

Eni maintained its investments into the E&P sector despite the crisis

Eni maintained its investments into the E&P sector despite the crisis in 2009, Jacopo Dainelli, Eni's Regional Liaison Manager for Karachaganak said at a meeting with Kazakhstani journalists. Oil production at Eni divisions totals 1,769 barrels of oil equivalent per day in 2009, and the company has 6.6 billion barrels of oil equivalent of proven reserves.

"This has been our production indicator for over the past 10 years, the average increase in production is approximately 5% per year. We hope we can maintain growth rates of at least 2.5% in the near term, and at least 2% in future years" says Mr. Dainelli.

Regarding Kazakhstan, Eni is deservingly proud of its achievements in environmental protection and its compliance with safety regulations. For example, Karachaganak Petroleum Operating of which Eni is a shareholder; utilises all its associated gas without almost any emissions into the atmosphere, which meets the best world-class standards.

"As for operations and costs associated with conducting production in Kazakhstan, Eni's indicators are the best, compared to the worldwide average of Eni and other majors. We work adjacent to the Caspian Sea with huge reserves compared to other regions. The reserves are comparable with West Africa and the North Sea. Kazakhstan's Caspian Region, with its 30 billion barrels, has first class reserves," Eni states.

The company's work in Kazakhstan is being developed in mainly two areas, which are Karachaganak and Kashagan under two joint ventures, which are required to resolve some very complex problems. Kashagan is operated by seven partners, and Karachaganak is managed by four main partners.

Eni refers to Karachaganak as a field with good infrastructure and one of the largest sizes in the world, at more than 450 square km. This area is literally saturated with hydrocarbons at a depth of 3,500 metres.



Group photo with Eni employees

There are 4,444 employees in Karachaganak which include workers in Astana under the KPO joint venture and Eni workers in Astana. Most are Kazakhstani citizens.

In 2009, Karachaganak produced 9 billion tonnes of oil, 16 billion tonnes of natural gas (half of which was sent to the Orenburg Gas Processing Plant, and the rest was re-injected into the reservoir). Eni emphasised that Karachaganak produces slightly less than half of all the gas in Kazakhstan.

The construction of the new processing centre has been completed, and the fourth stabilisation train is nearing completion. The re-injection system has been called one of the most challenging in the world, thanks to which, a positive gas balance has

been achieved, considering the fact that only 0.14% of the gas produced is emitted into the atmosphere. The Karachaganak project has made an enormous contribution into national development from a social perspective.

\$20 million a year is allocated for social projects. Today, investments have reached \$133 million for the construction of hospitals, improving water and electricity, etc. In addition, a pipeline project to deliver gas to Uralsk is close to completion.

Average training time for each employee is approximately 67 hours per year, or about two working weeks, and training costs are approximately \$5,500 per employee. The ability to retain and attract qualified staff is considered very important. Since the beginning of KPO's activity, more than \$99

million has been invested into training activities and professional re-training.

The North-Caspian Sea project covers areas included into the first contract for cooperation. Among these, the most famous is Kashagan, along with other fields such as Kairan Kalamkas, and Aktote under exploration. The construction and implementation of the North-Caspian project is carried out by the so-called project operators. The construction of facilities for the first phase of the Kashagan development has been entrusted to Agip KCO (a part of Eni). Other developments involve Shell, ExxonMobil and KazMunaiGas.

Kashagan's reserves are the largest explored over the past 40 years. This reservoir is 4,300 meters deep, with 34 billion barrels of oil in place. Kashagan, Eni emphasises, is very difficult in terms of field development. It has very high pressure, and huge amounts of gas need to be re-injected. Moreover, operations for drilling wells are complicated by the fact they are conducted in the shallow Caspian Sea, where standard equipment is difficult to use, since it is designed for deeper water sites. This situation is complicated by weather conditions, because for 4-5 months per year, the area is covered with ice.

Kashagan's development began on the east side, and there are already wells drilled. The principle for oil production is similar to Karachaganak. Capacities for processing plants are about 450,000 barrels per day on land. The gas is treated to remove sulphur dioxide, and can be used to operate the processing plants, and the same gas is sold.

