

UNECE Energy Week “Investing in Energy Security”
16th Session Committee on Sustainable Energy



National Company “KazMunayGas”: Contribution to Energy Security



Palais des Nations, Geneva
28 November 2007



«Currently we should focus on diversification and ensure of sustainable routes of energy resources supply from Kazakhstan to global markets».

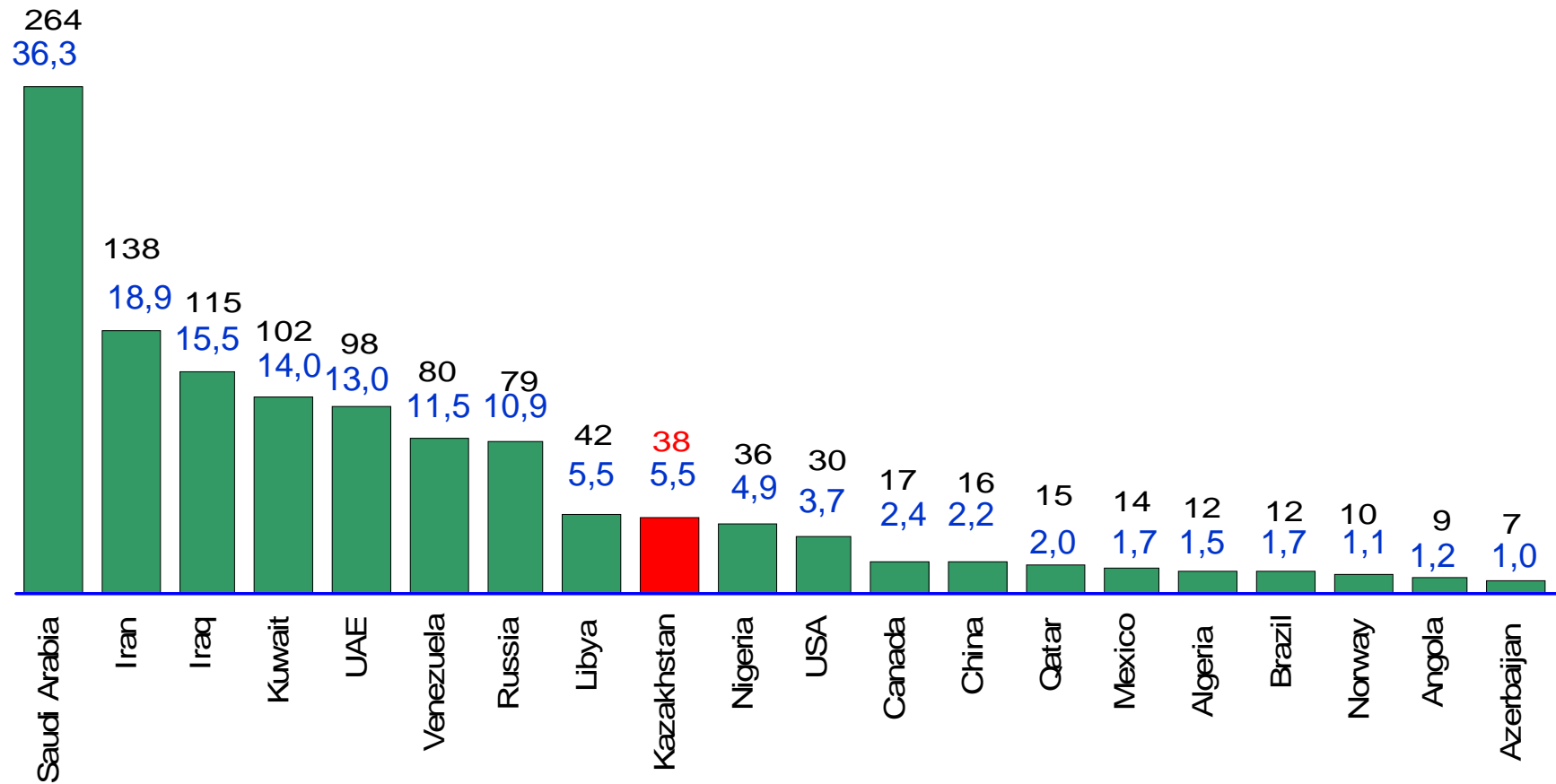
President of the Republic of Kazakhstan Nursultan Nazarbayev

Main components of JSC NC “KazMunayGas” activity in global energy security:

- I. Development of hydrocarbons resource base***
- II. Expansion of existing transportation routes and creation of a new ones***
- III. Development of refining and oil chemistry in compliance with international demands***
- IV. Implementation of modern standards of corporate governance***

