

Eni CEO Paolo Scaroni meets Kazakhstan's President Nursultan Nazarbayev

On 2 October Kazakhstan President Nursultan Nazarbayev and Eni CEO Paolo Scaroni met in Astana for the VII Kazernergy Eurasian Forum.

During the meeting, which was cordial and constructive, Eni's CEO shared the developments and results of the company's ongoing activities in the country with the President, affirming Eni's positive vision of the primary importance projects that Kazakhstan presents, such as the Kashagan and Karachaganak.

Furthermore, Eni's CEO informed President Nazarbayev on the progress of the agreement of cooperation and mutual understanding, originally signed by National Company KazMunaiGaz and Eni in 2009, for the implementation of investments in Kazakhstan's industrial infrastructure.

The President was also informed of joint projects for building a shipyard in the



Caspian Sea and a gas turbine power plant in West Kazakhstan region.

Eni has been present in Kazakhstan since 1992, where the company co-operates the Karachaganak producing field and is a partner of the North Caspian Sea PSA consortium to develop the Kashagan field and is involved in the North Caspian Sea PSA project to develop the Kashagan field.



KPO General Director attended a session of the RoK Council for the Improvement of Investment Climate in Astana



On 12 September in Astana, Damiano Ratti attended a session of the RoK Council for the Improvement of Investment Climate chaired by the Prime Minister Karim Massimov. International experts, heads of foreign diplomatic missions and representatives of major subsoil user companies took part in the meeting which focused on environmental administration and transition to the "green" economy.

During the speeches and the follow-up discussions the parties exchanged views on the most pressing issues of environmental governance in Kazakhstan's oil and gas industry and the ways of resolving those. Damiano Ratti, KPO General Director, in his presentation shared about the Company's achievements in GHG emission reduction and waste management. He also made several practical proposals for the improvement of the current regulatory system and the way the companies' environmental performance is evaluated.

In conclusion of this very productive meeting, it was agreed that the parties should continue the dialogue and join their efforts in this direction.

KPO new Finance Director appointed

KPO is pleased to announce the appointment of Andrea Sacchi to a position of KPO Finance Director.

Andrea has been with KPO for about a year as Finance Controller. Before coming to Kazakhstan, Andrea held a position of Planning and Control Manager at ENI, and earlier managed the unit of Economic Evaluation of Investment Projects in ENI Corporate.

At the beginning of his career, Andrea worked for Agip, nowadays Exploration & Production Division of ENI, and then continued his career as Finance and Control Manager in international branches of a few major Italian companies, such as Alitalia, Torno Internazionale and Iveco (FIAT Group). Andrea worked in many countries including the UK, Angola, Thailand, Turkey, Spain and Germany.

On this occasion, KPO General Director Damiano Ratti, extended his cordial welcome



to Andrea and wished him all the best and good luck in his new assignment.

KPO launched new schools in WKO

On the eve of the Constitution Day of Kazakhstan and the new school year, KPO successfully completed the construction of several secondary schools in the Western Kazakhstan Oblast.

As part of its social infrastructure development programme, KPO has constructed three new schools: one in Uralsk town and two schools in the remote villages of Aksuat in Akzhaik District and Ushagash in Karatobe District. In addition, KPO has completed a major refurbishment of the secondary school in Uspenovka village in Burlin District. The total KPO investments into these projects have exceeded \$16 million.

On this occasion, KPO General Director, Damiano Ratti, said, "We are proud that children of Western Kazakhstan will now be able to receive quality education in these modern schools. Their construction was agreed with the WKO Akimat in accordance with the RoK State Programme "100 schools, 100 hospitals". All schools have been fully equipped with computer classes, are connected to Internet, and are being handed over on a turn-key basis. We hope these new schools will help bring the standards of education in the region to a new level.

"KPO is committed to a sustainable future and allocates \$20 million per annum for social infrastructure development in the region. Operating as a responsible corporate citizen, KPO is working towards achieving sustained success to the benefit of the local communities and the Republic of Kazakhstan as a whole", added Damiano.

As it is known, the KPO social programme is primarily focused on health, education, culture and sporting facilities, according to the priorities set by the Western Kazakhstan Oblast authorities. As a result of this partnership, a significant number of new schools and kindergartens have been constructed in the region, as well as hospitals, roads and public utilities. All KPO social projects have been implemented using only Kazakh companies and vendors.

KPO promotes safety culture amongst the Aksai schoolchildren

On 1st September KPO representatives visited the local studio of "Aksai Radio", where they spoke about the Road Safety Programme initiated and launched by KPO on the radio in July this year.

KPO was represented by Gaziz Khassanov, Infrastructure and Services HSE Manager, Mira Berdigaliyeva, HSE Management System Documentation Specialist, Irina Cherkassova, Deputy Safety Manager and Cristiano Gioacchini, HSEQ Controller. During the radio interview they told about the main objectives of the programme and future plans of the Company on safety rules training for schoolchildren.

