



# ТШО ЖАҢАЛЫҚТАРЫ

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TCO NEWS



Tim Miller  
Tengizchevroil LLP  
General Director



Anuarbek Jakiyev,  
Deputy General Manager  
Tengizchevroil LLP

Dear Colleagues,

Another year has passed and Kazakhstan has taken another step towards its 20-year milestone since the proclamation of independence. May the coming year bring peace and harmony, a year of new achievements and prosperity, full of cheerful and remarkable days and a year of stability and productive work!

The close knit team of Tengizchevroil, surmounted many challenges in 2010, and reached another record crude oil production. Additionally, we achieved milestone performance in safety and sulfur sales. We are confident that the work of the Tengiz team will be fruitful in the New Year as well. We will continue our tradition of making a significant contribution to further strengthening the country's economy which enables Kazakhstan to approach the most competitive countries and contributes to the comprehensive and intensive development of Atyrau Oblast, one of the leading regions of Kazakhstan.

Let us once again congratulate you and wish you good health, family welfare and outstanding achievements in your work!



## Prominent State Awards for TCO Team Members

By Presidential Decree #1117 of December 7, 2010, a large group of Kazakhstani citizens and expatriates were awarded Republic of Kazakhstan national awards in recognition of their personal contributions to the state.

Among the laureates of the state awards are two representatives of LLP Tengizchevroil:

Kirk Tinsley, manager of Health, Safety and Environment Group, was awarded the Order of Dostyk (Friendship) second grade.

Karabalin Myrzakuat, manager of Planning and Economic Research, Reservoir Management department, was awarded the Medal of Honor for Labor Valor.

Please join us in heartfelt greetings to the noble laureates.

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## Tengizchevroil and Employees Sign New Collective Agreement



ATYRAU, Kazakhstan, January 12, 2011 – Tengizchevroil (TCO) announced today that it recently concluded a new collective agreement with the Association of TCO Employees and the Tengiz Complex Trade Union.

"Our success is rooted in the quality and success of our employees and contractors. We

strive to provide a world-class, positive work environment and strong benefits package that values the interest of our workforce. Our collective agreement process helps TCO management ensure that we are meeting both Tengizchevroil and employee expectations," said Tim Miller, Tengizchevroil general director.

The new agreement replaces Tengizchevroil's previous collective agreement which was awarded the 2009 Golden Paryz - Republic-wide contest on corporate social responsibility - for Best Collective Agreement.

"Tengizchevroil has a long tradition of recognizing and respecting the rights of employees to engage in collective bargaining," said Sholpan Altybayeva, Tengizchevroil general manager of Human Resources. "Our first collective agreement was signed in 1996, just three years after the company was founded."

Currently TCO employees are represented by two organizations, the Association of TCO Employees and Tengiz Complex Trade Union.

"The teams held good and long negotiations and we are pleased with the new agreement which includes an even more enhanced social package," said Amanzhol Alybayev, chairman of the Association of TCO Employees in the negotiations.

TCO also supports the initiative of contractors to sign collective agreements with their employees and many TCO contractors have registered their agreements in the Atyrau Oblast Control and Social Protection Department.



# Prominent State Awards for TCO Team Members

– Kirk, we offer our congratulations on your recent acceptance of the prominent state award of Kazakhstan! How does it feel to be a laureate of the Dostyk (friend in Kazakh) Order, with its very symbolic name?

– Kirk Tinsley: Of course, I feel very proud being awarded this Order. I know it is a very prestigious state award in the Republic of Kazakhstan. I feel very proud being included on the list of laureates who have received this prominent award. It really is symbolic that Dostyk is friendship in the Kazakh language, because it perfectly applies to Tengizchevroil, which is one great family and strong team.

I consider this award a recognition of the effort and strong commitment demonstrated by our entire team of employees. This surely supports TCO's high profile and success in the area of environmental performance.

– What have been your priorities in your job here and, in your opinion, which of the accomplished environmental projects are the most successful and have the strongest impact?

– I have been with Tengizchevroil for six years now, starting from 2004. If we compare the level of environmental performance today with what we had back in 2002, we can certainly see a tremendous progress and significant achievements. And we continue our effort to improve that performance.

TCO has been recently focused on a number of critical environmental programs, and I am proud to say we scored a significant success in pursuing all of them. Among such programs I would like to first of all highlight the Gas Utilization Project which allowed for the total elimination of routine flaring at TCO.

Another avenue where we achieved remarkable positive results is in sulfur sales. Through substantially increasing the effectiveness of our sulfur strategy, we managed to significantly reduce the inventory of the prod-



uct stored in sulfur pads. It is really hard to believe, but back in 2004, we sought a permit to construct sulfur pad #10. Soon, however, we scrapped the idea and, instead, decided to reduce the sulfur pads which has proved to be a very wise move.

One more extremely important project is wastewater treatment and recycling. In order to address this critical issue effectively, we are building a new water treatment system in Tengiz which will allow TCO to recycle domestic effluent, so that we can reuse it as industrial water. This is expected to help us significantly reduce our water withdrawal from the Kigach River.

– What was your previous assignment, and how different is Tengiz upstream project from your earlier experiences?

– I started working for Chevron in California, then accepted an assignment in Ku-



wait, and later worked for four years in Nigeria as an environmental advisor. Comparing Tengiz with Chevron projects in Kuwait and Nigeria, I can say that Tengiz is a more complex, critical and far larger, world-class project. The Kazakhstan legislation in the area of environmental protection is more rigid and advanced. Additionally, the community and NGOs are far more active and engaged with all users of subsoil reserves. Well, this also means we are getting more credit for our achievements in this situation.

– Just a few words about your family, please. What was their reaction when they knew about your award?

– My family is currently split into two parts. My three sons are in school in America, while my wife, daughter and I are living in Atyrau. They all were very excited to hear about my award, and they all offered me con-

gratulations along with Christmas greetings. My colleagues (my TCO family) are also very happy and celebrating with me. I would like to thank them for their continued support in every project we accomplish as a team.

\* \* \*

**Comment by M. Karabalin:**

– It is always a great feeling to see that your earnest effort be recognized, earns publicity and a high appraisal from the people who care. It is even more so when the recognition comes from the national government. We are still many and active at TCO, those who had been starting at this new frontier, living in wagons offering no protection from either scorching heat or freezing cold. We arrived here, in the steppes around Emba River to build a unique and world-class upstream facility. And we made it. Each year TCO has been increasing production and meeting more challenges in providing excellent working conditions for its employees. This is also an accomplishment we all take pride in. Looking back at those seventeen plus years, we can see that the challenges we met were very serious, yet the company has invariably met all of them and, as a result, became the leader of the national petroleum industry and a world-class operation. This happened due to the perfect organization and vision realized through the wise strategy. Yet the primary key to success and leadership is the truly admirable team of employees. While visiting many affiliates of Chevron overseas and in the United States, I invariably heard words of recognition and highest praise for the professionalism and competence of TCO's specialists. This is something to be proud of. This high award is certainly the result of the strong teamwork and commitment of all of my friends and colleagues at Tengizchevroil.