Position of Kazakhstan in world oil & gas industry

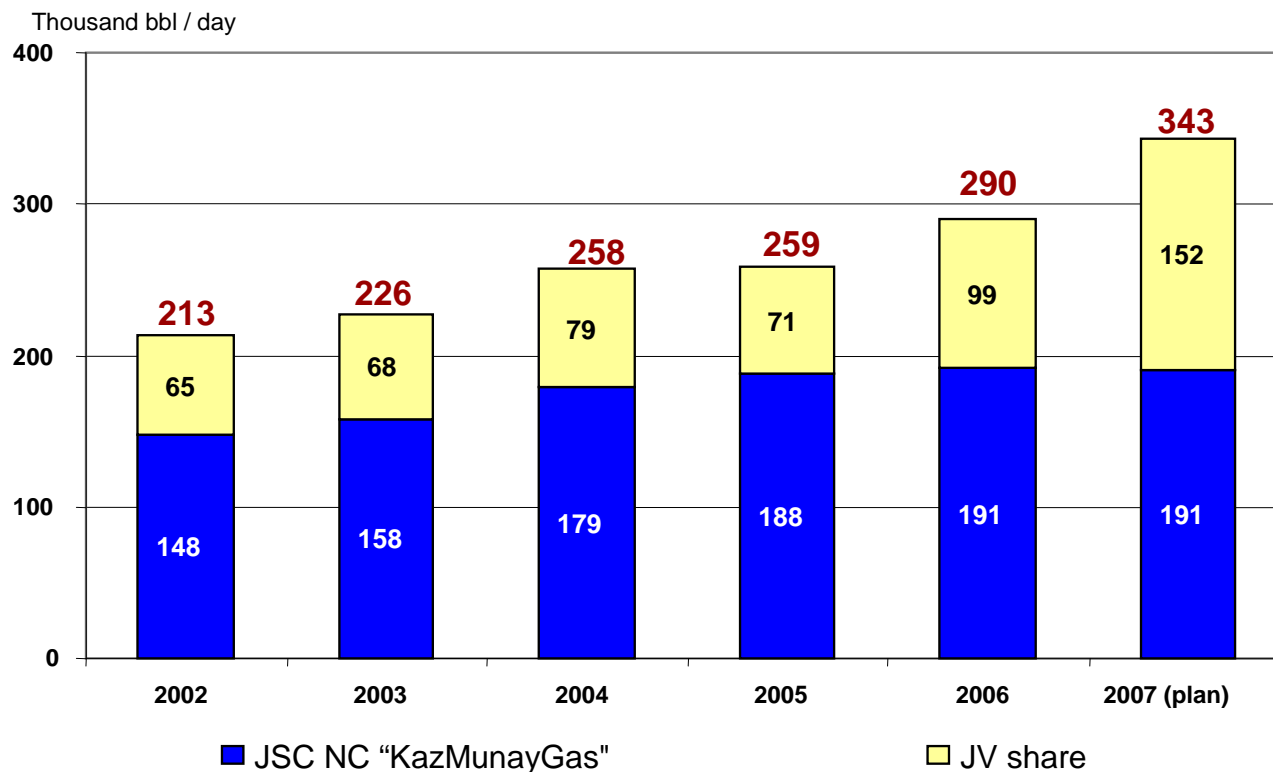
World's oil reserves by countries, *bln. bbl / bln. tons*



Kazakhstan:
9th place among all countries of the world
2nd place among non-OPEC countries

Dynamics of main indicators of the JSC NC "KazMunayGas"

