

KAZENERGY INSIDE

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IN THIS ISSUE

- New VAT return rules
- KAZENERGY Association Board will be gathered in June
- Foreign labor force regulations
- Memorandum signed between KAZENERGY, Ministry of Energy and International Energy Agency
- KAZENERGY Association Research & Technical Council Session

KAZENERGY WILL FACILITATE STRENGTHENING OF COOPERATION BETWEEN KAZAKHSTAN AND INTERNATIONAL ENERGY AGENCY (IEA)



IEA, RoK Ministry of Energy and KAZENERGY Association have signed a Memorandum of Understanding (MoU) in the course of IEA Executive Director Maria van der Hoeven's visit to Astana. This document was signed to strengthen the cooperation in the area of Kazakhstan energy sustainable development.

This MoU states that cooperation between the Parties shall cover a broad range of issues including preparation for the 2017 Energy of Future EXPO through joint participation in large-scale international events associated with the Exhibition; assistance to Kazakhstan with international sharing of expertise in the area of energy technologies including imple-

menting agreements on fossil fuels, energy consumption efficiency, fusion energy, renewable energy and cross-cutting issues; assistance with promoting solutions for development of sustainable energy, including renewable energy and Kazakhstan's the Green Bridge initiative.

The Parties to the Memorandum have an intent to participate in joint research projects, seminars, conferences and share their views including analytical forecasts and prospects and publication of energy development proceedings.

More: <http://kazenergy.com/en/press-center/2011-04-18-15-52-18/13639->

KAZENERGY Association Board will be gathered in June

The 18th extensive session of KAZENERGY Association Board (Association of Legal Entities "Kazakhstan Association of Oil, Gas and Energy Sector Organizations "KAZENERGY") is scheduled for 3 June 2015 and will be attended by Association Chairman Timur Kulibayev, Deputy Chairman Dzhambulat Sarsenov and CEOs of oil and gas and energy companies – members and partners of the Association. The Board session will take place at Rixos Hotel, Zheruyik Conference Hall in Astana.

Its participants will address an update of the National Energy Report and ongoing activities associated with Association's contribution to facilitating of favorable conditions for dynamic and sustainable development of the RoK Fuel and Energy Complex and protection of rights and interests of Association partners and members.

NEW VAT RETURN RULES



Consideration of risk management system (RMS) application in the VAT recovery process initiated by NCE's Oil and Gas Industry Committee and KAZENERGY Association was successfully completed.

On 10 April 2015 the RoK Government adopted a decision On amendment to the

RoK Government Resolution No. 279 dated 27 March 2013 "On approval of risk management system application with the purpose of confirming the excess VAT value imposed for recovery and risk degree criteria".

The amended Resolution provides timing for taxpayer's assessment using risk degree criteria who claim the recovery of VAT that has not been accounted earlier.

More: <http://kazenergy.com/en/press-center/2011-04-18-15-52-18/13650-vat-recovery-process-simplified-for-kazakhstan-exporters-.html>

CRUDE OIL PRICES AND THEIR IMPACT ON THE ECONOMY

On 29 April 2015 KAZENERGY Association's Strategic Expert Club held a session on crude oil price fluctuations and the impact on the Kazakhstan economy.

The Club's session was attended by KAZENERGY Association, National Holding "Baiterek", National Chamber of Kazakhstan Entrepreneurs, National Company "KazMunayGas" and its affiliates, the Society of Petroleum Engineers, National Agency for Technological Development JSC and oil and gas companies (Agip, ConocoPhillips, BGKazakhstan, PSA and others) and members of Bolashak Association.

Key speakers included Mr. Marseille Gasen (Geneva Business School) and Mr. Braim Gassem (University of Geneva).

Considering a high volatility of global markets, overseas experts emphasized the need to adopt counter-cyclical policies, investments into innovations and apply new technologies to have a more diversified structure of the Kazakhstan economy.

