

DIPLOMATS VISIT KARACHAGANAK

On May 18th, for the first time, the extraordinary and plenipotentiary ambassadors from foreign countries conducted a three-day official visit to the town of Uralsk. The delegation was aimed at becoming acquainted with the economic and cultural potential of the West Kazakhstan Oblast. Included into the group were the ambassadors from 12 countries, their wives, and representatives from the World Bank.

The delegation included representatives from Russia, Belarus, Azerbaijan, Belgium, Georgia, Israel, Italy, Canada, Poland, Slovakia, Tajikistan and Ukraine; as well as some from the World Bank and the RK Foreign Ministry. A rich programme was prepared especially for the guests, which included visiting museums, enterprises, theatres, sport centres, the Daryinsk village and naturally, a trip to the Karachaganak oil and gas condensate field.

In Uralsk, the delegation visited the former Metallist factory, which is now a West Kazakhstan machine-building company. Before, the enterprise had made weapons for the former USSR countries. Today however, it produces machinery

for the oil and gas sector and spare parts for agricultural equipment. After visiting the factory workshops, the

Bashkortostan Republic of the Russian Federation in Astana, officials from the government and the akimat had agreed to hold

projects.

In addition to the industrial factories, the ambassadors

Karachaganak Processing Complex (KPC). The General Director of KPO, Paolo Campelli

concerned nature conservation measures, ecological operations and social projects. There were also some questions on joint international oil projects and KPO's willingness to participate in these. The answers to the questions were irrefragable. As is tradition, following the presentation, a tour of the Karachaganak Processing Complex (KPC) was organised, along with a visit to the central processing block.

Finally, upon the conclusion of the field tour, the guests were invited for a dinner that was served at the Pilot Camp. In general, representatives of the diplomatic missions enjoyed their visit to Karachaganak and expressed their gratitude to the organisers of their trip.

In conclusion, it is necessary to note that a visit of a large delegation to the field require a lot of efforts and responsibilities of company's employees. In addition it requires a logistics programme worked out in detail. During the visit of diplomatic mission to Karachaganak, KPO Infrastructure & Services Department staff headed by its Manager Guiseppa Repole, handled their task extremely well and they did their best to make a trip a success.



Diplomatic mission at Administrative building

delegation then went to the Zenit Plant, which makes military boats. It is soon planned to launch a Sardar boat that weighs 200 tonnes. There are also other nine other working factories in the town.

As per the instructions of the president of Kazakhstan, an oil and gas machine building industry cluster have been introduced in the oblast. A representative department of Bashkortostan Republic of the Russian Federation in Astana had demonstrated interest in the development of the cluster. Following Erzhan Azanov, a representative from the

a meeting attended by the business and industrial circles from Bashkortostan and West Kazakhstan.

All in all, the guests came away with a positive impression from their visit to Uralsk. This fact was supported by many participants in the diplomatic mission. Larissa Pakush, the ambassador extraordinary and plenipotentiary of Belarus to Kazakhstan said, "A lot of things have changed since my previous visits to Uralsk. It has flourished: there are historical monuments, modern buildings and new streets." In many aspects, this has become a reality due to KPO



Italian ambassador to Kazakhstan Diego Lorenzo Longo

visited the Kazakh and Russian Drama Theatres, and the Oblast Museum of History and the Economy, where they became acquainted with history of inner Bukeev Orda and the entire region of Priural'e. The ambassadors also visited the town of Aksai, which is situated in the Karachaganak oil field, and met the upper management of the KPO Company.

The visit to Karachaganak also deserves to be mentioned. The meeting took place in the KPO administrative building, which is situated near the

made a presentation especially for these important guests on the development of the KPO project. He discussed detail the work and function of every industrial plant. Mr. Campelli also discussed efficient partnerships with local and oblast officials, and provided some information on KPO's investments into social projects that are being conducted in the West Kazakhstan Oblast.

Following the presentation, the guests received answers to the questions that they were interested in. Mostly, these

KPO PARTICIPATES IN "KAZSPAS-2006"

The "KazSpas-2006" annual international mock rescue operations were held in the Almaty Oblast in May 2006. 800 rescuers from Kazakhstan, Russia, Kyrgyzstan, Uzbekistan and China participated. Rescue specialists from Ukraine, Belarus, Sweden and the USA were invited as guests. The RK Minister of Emergencies, Shalbai Kulmakhonov acted as an observer.