Interview done by G. Trukhin and A. Khamiev

**T**he new water filtering facility built in Atyrau as part of TCO's Egilik social infrastructure program, has significantly increased the capacity of potable water supply, a tremendous benefit to the local community. It will also supply water for the Bolashak facility currently under construction.

## Water filtering station in Atyrau brought on-stream

Attending the dedication ceremony on December 25, 2010 was deputy Akim of the Atyrau Oblast Askar Abdirorov and Mayor of Atyrau Mereke Ismurov.

In his remarks made at the ceremony, the deputy governor stressed that the completion of this facility has resolved the problem of quality potable water supply to the suburb area and some micro-regions of Atyrau city is cur-

rently going through a major renovation and development, thus this is deemed a critical improvement.) Simultaneously, this project has also helped to find an effective resolution of the lasting problem of freshwater supply to the Makat Region, including the Bolashak Processing Plant in the Western Eskene Field.

A. Abdirorov and M. Ismurov together with TCO representatives took part in the ribbon-cutting cer-

emony and witnessed the initial cubic meters of clean water flow into the utilities.

The newly built water filtering station has a project capacity of 30,000 cubic meters per day and includes the mixing tanks, the flotation units and filters. The cost of this portion of the water project accomplished as part of TCO Egilik Program is estimated in excess of \$11 m.

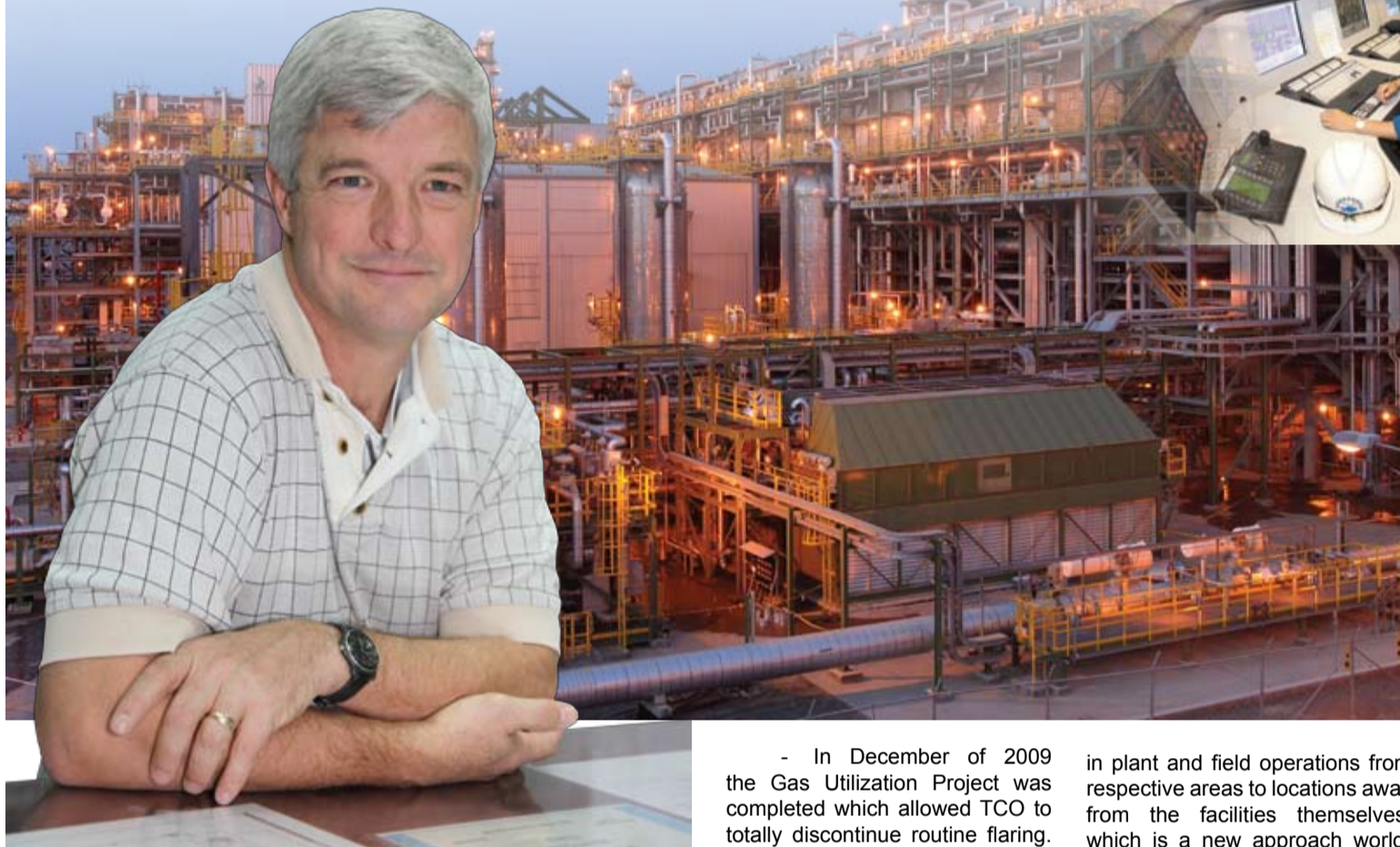




# The Result Of Teamwork

**T**he year 2010 was one of the most successful for TCO in terms of overall performance. Let us delve into the factors which allowed TCO to reach success.

In order to get the information, we approached Gary Enk, TCO production operations manager, is a strong and trusted source of information. Please find his comments below.



In 2010, Tengizchevroil demonstrated an outstanding performance with crude oil production a record exceeding 25 million metric tonnes - for the first time in the history of the company. In fact, we produced just about 26 million metric tonnes, which is almost twice as much as TCO produced before SGI-SGP. This is no doubt an outstanding success for our company, so I am happy to offer my sincere congratulations to the entire team of TCO employees and contractors for achieving this important milestone.

Naturally, the most important added value we generated in 2010 is the reliable operation of the Sour Gas Injection and the Second Generation Plant. We not only succeeded in reaching the business plan targets, but we did better than that. Teamwork was the key to our success. All groups, including Operations, Facilities Engineering, Reliability and General Maintenance groups demonstrated excellent coordination and teamwork. We reached projected capacity of the newly built facilities in a very short timeframe which, in the first place, serves as clear evidence of the superior professionalism of our employees. Meanwhile, the team of KTL Plant, commonly referred nowadays as "the old Plant" (personally, I would rather call it the elder brother) performed equally well with the primary focus on reliability and reliable operation. All existing trains continue to be upgraded and have become more reliable. We completed improvement of the rotating equipment, improved the piping systems and installed new automatic controls.

