



## KPO wins the BG Chairman's Award 2012

At the annual BG Group Chairman's Awards ceremony held at the Victoria and Albert Museum in London on 10th May, KPO has been announced the winner of the 2011 BG Chairman's HSE Award in the category "Climate Change - GHG Reduction Programme".

The entries reflect the challenges BG face to manage the Environment, Health and Safety risks to our business, together as One Team with its partners. Social Performance issues, in particular, have come to the fore as a consequence of the social and political unrest in some parts of the world which are very important to us. There were 121 entries this year.

The Award winners were welcomed and announced by BG Group Chairman, Sir Robert Wilson.

The Chairman's Awards recognise excellence in health and safety, environmental management and corporate responsibility.

At this notable event KPO was represented by HSEQ Controller Cristiano Gioacchini, Corporate

Environment Manager Ruslan Mukangaliyev, and Corporate Environment employees Marina Filippova and Aina Mukangaliyeva. Welcoming KPO representatives the Chairman Sir Robert Wilson said:

"In line with BG Group's

"KPO's GHG Management Strategy set some challenging objectives, including achieving substantial reductions in emissions. In 2011 cumulative savings reached more than 1.1 million tonnes.

"This has been achieved by awareness and ownership

reduction target, accounting for approximately a third of the reductions we have achieved to date. Their approach has established a benchmark for greenhouse gas management."

"So it is a great pleasure to recognise such a substantial achievement in this increasingly important area and to present tonight's Chairman's Award for Climate Change to Karachaganak Petroleum Operating. This award is recognition of KPO's outstanding record in delivering significant reduction in emissions of the greenhouse gases (GHGs) considered as the main cause of the global warming." Of note, in 2011 KPO reached the world-class rate for gas utilisation which constituted 99.92 per cent and only 0.08 per cent of flaring. This way KPO supports Kazakhstan in achieving its own ambitious Kyoto reduction targets. This sustains KPO's established world-class record on environmental management.

KPO General Director Damiano Ratti also congratulated Corporate Environment department and thanked all KPO teams in

operations who contributed in making this important achievement possible.

The other entries winners are:  
Safety Performance  
Winner: BG Exploration & Production India Ltd, Mumbai Shore Base for '\$52 Million By Road and Zero Injuries'

HSSE Effectiveness  
Winner: BG Tunisia for 'Our Journey towards ZERO - 100%' and 'A Year Offshore - Tale During Two Revolutions'

Asset Integrity  
Winner: BG Trinidad & Tobago for 'Delivering Outstanding Asset Integrity Performance'

Health  
Winner: BG Exploration & Production India Ltd for 'Safe Bite - Hazard Analysis & Critical Control Points at Panna'

Social Performance  
Winner: BGEgypt for 'Managing Social Performance Risks within A Challenging JV Structure'

Scientists and Engineers' Environment  
Winner: BG Thailand for 'Environmentally Responsible

Produced Water Management'



overall Greenhouse Gas reduction strategy and reflecting the Republic of Kazakhstan's Kyoto commitment to reduce its emissions, KPO has made massive strides."

embedded in day to day management involving all levels of the organisation. It means that KPO is now the most significant contributor to BG Group's GHG

## Message from KPO Operations Director

Changes in KPO Emergency Management system

Dear colleagues,

KPO maintains readiness and preparedness of its resources to respond to a potential emergency and the capability to implement effective business contingency planning. Three levels of Emergency Management structure are established at KPO, and each of them reflects the respective level of response, responsibility and support depending on the nature of an emergency and its escalation.

The primary response to an incident will occur at a site level corresponding to the set Level I. In majority of instances, the incident is managed by a Facility Incident Control Team.

However, to prevent an incident from escalating, a Level II Incident Management Team, which has greater resources in terms of command and/or support, can be activated.

