



Website puts company on-line



President joins in new theatre celebrations



Talented trio hit the right notes

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KIO NEWS

НОВОСТИ КИО

Safety – our main priority

IN September, KIO experienced an unprecedented number of lost-time incidents, six separate events resulting in nine lost-time incidents. The most serious was a tragic accident during trenching operations in the field that caused one fatality and a further serious injury.

We are all deeply saddened by this event and our thoughts are inevitably with the families and colleagues of those involved.

Unfortunately, other serious incidents also occurred in construction, well work-over and road traffic activities. We have now taken significant measures as a result of the trenching incident and we are conducting further campaigns, along with our contractors, to improve road safety.

I underline to you the need for safety at all times and I reiterate that safety comes first. Anyone should feel able to stop any operation, including a road journey, which he or she does not feel is being conducted in a safe manner. This is true whether the individual is directly involved in the activity or not.

Also, if anyone needs to talk about safety matters, they should do so with their supervisors or KIO HSE representatives.

Finally, I am always available to discuss safety matters on a confidential basis, particularly where individuals remain concerned after talking to their line management.



John Morrow

Production and Phase Two Progress

During September and October we have set new records for daily liquids output from Unit 3. This was a great achievement and something that keeps KIO on track to meet its production targets in 2002 and to increase production significantly in 2003 as the new Phase Two plant comes on-stream.

Indeed, on the project progress achieved this summer and autumn, John Morrow said: "We have passed a number of important milestones in the development project and others are now in reach. The most significant of these will come soon, with the first injection of gas at Unit 2. This will be a very special day for KIO as it will see us taking the first major step towards Phase Two becoming fully operational".

At KPC progress has been above expectation, and the target for first oil from the new processing facilities is now set in the first half of 2003, some time earlier than originally planned.

Other achievements in recent months have included the completion ahead of schedule of the welding and laying of the export pipeline from the field to the Atyrau terminal. Also, the power station at KPC has now been fully tested, commissioned and handed over to Operations. Construction of the liquid mud plant that will provide valuable support for drilling operations has also been completed.



On top of the task

Chasing a deadline... members of the Unit 2 team work to meet the target of achieving first gas injection at the new plant

Engineer Luciano joins team of directors



Luciano Vasques

LUCIANO VASQUES is the latest and youngest director to be appointed by KIO.

The 39-year-old former development engineering manager took up his new appointment this summer and together with Gerry Albers he is responsible for phase two of the Karachaganak Project.

Luciano is Sicilian and has been with KIO for the past three years. He joined in November 1999 and worked in London as a technical leader with the main works contractor evaluation team before moving to Karachaganak the following year to take up his post with the project development team.

Luciano, who has a degree in electronics and telecommunications from the University Politecnico in Milan, has wide experience of the oil and gas industry.

After joining ENI in 1991 as an instrument engineer, he worked on oil and gas plants developed in Italy.

He moved to Nigeria in 1995 when appointed chief engineer with the Nigeria AGIP Oil Company. In 1997, he was promoted again to be project manager of gas supply to Nigeria Liquefied Natural Gas and was responsible for the project until first gas supply. It was at this point that he moved to London and joined KIO.

Commenting on the next phase of the development, Luciano said: "I am confident that it will be a success for the company and also for this region, the country and its people."

"I am particularly proud of the results achieved so far, seeing as this is a new initiative with little or no benchmarking as a point of reference and that has

meant that we have had to invent our way forward each day."

He added: "I like the country and its people and the high level of education and quality of our staff is very pleasing. However, I do not believe that they have yet fully appreciated that what is happening here is a Kazakh reality and in future they will have to gain more sense of ownership and responsibility."

"What we are doing represents a tremendous opportunity for the future and I see that future being bright."

When Luciano has any spare time, he enjoys music or a game of tennis.

● Luciano has been succeeded as development engineering manager by fellow Italian Mario D'Antoni.

Safety records come to an end

THE long-running safety records of both Unit 2 and KPC both ended soon after reaching significant milestones.

At Unit 2 they had just celebrated reaching 1,000 days without a lost-time incident when a worker slipped on mud in the car park and broke his ankle the day before he was due off-shift.

"It was a great pity because we are entering the final phase of the development on this site and we hoped to continue our record through to the end," said Unit 2 project manager Karl Roberts. "Although we are disappointed it acted as a timely reminder we cannot become complacent and need to strive for continued improvement."

At KPC, where there are 7,000 people working, an accident in the paint shop resulted in a worker sustaining back and hip injuries. This brought their record to an end just one day after 10 million manhours had been achieved without a lost-time incident.