TCO invests approximately \$100 million in upgrades annually and innovative technologies and are currently benefiting from those upgrades and investments through a higher reliability of the entire operation. However, we already observe more opportunities to further increase reliability, and we are going to seriously work on it in 2011.

Speaking of our success, I would, rather refrain from giving the names of the best groups and employees, because this could be a long list, and I could occasionally forget somebody which would be unfair. All of our specialists and employees, from operators to process engineers demonstrated truly brilliant performance and teamwork, therefore have the right to be proud of their contributions to the common success. The reliable operation along and stable growth are due to the fact that, after completing a major expansion, we made a very wise move looking back at the existing facility and investing time and effort to improve it. Our prompt care is currently fully rewarded.

- In December of 2009 the Gas Utilization Project was completed which allowed TCO to totally discontinue routine flaring. Could you please tell our readers how effective the gas utilization project has proven? Also, does TCO have new projects, currently underway or planned for near future, designed to further reduce the impact on the environment?

- The Gas Utilization Project was another significant success of our teamwork. The process has proven extremely effective and worked well in 2010, thus, I trust, TCO Marketing & Transportation (M&T) will be soon reporting record sales of gas in 2010.

Another environmental project is associated with the use of water. TCO is planning to invest millions of dollars in major upgrades and improvements in this area. We recently completed research to see how effectively we are using water and find the ways to reduce water need. This is going to be a large-scale project, because we intend to not only to reduce water usage, but also dramatically improve the quality of recycling, so we can utilize more recycled water for industrial purposes. Additionally, in 2011 we are planning to continue our effort to move more people uninvolved

in plant and field operations from respective areas to locations away from the facilities themselves, which is a new approach worldwide and possible nowadays with technically. TCO will build a new Industrial Base to accommodate groups of General Maintenance, Reliability, the plant labs and office staff. Thus, we are planning to significantly upgrade safety and create a better working environment. Let me reiterate that TCO is proud of its people, who are credited for their professionalism, expertise, competence and great creative and intellectual potential. Therefore, the company has been taking every possible measure to ensure the highest productivity of the work process at every workplace. We want to help our employees create the maximum value and be happy with what and how they do to make this happen. The results we have achieved over the 17 years and particularly in 2010 provide sufficient evidence we have been successful in this effort.

- You have so far spoken about teamwork, the perfect coordination and understanding among various groups, the ability to pool the efforts to meet serious challenges together. And what about the role of the team leader? What is your specific role in a highly professional team like this?

A great example of teamwork is our reduction in sulfur in inventory on the pad, which is an area where we have made continuous improvement for several years now. This would not have been possible without teamwork. The present dynamics of the process inspires our strong optimism on continued inventory reduction. I am sure TCO (M&T) will be similarly reporting the largest sulfur sales ever in 2010.

- Back to teamwork, every time I am asked such a question about my personal role I feel ill at ease, because I don't want to overestimate my contribution to the common success of the business. Tengizchevroil is my tenth assignment with Chevron. I have worked at multiple overseas projects and when I came to Tengiz I brought with me the knowledge and expertise I had gathered before working for Chevron, which has been very helpful. However, our achievements are primarily the result of teamwork. Our role, that of me and my back-to-back, Robert Dobrik, is to make sure all are focused on the primary goals and to help them achieve those goals quickly and effectively. Once again, I would like to recognize the superior professionalism of the TCO employees and specialists as well as a very high standard of safety and reliability at TCO. Sometimes, I feel myself as part of a great family which the team of TCO employees certainly is. This feeling gives me a strong inspiration. I also understand that at the heart of our success is the strong desire and willing to care for our close friends and colleagues at TCO. Everyone at TCO treats his colleagues as dear people, and this is a truly unique fact about Tengiz. This is also the priceless asset and the highest value we all treasure.

**Interview by  
G. Trukhin**





# SGI Runs Like Clockwork

**T**he technology of injecting sour gas back into a reservoir, also known as sour gas injection or SGI, is, indeed, a vivid example of cutting-edge innovation and a great solution for Tengiz. Although re-injection is nothing new to the global petroleum industry, the high hydrogen-sulfide and the super-high formation pressure make this project unique. Only in Tengiz can you witness a process of injecting sour gas at the rate of almost 300,000 cubic meters per hour, at a pressure of 510 to 515 bar.



Inside the SGI office at the plant, you will easily spot an unusual looking visual panel featuring an actual-size cross section of injection pipe. Never before had the world petroleum industry utilized steel pipes this strong. They were made to order of a special, unique steel alloy with hardness characteristic perfectly competitive with the metal used for gunship artillery, yet by far stronger in terms of corrosion resistance.

Another unique component is the super-compressor used for re-injection, a one of a kind piece of pioneering technology made to order by Nuovo Pignone, a renowned Italian specialist. Similar type super-heavy duty equipment had been used before in Egypt, Malaysia and in Aksai, Kazakhstan, however none has matched the one used in Tengiz producing pressure above 500 bar and capable of sustaining aggressive hydrogen-sulfide.

Nsanbek Moldiyev, SGI Operations supervisor, reminisced, "We started the first pilot injection on November 6, 2006, with sweet gas, injecting in well T-220. Then, until June of 2007, we proceeded experimenting with dry gas on well T-4 which was still Phase 1 of the trial run. Starting from June



2007, we switched to sour gas. Ever since we have not encountered a single problem or failure, so the technology proved totally safe and met our expectations in full."

Moldiyev has been working in Tengiz for almost 29 years. He started his career here as a young oilman at the time when local steppe was absolutely divine, with no plants and rigs, just the sagebrush and the tumbleweed all around. Nsanbek witnessed the huge facility grow amid the vast arid land, but made a significant contribution to creating this miracle, sharing the hardships and the joy of first success with the pioneers of Tengiz. He was among those, who started up the plant on April 6, 1991. We will soon celebrate the 20th anniversary of that historical event.

The young fellas working by his side today treat Nsanbek not only as a supreme authority, but a man of special respect recognized by all as a living encyclopedia of Tengiz and credited for his big heart. He is known for his continuous investment in the young employees as the best mentor, bringing up competent technicians and operators. Among his former students are such excellent professionals as Daniyar Bizhanov, SGI lead consultant, Erlan Nurgaliyev, section superintendent, Zhumit Torgayev, SGI control room operator and Bolat Amangaliyev. Raimbek Abulgaziyev belongs to the younger generation of Nsanbek's trainees. Working as one team of SGI personnel they all have gained altogether new experience as petroleum industry professionals. Meanwhile, they not only mastered the new pioneering

technology, but also use their vast knowledge to propose further upgrades and modifications to best meet the challenges of the specific features of Tengiz formation.