In major incidents, such as incidents involving multiple injuries, fatalities, extensive production loss, kidnapping, or where significant reputation, financial or legal liability issues arise, the incident may be escalated to involve the KPO Crisis Management Team, Operating Companies and State Emergency Situations Agencies as per Level III Crisis Management Team Procedure and KPO Civil Defence Plan.

Effective 8th June, the Level II structure will undergo major changes in order to improve command and control in an emergency. The response will be undertaken in one of the two following ways depending on the type of incident and its location, as follows:

1. For any 'Field Related' incident and those scenarios affecting export pipelines, the Level II Response will be undertaken by the Field Duty Manager together with a dedicated team of specialists. This team, to be called the Field Incident Management Team, will mobilise at the Field Incident Management Centre in FAB on the day shift and at the Aksai Incident Management Centre in Czech Camp during the night;

2. For a 'Non Field Related' incident, the Level II Response will be led by the Aksai Duty Manager together with a dedicated team of specialists and this team will mobilise at the Aksai Incident Management Centre in Czech Camp regardless of day or night time.

Implementation of the new structure has involved commitment and efforts of KPO Emergency Response professionals who manage the changes to bridge the gaps in KPO Emergency Management system. The new system will also require commitment from those of you, who are the members of the Level II Incident Management teams.

Regards,

Luca Vignati

Operations Director



## Results of the "Best Environmental Proposal Contest 2012" announced

KPO is pleased to announce the results of the "Best Environmental Proposal Contest 2012" which was dedicated to World Environment Day.

HSEQ Controllership sincerely congratulates all KPO employees with the World Environmental Day, which is annually celebrated on 5th of June. This event has been officially recognized in Kazakhstan since 2007.

United Nations has announced the theme of 2012 World Environment Day which is "Green Economy: Does it include you?" It underscores the need for everyone to play their part in keeping humankind's ecological footprint within planetary boundaries.

KPO as an environmentally responsible operator of the field constantly demonstrates the reduction of negative impacts on the environment with the simultaneous increase of production.

As it is known, "The Best Environmental Proposal of the Year 2012" contest was announced by the HSEQ Controllership starting from the 16th of April till the 21st of May dedicated to the World Environment Day. The aim of this competition is to pay employees attention to HSE issues through submitting of efficient proposal on



improving the environment.

Within the frame of this contest HSEQ received 55 environmental proposals from 53 participants. During the contest the different proposals were submitted, air emissions reduction, rational use of water resources, environmental awareness improvement, waste management improvement, energy and biodiversity saving.

The assessment of proposals was conducted in two stages. The final assessment was performed by a competent jury consisting of top management, technical experts from Operations as well as HSEQ Controllership representatives.

HSEQ Controllership expresses

its gratitude to all Company personnel who has participated in the contest, and has great pleasure in announcing the names of the winners of the top six prizes.

1. Aitkaly Adilshiev – Production and Maintenance Department;  
2. Gennadiy Aijanov – Production and Maintenance Department;  
3. Abay Apakhayev – Production and Maintenance Department;  
4. Hakim Mendybay – Production and Maintenance Department;  
5. Alexei Titov – General Projects;

6. Pavel Kazantsev – Infrastructure and Services.

Also proposals of the following participants were considered to be as highly commendable:

1. Zhanar Kazhidenova – Sustainability;  
2. Saule Gabdeyeva – Corporate Environment;  
3. Ishimov Timur – Development Engineering.

Finally, HSEQ Controllership would like to congratulate the personnel who have won prizes and thank all the participants for their interest and support of this environmental campaign.

We would also like to appreciate all personnel who have been involved in environmental activities in our company and to wish all the best to you and to your families.





## KPO commits to arts development of Burlin District

On 17 May 2012, KPO donated a grand piano to the children's music school of Burlin District in Aksai. The project was implemented as part of KPO Sponsorship Programme.

The ceremony was attended by the representatives of Burlin District Akimat, Education Department, local media, parents, and employees of the KPO Sustainability Department.