According to tradition, the rescue maneuvers were held on the Skalniy Gorod (Rocky Town) training field of the RK Ministry of Emergencies, which is situated close to the town of Kapchagai near the Ili River. The name of the town fits the place excellently. Here, the rocky outcroppings with their numerous ledges and clefts have taken on a very special appearance. They now have been made to resemble a town with streets, squares and lanes.

The opening of the tournament went according to plan. Following a parade with all the teams, important guests were shown 20 different rescue contests, including search and rescue operations in anthropogenic and natural environments, complex weight-lifting exercises, traffic accident operations, the elimination and localisation of emergencies, and fire-fighting operations. These are the type of operations that rescuers engage in every day.

The KPO team took part in the maneuvers as well, headed by Cameron Crawford, the deputy general director. The KPO team included Ilter Soilemezoglu, Dave Tilley, Maxim Kim, Ermukhambet Davletov, Vadim Bovt, Dick Barton and Elena Kolesnikova - company members who represent the Waste Prevention and Drilling Operations Departments.

The KPO team chiefly conducted preparatory and



KPO staff at KazSpas-2006

organisational operations. "Ak Beren", the KPO contractor dealing with the prevention and elimination of emergencies and extinguishing fires at open oil geysers at the Karachaganak oil field, engaged in direct participation in the maneuvers. Despite the fact that the time given for preventing and

conducted an exact simulation of drilling plants on the bank of the Ili River. For the first time, they demonstrated a new "weapon," a ПП-200 powdered fire extinguisher, which is typically used at oil and gas fields. This piece equipment resembles a huge gun with a tremendous barrel containing



Cameron Crawford keeps a close eye on training

eliminating emergencies and extinguishing the fire was short, the "Ak Beren" team completed their assignment with mastery, showing a high level of professionalism. Spectators were astonished as to how efficiently and promptly the team members extinguished the fire using their new equipment. The "Ak Beren" fire rescuers

chemical powder. The gun was fired and extinguished the blaze spurting from an oil well.

The "KazSpas-2006" maneuvers have demonstrated that the KPO rescue service is well equipped and prepared for elimination of various types of emergencies. The event served a type of acid test for our rescuers.

KPO COMPLETES RECONSTRUCTION OF OBLAST HOSPITAL SURGICAL DEPARTMENT IN URALSK

On the eve of the Victory Day, a ceremony was held in Uralsk to commemorate the completion of the project of reconstruction of the Surgical Department of the Oblast Clinical Hospital, conducted as part of the Karachaganak Petroleum Operating B.V. (KPO) social programme.

The new surgery department includes three sections. These are a surgery reception area, an emergency room, a reanimation unit and 7-room surgical unit.

Attending the ceremony were representatives from the WKO Akimat, headed by WKO Akim Nurgali Ashimov, KPO management, contractors, veterans and the medical community of Uralsk.

In his speech, Mr. Ashimov noted that the state has paid and will continue to pay attention to the health of the nation.

"During these past few years, the budget for the medical sector has grown significantly. Last year, the total budget, including sponsorship contributions was KZT 7.8 B, this year, it was KZT 8.4 B. During the last two years, rural medicine received a great deal of attention. 48 medical units were built in rural areas, and 353 medical facilities were renovated and received medical equipment".

Every day, over 50 surgeries are conducted at the hospital. According to the Director, Khamidulla Ermenov, the opening of the newly equipped department will facilitate the provision of medical assistance to the population. "Earlier, there were no proper conditions, and small surgeries were conducted in the surgery department, now however, we can perform surgeries on the first floor. On the second floor, there are the reanimation and anesthesiology departments. A pressure chamber will also be installed there.

KPO General Director, Paolo Campelli noted: "This modern surgical department is a great present to the residents of Priural'e. The social investments of KPO are bringing benefits to society in the form of new facilities for healthcare,



culture and sports, and I am sure that the realisation of the KPO social programme will be a guarantee for the usage of the potential of Karachaganak for the good of Kazakhstan. We are confident that in this way, we are helping to increase the living standards for all residents in the region."

The reconstruction of the surgical department was completed within 9 months. The total amount of investments on the part of KPO into the social project came to \$1.65 million.

The project included full replacement of the engineering networks, including the combined input and output ventilation, gas supply treatment systems, the water supply, heating, sewage, and fire-fighting systems.

In addition, modern freight and passenger elevators were installed, the roof, doors and windows were all replaced, additional heating insulation of walls was installed, a general improvement of the premises was made.

The surgical department was fully equipped with modern medical equipment, meeting the requirements of Kazakhstani and international standards. The general contractor, the local Otdelstroy Company fulfilled the client's conditions.