Nsanbek and Daniyar recounted a recent challenge with the system of pipeline temperature control. We need to explain to our readers that the condition of the pipes used for sour gas injection needs to be monitored continuously, which is a stringent safety requirement. However, the monitoring mechanism used at various similar field development projects appeared unfit for Tengiz, or should we say it has not met the expectations of local specialists. This resulted in occasional shutdowns during Phase 1 of SGI trial run. Then, local specialists finally came up with an original solution, installing 100 temperature sensors along the entire injection

circuit, thus the accurate spot measurement became available. They tried the new equipment, and all worked well. Ever since not a single shutdown has happened at SGI during injection. The guys know their stuff, indeed.

Quiet reigns in the SGI control room. The operators are keeping their eye on the monitors, checking the parameters and controlling the injection. On the monitor of a PC connected to the TCO network was a beautiful screensaver with a proud eagle and snow white chalk cliffs in the background. "This is a place in Kazakhstan," explained one of the operators. "We are working here to preserve this divine beauty. Sour Gas Injection facility at TCO is very safe, and we ensure a very rigid control of the process."

Occasional phone calls coming from the plant area report various routine operations at the Second Generation Plant. A crew of operators is preparing for a routine checkup of sensors on SGI. Members of the crew – Vassiliy Kanaikin having a 22-year long record of working in Tengiz and Amantai Saparov, who graduated from the Atyrau institute of Oil & Gas just a couple of years ago, are both operators of SGI units, and Alexei Sinitsin is an automatic controls technician. The men put on a special safety gear and drive to the injection facility. Besides them, there is no single person available here. The highly sophisticated facility is full automatic. The guys put on and activate the re-breathers in a matter-of-fact manner which is a safety precaution. It takes them just a few minutes to walk down the train and check the temperature gauges.

"How is it going?" asked Nsanbek Moldiyev, who accompanied the crew to the site.

"All works like clockwork," answered Alexei and Vassiliy in chorus after they removed the masks from their faces. Amantai pointed his thumb in support of his colleagues, meaning all is well and under total control.

This is exactly how it is expected to be at TCO. The unique system of sour gas injection is in good hands of true professionals.

**By Georgy Trukhin**

## Zhylyoi Advisory Council at Work

At the second session of the Zhylyoi Community Advisory Council held in Kulsary, the members of the council were offered two reports - one on TCO operations made by Robert Dobrick, TCO Operations manager and the other on TCO environmental monitoring, by Gular Taskali, TCO OE and HES Communications Group supervisor. Additionally, Rzabek Artygaliev, general manager of TCO Government and Public Affairs briefed the council members on the status of TCO Community Investment Program specifically targeting the Zhylyoi community.

During the session, the members of

the council proposed a number of projects of which TCO will be thoroughly reviewed both by Zhylyoi Administration and TCO management. The board also approved the agenda for the next session.

Background info:

TCO has been strongly committed to seeking for ways to further improve corporate social responsibility. The TCO - Zhylyoi Community Advisory Council serves as another way to enhance the effectiveness of collaboration and ensure feedback from the local community is included in everything from operational performance to future expansion plans and community investments. The idea



of Advisory Council is a proven world-wide practice used by companies aspiring to improve communication and collaboration with local communities.

The TCO – Zhylyoi Community Advisory Council, formed through the initiative of TCO Government and Public Affairs, is a public board with 14 members, selected for a

term of two years and seven members are nominated by TCO and the others by the Zhylyoi overnment. The council convenes on a quarterly basis. The Advisory council is not a decision-making body, but it serves a critical tool of effective communication and collaboration with the local community.

**By Kanat Ensegenov**



# Full steam ahead

## Sulfur Granulation Facility Expansion Continues in Tengiz



Kanatphan Juldassov

**I**n keeping with its commitment to increase sulfur sales and monetize inventory of sulfur, Tengizchevroil has been recently producing more granulated sulfur which is known for high marketability.

Kanatphan Juldassov, consultant at 600-GX sulfur granulation facility is happy to show us the magnificent panoramic view accessible from the top of the granulation plant observation platform as he is telling the history of the project.

“From this point you can watch the process of crushing the bulk sulfur at sulfur pads. Just two or three years ago the inventory of sulfur stored on site was estimated around 9 million metric tonnes. The better part of all crushed sulfur has been sold after being processed at our granulation plants. Granulated sulfur is being loaded on trucks and railcars immediately after it exits the baking drum and is poured onto the conveyor,” explains Kanatphan.

Currently, a total of four granulation plants made by Enersul of Canada are working in Tengiz, their aggregate daily output exceeds 5000 metric tonnes of elemental sulfur. Meanwhile, near to those four, one more plant of the same capacity (max 60 metric tonnes per day) is being built. Last summer, the concrete foundation was completed and presently the plant is taking shape. The body of the plant is fully assembled; the loading rack and the liquid sulfur tank are under construction. Despite the freezing cold, the construction works go at full steam. TCO



Zheksembai Munaibai

awarded the entire work-order from ground-work to start-up to a Kazakhstani construction firm. Actually, this is the only logical decision, because the involvement of local contractors in the earlier projects had been increasing gradually. Finally, TCO was confident that Senimdi Kurylyys, Neftestroiservice and DenholmZholdas construction companies had sufficient experience and qualification to complete the entire scope of work on time all by themselves.

“In terms of local content this project is truly unprecedented

in Kazakhstan,” continues Kanatphan, “The Senimdi Kurylyys specialists have already completed the assembling of the body and NSS is currently busy installing the equipment inside, completing the sulfur storage modification and some civil engineering works. DenholmZholdas is mainly involved in scaffold installation. All deliver excellent quality and show a good pace of work.”

“Many of these guys were involved in the earlier projects for DX-3 and GX-4 granulation plants,” explains Zheksembai Munaibai,

supervisor with DenholmZholdas. “They also had previously worked for other projects at TCO, like the Gas Utilization Project and the Tank Farm Expansion. They know their job well. Generally speaking, quite a few local companies have evolved into full-fledged competitive service providers over the time they have been working for TCO, so presently we are no more treated as odd hands and are entrusted complex jobs.”

The plan is to bring GX-5 on stream by the end of 2011 which is expected to further increase pro-

duction of granulated sulfur. This will help TCO meet the current demand for the product with a vengeance. If the market will want still more, TCO will respond in a timely manner, adding one more granulating plant. With this potential in mind, TCO has been making some critical common components with liberal capacity.

