

THE BIRTHDAY OF A KARACHAGANAK PIONEER!

Sukhan Maksutovich Kamalov, the Director General of the limited public partnership known as the Gazzhobalau Scientific Research and Design Institute, and Academician of the RK National Academy of Science, Academician of the RK Engineering Academy of Science, and Doctor of Geo-Mineralogical Science will celebrate a birthday on December 21, 2005. He has worked for 46 years in the production, scientific and public sectors, and he is now 70 years of age.



Sukhan Maksutovich Kamalov was born on December 21, 1935 in Asan-Kuduk of the Kazalovsky district in the West Kazakhstan Oblast. In 1959, he graduated from the Geology Faculty of Kazakh State University. Mr. Kamalov began work as a collector in the Geology Party and later climbed to the post of Deputy Chairman of the RK Committee on Geology and Conservation. He worked as the chief geologist of the Ministry of Geology of the Republic of Kazakhstan from 1965 to 1972.

Beginning from 1976 until 1990, Mr. Kamalov worked as the chief geologist and head of the Uralsk Oil and Gas Exploratory Expedition, and then later as the director general of a newly organized industrial association entitled, Uralskneftegasogeologiya. The huge Karachaganak oil and gas condensate field was opened during his time, and he has continued working on the exploitation of that field, during his work as the director general

of the state owned Karachaganak Gasprom enterprise.

From 1990 until 1992, Mr. Kamalov served as the first deputy chairman of the RK Committee on Geology and Conservation of Mineral Resources. While holding this position, with profound professional knowledge and extensive practical experience, he focused his chief attention on developing and modernizing the industry, solving socio-economic goals and strengthening its material and technical foundation.

Sukhan Maksutovich Kamalov has become a highly professional specialist, manager and scientist following a long period of work in the field of geology. While maintaining a very fast paced lifestyle and intense life experience, he manages to combine industrial operations with scientific research.

Taking into account his scientific achievements and active work in the field of geology,

Mr. Kamalov was elected as an associate member of the RK National Academy of Sciences in 1994. In 1995, he became an Academician at the RK Engineering Academy of Science and later at the National Academy of Sciences in 2004.

Mr. Kamalov has also received state awards for his career activities. As one of the most highly qualified specialists in the field of geology and production at oil and gas deposits, Doctor of Geo-Mineralogical Sciences S. M. Kamalov holds tremendous authority and respect among scientists and production workers, not only within the republic, but also abroad.

The "Karachaganak News" newspaper editorial office as well as the entire team at the "Karachaganak Petroleum Operating B.V." would like to take this opportunity to congratulate Kamalov Suhan Maksutovich on his birthday and wish him strong health and further success in his career.

KARACHAGANAK-URALSK GAS PIPELINE PROJECT KICKS OFF

This event, which was highly important not only for western Kazakhstan, but also for the entire nation, took place at the Karachaganak oil and gas condensate deposit on November 12th. An official presentation on the construction of the Aksai-Uralsk gas pipeline took place with participation of KPO's partners on the exploration of the Karachaganak Project. Vladimir Shkolnik, the RK Minister of Energy and Mineral Resources, Nurgali Ashimov, the Akim of the WKO, Uzbekbay Karabalin, the President of KazMunayGas, Pietro Cavanna, the senior vice president of the Eni corporation in Kazakhstan, Dave Roberts, the Executive Vice President of BG Group as well as Paolo Campelli, the General Director of KPO attended the presentation.



Nurgali Ashimov, the Akim of the WKO, reminded all participants that the trilateral memorandum was signed during May of this year during the visit to Priural'ye on the part of President Nursultan Nazarbaev. At the time, the investors were given instructions to provide the region with the benefits of domestic natural gas from the rich hydrocarbon deposits. Over recent months, a special technical group chose an optimal route, where the 150-kilometer gas pipeline will pass. All procedures were also conducted and agreed upon.