Club's participants shared their views con-



cerning the impact of unfavorable external economic conditions on Kazakhstan.

The majority believes that the Brent oil price remain within 50-60 USD per barrel range by the end 2015.

On a longer run (up to 5 years) the major part of the experts anticipates 80 to 100 USD per barrel price.

More: <http://kazenergy.com/en/press-center/2011-04-18-15-52-18/13653-kazenergy-association-discussed-crude-price-forecasts-and-external-market-impact-on-the-kazakhstan-economy-.html>

KAZENERGY YOUTH COMMITTEE STARTS A NEW PROJECT SPEAK UP



Speak up is essentially a meeting between successful and well-known personalities with young petroleum and energy experts. As the first guest for a Speak-Up session the KAZENERGY Association Youth Committee invited one of the most experienced and respected top managers in the Kazakhstan's petroleum industry - Mr. Daniyar Berlibayev, Deputy Chairman of the Management Board for Corporate Center of NC KazMunayGaz JSC.

In 2005-2007 Mr. Berlibayev ran Intergas Central Asia JSC as Director General and simultaneously exercised duties of Deputy General Director of KazTransGas JSC. In 2007-2009 he managed Gas Projects of NC KazMunayGaz JSC as Managing Director. In 2009-2011 he was General Director of KazMunayGas R&M JSC. Key subjects of this dialogue included history and prospects of the national oil and gas and energy industry including KMG Group activities. Over 50 participants representing NC KazMunayGaz JSC, PLA LLP, KPO B.V., Exploration & Production KazMunayGaz JSC, Atyrau Refinery Plant LLP, TCO LLP, KazMunayGazOnimderi LLP, NATR JSC, KAZENERGY Association, RoK Investment and Development Ministry and students from Nazarbayev University and L.N. Gumilev Eurasian National University attended the Speak-Up session.

The first Speak-Up showed how important and effective can be meetings between the young specialists and industry champions. The KAZENERGY Youth Committee has scheduled the next Speak-Up for May – June 2015.

INTERNATIONAL ENERGY CHARTER SIGNED IN HAGUE



May 20-21, the Hague (the Netherlands) hosted a Ministerial Conference that signed the International Energy Charter. The Ministerial Conference was a historical event that marked a new milestone. The European Energy Charter was updated twenty years after its adoption. The Conference was attended by all the signatories of the European Energy Charter and observer countries. The delegation of Kazakhstan was headed by the first Vice Minister of Energy of the Republic of Kazakhstan, U. S. Karabalin.

The need for the International Energy Charter arose due to significant changes in the geopolitical situation and the increasing interest in the Energy Charter from the countries in the Middle East, China, etc. In the past, this document was called the European Energy Charter (EEC). The signing of the IEC was negotiated by approximately eighty states, including the sixty-four European Energy Charter member states. The new document will extend the scope and boundaries of international agreements in resolving global energy issues.

The high-level speeches made by the heads of delegations of all the attending countries were very important. Every speech emphasized that the time for change has come. Therefore, the adoption of the International Energy Charter has become particularly timely.

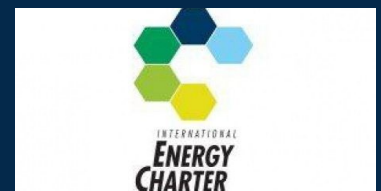
The Minister for Foreign Trade and Cooperation Development of the Netherlands,

Lilianne Ploumen chaired a business meeting. At the meeting, the Deputy Chairman of the KAZENERGY Association, the Special Representative of the Secretary-General of the Energy Charter, Dzhambulat Sarsenov, made a report on "Investing in Energy".

Besides, the participants discussed the issues of investment in the green economy, the role of governments, international bodies and companies in developing renewable energy sources, and energy innovations.

The increasing globalization and interdependence of States in the energy sector, the improvement of mechanisms for settlement of investment disputes, the introduction of mechanisms for pre-trial settlement were the subject of the discussions at the Hague Legal Forum of the Energy Charter held during that Conference.