Currently, TCO sells much more sulfur than it produces, thus the inventory at sulfur pads has been diminishing fast, and the trend appears stable.

By G. Trukhin

## Field Operations - 13 years Without DAFW

Our congratulations to Field Operation personnel with this significant achievement: they achieved 13 years without a day away from work (DAFW) on December 1, 2010.

Field operations have demonstrated a truly remarkable effort and strong commitment to supporting of safe work. Since 1997, the Field Operations has been working without any DAFW. This result was achieved through assurance of reliable safety culture in operation and adherence to strict requirements of labor safety.

This remarkable achievement in safety is a result of a combined effort of all personnel of the department

and their commitment to safety at every work place.

The outstanding performance demonstrated by Tengiz oilmen proves that we can work without incidents and the objective to work without injuries and incidents could be reached. The zero record of incidents is a success, to which we need to strive. They proved that safe work from shift-to-shift, day-by-day, year-by-year is achievable.

Please remember that you also can reach a similar result through strictly following the Tenets of Operational Excellence of TCO and adhering to the same principles in making any routine decision.







# Investing In The Future Through Investing In People

LLP Tengizchevroil is well known in Kazakhstan and beyond. Late last year the Expert Kazakhstan Rating Agency recognized TCO the leader among the largest companies operating in Kazakhstan by the scope, growth dynamics and the impact of the operation on the economy. In 2010 the oilmen of Tengizchevroil produced over 25 million metric tones of crude oil which is a remarkable success of our Company we are only duly proud of.

Over the last year, our Company has scored a significant success in protecting the environment. This subject has been always in the focus of Kazakhstan community. In the end of 2009 TCO completed the unique Gas Utilization Project which resulted in total elimination of routine flaring at this large and sophisticated facility. TCO emissions for 2010 have averaged 2.15 kilograms per tone of oil produced, which is our lowest rate ever and a world-class record in petroleum industry.

Since the Company inception, Tengizchevroil has invested the total of \$165m in social infrastructure development, public health and education in the Atyrau Oblast. Through effective collaboration with the local government these significant funds have been used with maximum effectiveness. TCO's activity has provided a strong momentum for a dramatic positive change that has taken place in the profile of the region. Nowadays, through the Community Involvement Program TCO is pursuing to realize projects of critical importance to the community and having a lasting effect, such as reconstruction of water treatment and water supply for Kulsary, a number of high priority projects in Atyrau involving improvements of water, gas and electrical power supply and vital infrastructure projects in some rural towns.

In order to foster the open, interactive and productive relations between Tengizchevroil and the local community and government a Zhylyoi-TCO Community Advisory Council was formed in Kulsary. Among other members of this public body are representatives of Kulsary Mayor's Office and Zhylyoi region legislature (Maslikat), leaders of public organizations, local media and NGOs. TCO delegated leaders of the company's largest departments on the advisory board. The Council held two sessions at which the members shared information on environmental protection and the progress of social programs implemented in the given region.

For two years in a row Tengizchevroil was bestowed the Gold Paryz (Kazakh for responsibility) Award for corporate social responsibility by President

Astana, the capital of Kazakhstan hosted the Conference on Sustainable development in producing regions organized as part of the public initiative Coalition against poverty – To put Oil revenues under State control. The Sanj Research Center in collaboration with a number of NGOs, analytical agencies and environmental organizations representing various regions of Kazakhstan acting as forum organizers have announced the ratings of efforts by production companies and local administrations in supporting effective economic and social development of territories, preventing damage to the environment and people's health, and in ensuring transparency. The audience was offered a number of reports on priority issues of sustainable development.

The spokesperson for Tengizchevroil, who articulated the Company's position on the given subjects, was **Rzakbek Artygaliyev, general manager of TCO government and public affairs**. He made a report on effective collaboration between companies, local government and civil society. Please find below the full text of the report.

Nazarbayev.

Another important initiative of TCO's is the recently instituted \$1m Community Investment Program. Over 2009 it was substantially modified and complemented by a number of valuable initiatives related to social development. TCO established an internal Community Investment Council (CIC) comprised of individuals from various departments to direct TCO's discretionary Community Investment Program budget. The TCO CIC has created a strategic framework that moves TCO's community investment from charitable giving to proactive programs that support the socio-economic goals and needs of both TCO and Atyrau Oblast. This strategic framework linked TCO business objectives and TCO socio-economic objectives, while at the same time is solidly grounded in community needs and priorities. TCO seeks to create a direct relationship between community investments and TCO's operations, moving from local tactical investments to community investment as a core business strategy. This requires subjecting community investments to the same scrutiny as other business investments, such as monitoring and evaluation.

To put it in plain words, we applied the normal bidding procedures and invited NGOs and public associations to present their offers in the competition. The feedback was very positive. Thus, we have presently established a procedure where every fall we collect the offers submitted by potential partners and review those to make a plan for the next year community investments. In 2009 TCO initiated a number of social projects in partnership with NGOs. Some of the perspective projects were continued in 2010.

In 2009, TCO established relationships with a few NGOs and held a widespread request for proposals for 2010 programs. Winning 2010 NGO programs are exciting and diverse, covering all of our goals, from health and education to the environment. The common feature that unites them is that their ultimate beneficiaries are our key stakeholders, the members of the communities around Tengiz.

The main objective of the TCO-Eurasia Foundation of Cen-

tral Asia (EFCA) partnership is to encourage and expand community involvement in addressing social problems in Atyrau city and Zhylyoi region. The projects implemented in partnership with EFCA proved very interesting, effective and beneficial to the community. Six new NGOs passed the registration process in 2010.

Based on comments from the community about desired improvements in health services and education together we determined the focus areas for the newly formed NGOs. The first focus area - to promote a healthy way of life in Zhylyoi through training for doctors and engaging the public in the pursuit of a healthier lifestyle. Zhylyoi doctors have been trained on how to address key health issues with patients and on how to deliver lectures on healthy lifestyle topics. These 10 doctors offer lectures for local residents, covering various health-related subjects of high priority to local population.

The second focus area is to improve the skill sets of teachers through IT and interactive methodologies training. The program is encouraging the creation of a sustainable support system for teachers in the form of a teacher's association focused on advancing technology in the Zhylyoi school curriculum.

Under the project implemented in partnership with EFCA 21 workshop was held for local medical professionals and school IT teachers. In order to maximize the effect of the program, EFCA sought support from its colleagues, who acted as guest lecturers at the workshops and conferences. Among such specialists were trainers of the Russian Togliatti Foundation, professors of the Pavlodar University, members of the Kazakhstan Association of academic subjects Instructors and researchers of the EcoCenter in Karaganda.

TCO also has three programs to address the important issue of cardiovascular health.