Nurmukhanova Zhanna, Principal of the school, said: "Knowing that KPO supports the initiatives in the sphere of the youth development, we approached the company with the request to acquire the instrument. It was not a mistake and significant support has been rendered to our school". The Director also mentioned that as part of KPO sponsorship programme in 2009, 16 violins were donated to music school.

To the applause of the attendees the bend around the piano was solemnly cut, and the event was followed by performance with participation of teachers and children of the school.

On the whole, in 2011 KPO implemented over 45 sponsorship projects in the fields of healthcare, sports, education, and culture.

KPO has announced the winners of the HSE Card Programme incentive scheme for the first quarter 2012:

1. Best Hazard Observation 1st Place (\$500) – Issenaliyev Eldar (KPO, Gathering, Gathering Operator).

Eldar observed that metal basement of information billboard installed at the edge of RGP-KPC road was damaged as a result of high winds and was nearly to detach from the billboard. This bared a high risk for transport and people.

**Actions taken:**

- Eldar informed Safety department that it is necessary to immediately remove damaged billboard thus eliminating its falling probability.

- HSE Card was sent to HSE Helpdesk to identify exact department dealing with this hazard.

Best Hazard Observation 2nd Place (\$250) – Vassilyeva Marina (KPO, Chemical Laboratory, Chemical Technician).

When crossing the threshold at the entrance to the work room #3 there is a potential of slipping and falling. Hazardous condition was caused by strained sealing of door threshold.

**Actions taken:**

- Marina informed Team supervisor and HSE Engineer of the slip /fall hazard and need to take action on its elimination.

## HSE Awards Winners - Quarter 1, 2012

- Communicated identification of hazard in room #3 to all laboratory employees.

Best Hazard Observation 3rd Place (\$100) – Zhdanov Vladislav (KPO, W&MM Department, Senior Storekeeper).

Vladislav revealed that entrance gates to rented AGS warehouse for electrical stackers charging in the UPTO&CO base area are defective, i.e. hinges on both gate sections are torn off. This is dangerous as they can potentially fall at wind blast and result in an injury.

**Actions taken:**

- Informed Warehouse Supervisor, Safety Inspector.
- AGS UPTO&CO bases Management, AGS HSE department were informed.

Best Hazard Observation – Highly Commendable – Mukhatov Arman (Halliburton, Welloperations, Mud Engineer).

During chemicals transportation by forklift Arman detected wire bar sticking out of the ground. This bar could puncture forklift tyres or cause someone's slipping and sustaining injury.

**Actions taken:**

- Informed Mechanical Technician, Forklift Operator and driller Assistant.
- Stopped traffic and barricaded off the territory with barrier tape.

- Metal cable was cut. Forklift operations were restarted.

2. Best Observation - Unsafe Behaviour 1st Place (\$500) – Bektassov Kubaidulla, (KPO, KPC, Oil and Gas Process Utilities Operator).

While cleaning of road №3 sides from snow during the night, tractor K-701 might either offset concrete slabs of the Gas Pit or fell down into the stormy water channel, located along the road and covered by snow.

**Actions taken:**

- Suspended the work and informed Supervisor.
- Explained the hazard, as the driver was not aware of the underground gas pits and drain channels.

- Informed KPC Management of the situation.
- Shift Transport Mechanical Technician was notified.

- Raised request to install signs at the pits.

Best observation - Unsafe Behaviour 2nd Place (\$250) – Yankolov Yuriy (SaiPar, Local Tool Pusher).

Yuriy observed that mechanical universal tubing tong were being used when hoisting drill pipe 3 ½. Driller assistant started the tong and was standing in tong swing radius. During breaking-out of drill pipes the tong could disconnect and hit driller assistant.

**Actions taken:**

- Yuriy made a remark and explained to driller assistant about hazard of such behaviour.
- Driller assistant stepped aside and stood at a safe location.

