

Overview of Oil & Gas Sector

The oil and gas industry of Kazakhstan has a rich century-long history. The Republic enjoys significant industrial oil and gas resources, as well as considerable expected hydrocarbon resources. Apart from the Caspian shelf resources, the proven reserves of the country make 26.0bln bbl (3.6bln tons) of oil and gas condensate, and 1.9tln m³ of gas. Over 200 oil and gas fields have been discovered in Kazakhstan with most of hydrocarbon reserves concentrated in 14 large fields in western Kazakhstan. Sea shelf resources are expected to play a special role in the future of the country's oil and gas industry. Conducted surveys proved that the biggest growth in Kazakhstan's recoverable reserves and hydrocarbon production should be expected from the resources of new fields in the Kazakhstani sector of the Caspian Sea.

The area of this sector is over 100 thousand km², with expected hydrocarbon reserves estimated at over 13.0bln tons (100.0bln bbl). In 2001 the production of liquid hydrocarbons made 39.0mln tons (780 thousand bbls/day), and that of gas – 12.8bln m³. The 2002 crude oil and condensate production is estimated to reach 47mln tons (940 thousand bbls/day), and that of gas – 14.8bln m³. The availability of large reserves allows to expect considerable production volumes in the years to come. According to preliminary estimations oil and gas condensate production will reach 60mln tons per year (1.2mln bbls/day) and natural gas production – 20.5bln m³ per year (56.1mln m³ per day) by 2005.

The estimated volumes for 2010 are 100mln tons per year (2.0mln bbls/day) and 35bln m³ per year (95.8mln m³ per day) respectively. Kazakhstan has three refineries with the combined capacity of 18.5mln tons per year (370 thousand bbls/day), three gas processing plants with the capacity of 6.25mln m³ per year (17.1mln m³ per day), and three underground gas storage facilities accounting for 4.1bln m³.

Kazakhstan has a sufficiently developed infrastructure to move oil and gas from the oil and gas producing regions to



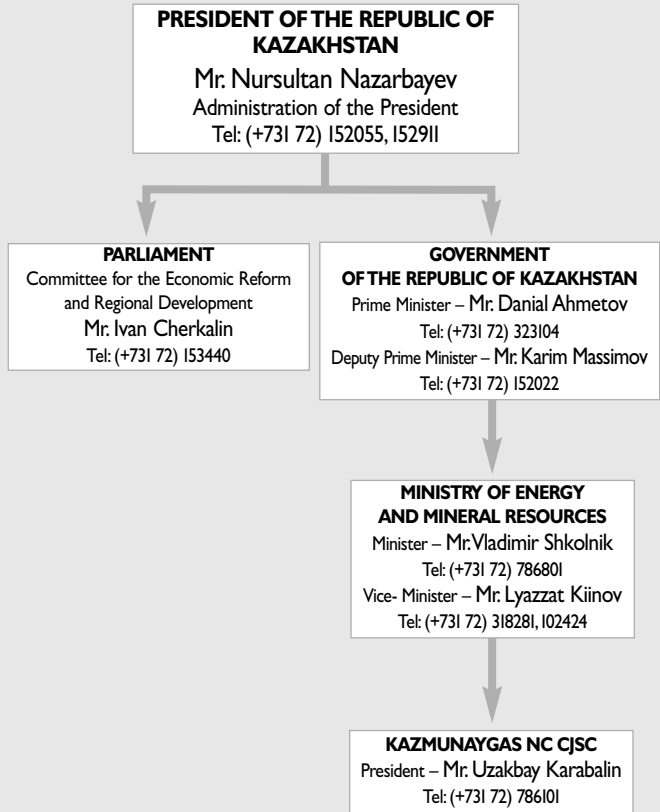
the Russian pipeline networks to be eventually exported to the foreign markets. The joint capacity of export oil pipelines exceeds 310.0mln bbls/year; the capacity of export gas pipelines is 5.0bln m³ per year, and that of the transit gas pipeline - 110.0bln m³ per year. In 2001 the oil transportation volume reached 32.2mln tons, natural gas transit – 106.7bln m³. Oil export made 28.3mln tons, and export of gas – 5.0bln m³.