In 2010 TCO was working with the Kazakhstan Association of Family Physicians to educate the local medical community and Oblast population at large on how to prevent cardiovascular disease. Training was provided to more than 100 doctors on issues such as how to diagnose and improve treatment

of issues such as high blood pressure; in addition they were instructed on how to counsel patients. The training also included a new computer-based distance education program for Atyrau's doctors. Additionally, TCO was working on a program with the Atyrau Cardiovascular Hospital to address gaps in training for doctors.

One more example of successful effort started in 2009 and continued in 2010 was TCO's partnership with Art League NGO in Kulsary to train unemployed women in a cultural skill that will hopefully help support them and their families later.

A team of art instructors have trained 125 unemployed women in Kulsary to make beautiful Kazakh handicrafts. Last fall saw success of this project when multiple items made by Art League trainees were sold at the fair in Kulsary. Presently, the women are planning to establish a private business to make and market souvenirs in Kazakh style.

TCO has a long tradition of furthering the use of the State Language, and we continue with that tradition with our partnership with the Kabdolv Foundation on a 'I Know Kazakh Language' program. This program is helping Russian speaking citizens of Atyrau Oblast improve their written and verbal Kazakh language skills through a series of competitions.

The three key parts of the project were: 'I Speak Kazakh,' 'I Write in Kazakh,' and 'My Native Land Kazakhstan,' which involved dozens of contestants from across the Oblast. In the first week of December of 2010 Atyrau hosted a Kazakh Language and Culture Festival which was an important event in the life of the local community.

Two more projects focused the issue of cultivating civil awareness and leadership in the younger generation of Kazakhstani citizens. Our future lies with the next generation and we believe that these projects will help us to improve that future for everyone.

The TCO -Tarlant partnership is training young people to be more active and effective in their communities. Tarlant NGO gathered about 300 young people to participate in 10 roundtables and six competitions. The youth were learning

how to structure parliamentary-like debates by thinking analytically to create proof points to defend opinions on hot local topics. Encouraging healthy debates on social issues will encourage youth to be more active in society.

The IREX-created Tech Age Teens program operates as an extracurricular activity for youth in grades eight through 10 throughout Atyrau's public school system, based in the schools' computer labs. Two teachers in each participating school were trained to help run the training that focused on improving IT skills, leadership skills and community engagement.

Students learned to get involved in their communities and engage in issues creatively with IT tools, such as online forums, blogs and Web creation. A selected smaller group of students then participated in the program's second stage, which was a summer workshops where they designed community projects and utilized their new IT and leadership skills. The program helps to teach those leaders of the future how to address the social issues today through using high-technology Web-based social strategies.

In 2010 Independent Generation NGO and TCO were partnering on a program called On the Way to Success: Enhancing the Potential of Vulnerable Children. The program focused on better equipping vulnerable children for independent life. The program involved 100 orphans teaching them in life and leadership skills in order to help prepare them for leaving the state institution. The program will continue in 2011 providing information about available careers as well as training them in public speaking and leadership skills.

In December of 2010 a Town Hall Meeting was held at TCO together with the NGOs involved in Community Investment Program to review the results of the partnership and evaluate the effectiveness of investments. It was also important to get the feedback from TCO employees in order to objectively assess the impact of the program and receive recommendations.

I would like to particularly emphasize the necessity to continue our partnerships with NGOs. At one of the meetings with NGOs hosted by TCO and dedicated to environmental issues makhambet Khakimov, the leader of Caspi Tabigaty Association proposed that TCO Health and Environmental specialists meet with environmental NGOs on a regular basis to share information on the environmental projects conducted by TCO. The proposal was supported by CIC and Government and Public Affairs, thus a decision was made to hold such meetings at least twice a year. The first such meeting was held last December and appeared a very productive dialogue.

The above are examples which serve evidence of effective collaboration of Tengizchevroil with the government, local business and non-governmental organizations in developing the social infrastructure and fostering activity of the civil society. It is sufficient to mention that, over the 17 years, TCO has invested over \$600m in various social projects in Atyrau Oblast and also to improve the wellbeing of own employees. The strong community awareness and commitment to supporting social infrastructure development in the Atyrau Oblast has been among the highest priorities of Tengizchevroil.



# Story of Luiza of the Russian Caucasus and Tengiz

**T**his dark-eyed ridge-runner coming from the Russian Caucasus was given her name by her grandma, who used to like beautiful, imposing names and truly believed the beauty of a woman comes along with a fancy name. Looks like the grandmother hit the nail on the head with her choosing the right name. In her 40s, Luiza has four children of whom the eldest daughter is a student at the medical academy, Luiza Sugaipova is known as an energetic and restless character with a blithesome spirit. She is easily spotted in her workgroup, because, most probably, she is the sole highlander the Russian style in Tengiz.

Luiza Sugaipova is a Chechen lady, who came to Tengiz from Grozny some 22 years ago after graduating from the Petroleum Industry Institute which at the time well respected in the former Soviet Union. Those were the times when many oilmen came to Western Kazakhstan, then a new frontier. This is exactly what happened with Luiza's husband. He was invited by his close friends to join them on a new project in Tengiz. His young wife decided immediately they would go together, and she was right doing so, because Kazakhstan became their new and sweet home. Their careers also were successful. In fact, Luiza even managed to steal a march in career growth being lead analyst, which is a higher position than her husband's. They are both analysts. Suleiman is in charge of equipment analysis at SGI-SGP, while Luiza is part of the budget, contracts and expenses group with TCO Operations. When you ask her how her proud Chechen man feels about being slightly behind in terms of career, she says, "I don't think he cares too much. Honestly, it never occurred to me he might care. Although I should probably check with him some time," responded Luiza, laughing.

This energetic woman loves the Caucasus with its divine and uniquely beautiful nature. She starts to tell me about the happy years of her childhood, and I can see her thoughts and heart are traveling far away in time and space to her place of origin. She grew up in a large family with many children in it. Luiza has six



