork is oriented at issues related to the attraction, maintenance and motivation of employees. A professional qualification as a Global Payment Specialist builds a basis of professional knowledge in area of payments, the management and distribution of compensation, benefits and remuneration. A GPS helps professionals achieve success in any country.

In order to obtain a GPS qualification, one must pass 8

exams in 8 modules. The educational programs administered by the international non-commercial professional association, WorldatWork are aimed at the enhancement and confirmation of professionalism of HR specialists in the areas of compensation, benefits and accumulated pensions. Professional, international level certificates are necessary things for those who plan to build a successful career. We should note that there are not many specialists in this field on the territory of post-Soviet countries. Thus, we could say that in this field, KPO has made one more step in the area of training and development of the professional skills of its local employees. The certificates allow Gulsara and Galim to speak one professional language with their foreign colleagues using corresponding terms, and most importantly, to pass on knowledge to their colleagues.