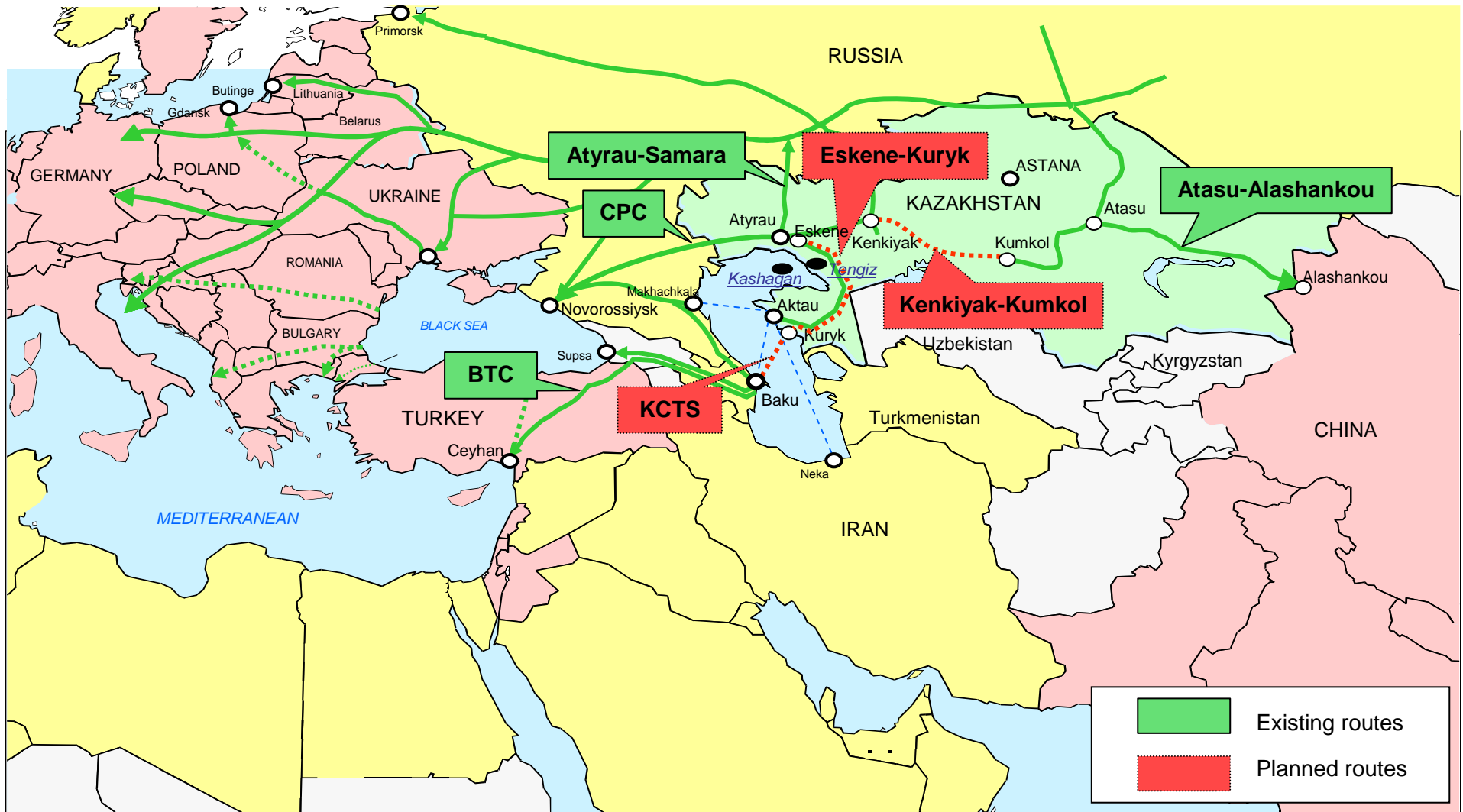
Oil and gas condensate production



Indicator	Unit of measurement	2002	2003	2004	2005	2006	2007
Oil and gas condensate production	Thousand tons	10 646	11 327	12 886	12 966	14 503	17 162

Transit & transportation hydrocarbon potential of Kazakhstan

Diversification of oil transportation routes



Transit & transportation hydrocarbon potential of Kazakhstan

Diversification of gas transportation routes



Expansion of business geography

Acquisition of foreign assets

- **Acquisition of the assets of JSC “Tbilgazi”**

The enterprise is the operator of gas supply in Tbilisi, Georgia

Total length of gas pipelines is 2 414 km.

- **Creation of a JV on the basis of the Batumi oil terminal**

This terminal is the first foreign oil transportation asset of the Republic of Kazakhstan with a direct access to the world ocean

- **Creation of a JV with OJSC “Gazprom” on the basis of the Orenburg Gas Refinery**

Agreement between the Government of the RK and the Government of the RF on cooperation

In creation of a business entity on the basis of the Orenburg Gas-Processing Plant of 3 October 2006.

Agreement on conditions of transportation and supplies of processed gas to the domestic market of the RK between JSC “NC “KazMunayGas” и OJSC “Gazprom” of 3 October 2006.



Refining and petrochemistry development

Refining capacity



The 1st stage of reconstruction of the **Atyrau Refinery** was completed in 2006.
Output of a wide range of high quality products answering to the European standards was mastered.



This year KazMunayGas has acquired the right of parity management of the **Shymkent Refinery**.
It is planned to implement the up-to-date production standards.

Refining and petrochemistry development

Acquisition of 75% share of the Rompetrol Group NV



The Rompetrol Group NV



In August of this year, KazMunayGas acquired 75% of the shares in The Rompetrol Group NV.

