

## WELCOME, NAURYZ!

Nauryz is probably the most spectacular and happiest holiday in Kazakhstan, and it is celebrated widely in every corner of the nation. If anybody wanted to know more about this holiday or learn about the traditions and customs of the country and its people, then he or she should undoubtedly visit Kazakhstan during the Nauryz festival. Surely, no one could feel indifferent toward this holiday. Nauryz has roots that date back to antiquity and it is celebrated on a grand scale, not only in Kazakhstan, but in every Turkish-based country.

In large cities of Kazakhstan such as Almaty and Astana, Nauryz is usually celebrated in a very spectacular way, and you definitely can see and feel the wholeheartedness and sincerity of the grandiose festival.

On this day, according to established traditions,

people construct brightly-colored yurts on the main street, and every person who wished to could go inside and try traditional Kazakh dishes. The foreign management at KPO and a number of contractor companies, along with the



Kazakhstani firms take part in this festival with great pleasure.

It is worth noting that

KPO along with other companies operating in Aksai also participated in this holiday and put up their own yurt. Here, in a very amiable and comfortable setting, Roger Fox, the general director of KPO, and Antonio Baldassare, pro-

duction director, along with other officials from the company welcomed their guests for the well-



organized dastarkhan (Kazakh dinner table).

During the opening of the festival, Mr. Roger Fox delivered a Nauryz greeting speech to the city residents. "Since ancient times, people would wish each other peace and happiness on this holiday. It has

always been thought that the Nauryz celebration could bring good fortune for an entire year, and it would not be an exaggeration to say that the Nauryz celebration has become one of the most enjoyed and favourite holidays of the multi-national team at

KPO. Taking this opportunity, allow me congratulate you from the bottom of my heart on this blessed spring holiday and I wish you happiness and good luck in all your beginnings and hope that all of your wishes and hopes come true!"

## ON DEVELOPING THE REGION AND THE ROLE OF KARACHAGANAK

**Traditionally, the West Kazakhstan Oblast (WKO) was thought to be an agricultural area. Today, the situation has changed, however. The pilot Industrial Innovation Development Strategy project is being conducted in WKO. The Akim of West Kazakhstan, Nurgali Ashimov discusses growing spots in the region, which could be considered to be the most promising.**

**- Mr Ashimov, the West Kazakhstan Oblast is defined as a place for the creation of an Oil and Gas Machine-Building Cluster. What variables have been considered for this (for the selection of this sector) and what stage is this project now at?**

"Of course, a lot of things were considered during the selection of the industry. First, this included the presence of large machine-building production, which we have managed to maintain in our region ever since the Soviet era. Second is the rate of economic growth. Comparing the two previous years - 2004 and 2005, we can see that the index of the volume of industrial production starting from 2003 has increased by almost 6 times. These are good indicators, but this is only the beginning. The large industrial enterprises have over this period attracted over KZT 5 billion for the modernisation and creation of new production facilities. That is, higher level of quality industry is being developed. Existing qualified personnel, scientific-technical potential and developed transportation and financial infrastructure was an im-

portant prerequisite for the creation of the cluster. Currently, negotiations are being held with outstanding firms such as Halliburton and Shell on the creation of a joint scientific-technical centre for oil and gas machine-building. There is a technical park that is operating called Algorithm, which is playing an important role in the cluster system. The technical park is expected to accumulate and spawn engineering ideas and result in technical innovations. The main areas for the operation of the technical park include machine-building, metal processing, device-design, environmental protection technology and alternative power generation.

**- What is the role of Karachaganak within the economic spectrum of the region?**

"Karachaganak's role is that the extraction industry of our region is built on its base. KPO, which is engaged in the development of the deposit, is responsible for a total of 88.6% of all industrial production. In addition to production activity, KPO makes a significant contribution toward resolving social problems. Each year,



the company allocates \$10 million toward realising these goals. Overall, thanks to funds from foreign companies, we have managed to build many social structures in the areas of healthcare, education, culture and others, and currently, the roads are being repaired and gas mains are under construction. We always make joint decisions on what, where and when to build. Naturally, the money is aimed at resolving the most urgent problems, such as supplying gas to the rural settlements in the oblast. Paradoxically, only the right bank of the Ural River has

been supplied with natural gas, as historically only the right bank of the river was laid with gas trunk mains such as the Central Asia-Centre and the Orenburg-Western borderline. The residents of the villages on the left bank therefore lived without any gas. When President Nazarbayev visited our oblast in the spring of 2006, he ordered the administration of the consortium to build the Karachaganak-Ural'sk pipeline (on the left bank of the river)".

**- Nobody complains about a shortage of money in the budget today. The question is that this money**

**should be used for the profit of the people of the oblast, is this not so?**

"Yes, that's precisely it, for the profit of the population. The main priorities for budgetary policy remain education and healthcare. Speaking of education, we mostly allocate our money for training newly qualified specialists in production, the construction industry and agriculture, and we also fund professional schools. In addition, the oblast pays for the education of the future engineers and managers of the oil and gas industry. Those students from secondary schools who have won the Oblast Technical Olympiad, we send off to study at the Kazakh-British Technical University (KBTU). A hundred more students are entitled to study free at lyceums and professional technical schools. The oblast budget also provides funding to purchase equipment for natural science class rooms at schools. In 2008, the biology rooms will also be re-equipped. Schools are in the process of repair and new ones are being built. Computer classes will be connected to the Internet, and to the satellite distance learning channel. The final goal is to create equal conditions for providing quality knowledge, both in cities and villages. In the future, an understanding of the provinces (villages) will become absolutely conventional.

