

## KPO ANNOUNCES COMPLETION OF TWO SOCIAL PROJECTS IN URALSK

In late November 2007, Karachaganak Petroleum Operating B.V. (KPO) announced the successful completion of two large infrastructure projects totalling \$5.45 million in the West Kazakhstan Oblast (WKO).

The therapeutic department of the WKO Oblast hospital along with the Youth Sports School stadium have undergone complete refurbishments.

The refurbishment of the therapeutic department is the latest of a number of projects which KPO has carried out at the Oblast Hospital. In the past four years, KPO has refurbished a total of four blocks at the Hospital, including the post operation, emergency and surgical departments.

As part of the refurbishment of the stadium, which is located in the centre of Uralsk, KPO laid a new artificial field which meets the standards set by the Union of European Football Associations. This

facility will be used as a training base for the local youth football team.

Attending the ceremonies to mark the events were the Prime Minister of the Republic of Kazakhstan Karim Masimov, WKO Oblast Akim, Baktykozha Izmukhambetov, accompanied by representatives from their offices, together with KPO, contracting organisations, veterans and members of the Uralsk medical and sporting communities.

WKO Oblast Akim Bakhtykozha Izmukhambetov noted that the opening of these social facilities has marked the 10<sup>th</sup> Anniversary of the signing of the Final Production Sharing Agreement for Karachaganak. "I would like to express my gratitude to our colleagues from KPO for our fruitful co-operation and hope for a further strengthening of our mutually beneficial relationship", said the WKO Akim in his opening address.

Roger Fox, KPO General Director said: "We are delighted to be able to provide these modern public facilities to



During the opening of Youth Sports School stadium in Uralsk

residents of the Western Kazakhstan region. Many communities are already seeing the benefits of new schools and hospitals, better water supplies and cultural projects. The KPO social programme will run for some 40 years

and will total some \$0.5 billion. This will contribute to the continued development of the region for the benefit of Kazakhstan and its people".

The refurbishment of the therapeutic department was completed within six

months and the stadium refurbishment took 15 months. The Uralsk based construction companies, Uralsk-StroyInvest and Domostroitel were the main contractors for the projects.

Alexey Bezyanov, General Director of UralskStroyInvest, said: "The cooperation with KPO has allowed our company to significantly increase its operational capacity and improve our technical abilities. This has helped us to obtain certification in ISO-9001 quality control systems, as well as to improve our quality control management".

KPO invests over \$10 million annually into social infrastructure projects in Western Kazakhstan. These projects include roads, hospitals, schools and the construction of other social facilities. The selection process is steered by the WKO Authority, and considers the real needs of the local community.

## ABOUT IMPORTANCE OF DESIGN PRINCIPLES

The work of designers often goes unnoticed when the equipment and operating procedures are both correct and fit for purpose. However, the flip-side of that truism is that when designers get it wrong everyone knows and people can actually get hurt.

At Millbank a core team of 20 staff and contractors make up the Phase III Well Engineering team that is involved in all aspects of the project design, from putting together detailed design criteria for the new drilling rigs to the down hole design of the wells.

Drawing on the team's experience and knowledge

together with close cooperation from field well operations, subsurface and design house contractors.

A detailed design of the equipment and facilities is being matured to enable Phase III to realise the increased production profile expected of the project. All this work is underpinned with the philosophy of "safety by design" or inherent safety, not only have we the potential to engineer out potential hazards in the Man-Machine-Interface (MMI) but it's also more cost effective to get it right the first time on paper, rather than having to re-machine or cut the steel at site.

Examples of this philosophy include the global issue of pipe handling on rigs, where injuries continue to happen through the manual handling heavy and awkward loads or being struck by pipe movements. Technology exists to reduce this hazard through automated pipe handling systems which in turn reduces the MMI.

Compact wellhead design allows less movement of a heavy BOP stack under the rig floor and therefore less nipping-up operations, that in turn reduces the use of Enapac or flogging spanners and people having to gain access to a difficult structure in all weather conditions.

Environmentally, the rig diesel prime movers have been specified as providing low polluting emissions, especially important given the high sulphur content of the available diesel. In conjunction with ROK rules, after initial clean-up, the new wells can be flowed and tested via the new proposed test facilities at the RMS, this will significantly reduce the need to flare new wells for testing.

These are just some of the instances where safety by design principles are being actively realised around equipment and facilities, but as ever that is not the full story. The same principles of getting it right at the beginning equally apply to ensuring that we have correctly aligned contractors working with us, that means ensuring a full knowledge of what we require is within the contract scope and the most effective contractors can then be evaluated from that.



Phase 3 Well Engineering team at Millbank

## LAUNCH OF NEW KPO DEVELOPMENT PROGRAMS

Monday 19 November saw the launch of KPO's biggest ever training initiative. An intake comprising 114 young university and college graduates start their journey, on what is anticipated to be a long and exciting career with KPO. As a reflection of KPO's Retention Strategy, more than 90% of the new starters are graduates from universities and colleges in the West Kazakhstan Oblast. Many of which KPO has developed close collaboration with in recent years. Recruiting such large numbers

Howard was the only one speaker who did his presentation in Russian.