To strengthen mutually beneficial cooperation in the oil and gas sector, Mr. Uzakbai Karabalin met during his visit to the Netherlands with his counterparts from the USA, Hungary, Georgia, Turkey, China and other countries. Additionally, experience was shared during the visit of the Kazakhstani delegation to the Shell Project Technology and Engineering in Rijswijk, which renders technical services and provides technological tools in the field of exploration, production, refining and marketing of petroleum products.



The Energy Charter was signed in 1991. Originally, this organization was established as a mechanism for energy interaction between Western and Eastern Europe. The Energy Charter Treaty and the Protocol on Energy Efficiency and Related Environmental Aspects were signed in 1994. Unlike the European Charter, which called for increased political ties in the energy sector, the Treaty was a legally binding multilateral agreement. The Energy Charter Treaty provided for unified rules that had to be observed by all the participating governments to avoid the risks associated with investment and trade in energy. Over the years, the Charter has broadened and expanded to Eurasia.

The Republic of Kazakhstan signed and ratified the Energy Charter Treaty by the Decree of the President of the Republic of Kazakhstan dated 18/10/1995.

The Energy Charter Treaty (ECT), signed in 1994 and entered into force in 1998, is the only set of international rules designed specifically for the energy sector.

The International Energy Charter (IEC) is a political declaration regulating the general principles of international cooperation and the main directions in the field of energy. Namely, energy efficiency, including environmental protection; exploration, extraction, production, transportation and use of hydrocarbons; modernization of refineries; integration of pipeline systems and transport of natural gas via high pressure pipelines; all aspects of the nuclear fuel cycle, including the enhancement of safety in this sector; modernization of power plants; the integration of power systems and the transmission of electricity via high-voltage lines; the development of integrated regional energy markets; all aspects of the coal cycle, including the technologies for "clean" coal; development of renewable energy; access to sustainable energy, etc.

FOREIGN LABOR FORCE REGULATIONS

From November 2014 to May 2015 KAZENERGY Association jointly with the Ministry of Energy of the Republic of Kazakhstan were engaged on the extension of paragraph 9 of the Rules and Conditions for issuance of employment permits for foreign workers and employers for attraction of foreign labor force under the RoK Government Resolution No. 45 dated 13 January 2012 On Approval of Rules for setting quotas for attraction of foreign labor force to the Republic of Kazakhstan, the Rules and Conditions for issuance of employment permits for foreign workers and employers for attraction of foreign labor force and on amendments to the RoK Government Resolution No. 836 dated 19 June 2001 "On measures for implementation of RoK Law dated 23 January 2001 "On Employment of the Population", namely, a special regime to engage the foreign labor force for Subsoil Users of Karachaganak, North Caspian and Tengiz Projects.

Exemption of these projects from a requirement to foreign/local labor force ratio is required to support them during their expansion,

development and refurbishment.

To streamline this process KAZENERGY Association created a Working Group including the RoK Ministry of Energy, PSA LLP, BG Kazakhstan, Tengizchevroil, NCOC and KPO BV, drafted a well-grounded proposal to extend the special regime for these projects in terms of attracting foreign labor and sent it to the RoK Ministry of Energy.

A relevant Government Resolution will be published following 10 calendar days from the date of signing envisaging the exemption from the fixed percentage ratio between foreign and local labor force by 1 January 2017 for the Karachaganak, North Caspian and Tengiz Projects and their respective Operators, Contractors and Subcontractors provided that they have the local content increase program in place.

MEETING WITH THE CHAMBER OF COMMERCE & INDUSTRY
REPRESENTATIVES

On 22 April KAZENERGY Association met with representatives of the Chamber of Commerce & Industry, Kyrgyz higher schools and GIZ Program "Professional and Technical Education and Employment Assistance" initiated by the RoK National Chamber of Entrepreneurs. This meeting focused on certification of college graduates in the pilot mode.