KPO invests \$10 million annually towards social infrastructure projects in West 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.

EditorIAL

Governments of Kazakhstan and Russia Agree on Karachaganak gas supplies



Kazakhstan and Russia have made a step forward toward facilitating their partnership in the energy sector. The development of the Karachaganak oil and gas condensate reservoir is closely connected to the work of Nursultan Nazarbaev, president of Kazakhstan, who has visited Karachaganak on several occasions. Recently, Kazakhstan and Russia have made a significant deal in economic interaction, particularly concerning the Karachaganak gas deposits.

While making comments on the results of the meeting with the President of the Russian Federation, Vladimir Putin, which was held on May 20th at the Bocharov Ruchei residence in Sochi, Nursultan Nazarbaev said, "Another essential question that has been discussed and solved concerns the Karachaganak gas deposits. We have entered the third phase of the development of this oil and gas condensate field, and have discussed processing gas for its further sale. We had agreed upon the construction of the second gas-processing plant in Orenburg. The plant will be built as per a joint-venture with 50/50 ownership. This means that Kazakhstan will possess one half of the shares in the plant, and will act as both the joint manager and joint owner. Thus, we will be able to save money on gas processing. If we had built our own gas-processing plant, it would have cost us \$1.5-2 billion; the cost of gas processing would have amounted to twice as much as that of the Orenburg plant. The most essential part is that we have agreed upon moderate prices for providing gas supplies from the Karachaganak oilfield. This is a very significant matter for both Kazakhstan and our investors. As a result, the country will gain an additional one hundred million dollars, which was previously lost.

Another essential portion of the agreement concerns the expansion of the Caspian Pipeline Consortium (CPC). We now export 23 million tonnes of gas. The expansion of the CPC will enable us to increase this figure up to 35, and later up to 60 million tonnes. This issue has been under discussion for several years. Through time, the attitudes of Kazakhstan's and Russian's governments toward the subject have coincided. I believe that the foreign investors will support our decision as well."

KPO RECEIVES TWO HIGH AWARDS FROM BG GROUP CHAIRMAN

For several years in a row, the Karachaganak Petroleum Operating B.V. has been granted a high level award by the Chairman of the Board of BG Group in various nominations of prizes granted by the company. As we reported last year, KPO had received the encouraging place in the Innovations in Safety Norms nomination. This award was given in recognition of KPO's successes in area of safety measures, and for its innovative achievements on the successful introduction of the labour protection and safety measures programme at the Karachaganak field.

This year, KPO also received honorable awards in two other nominations – Contributions to Social Development and Contributions to Health. The award for Contributions to Social Development was given to KPO for its successful implementation of projects known as the Creation of Consultative Groups in Settlements, whose purpose is informing the population living on the perimeter of the Karachaganak field, and the Business Centre and Business Incubator, which are oriented at the provision of support toward the development of local entrepreneurial activity. The award for Contributions to Health was given to KPO for the development of a sanitary hygienic monitoring programme at KPO facilities, and on the improvement of working conditions for

company employees. The award ceremony took place in the evening on May 10 in England in the historical Heicheler Castle, which is located in a beautiful place outside of the Newbury district.

In addition to representatives from other companies, attending the ceremony were two groups of KPO employees. The first group consisted of three people and represented the PR & Communications Department – Elena Rasmukhambetova, Mereke Kurmangali and Bolat Serikbayev. The second group was represented by employees from the KPO Health Protection and Labour Hygiene Section – Robert Hanson, Gulnara Gabbullina, Manarbek Adilov,



Sir Robert Wilson with KPO staff

next to the KPO representatives.

This is the eighth competition ever since it was founded in 1999. The awards from the BG

candidates for the Chairman's awards was conducted in 6 nominations – Safety Performance; Safety Innovation; Contract Partner Performance or Initiative; Contributions to Social Development; and Environmental Initiatives. The main criteria used for the selection of strong candidates was foremost, strong performance in the above mentioned nominations.

In addition to KPO, the list of finalists for the Chairman of BG Group awards was BG E&P India Ltd., MetroGAS, BG Brazil, BG Tunisia, UK Upstream, Premier Power Ltd., Egyptian LNG, and BG Italia. The first prize was taken by the BG E&P India Ltd.

Prior to the awards ceremony, an excursion was organised to Windsor Castle for all of the participants in this prestigious competition. Windsor Castle is one of the official residences of the Queen of England.