The assets of this company include:

- 2 refineries;**
- 630 FSs in seven European countries.**

Refining and petrochemistry development

Petrochemistry projects in Kazakhstan



The first petrochemical complex in Atyrau oblast

Products: polyethylene, polypropylene

Capacity: 800 thousand tons of polyethylene, 400 thousand tons of polypropylene

Location: Karabatan station in Atyrau oblast

Completion time: 2012

Production of road asphalt

Products: road asphalt

Capacity: 420 thousand tons

Location: Aktau Plastic Plant in the city of Aktau

Completion time: 2009



Aromatic Hydrocarbons Complex

Products: basic petrochemical stocks – benzene, paraxylene

Capacity: 130 thousand tons of benzol, 500 thousand tons of paraxylene

Location: Atyrau Refinery (the city of Atyrau)

Completion time: 2011

Total Investments – USD 6 bln.

Implementation of effective forms and methods of corporate governance

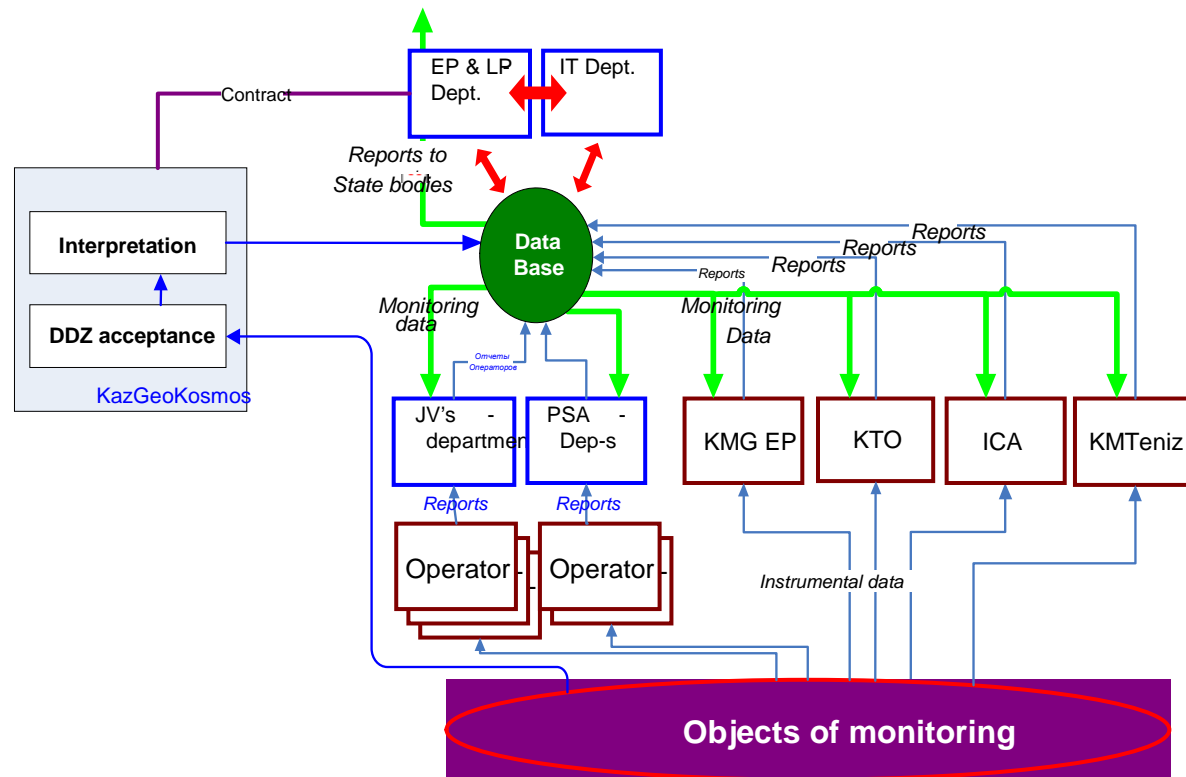
- ✓ **Implementation of international standards of financial reporting**
- ✓ **Compliance with ISO 9001, ISO 14001 international standards and OHSAS 18001 specifications**
- ✓ **Gaining of investment rating reflecting the efficiency and transparency of activity**
- ✓ **Entrance to the international stock market**
- ✓ **Balanced Scorecard implementation**
- ✓ **Implementation of best practices in the field of corporate governance**
- ✓ **Constant professional development of specialists**

Environmental protection

Corporate system of ecological monitoring

Main goals of the corporate system of ecological monitoring:

- ❖ Obtaining updated information on the current environmental status for making adequate managerial decisions
- ❖ Creation and updating of data base on environmental status
- ❖ Reporting automatization



Corporate system of ecological monitoring of JSC NC “KazMunayGas” aroused a great interest of the UNECE, which positively estimated an approach of the Company to organization of the internal system of ecological governance, development of the subsystem of ecological monitoring of the corporate geological informational system with great perspectives of its implementation at the companies of other countries.



Thank you for your attention!

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