Schoolchildren also took part in the airplay and answered questions on the Road Safety Quiz. The winners of the final program were awarded with prizes from KPO.

The main purpose of the Road Safety Programme is training of schoolchildren on the road safety rules. During the project schoolchildren have learnt about the key road safety rules, in particular for cycling, roller skating, motorbike and scooter driving.

This educational program is of great interest for junior audience, and during its existence some 100 Aksai students have been trained in road safety. As noted by Cristiano Gioacchini, the Road Safety Program was initiated by KPO for a reason – safety of both employees and their families is one of the top priorities for the Company. Given the fact that children are often at risk on the

roads, it is important to teach them from an early age to behave safely on the roads. It should be noted that KPO has been actively promoting the road safety training program for schoolchildren on the Aksai Radio since 2007. Some of the training programs included such as 'Traffic Light', 'In word and deed', were also put on the air on the Aksai Radio. According to Gaziz Khassanov, such projects will be continued in the future, for instance, the safety program is currently planned to run at schools in Aksai.



The school for 1200 pupils in Uralsk consists of five blocks, equipped with a lift, a canteen, an infirmary, a conference room, a gymnasium, an amenity block and a library. The school has been fully furnished and equipped with all necessary equipment. The construction was implemented by a local contractor Zhaikselstroy, LLP within one year.

Thanks to the new school for 230 pupils, the children of Aksuat village in Akzhaik District will now be able to receive same quality of secondary education as in a town. KPO contracted a local Bolashak-T, LLP company to construct the school.

Uralskstroyinvest, LLP, has constructed the school for 108 pupils in Ushagash village of Karatobe District. The two-storey school has classes, a gymnasium, conference room, canteen and a library. The classrooms have been fully furnished and equipped to high standards.

Two other schools for 198 pupils in Koneketken village in Tereky District and Saikuduk village in Akzhaik District are currently nearing completion as part of the KPO social programme.

Over the recent years, KPO has also



KPO attends Technology and R&D Roadmap Workshop in Astana

KPO representatives Zhardem Kussanov (Permits and Licenses Manager), Simon Coley (Senior Field Production Engineer), and Ato Aidoo (Senior Planning and Performance Engineer) have recently attended Technology and R&D Roadmap Workshop for upstream oil and gas in Kazakhstan which took place in Astana.

The workshop was the third stage in a process that started in 2010. During 2010, in accordance with the proposal sounded at the Foreign Investment Council (FIC) meeting #22 and the order by the Prime Minister pursuant to the Protocol of the session paragraph 5.5.1.2 dated as of December 4th, 2009, № 01-8.2, a «Technology mapping exercise for the oil and gas sector of Kazakhstan» was initiated and has to date been led by Shell, with participation from other operating companies (both international and local), including KPO b.v.

Based on the protocol issued by the Prime Minister in 2010, a challenge was issued by the President of Kazakhstan, His Excellency Nursultan Nazarbayev, to the oil and gas industry with a vision to "To create an effective environment for R&D development through policies and procedures facilitating the collaboration between universities and industry; to facilitate local capacity building in the area of technology development for the RoK oil and gas sector."

With the vision, set by the President, the mission to set up a R&D STRATEGY MAPPING INITIATIVE to achieve it was initiated with the support of representatives of the Kazakh Institute of Oil and Gas (KING), KazMunaiGas (KMG) and the International oil companies (IOCs), to successfully accomplish the assigned tasks. This mission aims to assist the government of Kazakhstan in facilitating the technology prioritization process based on mid- to long-term oil and gas industry needs; to provide guidance in establishing enabled framework for collaboration between industry and the state. The main objectives of the roadmap can be summarised as follow:

To formulate an Upstream Oil & Gas sector industry view on the required Capacity Building considering:

- Technology Challenges facing Kazakhstan fields in the next 15 years and potential Solutions to meet these
- Focus Areas for R&D in Kazakhstan
- Opportunities for the local industry to develop and provide the solutions
- Focus areas for education to develop a workforce with the required skills
- Strategic Initiatives that will enable:
 - o Increased effectiveness of the R&D and greater involvement with the Oil & Gas Operators
 - o Development of the local industry to deliver the solutions
 - Suggested measures that Kazakhstan

KPO team has become an overall winner in the BG Energy Challenge 2012, the 7th Charity, Sports and Intellectual Contest.

The BG Energy Challenge - Kazakhstan was held on 30-31 August 2012 in Zerendy village, territory of the 'Kokshetau' National Park. Organised annually, the BG Challenge event is a great opportunity for companies engaged



Government could take to stimulate the R&D and the development of the local industry

In April 2011, the report from road mapping initiative identified five (5) Technology Target Areas (TTAs) and Technology Challenges as focus areas for development of the roadmap. The main TTAs identified for Kazakhstan are:

- Reservoir Characterisation
- Field Equipment
- Fluid Flow and Processing
- Wells and Field Management
- HSE

The roadmap team in order to achieve the objectives performed a Research & Development assessment on the current state of R&D in Kazakhstan. Operator representatives, from various IOCs as well as LOC's, jointly assessed the current capabilities of the identified/selected R&D facilities in Kazakhstan across the five (5) Technology Target Areas (TTAs). They aimed to identify opportunities for increased Research collaboration between Operators and R&D facilities and to identify potential initiatives to build R&D capabilities in Kazakhstan over the next 10 years.

