

Kazakhstan celebrates Capital City Day

Every year, on 6 July, the people of Kazakhstan celebrate Capital City Day, which is an official state holiday.

On this occasion, KPO General Director, Roger Fox, congratulated KPO employees and their families. Speaking about the new Kazakhstan capital Roger Fox said: "Astana is a city looking to the future. The capital of Kazakhstan has established itself as a city that is getting more beautiful with every year thus attracting global attention. It always surprises its visitors with new and unique architectural facilities."

"We are very proud that KPO has been given an opportunity to support the Palace of Peace and Harmony and the Rok National Library, which have become the main landmarks of the city. These beautiful structures are testament to the prosperity of Kazakhstan and Karachaganak plays an important role in this."



Astana, the capital of Kazakhstan

KPO surpasses 40 million man hours LTI free

In July 2009, KPO achieved another important milestone surpassing 40 million man hours without a Lost Time Incident (LTI). This notable achievement is the result of everyone's continued commitment to working safely across the Venture.

In June this year KPO was able to compare its LTI frequency with 2008 statistics from similar industry operators and it was clear that KPO performance relating to lost time injuries was significantly better than the industry average. Thus it is keeping KPO within the top quartile performance; a world class achievement. KPO's safety performance has not been restricted to just LTIs, indeed the frequencies of leading safety performance indicators are continuing to show a downward trend.

However, despite the impressive statistical comparisons, the true meaning of KPO's achievement is that not one of thousands of employees and contractors has suffered an injury from their work activities that has prevented them from being able to work; an achievement means that everyone goes home to their families without suffering harm.

KPO General Director Roger Fox congratulated KPO team for their success and encouraged everyone to strive for excellence in operations and safety awareness.

Addressing KPO employees he also said: "We should all be proud of our latest achievement but remember that we must continue to keep each other safe by avoiding complacency and intervening when appropriate, considering safety, managing risks in our work activities and applying the Golden Rules and LifeSavers."

"Thank you all for your continued effort and dedication to safety at KPO", added Roger Fox.

The newspaper "Karachaganak News" also congratulates the management and all staff of KPO and their contractors on this outstanding achievement.



On 11 June KPO held a contractor HSE workshop which was attended by senior management from 42 contractors. Mark Carne, BG Group Executive Vice President and Managing Director for Europe Central Asia, and KPO top management were also present at the event.

Antonio Baldassarre, KPO Operations Director, said: "KPO is committed to protecting the safety and health of people and the environment. Operational excellence with focus on safety expands beyond KPO employees. We continue to challenge our behaviours and those of our contractors and suppliers to ensure we promote an injury free workplace. To this end we have also set ourselves the goal of achieving OHSAS 18001 certification in the course of 2009."

The workshop comprised a series of presentations and also interactive sessions where the attendees discussed implementation of HSE procedures in KPO work activities. The debate was very active and many attendees proposed concrete and innovative suggestions for improvement.

KPO Hosts Local Contractor Development Events

At the end of the workshop Antonio Baldassarre recognized two local contractors for their contribution to HSE improvement at KPO. These were UralskVodStroi for improvements that have been made in the area of Load Transportation and AksaiGasService for improvements they have made in the response to Pipeline Incidents.

Prior to leaving each contractor representative undertook to develop and publish three personal commitments that they would make in their own organizations to improve HSE performance.

In May KPO also hosted another educational event for contractor companies entitled "The System-based Approach to Quality Management in Project Execution", which brought together over thirty local suppliers and contractors.

WKO Akim visits Aksai

On 15 July 2009 the Akim (Governor) of the West Kazakhstan Oblast, Bakhtykozha Izmukhambetov, toured Aksai on a working visit. During a meeting with the officials of local authorities Mr Izmukhambetov was updated on the progress of important tasks and the current economic situation in the Burlin District including the living conditions of people residing here.

After a kick-off meeting with the local authorities of Burlin District, Mr Izmukhambetov visited a number of industrial facilities. He also took part in the opening ceremony of bakery in Aksai.