Like all other Eni projects, much attention is paid to social projects at Kashagan. From the point of sustainability, other areas should be noted, including technology transfer, the development and the implementation of international standards, which facilitate productivity.

Regarding environmental protection, the operator has introduced a network of close water quality monitoring. A number of stations engaged in supervision and monitoring of air quality during production operations were established on land. As for safety at the plants, particularly related to accidents, great attention is paid to preventive measures.

"But even in the event of accidents, we are prepared to take appropriate measures," Mr. Dainelli says. With the purpose of preventing accidents, Kazakhstani experts are sent abroad, where they are trained in special courses, and sometimes the programmes last more than a year.

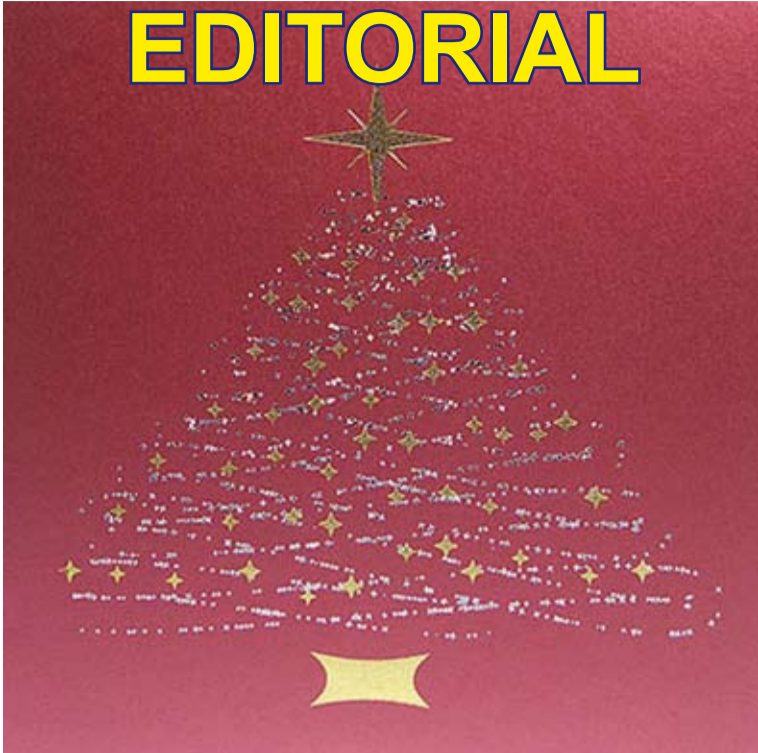
One possible option in this regard, is the refinery in Sannazzaro de' Burgondi, where strict security rules even prohibit carrying mobile phones, and the Kazakhstani group was only given permission to visit the plant after they were sure everyone had health insurance. The plant provides for Sannazzaro's fuel needs as well as all of northern Italy.

The plant works on imported oil, which goes to the nearest port in Genoa, via tankers. As per 2009 indicators, 37% of the oil comes from Russia, 26% from Azerbaijan, 8% from Kazakhstan, 10% from Middle East, 13% from Africa, 4% from Italy, and 2% comes from Norway.



Kazakh journalists at Eni's office

EDITORIAL



"Karachaganak News" would like to take this opportunity to congratulate its readers on the New 2011 Year. We also would like to say a huge THANK YOU to all of our readers and to everyone who expressed support of our newspaper production in the Year 2010. We hope you will continue doing this in the year 2011.

We are very pleased to inform you that this year we are planning to issue additional four pages of "Karachaganak News" in Kazakh. Thus, KPO will continue to support the development of the Kazakh language.

"Karachaganak News" is issued by KPO's External Affairs department. We offer you the latest information and news on events taking place in the Karachaganak field, KPO's new projects and the company's contribution to the social and economic development of the region. This year we will keep covering the latest and the most important events taking place here in Aksai and across other parts of our business.

KPO's management and personnel, parent-companies, and other organizations we work with as well as people of neighboring villages take a favorable view of "Karachaganak News". It is obvious that such information bulletin is appreciated and we will do our best to make it even more informative and interesting in the year 2011.

We would like you to be involved in helping us produce "Karachaganak News". If you have ideas or like to submit a story, you can contact the editor of "Karachaganak News" Askar Tapalov at the KPO Aksai office.

