

KPO OPENS PROJECT DEVELOPMENT DIRECTORATE OFFICE IN ASTANA



In the beginning of July this year Karachaganak Petroleum Operating B.V. (KPO) announced that it has opened the new offices for Project Development Directorate (PDD) in Astana.

The opening ceremony was attended by Giuseppe Pasi, KPO General Director, Bolat Akchulakov, General Director of PSA LLC, KPO employees and Kazakhstani contractors. The new offices of PDD are located on the 10th Floor of Business Centre "Astana Tower".

At the opening ceremony, Giuseppe Pasi highlighted that: "With the office being located in the heart of Astana, close to all RoK Authorities, it would bring about a new era of dialogue between KPO and the Republic of Kazakhstan, facilitating easier discussions on the future development of the Karachaganak field".

Taking the opportunity, Giuseppe Pasi has introduced the new recently appointed Astana PDD Director Alberto Meanti, who will soon move to Astana together with his family. Within the nearest future the office will be fully staffed and operational.



On the eve of 20th anniversary of Independence Day

On 16th December 2011, the Republic of Kazakhstan celebrates the 20th anniversary of its independence. Nowadays Kazakhstan is known all over the world as independent and sovereign state thanks to its centuries-old history and culture.

In the period from June till October 2011, Burlin District Culture and Languages Development Department invites KPO employees to take part in festival «Independence is my support» that will be held among production enterprises and organizations operating in the district.

Participation conditions:

- Participants can be from any nation.
- National or folk performances would be preferred.
- We would welcome either individual or group nominations.
- The length of the performance should not be longer than 10 min.
- Musical instruments can be used.

Evaluation criteria:

- Variety of performance,
- Performing skills, onstage dress, background music, artistic skills and audio track quality.

Awarding

The best performers will be awarded with:

- Festival laureate title,
- Festival certificates,
- Valuable gifts.

Following a decision of the Panel the best performers can take part in the Gala Concert in Uralsk.

KPO welcomes Aksai industrial park project

On 28 of June KPO took part in the construction of the Aksai Industrial Park. The opening ceremony commemorating the "first stone" of the Aksai Industrial Park Pilot Project was attended by Deputy Akim of West-Kazakhstan Oblast (WKO) Gumar Dyussebayev, Aibek Krambayev, Head of Technical Group of PSA, Paolo Repetti, KPO Services Director, KPO employees, Kazakhstani contractors and foreign investors.

The Industrial Park will be composed of such facilities as production workshops, each one of 2500 covered square meters, overhead cranes and gas distribution system, electrical and instrumentation bay, welding workshops, scaffolding production workshop, training centre, test laboratories, offices and warehouses.

Gumar Dyussebayev, WKO Deputy Akim, in his opening address said: "This Pilot Project of Industrial Park in Aksai is the first project of such kind in Kazakhstan. It is of utmost importance for both the Oblast and the country and it will contribute to further development of local content".

Paolo Repetti, KPO Services Director, noted: "KPO fully supports the RoK

Government initiative to maximize the involvement of Kazakh companies in investment projects and works in close cooperation with the RoK Authorities to achieve this goal. Local suppliers' capacity building through sustainable development and skills transfer are central to the way we work".

"The outline of the Project is to facilitate the establishment of complex of facilities able to support and attract international investors and stakeholders into the area of WKO to develop their products in the Republic of Kazakhstan jointly with Kazakhstani companies," Kairat Kapashev, KPO Local Content Development Manager commented.

KPO was one of the first ventures in Kazakhstan to implement a vendor development initiative. Thanks to this, over 3,000 Kazakh vendors are currently registered on our supplier database. During 2010 over 527 million USD worth of contracts has been concluded with 283 Kazakhstani companies for the provision of goods, work and services. And since beginning of the FPSA in 1997, the local content level in all contracts assigned has exceeded \$3.5 billion.



KPO ISSUES 2010 SUSTAINABILITY REPORT

Karachaganak Petroleum Operating B.V. (KPO) today announced the publication of the 2010 Sustainability Report. The Report presents the results of KPO's performance in 2010 and reflects the company's commitment to sustainable development.

KPO General Director Giuseppe Pasi said: "It is my great pleasure to present KPO's third Sustainability Report, in which we disclose our 2010 performance and review the progress against the targets we set ourselves in 2009."

"KPO aims to create enduring value for its partners and the Republic of Kazakhstan. Sustainability — having regard for long-term performance on the environmental, economic and social spheres — is an essential part of this enduring value creation." Giuseppe Pasi added.