Vladimir Shkolnik, the Minister of Energy and Mineral Resources noted that time is too short to wait for project implementation. The construction will last for only 12 months. The energy is a system forming industry that defines both today's and tomorrow's economy. In this particular case, the project is specifically designed for

improving the living conditions of rural residents on the left bank of the Ural and for improving the welfare of all Kazakhstanis residing in the WKO.

Pietro Cavanna, the Senior Vice President of the Eni Corporation in Kazakhstan said that the implementation of this important project has become possible due to the shrewd approach on the part of the President of Kazakhstan, Nursultan Nazarbaev, as well as the empowered agencies of the RK. According to Mr. Cavanna, "This project will provide for the reliable delivery of purified gas from the Karachaganak deposits, and will serve for facilitating the growth of the industrial and economic potential of the country and will also enhance the region's energy independence. The project will also certainly have a positive ecological effect, since it is well known that the "blue fuel" that will be delivered to the people of the oblast is one of the purest sources of energy".

Paolo Campelli, the KPO General Director emphasized that the investors have the right to be proud of their participation in the social reforms that are taking place in the oblast and in the development of infrastructure, in which the

company invests 10 million USD annually. Regarding the construction of the gas pipeline, Mr. Campelli said that this project would allow for improving the gas supply considerably to the inhabited areas of Karatybinsk, Syrymsk, Burlinsk and Terektynsky, which are situated on left bank of the Ural River. It is expected that the Karachaganak gas will satisfy the needs of 8 thousand families of the Ural region.

With the applause of the participants in the ceremony symbolizing the beginning of the new project implementation, little light bulbs were lit on the oblast map, marking the route for the laying of the gas mainline. The pipeline will be a large structure, and will therefore mean a great number of new jobs. Local construction firms will soon begin active preparation for their participation in the tenders.

During a briefing with journalists, Mr. Shkolnik assessed the prospects for the development of the oblast's energy potential highly, taking into account the possibilities for the development of Karachaganak. We would like to believe that the day when the West Kazakhstan Oblast will have an energy surplus is not far away.

A MEETING WITH AN OIL WORKER EMIRITUS OF KAZAKHSTAN



Mr. Nasipkali Abugalievich Marabaev is an honored veteran of the Kazakhstani oil industry. He is one who has devoted his entire life to the development of the oil and gas industry of Kazakhstan. He visited Aksai after being invited recently by the Department of Business Management as well as personally by Paolo Campelli, the KPO Director General. He gave the company's employees a lecture on the chief stages of development of the domestic oil-and-gas industry, and also discussed in detail the oil and gas field management system that existed during Soviet times.

Many KPO employees from various departments attended the meeting with this well-known oil worker. The employees listened to him with great interest, an individual that had

experienced a difficult yet interesting life, and who had began his work as an ordinary borer, later reaching the most important posts in the oil sector.

Apart from the various stages of development of the domestic oil and gas industry, the veteran also spoke about the managerial structure that existed during the USSR in detail, including staff policy. Upon the completion of the lecture, Mr. Marabaev answered many questions on the part of his young colleagues, who thanked him for an interesting presentation and expressed their hope that such thought provoking meetings would continue in the future.

Nasipkali Marabaev is now taking a well-deserved rest, but continues working as the advisor and consultant of the KPO Director General. He is also an

Executive Director of the Munaishi Public Fund. It should be noted that the Kazakhstani oil workers received a nice gift on the eve of their professional holiday from the Munaishi Fund. A presentation of the revised and amended two-volume edition of the Kazakhstan Oil Encyclopedia took place in Atyrau, of which Mr. Marabaev is the chairman of the publishing council.

The more than 100-year history of the development of the national petroleum industry is outlined in the encyclopedia. The book describes the chief oil-and-gas deposits of Kazakhstan in detail, the potential for the industry itself, and the production and refining of oil and gas, as well as transport methods through which raw material is delivered to world markets. The second volume of the encyclopedia is devoted completely to the people who have brought a noticeable contribution to the development of the oil and gas sector.

Nasipkali Abugalievich says that the book is quite useful, not only for students, but also for all specialists that are involved in the oil and gas business. Within its pages, leading Kazakhstani petroleum scientists discuss the prospects for the national oil and gas industry.