Best observation - Unsafe Behaviour 3rd Place (\$100) – Somerville Dan (SaiPar, Well operations).

Dan noted truck which was going to reverse without a signalman.

**Actions taken:**

- Dan stopped truck and provided a signalman.
- At pre-shift meeting it was reminded of "Life saver"



requirements.

Best Driver Performance – Kazancev Gennadiy (Career, Transport, Driver).

In February 2012 a period of great precipitation of snow Kazantsev Gennadiy driver of a snow plow twice traveled via Bolshoy Chagan and Atyrau terminal to clear roads from large drifts of snow to Linear Nodes and enabled the entrance to the valves.

This job was done without any violations and Gennadiy ensured continuity of work process. Gennadiy accepted a letter of thanks in the name of ATR Superintendent.

Elimination of incident – Nemyshov Rustam (Schlumberger, Well Operations).

Rustam found that the heater was on fire in the washroom. Flame shifted on the wall and floor. The heater overheated and fire extended to the wall.

**Actions taken:**

- He disconnected heater from power and fight fire with extinguisher.

- Together with the electrician checked all available electro heaters on the drilling rig. It is made the inspection certificate. All heaters which in bad condition, will

be replaced with the new.

- The fire was in due time liquidated, despite that ignition occurred in a night shift.

Elimination of incident – Mukushev Kairat, Serikov Asset (Infrastructure and Services, Group4).

During night time on the 24/01/2012 in one of the study rooms of Bechtel building electro convector was on fire. As result of it fire alarm was activated.

**Actions taken:**

- Kairat and Asset informed ECC Operator and fire-brigade.
- Hotbed of fire was extinguished by them before arrival of fire-brigade.

- After this incident an unscheduled briefing was carried out with all Training Centre employees on measures of fire safety using electric heating devices.

- Training Centre employees were instructed about necessity to check if electric heating devices had been switched off.

Safety remains KPO primary concern and company apply every effort in order to make the company a safer place to work and implement a highly visible recognition for HSE performance throughout the organisation.



## KPO launches PSIM e-learning programme

As part of KPO efforts to further cascade the concept and understanding of "Process Safety and Integrity Management" (PSIM) within the company, an Intranet Training Module has been developed, which has been put onto the KPO intranet. In this connection, all KPO employees are kindly requested to take some time and read the training module literature and then complete the questions by the December 2012.

Access to the PSIM Training module is available by entering the KPO intranet home page and typing <https://ims.kpo.kz> (or lms) in the search engine box at the very top of the page and then clicking the green button with small arrows on it.

The PSIM Standard has been developed to help prevent and mitigate integrity-related losses associated with safety, environment, business and reputation.

To cover the broad base of risk identification, control and mitigation/elimination activities requirements, and the

standard is split into 8 elements (Table 1).

Table 1 - PSIM Elements
Process Safety and Integrity Management Standard Elements
1 Accountabilities
2 Competence
3 Hazard Evaluation and Risk Management
4 Facilities and Process Integrity
5 Protective Systems
6 Practices and Procedures
7 Management of Change
8 Performance Management
Conformance
By the end of 2012, KPO shall demonstrate programmes are in place to achieve compliance with the PSIM Standard by the end of 2013.
Assurance

KPO Operations, Development, and Corporate Safety Directorates personnel are accountable for implementing the Standard and for providing auditable evidence of conformance.

**Accountability**  
The General Director is the Single Point of Accountability for the effective implementation of PSIM programmes and compliance with the PSIM Standard within KPO.

The Directors/Controllers are accountable for the effective implementation of PSIM programmes in accordance with the PSIM Standard within their directorates/ controllerships.

The training requirements for PSIM Awareness have been aligned with reference to significance of Process Safety and Integrity Management over the company and escalation of process accountability to General Director. Thus, ALL KPO Personnel is recommended to undergo PSIM e-learning programme available at KPO Intranet Site.