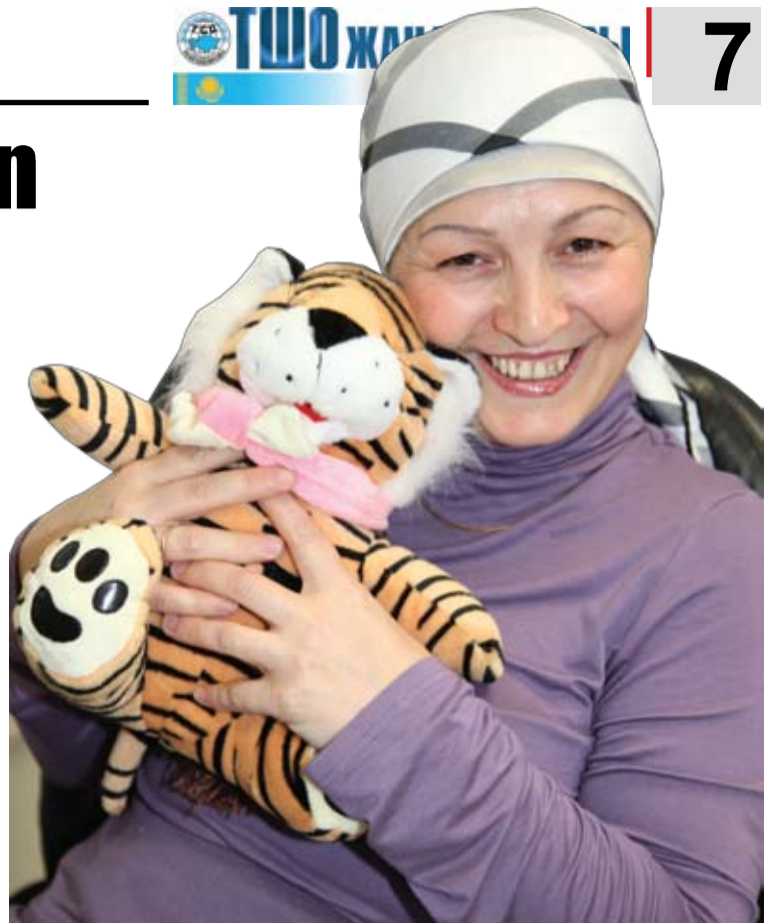
sisters and four brothers. The town of Sernovodskaya near Grozny used to be a prosperous seat of a rural region. Local residents were well-to-do people, good neighbors and jolly masters of merrymaking. Her father was a journalist for the regional daily newspaper, and her mom worked in a local nursery. The days were filled with regular housekeeping routine which never appeared too tiring.

"I loved to make homemade cottage cheese", reminisced Luiza as I spotted a fantastic light of sweet nostalgia in her eyes. "The people living in the Caucasus have their own magic of making traditional food. Some special parts of the domestic animals' insides (normally of the sheep and goats) are dried in the sun and then ground into powder which is later poured out into milk to start the fermentation. The milk turns sour, then it frets and matures..., and then – voila, you get cottage

cheese. It is really a unique feeling when you make this product with own hands. Yet there is one more secret about this process: you should never dispose of the whey which is a valuable by-product of cheese-making. My Grandma taught me to use the stuff as natural hair care. You should see my beautiful thick plait. Hey, this is not all, we also used it for foot care, and it worked magic! I can

strongly recommend the stuff to all ladies," told Luiza, while I thought to myself I could hardly imagine somebody in Tengiz would undertake to produce homemade cottage cheese.

"Naturally, I enrolled at the institute after school and earned diploma in book keeping. You may have the wrong impression assuming I was sitting and learning painstakingly all the time," said the lead analyst laughingly once again. "That would be an obviously wrong guessing. We were young and super-active at the time, playing sports, engaging in public activities, etc. Can you imagine, I loved shoot rifles then as well. Yes, range practice used to be my favorite sport. I took part in competitions and won various prizes. Go ask my husband, and he will tell you how we walk around in Aktyubinsk, which is our home place now, and he is always trying to plan our itinerary so we



could bypass the shooting ranges. Because he knows only too well, once I spot a shooting range, I will waste at least half the day practicing. No kidding," continued Luiza smiling.

In Aktyubinsk Luiza took yet another university diploma, this time specializing in finance and analysis. She appreciated the support TCO offered her as part of University Assistance Program. The new skills and knowledge proved extremely useful.

The group of budgetary control where Luiza Sugaipova is put in charge of the contracts and services is, indeed, a critical segment of the Production Operations structure. This group was formed a few years ago in order to free the managers of the lead department within TCO organization from responsibilities beyond Operations. This specific group of analysts is put in charge of the mission to make the budget meet the plans for upgrades and improvements. The analysts not only check the cost estimates and review contracts, but also make recommendations on ways to cut the costs through analyzing the market of goods and services. Luiza's character and talent for hard work to admire prove extremely important to the success of this team.

"She knows the trick how to pick up the mood. She can act as tonic on practically anyone and help concentrate on the job, and

deliver on time," was the reference by Vera Kolesnikova, Luiza's colleague and good friend, who also has been working in Tengiz for almost 20 years. "Luiza manages to take care of all things – the job, her family and sports. By the way she is not only a good sportswoman, but also used to win the title of Miss Tengiz some time ago. She is a beautiful lady, indeed, and she loves us all."

Perhaps, this is the key to the mystery of the successful life and career of Luiza Sugaipova, the wonderful Chechen lady whose destiny is inseparable from the history of Tengiz and adds supreme noble shades to the palette of its boundless steppe.

"This is what I promised to myself a long time ago, and I will make it good by all means," said Luiza as her eyes shone with special warmth. "If sometimes it so happens that I go back to the Caucasus where I come from (who knows, things like this happen oftentimes), I will take from here with me a handful of soil and a jar with water like the pilgrims do when leaving holy places. Because it is here where all of my children were born and where I found happiness both in family and in career. I thank Tengiz from the bottom of my heart for what it means to me and for the difference it has made to my life."

**Story by Georgy Trukhin**

## TCO's "Hearty" Project

**C**ardiovascular problems have been on top of the list of the factors causing mortality and disability in Kazakhstan over the past quarter of a century (similar as throughout the world), which prompts the urgency of effective measures necessary to improve and upgrade cardiac therapy and surgery to meet the targets of the State Strategy, including in the Atyrau Oblast.

In 2009, for the first time in this region of Kazakhstan, at the Atyrau Municipal Hospital the department of cardiovascular surgery was opened which recently reported a record of 30-plus successful open heart surgeries. The opening of the cardio surgery clinic in Atyrau was an important landmark in the development of public health services in Kazakhstan. Making such type of advanced medical assistance

available locally in our region has been a tremendous breakthrough and a priceless benefit to the Atyrau community. Such types of surgery as coronary artery bypass graft, heart valve prosthetics, reconstruction surgery to remedy thoracic aorta aneurisms along with surgery for congenital heart disease with adults and children, which have been common practices around the world became available to local residents.

In 2010, as part of the TCO Community Investments Program, Tengizchevroil committed funds for the new project – Providing Sophisticated Medical Care to Atyrau Residents. In collaboration with the Regional Public Health Administration, TCO invited in Atyrau Dr. M. Nugmanov, a cardiosurgery celebrity from the National Medical Science Center in Astana. Presently, the Municipal Hospital in Atyrau hosts a model clinic used as a workshop for training medical professionals. More open heart surgeries have been done by lead specialists of National Medical Research Center in Astana which served as the surgeons' classroom for our local specialists, who were invited to



continue advanced training at the above medical think tank.

