

RIG 216 TEAM – WELL DONE!

On the eve of the New Year, KPO drilling rig 216 and its crew celebrated another major safety milestone - five years without a Lost Time Incident (LTI) and Total Recordable Incident (TRI).

On 23 December KPO General Director, Roger Fox, accompanied by KPO Well Operations and HSE managers arrived at rig 216 where they congratulated

the crew on their excellent safety record. Presenting the crew with a commemorative plaque as a record of their achievement, Roger Fox, said: "This is a significant safety milestone for well operations and it has been made possible by the personal commitment to safe working demonstrated at the site by this team. It gives me great pleasure to

see everyone going home in good health at the end of each shift, year after year".

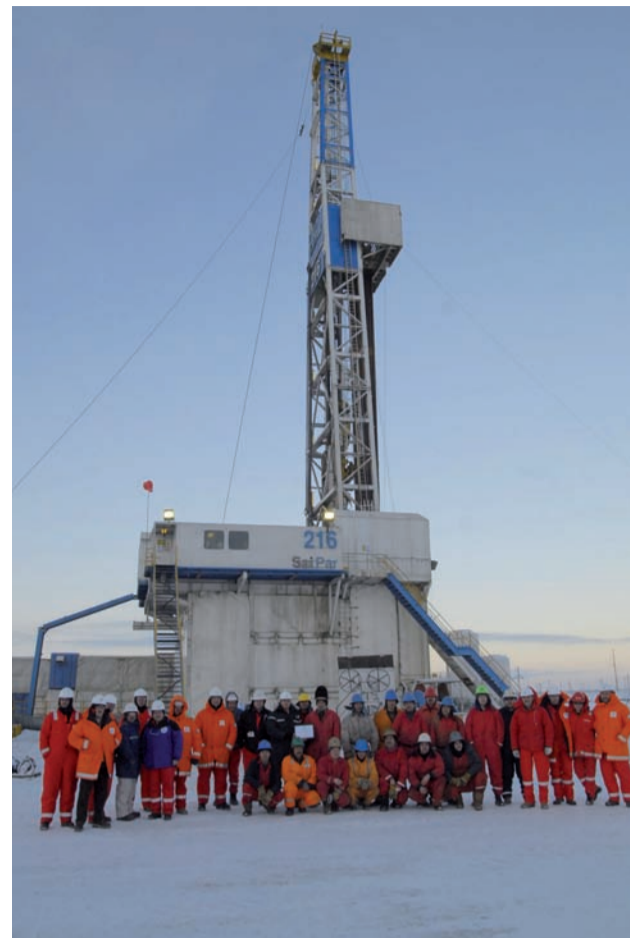
SaiPar rig 216 started its operations at Karachaganak field in 2001, and at the end of 2006, it had achieved more than 640,000 man hours without an LTI.

KPO actively promotes a culture where ownership of safety is shared across the organisation through compliance with HSE standards, managing workplace risks and careful planning and monitoring of all activities. This safety record has been made possible through KPO's ongoing investment to raise the awareness of safe working practices for all Karachaganak personnel. This achievement did not come easily and it took a strong commitment from everyone at KPO. Rig 216 is a heavy capacity rig and since

commencing operations it has successfully drilled nine new deep wells within the Karachaganak Field.

The crew of rig 216 is now encouraged to continue to strive for excellence in their daily operations, safety awareness and attitude, and in keeping their vision of "Nobody Gets Hurt" a reality. SaiPar well operations team is mainly of Kazakh origin. Over 90% of the operations team are Kazakh employees and most supervisory and technical positions are also filled by Kazakhstani nationals.

The newspaper "Karachaganak News" congratulates the management and staff of SaiPar, their contractors and the KPO team, on this excellent achievement.



Drilling Rig 216 Team



Bosporus

KPO'S 300th VESSEL PUT OUT TO SEA

On 8 January, 2008 KPO reached another significant milestone with the loading of the 300th shipment of Karachaganak crude to Western markets. The vessel "Star Lady" was loaded with at the Caspian Pipeline Consortium (CPC) Marine Terminal at Yuznaya Ozereevka, Novorossiysk, Russia..

This comes some three and a half years after the first shipment on the "Nissos Christiana" in June 2004.

KPO transports its oil through the CPC line via the 635 kilometre Karachaganak - Bolshoy Chagan - Atyrau Export pipeline, which was built by KPO to transport Karachaganak oil. The line connects to CPC at Atyrau. After commencing deliveries via CPC in 2004, KPO became the second largest CPC shipper in Kazakhstan following Tengizchevroil, which exports most of its oil production through the CPC system.

Karachaganak oil is mainly sold to high value western markets which brings an important source of revenue to both the Republic and shareholders.

SAFETY COMES FIRST AT UNIT-3



On 8 December, 2007, the KPO Unit-3 team, including the Gathering and KOTS (Karachaganak – Orenburg Transportation System) teams, surpassed an important milestone having exceeded two years without a lost time incident (LTI) and with no recordable injuries for all KPO and contractor employees.

On this occasion, on behalf of the KPO Leadership Team, Antonio Baldassarre, KPO Production Director, congratulated the Unit-3 team on this excellent achievement. In particular, he said: "We have passed a number of important milestones in 2007. This achievement by the Unit-3 team reinforces the work which we have been doing with respect to safety awareness across our business. It also signifies the KPO commitment to best safety, health, and environmental practices and standards. Our employees take care for their own and each other's safety, and work very hard to ensure that each task is completed safely. This demonstrates that each year we are moving closer to our vision of an incident-free workplace". Approximately 480 employees work now at Unit-3 and over the last two years more than one thousand

contractor employees have been involved in various activities at this production site. Considering this, two years without LTI is no small feat.

