

Minutes of

Consultation Meeting on the Future Growth Project – Wellhead Pressure Management Project, Tengizchevroil LLP

Venue: House of Culture, Kulsary, Zhylyoi Region, Atyrau Oblast

Date/Time: 26 September 2017

11:00 - 12:30

Sh. Keikin, Kulsary Akim, opened the meeting. He welcomed Kulsary town citizens and informed that Tengizchevroil LLP (TCO) would provide information about the Future Growth Project-Wellhead Pressure Management Project (FGP-WPMP). Then he gave the floor to R. Artygaliev.

R. Artygaliev (TCO) welcomed the residents of Kulsary. He announced that the consultation meeting objective was to provide the updates on FGP-WPMP work progress and hear the public opinion about TCO and the project. Then R. Artygaliev added that in July 2016 the Final Investment Decision for FGP-WPMP was approved by Partners. The project value is \$36,8 billion. He noted that the meeting was not a public hearing. It was explained that following the presentation on the Project the Q & A session would take place and if participants of the meeting wanted to ask questions in written they might use a special form which was readily available to everybody. At any later date if there were questions it was advised to contact TCO using contact details which were presented to the attention of the consultation meeting participants in handouts. Then R. Artygaliev introduced Galiya Esenova, Zhylyoi Region Community Liaison Officer, and noted that she was responsible for regular interface with the local population.

Then according to the agenda Nurtas Kenganov, FGP-WPMP Regulatory Affairs Manager, made a presentation about TCO and FGP-WPMP.

Following the presentation, R. Artygaliev highlighted two focus areas. First – the successful cooperation between TCO and the RoK Ministry of Labour and Social Protection of Population resulted in the decision to make all the TCO FGP-WPMP contractors and subcontractors use ENBEK.kz, a unified web portal, to post available vacancies and select personnel. Registration in the web-portal is free. All RoK citizens would be able to access the vacancies database. Owner of the unified digital Labour Employment Service ENBEK.kz was the Ministry of Labour and Social Protection of the Population. To date over 4,000 vacancies have been posted on this web-portal. The web portal is available for every entity in Kazakhstan. Then R. Artygaliev informed that FGP-WPMP job fair was arranged by TCO in Kulsary this August. Over 30 contractors involved in TCO and FGP-WPMP scopes participated in the event. As it was mentioned in the presentation around 80 residents of Zhylyoi Region had been employed so far and employment procedure for more than 40 people was ongoing. Then R. Artygaliev told that 4 major contracts to be awarded by end of this

year and early next year would triggering major construction works in Tengiz which would require workforce mobilization. 20,000 jobs would be created at the peak of construction works in Kazakhstan. If to consider the rotational work schedule, then approximately 30,000 – 35,000 people would be engaged on the project. Presently onshore operations involved over 20,000 citizens of Kazakhstan, which was 92% of overall onshore personnel. R. Artygaliev advised Kulsary residents to register on web-portal ENBEK.kz.

Second – the Cargo Offloading Facility is being constructed at Prorva, and the Project is experiencing difficulties related to the unauthorized access by local people to facility construction area for fishing. The Akim of Atyrau Oblast was informed about the situation, and the measures are now underway. The people's access to construction area will be limited since this impedes the implementation of construction works at Cargo Offloading Facility site. R. Artygaliev asked the local people to take the given information into account.

Then R. Artygaliev provided information regarding the action items from the previous meeting. It was told that responses to the questions and comments submitted by participants had been provided after the meeting.

Then Q&A session started.

K. Sargozhiyev: Thank you for taking an interest in public opinion. Three years ago, during the similar meeting of the community with Chevron company it was said that funds were allocated to Kulsary town, projects are ongoing, however Kamyskol lake cleaning issue is still pending. There are a lot of unemployed people. At the meeting in Atyrau Oblast Akimat I raised the concern that many oilfield workers had retired and Chevron comes short of oilfield workers. Young people need to start as craft workers, then gradually gain some experience and improve their skills. Nowadays there are a lot of private companies and they decide for themselves whom to employ, and indeed it's correct, I admit this. Why doesn't the Region Akim participate in the meeting?

Sh. Keikin (Kulsary Akimat): I'd like to inform the participants that the meeting is attended by representatives of Kulsary Department for Employment and Social Programs, meetings held at other settlements will be attended by their respective Akims.

R. Artygaliev (TCO): Regular meetings are held with Akim of the Region and all related reports are provided. And the objective of our meeting is to share information on FGP-WPMP project. Your question was about social projects, let me brief you on projects carried out under Egilik program: 2 kindergarten construction projects are ongoing in Kulsary, both are designed for 290 seats (completion in Q2 2018). Plans for 2018 include cleaning of Kursay River. A kindergarten for 160 seats has been constructed in Koschagyl village. A kindergarten for 100 seats and Health and Fitness Centre are approved for Maikumgen village. Kindergarten for 280 seats has been completed in Zhana Karaton, Health and Fitness Centre is to be completed this year. In Turgyzba village a kindergarten for 160 seats was put into service and Health and Fitness Centre is planned for 2018. In Akkiiztogai kindergarten for 160 seats and Health and Fitness Centre have been completed (waiting for the official opening ceremony of Health and Fitness Centre). Health and Fitness Centre in Shokpartogai has also been completed and expecting the official opening ceremony. Many other projects are carried out by TCO in other regions of Atyrau oblast. A few more facilities to be constructed in Kulsary are under review, one of them - the Arts School.