All the above mentioned initiatives serve as solid support to local healthcare professionals, who will in turn undertake to further develop heart surgery and intervention cardi-

ology deemed extremely important medical services to our region. In 2011, Tengizchevroil is committed to continue to support this high priority project under its Community Investment Program.

**By Gulnara Aitzhanova**



# New Year Roundelay



**C**hristmas and New Year are very special for everyone, especially children. There is no more dear and long-awaited holidays for the pupils of orphanages and boarding schools. The fairy tales re-enacted for the orphans lacking the parents' love and care, and the warmth of home are appreciated by the young as a true magic and miracle. Never mind they often create those plots themselves and play the chief characters, dance and sing carols, recite verses and outfight the evil forces. Who cares? This is Christmas and New Year time, so everything is possible and the magic borders on reality.

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There is no Christmas party without guests and season's gifts. The pupils at the orphanages know for sure they will have visitors with gifts, and among the most exciting are the guests from Tengizchevroil.

Among such representatives of Tengizchevroil visiting local orphanages was Shimi Lin, Financial Analyst. Below is her account of the visit of the Makhambet Orphanage.

"As we walked through the entrance of Makhambet Orphanage, the air was cheerful, and buzzing with the sounds of excitement. We followed the sounds and headed straight through to the big hall, where children were anxiously waiting."

The big tree was officially lit up to begin the New Year Celebration. Then, four little ones performed a traditional Kazakh dance about horse riding, followed by beautiful singing, and a graceful dance by four girls around the tree. Santa and the Snow Queen arrived, and somehow everyone including us was clapping, dancing, and singing around the tree."

\* \* \*

Makhambet Orphanage is located 70 kilometers north of Atyrau and cares for 130 children

and adolescents. Many of them need special education and care due to mental conditions, but you would not be able to tell by their behaviors. They are pleasant, curious, and playful, despite their situation. Two-thirds are without parents and one-third are from single-parent or disadvantaged homes.

The facilities we toured with the director appeared comfortable, but it was obvious that repairs would be welcome. Broken chairs were lined along the back of the classrooms; wood panels were loose and falling off the closets in the boys' dormitory. The Robert Burns International Foundation, through awareness generated by TCO employees, recently donated a new sidewalk, laundry and bathroom facilities, and new beds for the children. This year, the director hopes to fix the entranceway and build an outdoor area for the children to play.

Each winter TCO visits a number of orphanages as part of the

community outreach program.

This year Makhambet was the only one outside of Atyrau city. We danced with the children and took photos with them, then distributed boxes of sweets which they were very eager to receive. I am sure it is not always this festive atmosphere there. We reminded them the importance of working hard in school and of keeping themselves safe and healthy, and wished them a very successful, healthy, and happy 2011!

Shimi Lin

\* \* \*

The New Year's at the Atyrau Boarding School for children with hearing problems was also an event to remember. In spite of the hearing problems, the pupils sang songs with a strong feeling, recited poems and demonstrated a remarkable dancing talent. Zbida Mardenova, school principal, explained with pride that many of her students were winners of various singing and dancing competitions among children and adolescents having hearing problems. They gave concerts in many cities of Kazakhstan and took the first prize at the contest in

Aktobe.

The children proved to be talented actors too, playing brilliantly the characters of the traditional Christmas fairy tale – the evil old witch and the smart white rabbit, incidentally the symbol of 2011. Svetlana Kaingaliyeva, TCO government and public affairs consultant, who acted on behalf of TCO, could not resist the temptation and joined in the carnival show and the jolly roundelay. She also handed in the season's gifts to every child, wishing the kids a very happy New Year.

\* \* \*

"I am happy to be with you today and appreciate a chance to remember my own young age and the times of fairy tales," said Samat Azhenov, general manager of TCO Negotiations & Legal. No wonder he was happy and truly enjoyed the wonderful tree almost popping up to the ceiling. He admired the plot of the Christmas show with the White Rabbit as the chief hero overcoming multiple hurdles in order to finally help Santa and his granddaughter find the way to the beautiful tree. When the lights on the tree went on in sparkles heralding the gift time, the gifts were distributed by representatives of petroleum industry leader, and the eyes of little boys and girls started to shine with absolute happiness.

\* \* \*

Lisa Van Abrahams, manager of Internal Controls was introduced to the New Year's tradition at Atyrau

\* \* \*

The premises of the Regional TB Sanatorium have a number of blocks. The children who, unfortunately, contracted the disease are offered a treatment which takes a long time. Here they stay in beautiful houses on the bank of the Ural, fighting their malady and simultaneously attending school classes. They also try to somehow distract themselves from their problems, so find the ways to entertain themselves. These details Raigul Dzhetpisova, manager of TCO Finance, discovered talking to local staff and patients, who were happy to show her around, to the classrooms, the exhibit of drawings and various handmade things before she was finally ushered into the hall with a beautiful tree in the middle. Although not particularly big, the hall was a comfortable one and the New Year event was full of joy and fun, as appropriate.

\* \* \*

Rzabek Artygaliyev, general manager of TCO Government and Public Affairs was visiting Boarding School #3 for the children with speaking problems. He told the children about Tengizchevroil, the leader of upstream sector in Kazakhstan. "Our oilmen not only produce crude oil from the subsoil, but also create a superior value to make the city of Atyrau a prosperous and happy place to live. We at TCO also care for children and support them in all possible ways. TCO also supports various healthcare and education programs in order to help you keep a sound health and receive a good training. We have built new schools and hospitals and presented computers to many educational establishments. Now it is your duty to show excellence in training," he said to the students.

The pupils returned the courtesy giving a gala concert to demonstrate their brilliant talents. Then, they involved Uncle Rzabek in a fiery roundelay. But the most amazing experience came later when the children stunned the general manager with their vast knowledge of Tengizchevroil's business and community involvement. Now he knew for sure they truly deserved the gifts.

Similar events with TCO representatives involved were held in the Rehabilitation Center for Children, Ak Bota Orphanage and other special centers. Happy New Year to you, dear children!

By Aibar Khamiev and Georgi Trukhin



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This Edition of the Newsletter was produced by the following team:

**Tolegen BERISHBAI**,  
Acting Chief Editor:  
**Linsi CRAIN**,  
**Georgy TRUKHIN**,  
**Aibar KHAMIEV**.

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**Address of the Editorial Board:**  
POB 060011, Republic of Kazakhstan, Atyrau,  
Satpaev Str., 3, HQ of LLP Tengizchevroil.  
Office phone: +7(712) 302-6248 / 6870.  
FAX: +7(712) 302-6729. +7(712) 302-6752

**EDITORIAL BOARD:**

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