Mark Boykin, Safety & Quality Superintendent, made a presentation on KPO's Golden Rules. He emphasized that people who work in the oil and gas industry should keep in mind that safety is the main priority. Mark called on all graduates to strictly observe simple safety rules and actively promote HSE culture.

Sergio Zanollo, HR Controller, stressed that



KPO top management before the launch of training programme

locally is a reflection of KPO's support in developing the local community and investing in its long-term future.

Roger Fox, General Director was introduced to the new starters and welcomed them to the 'KPO family'. He impressed upon all participants that the overall culture within KPO is one of operational success, but with the emphasis on safety, both personal and the protection of colleagues. Mr. Fox went on to explain that they are joining the Venture at a very exciting time in its development with Train 4 and Phase III, programmes that many of the new starters will be involved in.

During the opening presentation, the new trainees were informed by Prof. Graham Murray, HR Operations Manager, "that each of the new programs that have been put in place represents an opportunity to learn and develop an in-depth understanding of specific parts of the KPO operation. Each participant will, once they complete their respective programmes, have the capabilities to influence and shape KPO and ultimately contribute to the future prosperity of Kazakhstan as a whole."

Howard Burrows, Compliance Coordination Manager, briefed the graduates on the KPO Code of Conduct. In particular, he pointed out that the Code of Conduct applied to all those who work on behalf of the Company, without any distinction or exception whatsoever. It is necessary to note that

the key to their success will be proactive participation and that this will ultimately bring the best learning results. He went on to say that the start of the various programs coincide with the opening of a new training facility located in Czech Camp. We invest in you but we want to receive a feedback from you as well. We will provide you the best teachers and you should never forget the company's Code of Conduct and Safety. These are the key targets", said Sergio.

The range of programs extend up to 18 months in duration and reflect the needs of the current business and complexity of its operations. Programs include: Graduate program for Drilling Supervisors (Well Operations); Young Engineer Program (Well Operations, RPE, P&M); Graduate Program for Professional Disciplines (Safety, Environment, C&P, IT&T, Tri-Lingual Translators); Technician program (Train 4); Operator Program (Train 4).

All will follow dedicated development streams including; Intensive Language Training, Safety Training, Introduction to the Oil & Gas Industry, Personal & Professional Courses, Specific Discipline Competency Training and On-the-Job Training. Upon successful completion participants are expected to transition to full employment where they will be expected to make an active and positive contribution to the business.

## KAZROSGAS VISITS KARACHAGANAK

In late November, a delegation from KazRosGas arrived at Karachaganak for a familiarisation visit.

During their stay they met with KPO General Director Roger Fox and management from KPO's marketing department. Roger Fox briefed the delegation on Karachaganak development activities as well as the company's contribution to the social and economic development of the region. After the meeting the delegation also toured the Karachaganak facilities.



## KPO SELECTED MOST TRANSPARENT COMPANY IN KAZAKHSTAN

During the 10th Anniversary celebrations in Uralsk, KPO was awarded the Prize for Openness and Transparency in Communicating with the Media and the Public. The award was presented to KPO by the Chairman of Union of Journalists of the Republic of Kazakhstan, Mr Seitkazy Matayev.

During the award ceremony, Mr Matayev pointed out

that KPO also received recognition from the Union of Kazakhstan Journalists for the efforts it has made to promote a code of ethical conduct, as well as for its corporate governance, and social responsibility.

KPO General Director, Roger Fox said, "KPO is proud to have received such compliments from the Union of Kazakhstan Journalists for our transparent practices and we would like to offer thanks to the Union for awarding KPO this important Prize. It is testament to KPO's continuing commitment to operate, as far as possible, in an open and transparent manner. We acknowledge the important role of the media as a key medium by which we are able to communicate with the wider community".

KPO is recognised as a company which strives to meet the highest standards in respect to operating in a responsible and transparent manner. Over the last few years the company has received numerous awards and recently was also awarded the prizes for the Best Ecological Program of 2007 in Kazakhstan and at the Chief Executive Innovation Awards 2007 in Astana the company was announced the winner in the category of Alliance with External Parties.



During the opening of Youth Sports School stadium in Uralsk

## MENTORING CAFE AT KPO

Mentoring is considered to be a powerful tool for developing an individual's personal and professional skills. The mentoring process has been going on throughout history. In fact, mentoring is one of the oldest forms of

mentors can assist employees in dealing with challenges associated with a successful, productive and meaningful workforce.

For KPO it is an essential tool which allows the transfer of knowledge and

experience from international and national managers to employees who exhibit potential.

KPO has recently launched its Mentoring Programme which is aimed at developing the skills and talents of promising KPO employees in support of the

provided their full support to organise this event and make it happen.

The Mentoring Cafe was held to review the progress of the Mentoring Programme and get feedback on further promotion of the process from Programme participants, so that improvements could be made to the process.