KPO General Director Roger Fox has also congratulated the Unit-3 team and said: "2007 has been an exceptional period for KPO. This year we have seen a significant improvement in safety performance across the entire business. I would like to thank you again for the outstanding results you have achieved and I wish you and your families all the best for the year ahead. Finally, I would like to say that safety is central to all that we do and it will continue to be a focus area for us in 2008. Please remember that



safety comes first at KPO."

Unit-3, which is located in the north east part of the field, has been operating since 1984 and is one of the major production sites.

1. KPO Operations Director Antonio Baldassarre.
2. Unit-3 team accepts congratulations.

SENIOR CHEVRON EXECUTIVES VISIT KARACHAGANAK

On Thursday 10 January 2008 KPO hosted a visit from senior Chevron executives. The visit was led by Guy Hollingsworth and included the following senior Chevron Executives: Guy Hollingsworth - Operating Company President, Eurasia, Middle East & Europe; Jay Johnson – Managing Director, Eurasia Strategic Business Unit; Ted Etchison – General Manager, Eurasia Strategic Business Unit; Rick Owens – Asset Manager, Karachaganak.

Jay Johnson is replacing Guy Hollingsworth as Chevron's Eurasia Strategic Business Unit Managing Director effective 1 January, 2008 and will also become Chevron's Primary Representative on the Karachaganak JOC. As part of the transfer, they carried out a Eurasia SBU tour on January 7-16.

During their stay at Karachaganak they met with KPO General Director Roger Fox, who provided the visiting group with a brief field overview, and update on 2007 performance. After the meeting at the Administration building of KPC, Chevron executives also toured the Karachaganak facilities and met senior CVX staff working in KPO.



Chevron representatives at Karachaganak. Guy Hollingsworth, Roger Fox (KPO), Ted Etchison, Jay Johnson, Rick Owens, Antonio Baldassare (KPO).



KIOS LENDS A HELPING HAND

KIOS LLP provides fabrication, installation and maintenance services to the oil and gas industry in Kazakhstan and Central Asia. Being a Contractor to KPO, KIOS LLP has adopted strong safety principles, which are consistently supported by KPO. KIOS LLP has been working for some 10 years without a lost time incident. Last year KPO named KIOS as the Best HSE Performance Company which was accompanied by a contribution of \$500.

The General Director of KIOS LLP Mr. F.Tagliabue and his staff provided these funds as a donation to local orphans.



New school at Pugachevo village

NEW SCHOOL IN PUGACHEVO VILLAGE

Within last year's Social Projects Programme KPO allocated \$1 million for the reconstruction of the former Pugachevo village kindergarten into a primary school. Reconstruction works have been carried out in the framework of contracts signed by KPO (investor), the Burlin district Akimat (customer) and LLP "UPOSM –stroy" (the contractor). The full scope of works was implemented within the 17 month timeframe from July 2006 to

December 2007. In accordance with the design prepared by LLP SRDI "Gaszhobalau" a number of activities were included in the scope of works for reconstruction. These included changing the internal layout, replacing windows, doors, floor coatings and service networks as well as supplying furniture and equipment and making other site improvement works.

CHILDREN'S EXHIBITION AT KPO

The KPO sponsored Mobile Arts School recently held an exhibition in Aksai's House of Culture and for the first time in the main office of KPO. Beautiful souvenirs and items made of wood with engraving, pencil drawings, watercolours, and individual pieces of embroidery work produced by talented children were on display at the two locations.



The director of the Mobile Arts Scholl Nikolay Nudul'chiev says: "The school was set up in 2005 as part of KPO's approach to further development the skills of young Kazakhs in communities surrounding the Karachaganak field. The main purpose of the school is to assist children and



youth in the remote rural areas in gaining aesthetic and vocational training skills. A team consists of professional teachers who are able to provide practical knowledge on sculpture, painting, wood carving, metal and leather work, wood, steel, engraving and needlework". At present about 500 village teenagers benefit from this sponsorship, gaining the basics of artistic craftsmanship which can assist them with their future professional development.

1-2. Souvenirs and items made by children

SWIMMING IN EPIPHANY FROSTS IN AKSAI

Epiphany is an orthodox holiday, which is also called Appearing of God. It is usually celebrated on 19 January of each year when the frost grows stronger, snowstorms are fierce, and the days are short.

Epiphany celebrations on Saturday 19 January in Aksai led Russian Orthodox followers to swim in the Utva river which is nearby of a small town of Aksai. Anyone can swim in the Utva as long as they are strong spirited. It is of no importance whether you are a Christian, a Jew or a Muslim — it is just a question of the strength of your soul. When someone is half-naked at the edge of icy-cold water his profession, religion and nationality becomes irrelevant. It is considered that those who swam in ice-cold water purify themselves spiritually and physically.



However, the shock of jumping into icy water could induce a heart attack in someone who is unprepared so it is recommended that newcomers acclimatize themselves gradually.

Epiphany swimming in Aksai usually starts with a water blessing ceremony held by a local priest. As soon as the ceremony is done people are allowed to swim. Despite the cold winter weather in Aksai, this day many local residents and overseas visitors who are mainly involved with the development of Karachaganak field arrived at Utva river to see crowds of winter swimmers splashing in the ice-cold water.

1-2. Epiphany swimming in Aksai

Charity concert for children

On 5 January, KPO's rock band "RoK Eu" held a charity concert at the Western Bar in Aksai.

Previous concerts held at Western Bar have proved to be successful, and enjoyed by many people residing in Aksai. As usual, through generous donations and contributions the band raised money to support local children from low-income families and the Aksai orphanage.

KPO's "RoK Eu" band comprises mainly of KPO employees and contractor-companies who are involved with the development of the Karachaganak field.



1-2. Souvenirs and items made by children