K. Sargozhiev: At meetings held by Chevron in Atyrau the concerns as to water supply were raised. We were then told a program was to be implemented. Please advise what has been done in this respect.

R. Artygaliev (TCO): Yes, that's true, issues on water shortage in Atyrau and Mangystau oblasts were discussed. At that time, it was said that we would conduct studies for two oblasts. Rivers were surveyed; however, our further plans were not supported. The study outcomes revealed that use of surface water sources might cause salt content increase and as a result the water would get salty. The study results show that even now salinization is observed in these water sources. For this reason, the project has been cancelled. As to water supply from Kigach River, all relevant works are ongoing, water will be supplied from this source.

Kh. Zhamalov: The project will increase oil production up to nearly 40 MMTA. This means that in 30 years there'll be no oil in Tengiz field. Maybe in 30 years we'll pass over, but let's think of our kids and grandkids. No oil - no job for people, there'll be no big projects any more. Let us now start thinking of future. As per project developed at Soviet times production rate must be 25 MMTA. Therefore, I believe that the funds allocated to Egilik program need to be increased up to \$100MM, of which \$50MM to be invested in Zhylyoi Region. TCO constructs such facilities as schools, kindergartens, but there should be large facilities, plants where 3,000 – 5,000 residents of Kulsary could find jobs.

R. Artygaliev (TCO): According to the project developed by “Giprovostok” oil production rate may reach around 52MMTA. Execution of FGP-WPMP will increase oil production rate by 39 MMTA.

A. Aitzhanov (TCO): Based on our forecasts oil may be produced up to Y2080.

R. Artygaliev (TCO): As you know in accordance with Eurasia project which is executed under Baltabek Kuandykov's supervision, preparatory works for the super-deep well drilling are underway. Our President noted many times that we should not depend on oil only, economy diversification is required. And there's no longer any obstacles to this right now. A great number of large plants are operating. Since 1993 TCO direct financial payments to the Republic of Kazakhstan exceeded \$121 billion. In 1H2017 TCO direct financial payments to the Republic of Kazakhstan totalled to \$4.3 billion. TCO is also implementing a voluntary social program Egilik and Community Investments Program. Kindergartens have been constructed in many settlements, except for Maikomgen and two kindergartens in Kulsary, these facilities won't be completed this year.

Question: What's the reason behind this?

R. Artygaliev (TCO): Due to financial issues. 14 projects have been approved for this year. 10 projects are nearing completion.

Question: I'd like to point out a presentation in Kazakh that was very good and understandable. We see a great number of projects are carried out under Egilik program. You stated that 20,000 job positions will be created for Kazakhstani citizens during FGP- WPMP and with rotational approach this means involvement of about 30,000- 35,000 people on the project. And here is a problem - there are no specialists who meet the requirements of equipment installed in TCO facilities, especially construction crafts. For this reason, our craft workers may not be employed. Can TCO invest funds in establishing a large training centre in Kulsary for skills training and further employment of our crafts?

A. Sagingaliyev (TCO): Training costs are included in project budget. TCO hold a Forum on Skills Assessment and Craft Labour Training in June. During the Forum training centres were

communicated the information on future scopes and training requirements on the project. There's a dedicated training department on the project. Once contractors are identified, FGP-WPMP training requirements were provided to them. Training is to start next year. Around 3,000 citizens of Atyrau Oblast have been employed between January and August of the current year. We monitor contracting and subcontracting companies' activities on regular basis; inspections by relevant authorities also take place. If you have any complaints related to hiring issues or will have them later, I encourage you to be more specific - which company, who has not been hired and so on, then we'll address the issues with these companies.

B. Elamanov: My thanks to TCO for the projects in progress, TCO contributes to the country economic development. FGP-WPMP project is being implemented, a lot of companies are engaged, and consequently this will have an adverse impact on the environment. What measures are taken by TCO in this regard? Considerable attention needs to be focused on the environment.

R. Artygaliev (TCO): Environmental issues were raised at public hearings held at the early stages of the project. The relevant information has been provided in the presentation.

S. Nadirova: Outcomes of the environmental impact assessment for FGP-WPMP show that emissions will increase by 30%, however this will not impact the areas beyond the sanitary-protection zone (SPZ). So, this gives us reasons to state that FGP-WPMP will not have an adverse impact on Kulsary and closest residential areas.

R. Artygaliev (TCO): It was mentioned in the presentation that 12 air quality monitoring stations and about 130 water monitoring wells are operating along the Tengiz field perimeter. SPZ boundaries are located at 10 km distance from the far end well. There are no residential areas in SPZ territory.