Frank Chapman with KPO staff

Gulbarshin Saginova and Gulbarshin Uspanova. The BG Group Chairman of the Board, Sir Robert Wilson personally handed awards during the ceremony to Elena Rasmukhambetova and Robert Hanson. During the official dinner, Executive Director of the BG Group, Frank Chapman sat

Group Chairman of the Board are given for projects and companies, in which this British company is a shareholder. This year, 92 applications were submitted to the competition from companies with relations to the BG Group and which are developing oil and gas fields worldwide. The selection of

AWARDS GIVEN TO KPO STAFF IN HONOUR OF GEOLOGIST'S DAY

According to tradition, in Kazakhstan, the first Sunday of April is celebrated as a professional holiday – Geologists' Day. The Geology and Natural Resources Committee of the RK Ministry of Energy and Resources awarded members of those organisations dealing with resources research and mining, and those which have contributed to the development of mineral resources research and improvement of the natural resources base of the Republic of Kazakhstan.

This year, KPO management was also given awards. Leonardo Spicci, Manager of the Oil Engineering Department and Collector Development Project, was awarded with a Certificate of Gratitude. Bulat Alseitov, Reserves Redetermination and Design Project Update Manager, was awarded the Excellence in Resources Research prize. The same award was also given to Fidel Ibragimov, Permits and Licenses Manager.

On May 3rd, on the behalf of the Geology and Natural Resources Committee M. Tnaliev, the chief officer of Western Kazakhstan Regional Inspection on Geology and Resource Development, granted these awards to KPO management. KPO General Director Paolo Campelli also



attended the award ceremony.

Mr. Tnaliev said that the achievements of KPO were increasing mutual understanding between the government resource departments and KPO. The Karachaganak oilfield is one of the largest and the most difficult to develop in the world. Therefore, close professional relations between the company specialists and governmental departments need to be a main factor in establishing trustworthy relationship between them. These relations aim at making mutually efficient decisions on the project development.

Mr. Tnaliev also hopes that in the future, these relations will do nothing but improve. He thanked Mr. Alseitov and Mr. Ibragimov for their work, as they consult foreign

specialists on Kazakhstan legislation concerning the rational exploitation of Kazakhstani natural resources. He also mentioned the achievements of Mr. Spicci, who has respect for RK legislation and who has put a lot of effort toward eliminating drawbacks in operations that were discovered following inspections.

These awards are precious, as the Geology and Natural Resources Committee is the national expert body in the field of resources exploration. This department monitors the rational exploitation of resources, conducts monitoring of licensing and the implementation of contractual obligations, and controls the

balance of the oilfield reserves and their production.

Paolo Campelli thanked Mr. Tnaliev and the Geology and Natural Resources Committee for their attention toward KPO by giving KPO management such important awards. According to Mr. Campelli, this demonstrates that KPO has been recognised as a law abiding resource user. He also mentioned that despite the many difficulties that have occurred during the oilfield exploration, KPO intends to develop the field in compliance with RK legislation and the rational exploitation of resources, respecting both the company's and the nation's interests. Mr. Campelli also said that now, they are considering the expansion of the enterprise's capacity in order to increase hydrocarbons production. In the end, Mr. Campelli congratulated the company employees that received the awards and thanked them for their commitment to establishing rapport between KPO and the mineral resources departments.

He also mentioned that KPO is proud of its professionals, who are boosting the image of the company in Kazakhstan.

KAZAKHSTAN WELCOMES RUSSIAN DELEGATION



It is not only friendly relations, but close economic ties, which are supported by mutual respect and interest between the cultures of Kazakhstan and Russia, which bind these two nations together.

At the end of April 2006, a delegation from the Orenburg Oblast of the Russian Federation headed by Anatoly Trinov, the Orenburg Gas Processing Plant director, and Vladimir Muromtsev, the Chairman of the Orenburggasprom LLC Trade Union Committee, conducted a visit to the West Kazakhstan Oblast. The delegation arrived upon the invitation of the regional administration. The year 2006 is being celebrated as the year of the Russian poet, Alexander Pushkin and the Kazakh poet, Abai Kunanbaev. The leadership of the Burlin regional administration headed by Akim Kairgali Imashev, the regional Maslikhat Secretary Izmaganbetov, and the Chairman of the KPO Trade Committee Kenesov, met the guests on the border of the two countries.

Included into the group of delegates were art and entertainment workers, who organized a festival as part of a cultural exchange between Russia and Kazakhstan for the people of the town of Aksai and the entire Burlin region.

During the visit to Aksai, the guests visited the Karachaganak oil and gas deposit. Field Manager Nello Paterlini, made a detailed presentation on the main stages of the project development.