The agenda included the development of

the professional and technical education, interaction of businesses and schools. The Round Table covered establishing of the partnership between employers and Kazakhstan professional and technical education schools and highlighted the current state of training and retraining of workers at colleges and training centers of Kazakhstan.



On 22-23 April 2015 Baku (Azerbaijan) hosted a Meeting №49-2015 of the Scientific and Technical Commission for Standardization under the CIS Interstate Council for Standardization, Metrology and Certification.

Association Representatives emphasized that combining of the ITC for Standardization No. 138 "Petroleum Bitumen and Cokes" with the re-established ITC №160 "Petrochemicals" and in respect of the transfer of ITC №138 Secretariat function to the Republic of Kazakhstan, in particular, to the Association.

Global trends suggest an increase in bitumen and coke production and consumption. Putting these products together in the ITC as products of petrochemical industry is considered by the Republic of Kazakhstan as inappropriate because it is a dynamically developing industry and of great interest for Kazakhstan. This interest is associated with the construction of a strategically important highway "Western Europe - Western China", new construction and modernization of existing manufacturing capacities and a special attention the Head of State underlined in the State Augmented Industrial & Innovative Development Program.

KAZENERGY's presentation highlighted the Association's activities in the area of technical regulation and reforms in the area of technical regulation of the petroleum industry, nominees proposed for ITC 138 Chairman, Deputy Chairman and Executive Secretary and the planned Framework for ITC 138.

Based on session outcomes it was resolved to transfer the ICT 183 activities to the Republic of Kazakhstan (KAZENERGY Association).

It should be mentioned that the ITC 138 activity will enable the Association to plan the development of interstate standards (GOST) on bitumen and coke production.

KAZENERGY ASSOCIATION RESEARCH & TECHNICAL COUNCIL SESSION



On 21 April 2015 KAZENERGY held the 6th session of the Research and Technical Council chaired by Kenzhebek Ibrasheva.

RoK Vice Minister of Investments and Development Erlan Sagadiyev presented a procedure for implementation of funds allocated by Subsoil Users for R&D purposes. The Ministry's vision is that R&D should be funded through a specially established Autonomous Cluster Fund under the Ministry (the ACF). A Subsoil User may select on its own an object/project for funding beyond the national petroleum industry. The ACF will further transfer these funds to the selected object/project only upon the consent of the investors. Therefore, subsoil users commitment on annual R&D funding will be considered as fulfilled.

Kazakh Institute of Oil and Gas JSC General Director Dastan Kozhabekov presented proposals on improving the interaction between education, science and industry. He announced a model of interaction between universities, research institutes and industrial

companies.

As for KING JSC's request, it was decided to establish a working group within the Association «KAZENERGY» to include representatives of stakeholders with the purpose of developing proposals on amendments to the regulations and legislation ensuring the model functions and funding sources are identified.

RTC members should send their suggestions/comments on the R&D funding legislation amendment-related proposals to the RoK Ministry of Investments and Development and KING JSC

First Deputy Managing Director of Shell Kazakhstan Development B.V. Kuralbek Keldzhanov provided details on a joint pilot project of Shell and NC KazMunayGas JSC and opening of a geochemical laboratory in Atyrau.

As part of the "Road map of scientific and technological development of the mining sector of the oil and gas industry of Kazakhstan" under the patronage of the RoK Ministry of Energy, DNV GL Kazakhstan jointly with JSC King presented the Caspian -2020 Project.

A basic goal of this Project is a legislative regulation and international standardization such as safety and economic efficiency of oil operations at the SEA.

DEBATING CONTEST "OIL – ENERGY OF THE PAST, PRESENT AND FUTURE"



On 1-2 May 2015 the Nazarbayev University hosted the Republican Debating Contest "Oil – Energy of the Past, Present and Future" dedicated to the petroleum and petrochemical industries of Kazakhstan as part of the occupational guidance activity under the KAZENERGY Learning Program.