In 2001 the Caspian Pipeline Consortium commissioned the first phase of its pipeline with the capacity of 28.0mln tons of oil per year. International transportation of oil is also carried out through the international seaport of Aktau. Several oil-loading terminals and up-to-date handling equipment provide for day load of 60-70 thousand barrels of oil per day (3.0-3.5mln tons per year). As regards the natural gas, its production volumes are estimated to exceed the domestic demand by 12bln m³ by 2005, 24bln m³ – by 2010, and 34bln m³ – by 2015. These forecasts firstly depend on expansion of existing pipelines and on construction of new lines.

Today national companies of the Republic of Kazakhstan are considering and implementing opportunities of establishing joint ventures with foreign companies for modernisation, enhancement and construction of a new oil and gas transport infrastructure.

Organisational Chart

OIL AND GAS SECTOR STATE MANAGEMENT STRUCTURE



**ORGANISATIONAL STRUCTURE OF
KAZMUNAYGAS NATIONAL COMPANY CJSC**

KAZMUNAYGAS NC CJSC
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MUNAYMASH
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Transport Companies

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KAZTRANS GAS
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KAZMORTRANSFLOT
 Mr. Daniar Berlibayev
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MUNAYTAS
 Mr. Amandik Kultumiyev
 Tel: (+732 72) 588488

Refining Companies

**ATYRAU REFINERY
JSC**
 Mr. Serge Shishlov
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List of Governmental Entities and Public Institutions

PRESIDENT OF THE REPUBLIC OF KAZAKHSTAN

President determines main directions of the domestic and international policies of the country and represents Kazakhstan in domestic and international relations. Provides coherent work of all branches of the state authorities and their responsibility towards the nation, issues decrees and orders in the oil and gas sector. **Contact Details:** Address: 11, Beibitshlik Str., Astana 473000, Kazakhstan, Tel: (+731 72) 152055, 152911, Fax: (+731 72) 326182, website: www.president.kz

PARLIAMENT

The supreme representative agency of the Republic, performing legislative functions. The Parliament consists of two chambers: the Senate and the Mazhilis, acting permanently. The Parliamentary Committee is in charge of development and implementation of the energy policy. **Contact Details:** Address: 11, Abai Str., Astana 473000, Kazakhstan, Tel: (+731 72) 153194, website: www.parlam.kz, e-mail: parliament@kaznet.kz

GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

The supreme body in the system of executive power institutions. It implements the national policy in the oil and gas industry. **Contact Details:** Address: 11, Beibitshlik Str., Astana 473000, Kazakhstan, Tel: (+731 72) 52027, Fax: (+731 72) 324089, website: www.government.kz

MINISTRY OF ENERGY AND MINERAL RESOURCES

Ministry implements the state policy in the oil and gas sector, provides the state management of the power industry, develops energy complex. **Contact Details:** Address: 22, Kabanbay Batyr Str., Astana 473000, Kazakhstan, Tel: (+731 72) 786801, Fax: (+731 72) 786943

KAZMUNAYGAS NC CJSC

KazMunayGas NC CJSC is the main enterprise in the power industry and is largely responsible for the country's energy security. It provides efficient operation and further development of the oil and gas sector. **Contact Details:** Address: 22, Kabanbay Batyr Str., Astana 473000, Kazakhstan, Tel: (+731 72) 786101, 786230, Fax: (+731 72) 786000, 786001, website: www.kazmunaygas.kz, e-mail: astana@kazmunaigas.kz

KAZTRANSOIL NANTIONAL COMPANY

Company deals with oil transportation. **Contact Details:**
 Address: 20, Kabanbay Batyr Str., Astana 473000, Kazakhstan,
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 www.kaztransoil.kz, Email: office@kaztransoil.kz

KAZTRANSOIL CJSC

Company deals with gas transportation. **Contact Details:**
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 977228, website: www.kaztransgas.kz,
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MUNAYTAS

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EC Delegation & Tacis National Co-ordinating Unit**EC DELEGATION IN KAZAKHSTAN, ACCREDITED TO KAZAKHSTAN, KYRGYZSTAN & TAJIKISTAN**

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TACIS NATIONAL CO-ORDINATING UNIT IN KAZAKHSTAN

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