KPO EMPLOYEES RECEIVE INTERNATIONAL CERTIFICATES IN MANAGEMENT



48 KPO Kazakh employees from its Operations department successfully completed a two-year training course under the Supervisory Management Programme (SMP), accredited by the UK Chartered Management Institute.

KPO Operations Director Cameron Crawford said: "The management training complements on-the-job technical training that KPO provides to its local personnel as part of the Nationalisation Programme. The participation in the SMP course has helped our Kazakh employees to accelerate the development of their supervisory skills and this will undoubtedly play a positive role in their future careers".

The training was done with the help of the best Kazakh and international teachers. During the course the participants on the programme studied various disciplines necessary for a successful supervisor, including the organising of team work, information management, risk management and the delegation of responsibility.

KPO Development and Nationalisation Section Head Oksana Rastorgueva said: "The SMP course is based on best international training practices which have proven very efficient. Following the success of the first enrolment KPO

decided to run an additional SMP course in order to give an opportunity to other employees of the company to study under this programme".

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

The KPO training strategy is developed to address requirements critical to the short and long term success of the company. This includes developing the professional qualifications of the Kazakh employees as well as fostering their leadership and managerial skills.

Currently, four local employees of KPO are undertaking a Master's Degree course in Petroleum Engineering at the Kazakh British Technical University.

In addition, six employees from the Human Resources department are following a training course developed by the Chartered Institute for Personnel Development (UK) and 33 personnel are studying financial management on a course run by the Chartered Institute of Management Accountants (UK).

DAM READY TO GO ON LINE

On the eve of 2006 "Karachaganak Petroleum Operating B.V." has completed the reconstruction of dam №6 located within the Karachaganak Field. To receive more information about this project we have met with Giuseppe Repole, KPO Infrastructure & Services Manager, who answered our questions.

-Giuseppe, what is the background of this project?

-First of all, I would like to say that the working design of dam №6 reconstruction at Berezovka river is one of the part of working design "Dams over Konchubai Gully and Berezovka river" was developed on the basis of contract on August 17, 2000 concluded by KPO and local company Uralvodproect Ltd.

Design consists of reconstruction of dams №3,4,5,6,7,8, located within basin of Konchubai Gully and Berezovka river within the territory of Karachaganak Field. Concerned territory is located at a distance of 16 km to north-east from Aksai and 150 km from Uralsk.

Dam №6 is located at Berezovka river 2,5 km below the stream from Berezovka village at a distance of 28 km north-east from Aksai.

-Why this project was important for KPO and what was the necessity to build the dam? As far we know there was an old dam built during the Soviet time?

-The implementation of this project was very important not only for KPO but for the local communities as well. Just imagine what could happen here in spring! This period of time is the most dangerous as with warm weather the snow starts melting and it creates direct threat of flood for the residents of Berezovka village and the Unit-2.

As for your question regarding the old dam it was constructed and put into operation in 1968. During the freshets of 1969-1970 the water spillway structure and part of earth dam were totally destroyed. In the same year (1969) and in 1970 the dam was reconstructed, and instead of flood flow the by-pass channel was constructed which further connected the channel with natural depression of the length 4,5 km, that flows into Berezovka river.

-What kind of work was done during the reconstruction of the dam and who was the KPO's main contractor?



success story will be covered by the local print and broadcast media.

-What were the project's goals during the construction works?

-The major goals during the construction were to safely complete the project. With Zero Lost Time Incident (LTI) and, of course, complete it as I said above within established schedule and budget.

-As far we know you are working now on one more project which is no less important for KPO?

-That's right. A similar approach was adopted to

complete the construction of main roads №6 and №7 in Karachaganak Field. This project is also done successfully. The total cost of this project made up more than 8 million dollars. The companies involved in this project were also the local companies such as BurlinGasStroy (BGS), Zhaikselstroy, DSU-49.

-We know that KPO is the company that pays great attention to environmental issues. What measures did you take during the construction works to protect the environment?

-The issues relating to the environment are very sensitive for us. I would like to note that when undertaking any construction works we try to ensure that our activities make a minimal impact on the environment, thus providing the harmonious co-existence of operational activity and the ecology.