In particular, the development and operation of the Karachaganak field continued throughout 2010 with 133.7 Mboe of global production, five new wells drilled and 14 workovers completed. The Unit-2 Material Replacement Project was successfully completed and the gas injection compressors were re-wheeled and re-powered. A total field shutdown was completed ahead of schedule and without incident. The construction of the fourth liquid stabilisation train at KPC continued and the new facility was put in operation in May 2011.

A new Safety Plan was implemented, focussing on Contractor Management, Hazard Awareness, Monitoring and Reporting, and Safety Leadership. KPO continued to maintain its high standards of Environmental

Protection. In December 2010 the company was issued with a three year Environmental Emissions Permit. KPO also maintained its ISO 14001 accreditation. Overall gas utilisation in 2010 was 99.87%, which meant that out of the total gas production of just over 15 billion cubic metres (bcm), only 0.02 bcm (0.13%) was flared from the production and processing facilities in the field or during well clean-up operations. This level of gas utilisation is unprecedented in oil and gas operations anywhere in the world.

The implementation of the ten-year Nationalisation Plan continued and at the end of 2010, all the skilled and clerical positions, 91% of the professional and supervisory roles and 62% of the managerial position in KPO were filled by national staff. In addition, during 2010, KPO maintained its commitment to developing Local Content, responding actively to the changing legislation in Kazakhstan. Contracts worth over \$527 million were placed with 283 Kazakhstani companies for the provision of goods, works and services.

Remaining sections of the Uralsk Gas Pipeline Project were completed and the fully completed pipeline will be handed-over to the local authorities in 2011. A new secondary school in Aksai was opened. In recognition of KPO's involvement in developing local social infrastructure, KPO received the gold Parыз Award.

The Report has been independently verified by PricewaterhouseCoopers LLP and is available in three languages (Kazakh, Russian and English) from the company website, www.kpo.kz.

KPO PDD Director appointed

Alberto Meanti has been appointed as the new Project Development Director, in KPO Astana Office.

Alberto has extensive and sound technical/operational skills over 15 years in the Oil and Gas sector in core areas such as Engineering and Construction, development of large-scale Plants and Production projects, especially in West Africa and North Sea.

In his assignments he covered the role of Technical Manager responsible for Production, Maintenance, Logistics and HSE activities. From August 2008 he is Development Director and Deputy Managing Director for Eni Iran. Alberto assignment starts on 27th August with three years duration.

The newspaper "Karachaganak News" congratulates Alberto on his appointment and wishes him every success in his new role.

Headly developing industry of Republic of Kazakhstan in recent 10 years is obliged to oil and gas industry in many things and KPO can really be called as one of its locomotives. And even though, the Company started its production activity little more 10 years ago, reasonably good results have already been obtained both in economic activities to the benefit of Republic of Kazakhstan, and in the sphere of industrial and environmental safety.

In the process of the construction and development of two phases of the exploration of Karachaganak gas condensate field, such large units was commissioned as Karachaganak Processing Complex (KPC), complex gas treatment and re-injection into the stratum (Unit-2), export pipeline Karachaganak –Atyrau, upgrading of the existing complex gas treatment unit (Unit -3).

All the new projects have been implemented in accordance with the state-of-the-art and technology in the sphere of industrial and environmental safety, have a high level of automation based upon the most advanced instruments counted in general quantity more than 10 thousands of units.

In parallel with the construction and commissioning of the units of the main production, auxiliary facilities was being built such as the chemical –analytical lab, HSE lab, environmental Monitoring Lab, Sanitary-Hygiene, Non –Destructive Test, Corrosion lab and other ones. At this stage, over 400 instruments, test and other unique equipment are being used in these labs for diagnostics and quality control of the output product, over observance safe conditions in the process of industrial activity of KPO and also over safety ensuring and protection of environment around Karachaganak Field.

Since 2004 in KPO, metrology group has been formed for the firstly as a part of Instrument Section under supervision of metrology-engineer V.A Litovchenko which hereinafter for 7 years obtained the best

KPO metrology service

results.

Here is one of the main milestones in the development of KPO metrology:

March 2004 is a creation of KPO metrology service. The beginning of the integrated database of the instruments and schedules of their verification and also the beginning of work for certification (approval of type and metrological certification) of the instruments to insert the majority of our devices into the State Register of the instruments "permitted to be applied in Republic of Kazakhstan".

May 2006 – at Unit-3 metrological attestation of the new gas condensate quality and quantity measurement system is carried out (GCQOMS) based upon coriolis mass meter after which the commissioning of this system became to be possible that considerably improved the fiscal metering when exporting the condensate to Orenburg (Russia).

