

## KPO received Gold Paryz Award for achievements in social development

The official ceremony of the annual "Paryz" contest took place on 21 December 2010 at the National Concert Hall in Astana. Karachaganak Petroleum Operating B.V. (KPO) received the Gold "Paryz" Award in "The Best Social Project" category. The award was received by KPO General Director Giuseppe Pasi.



Giuseppe Pasi with the Gold "Paryz" Award

The Award ceremony was attended by Kazakhstan President Nursultan Nazarbayev, the Prime Minister Karim Masimov, members of the Government and other high-ranking officials.

The President in his welcoming speech extended his thanks to business leaders and called upon the Kazakhstan business community to demonstrate their maturity and support employees and local communities.

KPO, supported by its Partners and regional authorities, strives to be a model corporate citizen of the Republic of Kazakhstan by contributing to the wellbeing of the West Kazakhstan Oblast which is home to the company's neighbouring communities and most of its employees.

Every year KPO implements a number of large social infrastructure projects in the WKO and today feels proud that its achievements have been recognised at the highest level. For the last several years KPO has been participating in the Paryz Corporate Social Responsibility Contest and the Golden Prize awarded to the Venture this year is a significant milestone for KPO as a company, its employees, partners and contractors alike.

The Paryz Award contestants go through a very rigid selection process, competition is tight and winners are chosen from over 400 companies from all sectors of economy in order to acknowledge and celebrate their exemplary commitment to the society, their employees and



Giuseppe Pasi receives congratulations from RoK President Nursultan Nazarbayev

communities in which they operate.

This year the Ceremony received much bigger publicity as it concludes the first year of the Accelerated Industrial Innovative Development Programme with 152 new projects having been launched in the country during this year alone.



In the mid of January 2010, KPO hosted a visit from senior Eni executives who arrived at Karachaganak for a two-day familiarisation visit.

The visit was led by Antonio Vella, Executive Vice President Operations and included the following senior Eni executives: Roberto Dall'Omo, Senior Vice

President Reservoir & Petroleum Engineering; Angelo Calderoni, Senior Vice President Drilling; Luigi Piro, Vice President Production and Maintenance and Saverio Scerra, also from Production and Maintenance Department.

They held a number of meetings with KPO management who provided them a detailed field overview and an update on 2010 performance. During the visit,



Eni delegation at KPC administration building



Eni delegation at Karachaganak

the delegation also met with Eni representatives working at KPO.

During their stay at Karachaganak the executives

toured the production facilities of the Karachaganak oil and gas condensate field including KPC, Unit 2, Unit 3, Train 4 and KPO

Eco Centre which was built as part of KPO's commitment to environmental protection.

### EDITORIAL

## SUMMING UP PAST YEAR

2010 has not been an easy year for KPO. However, the company managed to achieve a lot in 2010, despite the challenging environment, and this is something that was also recently recognised by the four Parent Companies at the Contractors' Committee in London on the 16 and 17 December 2010.

In Operations, back in January KPO achieved the record monthly gas delivery with 767 million scm (24.7 mmscm/d). KPO successfully completed the 2010 Field Shutdown ahead of schedule and without LTI (800,000 manhours). In October KPO achieved the record gas injection volume of 25.2 mmscm/d and the record volume of 25,200 tonnes in 24 hours was processed at KPC. In December, KPO reached the production record of 454.33 KBOE. Well 9828, the longest well (at 6,593m) drilled to date in Karachaganak, was completed in 77 days (including rig move). For drilling optimization KPO obtained

the first place in BG Group Chief Executive Award's technology category.

In the field of environmental protection, KPO Eco Centre won the first place in BG Group Chairman's Awards in the environment category for the application of Best Available Technology. Also, the ISO 14001 audit has been successfully completed.

A major focus on enhancing the safety performance was maintained with the help of everyone throughout the year, in line with the implementation of the Safety Plan which identified improvement areas from our 2009 results. Safety remains a primary issue for everyone and KPO must maintain its focus moving forward, towards a goal of zero injuries.

In September the implementation of the SAP system within KPO moved forward with the approval of the Project budget and the award of the implementation

Contract to SAP Kazakhstan. SAP is an industry standard system in use by all four Partner Companies and KMG and will replace the Maximo and SUN systems in KPO.

Also in September KPO successfully completed the construction of a secondary school for 900 pupils situated in the 10th micro-district of Aksai. The school was opened at the 15th Anniversary of the Constitution of the Republic of Kazakhstan. The successful completion of this Project was a result of close mutual cooperation between WKO Akimat, Burlin Akimat and KPO.

Thanks to KPO social infrastructure investments, a big number of new facilities and structures have been built in the West Kazakhstan Oblast, including new schools, hospitals, sports facilities, as well as social and cultural centers and new roads; overall. Dozens of rural settlements in WKO have been gasified and supplied with water systems. During the period of the Final Production Sharing Agreement, these investments will

exceed \$500 million which ensure further development of the region for the benefit of Kazakhstan and its people.

KPO managed to complete the Unit 2 Material Replacement Project following 2010 shutdown and the Zhympity branch of the Uralsk Gas Pipeline was also commissioned.

KPO has made tremendous progresses on Train 4 and it is now entering in one of the most delicate phases of this project. From a project this piece of the plant will have to come to operations and to be part of the KPO producing system. This transition will require a lot of attention and professionalism. For KPO to be successful in this is crucial because it will help the venture to re-establish the trust in its organization when it comes to delivering capital projects.

On the eve of the New 2011 Year KPO received the Gold "Paryz" Award in "The Best Social Project" category. Karachaganak is committed to be a responsible corporate citizen of the Republic of Kazakhstan, by making its contribution into the implementation

of the sustainable development tasks set by the country. KPO is particularly proud of seeing its work recognised and awarded by the Kazakhstan President Nursultan Nazarbayev. This confirms the company's partnership with the RoK government in ensuring that the development of Karachaganak's resources provides sustainable socio-economic advantages for the country as a whole.