KPO's philosophy is to create a workplace that co-exist in harmony with the environment and takes a "no harm approach". We believe that preservation and protection of the environment is a responsibility of everyone who works in our company. KPO has formed close relationships with the relevant control agencies and is also working closely with local communities.

-Giuseppe, the editorial staff of "Karachaganak News" congratulates you and your colleagues with the successful implementation of these projects. We wish you and your colleagues every success and good luck in the year 2006.

-Thank you. From our part, we also would like to wish you and the newspaper "Karachaganak News" every success and prosperity.

KPO COMPLETES RECONSTRUCTION OF HIGHWAY IN URALSK

On October 21 a ceremony to commemorate the opening of the Narimanov highway, which was constructed as part of the Karachaganak Petroleum Operating B.V. (KPO) social programme, was held in Uralsk.

Attending the ceremony were the representatives of WKO Akimat headed by the WKO Deputy Akim Alibek Sydykov, Uralsk City Akim Saginbek Mutashev, KPO Deputy General Director Cameron Crawford, contractors and journalists.

The reconstruction of the Narimanov highway and site improvement were completed within a year. Total investment in the development made up \$700 thousand.

The project has included the repair of subsurface and replacement of the road coating, installation of bus stop platforms, reinstallation of curbs along all the road, sidewalks and other construction works.

WKO Deputy Akim Alibek Sydykov thanked KPO and contractors for a new road in Uralsk, which will make life of residents easier and will contribute to beauty of the town.



KPO Deputy General Director Cameron Crawford said: "The successful completion of the highway demonstrates KPO's commitment towards social infrastructure development in Western Kazakhstan. This is a good contribution to the WKO community, and we would like to thank everyone who helped us to implement this important project".

Total length of constructed and repaired roads in Uralsk since 2001 as part of the KPO social programme is more than 26 kilometres.

KPO invests \$10 million annually towards social infrastructure projects in Western Kazakhstan, which include the construction of roads, hospitals, schools and other social facilities. During the 40-year life of the FPSA, this investment will total some \$400 million.

STAFF AS ONE TEAM

The staff of the Joint Operating Committee (JOC) Secretariat and their colleagues from KPO B.V. Astana Representative Office has attended a joint training arranged by experienced psychologists of the CAPC Company on the subject "Team Building". The training Courses took place in the sanatorium-resort area "Ok Zhetpes" located in Borovoye which is one of the most picturesque locations in Kazakhstan.

In accordance with the findings of the training, the psychologists prepared an analysis and evaluation of the roles of each Course participant in the Group, also the recommendations were given for improvement of the Team's further work as the Joint Team which undoubtedly will enable to improve performance indicators. During the Course the special attention was paid to team work, efficient interaction, interpersonal skills, planning and review of received information.

The Karachaganak Project Joint Operating Committee Secretariat is one

of the Bodies participating in the identifying the KPO Policies and Plans and also is an important interface in KPO work with the CJSC KazMunaigas (KMG), the Ministry of Energy & Mineral Resources and other Government Authorities.

In accordance with the Final Production Sharing Agreement (FPSA) signed between KPO BV Partners and Kazakhstan Government, the JOC Secretariat's main activity is to conduct meetings, prepare answers to numerous questions of the Authority (KMG) regarding all aspects of KPO activity, provide clarifications, data collection, translation of all documents from Russian into English and vice versa.

As far as KPO Astana Representative Office is concerned, its main task is to improve the efficiency of KPO interaction with Kazakhstan Government Authorities and enhance the Company's corporate image at the national level.

KPO INTRANET PROJECT



and on the development of the Karachaganak field in three languages: Kazakh, Russian, and English. Therefore, a question arises in connection with this, which is, what is the necessity and purpose for creating a KPO Intranet site?