When visiting the bakery he met with KPO Services Director, Colin Orr Burns, who was among the welcoming party, and delivered a speech during the Akim's tour of the bakery. Welcoming Mr Izmukhambetov on behalf of KPO, Colin congratulated entrepreneurs who have taken the initiative to invest in the new bakery. He also expressed confidence that the residents of Aksai would greatly appreciate it stating, "I believe that it will significantly improve the quality of their lives and I wish the bakery the very best of luck in their new venture."



WKO Akim Izmukhambetov and Colin Orr Burns at the bakery opening ceremony

"I would also like to recognise the important contribution and exceptional leadership of Mr. Bakhtykozha Izmukhambetov in his role as West Kazakhstan Oblast Akim. His vision and ambition on behalf of the Oblast, and his encouragement of local businesses and entrepreneurs, has been an outstanding facet of his tenure in the West Kazakhstan Oblast. Under his strong and dynamic leadership the WKO will undoubtedly see rapid economic growth and continuing prosperity," said Colin.

Colin also extended his sincere congratulations to Burlin District Akim, Mr. Bulat Shakimov. "Since the very beginning of his tenure as Akim he has spared no effort to improve conditions for Burlin District residents. He has introduced many new and exciting initiatives, and his dedication and vision is transforming Aksai and the Burlin District. This new bakery in Aksai is another very important step in development of infrastructure and services in Burlin."

the Local Content Development Programme and to supporting the development of local companies. Some 2,400 Kazakh vendors are currently registered on our supplier database. To date, the local content level in all contracts assigned has exceeded \$2.5 billion."

"Development of local capacity broadens and deepens the economic foundation of KPO's business and encourages supplier competitiveness in the Western Kazakhstan region. While this approach is driven by the need to improve logistics, secure quality goods and services, and reduce costs, it also has important socio-economic dimensions. The benefits of a diversified and competitive supplier base extend well beyond the reach of Karachaganak and deliver long term benefits to the local and regional economies. This approach also supports Kazakhstan's development aims – to become one of the 50 most competitive states in the world – recognising the central role oil and gas development will play in achieving this goal," added Roger Fox.

The event was organized to assist contractors in improving their existing Quality Management Systems (QMS) when they execute contracts on KPO projects.

The agenda focused on identification of systems and processes, their classification, determination of criteria to evaluate efficiency of existing processes, assessment and development of relevant supervisory solutions that would further help to improve the quality of services while executing KPO projects.

Participants also shared their experience with Quality Management Systems and discussed other important issues related to their cooperation with KPO.

Commenting on these two local contractor development events, Roger Fox, KPO General Director, said: "We are committed to maximising the level of local content set out in

WE SHARE PLANET EARTH

From 21 to 28 June, Chevron hosted the annual National Children's Contest of Environmental Artworks dedicated to Kazakhstan flora and fauna in the Alatau sanatorium nearby Almaty. The

event brought together fifty of the best young artists from all the regions of Kazakhstan who became finalists in regional contests.

Children from KPO's Mobile School of Arts, Aigerim Akhatova,

Rafael Batayev and Valentina Mischenko, were fortunate enough to be selected to represent WKO in the contest.

During the contest, the children were also privileged to participate in master classes by the most outstanding artists of Kazakhstan.

The Contest Award ceremony was held on 26 June. The Grand-Prix of the Contest went to Alena Berezhnaya from Almaty. Her outstanding style of depicting Kazakhstani nature and wildlife with instant coffee impressed everyone. All the participants received certificates and the winners received Art albums and books as well as Kazakh Cultural Heritage DVD sets and books. Among the guests were representatives from the Almaty Mayor's office, Heads of Branches of Czech Republic and Japanese Embassies in Almaty, prominent artists and scientists who



VIP guests arrive at the contest



spoke highly about the contest and Chevron's commitment to support talented youth.

The children from the Mobile School of Arts also demonstrated their professionalism and were awarded with the diplomas and certificates.

The Mobile School of Arts was launched by KPO in May 2005 to

facilitate an organised after-school time for the children of rural schools in the Burlinsky district.