E. Urazaliyev: No general plot plan is in place for the Tengiz field. Accordingly, no utilities corridors plan is available. And this creates problems. We need to install 160 km utilities line. At the moment, we can't get approval from KazTransOil, KazTransCom, Atyrau-Zharyk. That's why all works are on hold. In view of this I propose to review utilities plot plan development. We'll definitely check for available land plots in the land cadastre. It's not a company-wide production issue. We still need to work on regulatory issues. This year we planned to install 36 km section of the utility line, however the project is not ready yet. This means that funds will not be utilized. For example, you approach a company official and he says they are constructing a road, KazTransOil says they are digging ditches, Atyrau-Zharyk - installing a pipeline, KazTransCom - installing a waterline. Everyone says a project design is underway. But nothing is here still. Though we've already submitted the project documentation. This issue needs to be discussed. Construction cannot be initiated without a general plot plan.

R. Artygaliev (TCO): We'll provide the response at later time.

T. Nauryzbai: I recommend that the regional and oblast Akimats jointly with deputies send a request to TCO on construction of a plant for processing hides and skins, and some other small-scale factories and plants. My second question is related to the US pressure on Russia. CPC pipeline runs through the Russia territory. Is there any impact or pressure from Russia in this respect? How can this affect Kazakhstan? What's the status of Kazakh language in TCO? I want to point out a good quality of information provided in Kazakh. I'm very happy with TCO policy on employee's development and training process. Are contracting companies' activities monitored?

R. Artygaliev (TCO): At the moment, we are not affected by sanctions imposed against Russia. The RoK Government works closely with the Government of Russia. The Project was approved and

supported by the RoK President. The project value is \$36,8 billion. Target FGP-WPMP KC value is 32% of the overall project cost, which equals to approximately \$12 billion. FGP-WPMP is currently the largest project of its kind in the oil industry which scopes are performed in different countries world-wide and the world is closely following its progress. Regarding workforce development it should be noted that despite the lower market price of oil TCO employees get oversea assignments and secondments in the US, UK, South Korea, etc. As to local companies' involvement in the project, TCO has organized several Forums involving foreign companies who were requested to develop KC. KC is the key criteria on which bid proposals evaluation is based. Foreign companies were encouraged to set up partnerships, consortium with Kazakhstani companies.

A. Sagingaliyev (TCO): Kazakh language courses are conducted for TCO employees. TCO also celebrates Kazakh Language Day every year on 23 September which is attended by Atyrau Oblast Languages Development Department representatives. Our foreign employees study Kazakh language as well.

D. Kaliyeva: Here is a problem that bothers me for a good while. I live in Kulsary, microdistrict #3. My flat is on the first floor, the apartment building basement is full of water and my kids get sick very often. The tenants do not want to collect money for cleaning the basement. I don't have money to clean the basement of the apartment house. Please assist in solving this problem. Playgrounds are not available near our house as well.

R. Artygaliev (TCO): You need to address this issue to the local Akimat, it's beyond TCO's control. TCO is a company which produces and markets crude oil. Earlier Eurasia Foundation of Central Asia with funding from TCO has rendered assistance in repairing apartment buildings provided that construction materials are supplied but repair works are performed by tenants themselves. The project was carried out in areas where citizens strongly supported it - playgrounds were repaired, roofs replaced, trees planted.

Question: There's a Vocational Education and Training College in Kulsary. Does TCO work with this college? Do students have the opportunity to undergo the internship in TCO? Is there an agreement signed between the college and TCO? Do the students have the chance to find a job with TCO after the internship period?

A. Sagingaliyev (TCO): TCO Base Business keeps a close contact with this college. College students undergo 2-week internship in Tengiz. TCO Training Department works closely with them. There was a comment here today that Zhylyoi region residents are not hired by TCO, I don't agree with this as I see your college students' achievements. Young people from Zhylyoi Region work for TCO Base Business. Every year TCO employs around 20-25 graduates with no work experience at all.

Sh. Keikin (Kulsary Akimat): Recently "Khabar" TV-channel made a TV program about our college which is to be broadcast soon. The question as to whether the college students were employed by TCO was raised there. In his interview, the College Deputy Director noted that students were not hired upon completion of the internship. The college was constructed by TCO in 2007 under Egilik program. We ask TCO to consider increasing funds allocated to Egilik program, including finances intended for Zhylyoi Region development. We also request to consider employment of the college students by TCO. We'll wait for your decision and communicate it to our citizens.

Sh. Keikin thanked the residents who participated in discussion of key issues.

R. Artygaliev thanked Akimat for support in conducting the meeting and informed that communication meetings with the community would be facilitated every year until the completion of the project.

Summary of the issues

Based on the Consultation Meeting and the questions submitted by the Question Forms following is the summary of the issues / questions raised by Kulsary residents:

- Employment;
- Training;
- Environmental issues;
- Social projects.