-Three years ago, with the launch of the website, our company received one of the most important sources for information directly related to the development of the Karachaganak project. Now, a person at any corner of the globe with Internet access could receive detailed information on our company and the Project itself. Regarding the launch of the Intranet site, a portal functions within the company itself. First of all, the purpose behind the introduction of an Intranet site was to make improvements in information and communications awareness between the company's numerous departments and services, the consolidation of our large team, and also fast access to general information for increasing the efficiency and productivity of each and every employee. While developing the portal, we took the main priorities in the work with KPO into consideration, which include production, supply and observing safety rules, in addition to contributing to the development of the regional social sphere.

KPO is a huge organization with a complex organizational structure. In order to find required information any employee must engage in difficult and challenging work, which certainly affects

job performance. In addition, as the number of employees exceeds one thousand, not always telephone and e-mail services are inefficient, and therefore, the Intranet-portal is needed for these purposes.

- I assume that there is no need to explain to anyone what the Internet or a website are or why they are needed, but not everybody knows what an Intranet portal is. How does it differ from the other two?

-Intranet sites are a rare phenomenon, although huge international companies use them very often. They require a local, separate computer network in order to function. Our Intranet site has a broad database and inquiry information service, and is also a very convenient and valuable means of communication between the employees of various sectors of the company. The main feature of the Intranet is that only employees that are working for the company, and no one else are able to access it. This is the difference from the Internet or a website. All necessary information is merely placed on the portal pages, to which access is provided for everyone but strictly controlled for proper updating. As a result, our employees only need to connect to the portal periodically in order to be aware of current events or to locate a necessary document. Thus, each and every KPO employee can obtain needed information by simply pressing a button on his/her PC, which automatically launches the Intranet site.

-Who initiated and developed this project?

-The initiative for introducing the Intranet site belongs to the KPO PR Department and the Uralsk IBC Group Company was the project developer, with the participation of employees from the KPO Information Technologies and Telecommunications (IT&T) Department. Moreover, an employee from our department, Aigul Kalioldina also participated actively in developing the Intranet-site.

- How long did it take to launch the Intranet-site and how will the process of updating the information continue?

-I would like to note immediately that this work was not easy and required a great deal of effort. We had to choose the right strategy and determine the volume of work and a project plan. As a result, the project is comprised of three phases - design, development and implementation. We conducted a great deal of meetings with the heads and employees of various company departments and listened to their recommendations, and this is how the portal structure was created. We then started to collect all necessary data and began technical implementation. Of course, we had to resolve many organizational and technical issues, which included necessary project phase approval stages and the preparation of programming and equipment supply. I would like to note the assistance and support provided by the employees from

the IT&T department, especially Mr. Jim Austin, Lead Business Systems Analyst, Anton Dyrdin, IT Systems Analyst.

The chosen model for administering the Intranet portal includes the participation of all KPO departments. A coordination group was established in order to update information placed on the site. The heads of each KPO department have either appointed one or a group of employees as coordinators, depending on the volume of information, who are responsible for their own sections of the portal. Therefore, we have a team and employees also involved in the information exchange process, which will allow for adjusting missing links between the departments.

- Are you satisfied with the work done by your contractor?

-The user-friendly and business-like design of the KPO Intranet site was very well done in terms of our company's corporate style, and provides a very convenient choice for an information source, and for its rapid digestion by users. Also, the employees of the IBC Group have done their job on a highly professional level. Structure planning and site navigation are being done in accordance with existing standards of information delivery for Intranet sites.

- Olga, thank you very much for the interview and allow us to wish you and your project all the best and success.

-From our part, we hope that the project will meet established goals and tasks and will be useful for the company employees. Presently, we are working on the development of a pilot section for one of KPO's departments and are planning to launch it in March 2006. The Intranet should serve to everyone.

An internal Intranet portal began functioning on November 2004 at the Karachaganak Petroleum Operating B.V. Company, which provides information on the development of the Karachaganak Project, as well as on the work and functions of various KPO departments. We have met with KPO Public Relations Specialist, Olga Lyskova, in order to obtain detailed information on implementation and development of the company's new project. She coordinated in this project and we asked her to answer our questions.

- Olga, the KPO company successfully launched its own website; www.kpo.kz three years ago, which we believe contains in-depth information on the company's activity