The Mentoring workshop was run in a friendly and comfortable atmosphere which allowed the participants to share their experience and thoroughly review the process.

Oksana Rastorguyeva, a participant, commented on her participation in the Programme: "The mentoring process helped me to cope with my emotions because I was going to be appointed to a managerial position. At that time I needed help and my mentor became the person I could talk to and share my concerns with. At the very beginning I did not realise the benefits would be so evident".

All participants of the event proposed good ideas about promoting the Mentoring Programme and make it a continuing process so that other KPO employees can benefit from it and more mentors could be invited to participate in the programme.

Nationalisation Programme. Zulfia Muzafarova, Development & Nationalisation Section Head facilitated a Mentoring Cafe on November 14, 2007. All HR Development Specialists



At Mentoring Cafe

influence and it has become an effective method for businesses to help employees with orientation, career advancement, problem solving, coaching, and support. In addition,



## KPO COMPLETES PRE-CERTIFICATION AUDIT FOR ENVIRONMENTAL MANAGEMENT SYSTEM

From 7th to 10th of October, 2007 KPO conducted a pre-certification audit of its Environmental Management System (EMS) for conformance to the international EMS standard ISO 14001.

This pre-certification audit was carried out to assess the readiness of the company's EMS for full certification next year.

The scope of the certification is the "exploration, production and distribution activities, including KATS and KOTS pipelines, project management and project execution for the Karachaganak field".

The pre-certification audit was carried by independent third party

auditors and involved site visits to operational units where, interviews were conducted with KPO staff and documentation and operational practices were reviewed by sampling.

After completing the pre-audit, auditors prepared a report that reflects the main recommendations to improve our EMS to ensure compliance with the ISO 14001 standard. The results of the audit confirmed what we already knew in that KPO has significant progress to date in the development of our EMS but still have a lot of work to do in the coming months to ensure full compliance with the standard.

The final certification audit for our

company wide EMS to confirm conformance to ISO 14001 standard is planned to be conducted in Q3 2008.

The Corporate Environment Department would like to thank all those people involved in the pre-audit and the development and implementation of our EMS for their wholehearted cooperation.

The key thing to remember is that the ultimate success of KPO Environmental Management System depends on the responsible approach to managing the environment of each employee – from Operator to General Director of the company. We look forward to your continued support!

## Taking Serious Steps Forward

Working for a large venture such as Karachaganak can provide many career development opportunities. However, there must be a structured career progression programme to support employee development.

more of your colleagues will follow you".

KPO has now moved to the operational phase of the project that will continue through to 2038. For this KPO needs to build a top team that is



Recently, a group of KPO employees who continuously demonstrated their professional skills and high potential were promoted to new roles.

capable of running one of the biggest and most complex operations of its kind in the world, and that is one of the main priorities. This team will be of mainly Kazakh origin. KPO provided its



On 30 November, Paul Meech and Giovanni Salvini, KPO Field Managers thanked the nominees for their enthusiasm, hard work, great personality, and energy. They also congratulated them and wished them luck in their new positions.

In particular, Paul Meech, speaking to the nominees, said: "You do indeed deserve praise. The most important asset at KPO is our people. You are our future and you are the best in your field".

Giovanni Salvini pointed out that KPO is committed to realising the Nationalisation Programme. The programme aims to develop Kazakhstan specialists within the project to take up roles which we previously held by expatriate staff. Giovanni stated, "I hope that more and

commitment that this would be the case when it signed the Final Production Sharing Agreement with the government of Kazakhstan in 1997. To ensure that this occurs, KPO has developed a detailed Nationalisation Programme that has been fully endorsed by the Government of Kazakhstan.

KPO is now building and training a forward-looking team to meet the challenge of change. The number of Kazakhstani nationals employed will be increased significantly in the near future and they will be taking on more responsibility and senior positions.

Paul Meech and Giovanni Salvini with their Kazakhstani colleagues

## FANTASTIC WAY TO SPEND SAFETY AWARD

The Phase III Well Engineering Group in London was selected as the Best Team for the second quarter based on their activities to support safety from the FEED stage of the project. In recognition of their excellent HSE performance the group received a \$1000 reward from the KPO General Director Roger Fox.

David Brittan, Well Engineering Manager, has expressed a wish to donate money to one of the Aksai secondary schools. KPO Well Operations staff contacted a number of schools in Aksai and will spend the money buying fire extinguishers for secondary school №5. This wish was also expressed by the Principle of the school Valentina Lilekova.



David Brittan meets the Principle of the school Valentina Lilekova

## KPO OPENS NEW TRAINING FACILITY

On 19 November, the official opening of a new KPO training facility was held in Czech Camp. This newly equipped facility will be the place of learning for the new starters for the duration of their classroom based training. This investment in the graduates, the programme and the facilities is testament to KPO's overall commitment to develop local talent for the future.

The opening ceremony was attended by the General Director of KPO and other senior management.