KPO General Director Giuseppe Pasi speaking about the company's achievements said: "I think that we have to be proud of what we managed to achieve in 2010 and I would like to take this opportunity to thank everyone for having secured your continued professionalism and dedication to this company."

"As for 2011, we will continue to keep the focus on safely operating the Karachaganak Field, delivering on the projects we committed to and working on improving efficiency and optimizing on our margins for improvement."



## Kazakh senators visit Karachaganak



Kazakh senators at KPC control room

On the eve of the new 2011 year, KPO hosted a visit from Kazakhstan parliament senators (the upper house). The visiting group which was accompanied by officials of WKO administration met with KPO Operations Director Graham Scotton, Government Relations Director Nurzhan Kamalov, and Field Manager Roberto De Mitri. During their stay at Karachaganak the deputies were provided with a detailed field overview. They were also briefed on Karachaganak field development activities and KPO's contribution to the social and economic development of the region. Finally, the guests accompanied by KPO representatives toured the production facilities of Karachaganak processing complex (KPC) and had an opportunity to talk to the local staff working in the KPC control room.

## KPO holds emergency exercise "CONDOR"

In late November 2010 an integrated emergency exercise "CONDOR" was carried out in the Karachaganak Field involving KPO Emergency Response and Rescue Service teams.

According to the organisers the major purpose of the event was to test integrated actions of Level 1 and 2 emergency response teams and determine the level of readiness of KPO resources to respond to a potential emergency that could have resulted in multiple casualties and environmental impact. Most importantly however, it was an opportunity to practice skills of KPO emergency rescue units.

During the exercise the participants demonstrated their professionalism and the preparedness to the emergency situations. The event did not interfere with the normal operations at the process facilities at Karachaganak field.



During the exercise at Karachaganak Field

## THE BEST FIELD FIRE STATION ANNOUNCED



On 6 January, KPO Field HSE Emergency Response Department held an award ceremony following an annual contest "The Best Field Fire Station" within the Karachaganak field. The contest was participated by four Field fire stations which included KPC, Unit-2, Unit-3 and Pilot Camp. Professional qualifications of the fire fighters, level of emergency response, performance of emergency-rescue equipment and tools, level of interaction between the locations and level of fire prevention were subject to the assessment. The award ceremony was attended by Paul Meech, Field Manager, Bryan Popowich, Field HSE Manager, Alexander Okhrimenko, Emergency Response Team Leader, Enzo Antonacci, Unit-2 Manager, Onaibay Markabaev, Unit-2 HSE Superintendent, S.Kuzenbayev, Director of WKO JSC "Ort Sondyrushi" Branch, N. Mashtakov, Deputy Director of WKO JSC "Ort Sondyrushi" Branch. As per quarter and annual evaluations of 2010 the best performance has been demonstrated by the Fire Station №28 located at Unit 2 which was found to be "The Best Fire Station of the Year 2010." During the award ceremony Paul Meech presented with a traditional trophy "Golden Fireman Axe" to Kairat Mukhamediyarov, Fire Station №28 Head. It was noted that over the last year the Fire Station 28 demonstrated its high professionalism and operational readiness for the elimination of different types of accidents on site. Mr Kuzenbayev, Director of WKO JSC "Ort Sondyrushi" branch speaking to the attendees expressed his gratitude to all KPO management for their support and appreciation of their performance for the year 2010. He also urged everyone to keep the focus on improving efficiency and look-ahead plan for the Year 2011. Bryan Popowich, Field HSE Manager said that the contribution of the Company to safety issues was highly appreciated by RK Emergency Situation Ministry and KPO management. In closing, Bryan presented a letter of thanks signed by RoK Emergency Situations Minister Vladimir Bozhko, to Talgat Nurzhanov, Unit Commander for the contribution to prevention of emergency situations and emergency response. "Ardager" medals have been presented to honoured veterans of

RoK Emergency Situations Ministry B. Mambetov, Head of Fire Station №10 and N. Kompaneets, Fire Duty Officer.

Alexander Okhrimenko, Emergency Response Team Leader told that WKO Emergency Situations Department, the Burlin District Akimat and the representatives of the Russian Federation Ministry of Emergency Situations were of a high opinion of the professional skills demonstrated by the Field ER Group and fire fighters during the Field Integrated Exercise conducted in August 2010. "However, it does not give cause for relaxing; we should continue our work in the same vein and show high operational readiness", added Alexander.

The awarding ceremony has become a significant event for KPO and is the incentive for further fruitful work aimed at prevention of emergency situations and emergency response.

"Ardager" medals have been presented to honoured veterans of



Paul Meech with the fire fighters



Epiphany swimming in Aksai

## EPIPHANY SWIMMING AT UTVA RIVER

The Epiphany holiday is widely celebrated each year by Orthodox Christians throughout the world. On 19 January many residents of Aksai and Burlin district by tradition arrived at Utva River, nearby to Aksai, to jump into the ice-cold water. Record low temperatures did not deter hundreds of people from taking an icy dip to celebrate the Epiphany religious holiday.

Despite your religious beliefs, participating in this event is just a question of the strength of your soul. Some see it as the key to health and youth. Others insist they simply enjoy it. To enjoy this you have to do it with joy in your heart and Praise God.

Epiphany swimming in Aksai usually starts with a water blessing ceremony held by a local priest who, according to the established tradition, should arrive first. After being blessed by a priest the water is deemed capable of washing away sins and cleansing the soul. As soon as the blessing ceremony is completed people are allowed to jump into water.