May 2006 – KPO b.v Metrological lab is accredited for the right to verify heating system instruments, namely pressure and temperature devices.

Over 10 specialists of KPO have passed the training and probation in the National Centre of Certification and Standardization of Republic of Kazakhstan and have obtained the certificates of the verification officers. The metrological certification of the working standards and the working places of the verification officers for the verification of the group of heating system devices.

September 2006 –January 2007 – metrological certification and industrial commissioning of new oil quality and quantity measurement system (LACT) have been carried out by means of which the possibility of the fiscal metering and export of the part of stable condensate was ensured to the direction of Bolshoi Chagan – Samara pumping station (Russia).

During a period 2008-2009 in conjunction with All-Russia Flow Metering Institute Kazan city, measurement philosophies for the fuel gas fiscal metering skids have been developed and registered supplied both for the needs of KPO and Akasai city population and WKO Burlin Region. As a result of joint work with other scientific research and production centre from Kazan (NPP "GKS"), balance diagrams for stable and unstable condensate have been developed and also for sour and fuel gas.

Starting from May 2006, from year to year, the number of the devices passed the verification in the accredited metrological lab of KPO, So if, following the results of 2006, KPO lab accounted for only just 28% instruments of heating system group out of the verified devices, then in 2007 that figure has become 85 % already and was 5500 devices. That figure became about 6000 of devices in 2008. Only 3500 devices have been verified in 2009 as within the period since May to September, the calibration lab did not work due to a new re-accreditation.

Our calibration lab has been accredited in the same 2009 for the right to verify against new standard RK ST ISO/IEC 17025-2007 identical to international standard ISO/IEC 17025:2005 "General requirements for the competence of testing and calibration laboratories" due to that the status of the lab considerably grown up, in that case in new sphere of the accreditation, the verification of the physico-chemical group devices was additionally included that enables us already now, to verify all our temporary gas detectors. It is true, we still have only one verification officer for this group of measurements, it is early now to talk about serious scopes of verifications but if to increase the number of the verification officers up to 3-4, the services of one more contractor, for example "ECOS" can be refused.

can be refused.

We are not at a stop and continue increasing the content of the devices verified by our own force as over 6600 devices had been verified during the period of 2010 and we have committed to verify 8800 items with taking into account the devices from Train 4.

Our group contributes seriously to not less serious subject as metrological servicing of stable and unstable condensate fiscal metering skids and also on the branchy network of fuel gas (AGDS "Udoma", AGDS "Aksai", AGDS "Burlin", AGDS "Tungush", AGDS "Karachaganak" and others.

Big work is continuously being carried out by metrology service for insertion of the devices into the Republic of Kazakhstan Register imported in Kazakhstan on an import. All in all, about 20 types of devices have been inserted in the Republic of Kazakhstan Register and about forty have been certified.

Similarly, KPO metrology service actively cooperates with State Bodies for Metrology such as Committee for Technical Regulation and Metrology, Institute of Metrology KazinMetr (in Astana and in Uralsk). With all of them, and also with a number of other Companies and Organisations we have entered into good business relations.

All the above listed has been achieved thanks to the high professionalism and commitment in work to each of this small but friendly team of metrologists, and namely:

Almagul Yermekova – Metrology Supervisor + a verification officer for heat engineering instruments

Beket Ismagulov- Metrology Supervisor +a verification officer for heat engineering instruments

Sophiya Zolotikova – Metrology Engineer Assistant + a verification officer for heat engineering instruments

Anatoly Gaivoronskiy – Metrology Engineer Assistant + a verification officer for heat engineering instruments.

Svetlana Shkolova – Instruments Certification Technician + a verification officer for heat engineering instruments

Svetlana Manturova – Instruments Certification Technician + a verification officer for heat engineering instruments

Anastassiya Deyeva – Instruments Certification Technician + a verification officer for physico-chemical instruments

Ainur Kireyeva – a Technical Clerk
Aman Burkutov – a labourer

Sagitzhan Erkiybayev – Metrology Technician

May 20 of this 2011- is a significant date for us as exactly 5 years ago, May 16, 2006, for the first time in KPO, the accredited calibration lab appeared which is to the present time, is the only department in KPO, which has a status enough even to render payable verification services of the instruments to other Companies!!

As we approach this day, the newspaper "KarachaganakNews" cordially congratulates metrology service employees of KPO and also all those who help them on the Metrology Day! And wish all strong health, welfare, good luck and success. Happiness to everybody and further prosperity to KPO as a source of our well-being!