As for health care, our oblast is the only one in Kazakhstan where a three tier-system of emergency medical aid (ambulance) was created and is functioning. There are also medical ambulances in the villages created for rural population. There are specialised clinics in the oblast centre, and this year KZT 447 million was allocated for strengthening the material and technical base of healthcare departments. The purpose of the current efforts and actions is to increase the standard of living.

But not only is the oblast budget that is growing. The population's income is also climbing. According to the latest indicators, the oblast has ranked steadily into the top 5-6 places across the country; the indicators for both capitals of the country included. Naturally, the implementation of the housing programme could not help but affect the social feeling of local residents.

The construction contractors are now finishing building municipal and mortgage residential houses according to the established timeframe in Uralsk. The oblast was also the first to start the state housing construction programme in the villages as well. Naturally, there are still quite a lot of problems that are not being resolved, both in industrial and social sectors. But as a rule, these are just difficulties related to growth".





Building the future together

I am strongly committed to our Principles and Values embedded in the Code of Conduct and look forward to working with you in further developing our company culture.

I am pleased to say that appropriate use is being made of the Compliance Assurance Policy by National and Expatriate staff alike. A number of issues have been raised which has enabled firm action to be taken in support of our Principles and Values.

The Compliance Coordination Manager is the independent guardian of the Code of Conduct. If you have a concern about malpractice, which you are unable to raise with your line manager, then you may contact the Compliance Co-ordination Manager, either by phone on 2414 or by e mail to 'Compliance Co-ordination Manager'. Your concerns will be dealt with in the strictest confidence

*Roger Fox*  
Roger Fox  
General Director



## CODE OF CONDUCT

### WHO WE ARE

KPO is a company jointly operated by BG and ENI on behalf of four international partners (BG Group, Eni, Chevron and LUKOIL) under a Production Sharing Agreement signed with the Republic of Kazakhstan.

### OUR MISSION IS

To develop and market products from the Karachaganak field area of Kazakhstan in an environmentally and economically sound manner that generates value for the Republic of Kazakhstan and our Partners whilst simultaneously increasing the economic development opportunities for local communities.

### PRINCIPLES

Company activities must be:

- carried out in a safe and environmentally sound manner
- in compliance with the relevant law,
- in fair competition,
- executed with honesty, integrity and good faith, and
- With due respect for the legitimate interests of customers, employees, shareholders, commercial and financial partners and the communities where it operates.

### VALUES

Our values determine the character of the organisation as do our behaviours. Any action, operation and negotiation performed by Company employees, or those acting on behalf of the Company must be guided by these values:

#### Cultural Sensitivity

KPO has a multinational workforce and we must respect the culture of others and of the communities in which we operate.

#### Integrity

Our business dealings will be conducted with integrity and consistently high ethical standards

#### Trust

Effective business relationships inside and outside the Company are possible only with high levels of trust and mutual respect

#### Openness

The Company will strive to be as open and straightforward as is possible

#### Partnership

The sharing of information, knowledge, experience and skills helps us to develop the partnerships so vital to our business

#### Teamwork

Working together as a team enables us to work more effectively



## THE SOUL MUST LEARN

On the happy spring holiday we, the students of the Aksai Training Centre, want to state some sincere words of gratitude to Kazakh language teacher - Kunzhamal Akhmetova. There are not many teams where three languages are used. At Karachaganak, they speak many languages, because the BG Group, Eni, Chevron and LUKoil unite their efforts at KPO.

The most common are Russian, English and Kazakh. Many speak Kazakh so fluently because this outstanding Kazakh teacher Kunzhamal Mendybayevna works in the training centre.

Hospitality is a national trait of the Kazakhs. She possesses special kindness, which draws people. Her qualities help her keep attention of the audience, explain well, teach association-memorisation. She has special contact with the class, which makes learning fun. Following the completing the first level courses, the majority of the students continue their studies. Kunzhamal Akhmetova's programme is planned for 4 levels. The level of knowledge, age, abilities are taken into account, teaching is individual.

The prestige of knowledge at Karachaganak is very high. The aspiration to professional, career growth is welcome. KPO has developed and is implementing the personnel nationalisation programme, which is the staged replacement of foreign personnel with Kazakh nationals. A mandatory condition for career growth is knowledge of languages. There are more and more people who want to know Kazakh.

Two teachers work at the centre. It looks like soon this will not be enough. Many improve their knowledge at home. Oblast TV and radio station provides this opportunity, where Akhmetova for 15 years hosts the programme "Learn Kazakh". The programme has been popular for so many years, because Akhmetova makes the TV version very interesting. She teaches languages based on local information. She uses many proverbs, teaches the ability to listen to the music of Kazakh language.