This contest was organized by the KAZENERGY's Learning Program, Nazarbayev University's "Social Development Fund" Corporate Fund and sponsored by NC KazMunayGas JSC and the Nazarbayev University.

Contest participants included students from the Nazarbayev University, Atyrau Oil and Gas University, Satpayev Kazakh National Technical University, Kazakh-British Technical University and Pavlodar Toraigrov State University studying the following technical disciplines: Oil and Gas Industry and Petrochemical Industry as well as young specialists.

As many as 20 teams were admitted for the Contest who did their best to produce exciting and intensive debate rounds reflecting the most critical issues in the oil and gas industry





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10

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OIL AND GAS INDUSTRY COMMITTEE SESSION

On 20 April 2015 a regular meeting of the Oil and Gas Industry Committee under the Presidium of the RoK National Chamber of Entrepreneurs "Atameken" chaired by S.M. Mynbayev was carried out.

This session was attended by Members of the Committee, KAZENERGY Association, public organizations and the industry.

Mr. Nurlan Dzhakenov, Director of Finance and Economic Department of KAZENERGY Association, focused on amendments and supplements to the RoK Government Resolution On Customs Duty Rates of the Republic of Kazakhstan. KAZENERGY Association was recommended to continue the work through the Working Group on reduction of tax pressure on subsoil users under the RoK Ministry of National Economy.

Mr. Nurlan Dzhakenov also informed the Committee on the current amendments to the national tax law. The RoK National Chamber of Entrepreneurs was recommended to take consideration of the proposed amendments in the law drafting process to amend the RoK Tax Code.

Mr. Asset Magauov, General Director of KAZENERGY Association covered the greenhouse gas regulation. It was resolved to set up a Working Group of the RoK Ministry of Energy with participation of the RoK NCE, KAZENERGY, Kazakhstan Energy Association and AMME on provision of additional quotes to companies and other issues related to the greenhouse gas regulation.

WORKING MEETING OF THE WOMEN ENERGY CLUB.



Prior to the second extensive WEC meeting to be conducted under the X KAZENERGY Eurasian Forum, its participants including female representatives of the industry and employees of the Association discussed important issues.

In the course of the session a senior expert of Oil&Gas and Industrial Assets Directorate of Samruk Kazyna JSC Aizada Akkaisiyeva was assigned WEC Chairman.

WEC session is planned to have an informal format of discussion on essential industry issues such as role of female managers in developing of social partnership and sustainable business development.

Key subjects will include:

- Prerequisites for women leadership in oil industry;
- Role of women in energy of future;
- Corporate gender policy: traditionalism - compromise - equality;
- Role of women leaders in development of social partnership and sustainable business."

Nearly 100 women representing local and overseas petroleum and energy companies and independent public organizations are expected to participate in this event.

LIST OF PETROLEUM PROFESSIONS



On 30 April 2015 KAZENERGY and the Kazakh Research Institute of Labor held at the Round Table to discuss the list of petroleum professions in Kazakhstan grouped by occupation activity and types of labor activity. This event was attended by representatives of KAZENERGY member-companies.

The Working Group of the Coordination Council on Human Resources Develop-

ment under KAZENERGY Association addressed issues related to proposing and amending of the draft list of the professions. WG members thoroughly and fully analyzed the List and discussed working professions and positions of employees.

ASSOCIATION MEMBERS NEWS



ENTREPRENEURS MENTORSHIP PROGRAM GAINS MOMENTUM



Chevron, Young Entrepreneurs Club and Youth Business International (YBI) NGO continued the first in Kazakhstan mentorship program in Almaty for young entrepreneurs working in the creative industries.

The Program, launched in February, 2015, delivered its first results: 10 pairs of “mentor-mentee” were formed, who took workshops provided by YBI specialists; introductory meetings were conducted, as well as discussions of the main challenges of doing business. The biggest part of the work was associated with the development of business culture and entrepreneurship, proper positioning and promotion of mentorship practice.