According to the director of the Mobile School of Arts Nikolay Nudul'chiev: "The main purpose of the school is to assist children and youth in the remote rural areas in gaining aesthetic and vocational training skills."

The implementation of SAP software within KPO moved a step closer during May with the completion of the Solution Review.

During May a team of specialists from the SAP Moscow office came to Aksai as part of the Solution Review. SAP Implementation Manager Trevor Munday explained: "This is a key part of the assurance process. Like any project in KPO,

SAP Project Completes Solution Review

different aim or focus. The Solution Review is particularly important, as it engages the manufacturer themselves in expressing a view on how the design has been put together on paper – before the real work of constructing the system begins.

KPO has chosen SAP to replace several existing software applications. The change has been driven by the need modernize and upgrade these systems which have been in use for many years.

SAP software consists of a number of software modules which link together and will enable KPO to record and report on key transactions in the areas currently within scope. These areas are finance, contracts & procurement, warehouse, and

plant maintenance.

Among the key benefits for KPO will be a joined up system, electronic controls, and integration between directorates.

One of SAP's great strengths is its flexibility. There are many ways to use the structures within it – and although much of the software behaves in a standard way, there are many different ways to put it together to fulfil our business requirements. This flexibility can also create problems too. KPO has to make key design choices at this stage, before setting up and testing the software next year. It is important that the foundations are correct as if we change our mind significantly later on, it will be more complex and more costly – and increase the overall risk of

delivering the project on time and within budget."

"The Solution Review and indeed the overall implementation of SAP challenges our thinking in KPO. Just because we have been running a process in a particular way, is it still appropriate? – how could it be done differently, is it particularly good or bad? In some cases it may be easier to modify a business process then rewrite the software.

Also this is a key opportunity for KPO to make changes in how it operates. This is not just about new software – the project will document new processes and ways of working. The KPO of 2011 will be more collaborative, with departments working together rather than in isolation. Data will be

available to managers in real time – and KPO should be rather less reliant on data being tracked and held in spreadsheets.

With the data inside a system such as SAP the data can be validated, and access to that data can be better controlled."

"The Review concluded with a presentation to the Project Steering Committee. We have now been given some feedback to consider. Over the coming months we will work with the user departments to address the recommendations and challenges that have been posed."

SAP is used by over 88,000 companies worldwide, and is particularly popular in the oil and gas industry. But this is not just about following a fashion – this will ensure robust integrated systems within KPO that have security and longevity, and are scalable to cope with the future growth of the Karachaganak venture.



SAP Implementation Manager Trevor Munday

the implementation has many different quality checks and review processes built in – each with a

New Collective Agreement signed



After the signing of the new Collective Agreement

On 15 June a new Collective Agreement between KPO and Karachaganak Independent Trade Union was signed in the main office of KPO.

The new Collective Agreement contains some positive developments in terms of employees' welfare (e.g. medical insurance extended to employees' relatives) and reaffirms KPO commitments towards employee relations and collective bargaining.

The Agreement was signed by KPO Operations Director, Antonio Baldassarre, and the Chairman of the Karachaganak Trade Union, Tuleugali Kenesov.

Robert Kenison Leaves KPDL

On 23 June the Development Directorate joined Robert Kenison for his official Leaving Event held in Cathedral Hall in Westminster. Personnel both present and past took the opportunity to wish Robert every success in his new role in Astana as Technical Manager Agip Karachaganak.

Martin Thurlow, DSP Manager of KPDL, addressed the crowd, acknowledging Robert's three year contribution to PDD. Robert's main role was managing the three major projects within KPO: two in execution - 4th Train and Unit 2 materials and one under development - Phase III. Robert's role was to work with the Project Managers to ensure successful implementation in both the day to day running of the projects and the development of strategies. Over the last three years of his post the project has changed considerably and continues to do so.

When asked to describe his role as KPDL Director, Robert Kenison, said: "The majority of my efforts were focused on ensuring that we developed Operator,



Partner and KMG alignment; this remains a challenge and continues to require extensive work with these groups. Despite the challenges, I had the pleasure of working with some very talented and professional people and I am thankful for their contributions and support."

Robert Kenison