Once again, please accept our congratulation with the New Year. Let the year 2011 bring the fulfilment of your most daring plans and ideas. We wish you and your beloved ones robust health, happiness and wellbeing!

Merry Christmas and Happy New Year!

KMG EP enters Platts Top 250 Global Energy Companies Rankings

JSC KazMunaiGas Exploration Production (KMG EP) has been ranked 47th out of 91 Exploration & Production companies in EMEA (Europe, Middle East, Africa) and has achieved a ranking of 101 on overall global performance according to the Platts Top 250 Global Energy Companies Rankings.

KMG EP has become the first company from Kazakhstan to feature in the Platts Global Rankings.

The Platts Top 250 Global Energy Companies Rankings are based on a combination of assets, revenues, profits and return on invested capital. To be ranked, companies also must have assets greater than US\$3bn, and must be publicly listed.

The CEO of KMG EP, Kenzhebek Ibrashev, said: "KMG EP is proud to become the first company from Kazakhstan to feature in the Platts Global Rankings. We are pleased that everyone's hard work has achieved international recognition. We will continue to grow and improve our performance for the benefit of all our stakeholders."



KMG office in Astana

KPO attends seminar in Atyrau

In November, 2010, on the initiative of the Ministry of Labour and Social Welfare and the Ministry of Oil and Gas of the Republic of Kazakhstan the international workshop titled "Safety in the oil and gas industry. Occupational safety and health of workers in the oil and gas companies" was held in Atyrau.

Along with the representatives of oil and gas companies who arrived in Atyrau from

Switzerland, Norway, Belgium, the Netherlands, Italy, Russia, China, the USA, and Canada, the workshop was also attended by KPO delegation led by KPO Risk Manager Riccardo Bandini.

During the two day seminar, Riccardo Bandini presented the audience "KPO Risk Assessment and Safe Work Practices" focusing on KPO key areas to reduce risks and ensure success in Safe Work Practices.



During the workshop in Atyrau

National staff receives NEBOSH&IOSH STEP certificates

Twenty three Kazakh employees representing KPO from Well Operations and HSE have completed the NEBOSH Certificate Programme. In addition, eighteen KPO employees have successfully completed IOSH STEP programme. (IOSH – Institute of Occupational Safety and Health).

On this occasion, NEBOSH & IOSH STEP Graduation & Awards Ceremony was held at the Renco

that provide the perfect grounding for a career in health and safety. The NEBOSH National Certificate is a prestigious and demanding professional qualification for those wanting to further their career in Occupational Health and Safety Practice.

In his speech Ken Lynch noted that the education and professional development of Kazakh staff is one of KPO's main priorities. He said:

qualification for those wanting to further their career in Occupational Health and Safety Practice.

Firmly established as the UK's leading qualification for health and safety professionals, the NEBOSH Certificate is rapidly being recognised internationally as the standard for health and safety professionals. It is designed exclusively for those working outside the UK, and is also available



Ken Lynch and Vyacheslav Yusupov at the Graduation Ceremony

Hotel in Aksai. Graduates were presented with certificates by KPO HR Controller Ken Lynch and KPO Field Safety Manager Vyacheslav Yusupov. During the Award Ceremony it was noted that increasingly, safety professionals have responsibility for a broad range of areas, including safety and environmental issues within their organisations.

The NEBOSH Certificate is an ideal professional level qualification and is intended primarily for those responsible for safety & environmental issues. NEBOSH offers a wide range of qualifications

"These programs allow employees to obtain the knowledge and skills necessary for further professional growth and development."

According to the organisers of the programmes, the NEBOSH certificate is an ideal professional level qualification and is intended primarily for those responsible for safety & environmental issues. NEBOSH offers a wide range of qualifications that provide the perfect grounding for a career in health and safety.

The NEBOSH National Certificate is a prestigious and demanding professional

to multinational companies for their overseas operations, ensuring a consistent approach across the organisation.

At the end of the ceremony, KPO employees who attended NEBOSH & IOSH STEP programmes said that they would like to pass on their thanks to organisers of this Programmes for the excellent training that they had received at KPO's Training Centre. They also pointed out that they would definitely recommend this Programmes to anyone hoping to enter into the world of health & safety.