Technology Assessment forms a key part of the Roadmap. The diagram below shows the stages for design of the roadmap:

The process has involved a review of existing roadmaps developed in other countries including Norway, Brazil, Australia and others. The process has also involved visits to identified R&D institutions, centres, universities and specified local companies in major cities in Kazakhstan including Almaty, Aktau and Atyrau in March and April 2012, after receipt and review of responses to questionnaires previously sent to them. At these visits clarifications were sought on relevant areas on the responses to the questionnaires. KPO was represented at the visits to Aktau and Atyrau, in April 2012, by Simon Coley and Ato Aidoo, who participated in the technical assessment

process for the institutions and companies visited in both cities.

The June 2012 workshop was organised in continuation of the process. The aim was for participants to review the results of the previous stages of the roadmap for each TTA and to identify "quick wins" (opportunities); prioritise research collaboration opportunities between Operators and R&D facilities. Priorities for R&D focus for Oil & Gas in Kazakhstan over the next 10 years. The event which was coordinated by Shell Global Solutions International B.V. brought together 146 participants representing government agencies, oil companies, supply companies, consultants, engineering contractors, universities, and other institutions of RoK.

During the workshop Zhardem Kussanov participated in TTA-1 on Reservoir Characterisation which addressed:

- Seismic Data Acquisition and Processing
- Reservoir Description (Geology, Rock & Fluid Interpretation)
- Well Logging and In-Well Monitoring
- Core and Data Analysis
- Fluid Property Analysis

Simon Coley participated in TTA-2 on Field Equipment covering:

- Equipment and Materials for Sour Service
- Operating in Ice/Cold Climate
- Management of Sulphur

Ato Aidoo participated in TTA-4 on Wells & Field Management covering:

- Drilling and Well Costs
- Field Management: Optimise Recovery including IOR/EOR

For each TTA, a general goal was set to achieve the roadmap objectives. Stepwise (staircase) progression for capacity building and development of the respective focus areas was discussed between participants and timeline with milestones in the years 2015; 2020 and 2025 were set.

The roadmap plan is to have the

initiative mapping process completed by year end in 2012. The remaining targets left for completion before the end of the year include:

- Review of the report resulting from the June 2012 workshop by the Kazakhstan Government. This will help the Government to prioritise on the R&D development areas and to steer capacity building in those areas for future development.
- A strategy workshop will be held to firm the timeline for implementation of the roadmap. That is expected to be held in September 2012.

It is important to note that the event went very well and everyone was impressed by the amount and quality of contribution made by KPO staff.

On this occasion, Roadmap Project Manager of Shell Projects & Technology, Frans van den Berg, wrote a letter of thanks addressed to KPO General Director Damiano Ratti and Operations Director Luca Vignati. In particular, he said the following:

"On behalf of Shell, I would like to express our heartfelt thanks for the support and contributions made by the KPO staff in the development of the Technology and R&D Roadmap for upstream oil and gas in Kazakhstan. Your participants Zhardem Kussanov, Ato Aidoo and Simon Coley made very valuable contributions in the discussions in the three Work Groups they participated in."

"This has helped to reach the goals of the workshop, to obtain the industry view on the required technologies and R&D focus for the next 15 years and to identify opportunities for the local industry."

KPO management and the newspaper "Karachaganak News" also congratulate KPO team who have made a considerable contribution for the development of the Technology and R&D Roadmap and wish them all the best and good luck with this challenging project.

KPO wins BG Energy Challenge 2012 in Kazakhstan

Litasco, Worley Parsons, Shell, Total, KEGOC, CPC, NCP, and others.

KPO was represented in the contest in three teams. Apart from the highest overall ranking, KPO team has won three awards, which are:

- Best Mixed Team
- Best Joint Venture
- Best Entertaining Team

During the contest, participants have been faced with both physical and intellectual challenges on water and earth requiring stamina, strategic thinking and team work. Winning in such a contest was not that easy as it seemed - the participants implemented the complex task based on real processes of prospecting and development of offshore oils deposits, petroleum transportation and sales.



On this occasion, KPO General Director Damiano Ratti met KPO team in the main building of the company. During the meeting he congratulated all the participants of the contest and said: "I strongly believe that great achievements come from the teamwork and joint efforts. The BG Challenge result shown by the KPO team is another excellent confirmation that team work and collaboration always win. I personally thank and congratulate all the participants! Well done!"