Creative industry projects were the first mentored ones. According to organizers, they still need a thorough research, identification of problems/perspectives and systematic support.

If you want to become a mentor, please [fill in the questionnaire](#)

If you need a mentor for your project, please [fill in the questionnaire](#)

LUKOIL STARTS PRODUCTION TESTS AT FACILITIES FOR KANDYM EARLY GAS PROJECT IN UZBEKISTAN

LUKOIL has begun production tests of two Gas Treatment Plants (GTPs) at the Northern Shady Site and the Kuvachi-Alat Field in Uzbekistan's Bukhara Region as part of the Kandym Early Gas Project, which is being implemented together with National Holding Company Uzbekneftegaz. The GTPs have a combined annual capacity of 2.2 bcm and will process natural gas from 34 wells to supply the Mubarek Gas Processing Plant. Launching the new facilities will allow LUKOIL to significantly increase its gas production in Uzbekistan. More than 170 km of power lines, an electric substation, over 180 km of high- and medium-pressure pipelines, 237 km of fiber-optic lines, 150 km of roads and 7 bridges have been built under the Kandym Early Gas Project. The Kan-

dym Early Gas Project is the initial stage of the large-scale Kandym Group of Fields Surface Facilities Construction Project under the Kandym-Khauzak-Shady-Kungrad PSA. The Kandym group consists of six gas condensate fields – Kandym, Kuvachi-Alat, Akkum, Parsankul, Khoji and West Khoji. The Northern Shady Site (Dengizkul Field) is located within the Khauzak-Shady Project area, but its surface facilities are being constructed as part of the Kandym Early Gas Project.

“KAZATOMPROM” JSC’S CHIEF EXECUTIVE OFFICER



Minister of energy of the Republic of Kazakhstan, Chairman of the Board of Directors of “NAC “Kazatomprom” JSC Vladimir Shkolnik and Chairman of the Management Board of “NWF “Samruk-Kazyna” JSC Umirzak Shukeev presented to Kazatomprom team its new Chief executive officer Askar K. Zhumagaliev, who previously held the post of deputy Minister for investments and development of the Republic of Kazakhstan. His candidacy was approved at extraordinary meeting of the Company’s Board of Directors and agreed by the Government of the Republic of Kazakhstan.

Vladimir Shkolnik noted that Askar Zhumagaliev from 2006 to 2010 in the fund’s group held the position of “Kazakhtelecom” JSC’s CEO and proved himself as highly qualified manager, professional leader and competent specialist. He has received state and international awards – “Kurmet” Order, “The Gagarin gold medal”.

- Kazatomprom is not just the champion in Kazakhstan, but the champion of the world. The Company provides about 40 % of the world uranium production, has good financial performance indicators. We have instructions of the President and the Government of the Republic of Kazakhstan, company’s strategy that are need to be implemented, - said V.Shkolnik.

Kazatomprom’s CEO Askar Zhumagaliev noted that he will do his best to justify the confidence reposed by the Head of State and apply his knowledge and experience to meet the performance targets.

<http://www.kazatomprom.kz/en/#!/article/3665>

70 YEARS SINCE THE VICTORY

KAZENERGY Association released a special publication for the 70th anniversary of the Great Victory. The Book available in Kazakh and Russian languages is dedicated to petroleum and energy industries of Kazakhstan, homefront workers, and is the first publication of its kind reflecting the contribution of the industry workers to the victory over fascism. The book contains documentary materials about those who fought heroically at the front and worked selflessly in the rear as well as photographs and biographies and awards received.

<http://kazenergy.com/ru/2012-06-20-08-42-46/13656-70---.html>



Победа в сердцах поколений

Посвящается ветеранам Великой Отечественной войны - сотрудникам нефтегазовой и энергетической отраслей Казахстана, труженикам тыла.



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