For several years KPO has been the sponsor of this education programme. The consortium has implemented a complex of



measures aimed at the support and development of Kazakh. With KPO support several seminars on the methods of record keeping in Kazakh have been organised. The seminar participants learnt the terms, translation, learnt skills of using special computer programmes. In all this work Kunzhamal Akhmetova took active part.

The requirements to staff qualification are very high. In order to meet these, it is necessary to work on the international standard level. They apply these positions in the training centre. All conditions for work with high result have been created. This means that the language will be learnt well. Kunzhamal Mendybayevna explains that the knowledge of languages is the resource that opens opportunities for meeting culture and traditions of people. The friendly atmosphere that she creates is very important.

We wish success to our teacher! We believe that the time will come soon when knowledge of Kazakh will be normal for all Kazakhstani nationals of all ethnic groups.



## OIL AND GAS KAZAKHSTAN

In January-February 2007 the group of companies which are part of JSC National Company KazMunayGas (Kazakhstan's national oil and gas company) produced 2,671,000 tons of oil and gas condensate, or up 4.9% year-on-year, KazMunayGas official said in a statement.

KazMunayGas plans to produce 17,238,000 tons of oil and gas condensate in 2007.

According to the National Statistics Agency, in January-February 2007 Kazakhstan produced 8,732,700 tons of crude oil, including shale oil, and 1,908,900 tons of gas condensate, or up 8.1% and 21.9% respectively as compared to January-February 2006.

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In January 2007 Caspian Pipeline Consortium (CPC) increased the volume of oil shipment at its terminal South Ozereika-2 (a seaport in Novorossiisk) by 5% as compared to the same period last year. According to the information placed on CPC's website, in January the company shipped 2,497,971 tons of oil vs. 2,378,390 tons in January 2006.

The CPC Tengiz-Novorossiisk pipeline is 1,580 km long and links deposits in West Kazakhstan with Russia's Black Sea coast.

The multinational ownership interest in the CPC is as follows: Russia - 24%, Kazakhstan - 19%, Oman - 7%, Chevron Caspian Pipeline Consortium Company - 15%, LUKArco B.V. - 12.5%, Rosneft/Shell Caspian Ventures Limited - 7.5%, Mobil Caspian Pipeline Company - 7.5%, Agip International (N.A.) NV - 2%, BG Overseas Holding Limited - 2%, Kazakhstan Pipeline Ventures LLC - 1.75%, and Oryx Caspian Pipeline LLC - 1.75%.

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Central Eskene in Atyrau region (west Kazakhstan) is said to be the best place for location of the onshore processing plant during the Next Development Stage of Kashagan field.

The regional department for natural resources and nature use management says in a statement that the matter was discussed at a meeting in Atyrau (an administrative center of the region) by Sarsenbai Ensegenov, the first deputy akim (head of the administration) of the region, Luciano Vasques, the regional manager of Agip KCO, representatives from the governmental agencies, non-governmental organizations, and members of the regional maslikhat (a local representative body).

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At a recent meeting in Astana, Kazakhstan Prime Minister Karim Masimov and

Russian Deputy Prime Minister Sergei Naryshkin discussed expanding the capacity of the Caspian Pipeline Consortium pipeline, among other issues.

«It was discussed in connection with the signing of an intergovernmental agreement between Russia, Greece and Bulgaria on the construction of the Burgas-Alexandroupolis oil pipeline,» Naryshkin said at a press briefing after the meeting.

The question of energy cooperation «is perhaps the largest, most significant sector of our bilateral cooperation,» the Russian deputy prime minister said. «Therefore issues concerning cooperation on oil and gas issues, electricity, coal and so on were discussed,» he said.

Industry and Energy Minister Viktor Khristenko said at the press briefing that he hopes that the coordinated position of Russia and Kazakhstan will result in the correct decision being reached on the expansion of the Caspian Pipeline Consortium system.

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Chevron and KazMunayGas, which produce oil in the Caspian region, and Russian-British venture TNK-BP are interested in participating in the Burgas-Alexandroupolis, for which Russia, Greece and Bulgaria signed an agreement on Thursday.

A source in Chevron's Moscow office told Interfax News agency that the company welcomes the signing of the international agreement on the Burgas-Alexandroupolis project and considers that the expansion of the Caspian Pipeline System pipeline will make Chevron's participation in the project economically justified.

In turn KazMunayGas confirmed its interest in the Burgas-Alexandroupolis pipeline and said that it is interested in acquiring a stake in the pipeline project. «We confirm our interest in the project, we are interested in the possible acquisition of a stake in the project,» a source in the company told Interfax-Kazakhstan.

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International consortium Agip KCO, engaged in oil operations in the Kazakhstan sector of the Caspian Sea, has launched a training program for Kazakhstani workers in connection with Bolashak Processing Plant Project (Bolashak means Future).

1,500 people from different regions of Kazakhstan are to be trained during the next two years in highly demanded professions such as electric welder, installation worker, pipe worker, carpenter,» Agip KCO says in a press release.