"One accident is an accident too many," said KPC project manager Dick Parker. "Safety remains paramount for us and we are more determined than ever to maintain a safe working environment and to deliver a world-class performance. Going forward we face a significant risk because of the number of activities that necessitate working at height. We're working hard through training and awareness programmes to ensure the team understand the risks and take the necessary precautions to ensure safe working."

At a party to mark the 1,000-day record of Unit 2, development director Gerry Albers presented a three million tenge donation to Berezovka akim Bazerbai Aryshev.

The money, a joint donation from KIO and main works contract CCC-Saipem in recognition of the safety performance, has funded a scheme to bring mains gas to part of the village

SEATBELT WARNING

DRIVERS and passengers have been reminded they must wear seat belts at all times when travelling in company vehicles. And they must keep to speed limits and use defensive driving techniques.

The warning came from general director John Morrow after a serious road accident in which two people were killed and three others injured.

The driver of a car leased to main contractors CCC-Saipem and the driver of a private car both suffered fatal injuries when their vehicles were involved in a head-on collision. The CCC-Saipem passenger was also seriously injured in the accident and taken to hospital.

Neither driver was wearing a seatbelt at the time.

Other incidents have occurred, such as the accident where a driver braked suddenly as he approached a main road and a minibus



The scene of the fatal crash

travelling behind struck the rear of the vehicle. The passengers in the minibus were not wearing seatbelts and suffered minor injuries.

John Morrow said: "It is the policy of KIO that all drivers and passengers in our vehicles and those of our contractors and sub-contractors wear seatbelts at all times. Failure to do so places you and others at risk."

In cases where seatbelts are not functioning properly, employees must not travel in the vehicle but report details to the transportation department so that action can be taken immediately.

not currently connected. The mains supply has now been installed and KIO has now funded two further phases, which by the end of the year, will connect the individual houses to this new supply.

The akim said: "I am doubly happy today. First, I am pleased to know such an excellent safety record has been achieved and, secondly, I am delighted our problem with the gas supply is being resolved at last."

A draw was also made among those who had filled in hazard report cards to see who would win prizes, which included a TV set, video recorder, RCD player and refrigerator. The lucky winners were driver Vaiisov Orynбай, steel erector Zhakyp Spabekov and grinders Kuantai Mukhanbetov and Victor Kashirski.



Gerry Albers presents the cheque to Bazerbai Aryshev



Village akims visiting the field

Akims tour the field... and like what they see

FIFTEEN local akims from throughout the Burlin Region visited the Karachaganak field and toured the new facilities now under construction.

The visit, which was also attended by representatives of the Burlin Akimat, was part of a programme aimed at meeting KIO's commitment under the Final Product Sharing Agreement to keep local people informed of what is happening on the project.

HSE director Jack Hinton welcomed the

visitors and provided a detailed briefing on the project before they travelled to the field to see for themselves what was happening at Unit 2, Unit 3 and KPC.

"For many of the party, it was their first visit to the field and it seemed that they were very impressed with what they were seeing," said Jack. "They all agreed that the event had been very worthwhile."

During a question and answer session, issues such as the care for the

environment, KIO's social programme and projects to help local communities were discussed.

"This was a useful forum for the exchange of information and views and the akims were able to go back to their communities and pass on what they had seen and heard."

To build on the progress made at this meeting, plans are being made to arrange monthly briefing meetings attended by a representative of each village.

Campaign for zero accidents

IT'S KIO's aim to have an accident-free workplace and an analysis of lost-time incident rates and road traffic incident rates since 1999 shows that our safety programs are producing results.

However, it will need a "step-change" approach to bring about additional improvements, as our present performance appears to have stalled.

"While the results are good, they have remained largely unchanged over many months", said HSE director, Jack Hinton.

"It's good to have safety programs, safe workplaces and safety procedures, but it will require more. It's about everyone taking personal responsibility for safety — a personal commitment to ensure no activity is done unless it can be done safely."

To help KIO assess HSE, a partner review team visited during October 30 – November 6 to evaluate how KIO was using best practice.

The team also carried out a survey of attitudes to safety, whether management and workers' own safety or considered it somebody else's responsibility.

KIO felt this information was essential in order to plan its Safety Culture campaign — which it hopes will bring about the "step-change" on safety that it seeks.

The survey results showed KIO to have a good foundation to launch such a campaign.

"The review revealed better-than-expected results for an organisation at this stage of development and transition," said BG head of safety, Nebil Younnes, a member of the Partner HSE Review Team.

The KIO workers surveyed felt that:

- the KIO organisation is committed to and communicates its commitment to safety (72%)
- senior management takes health and safety seriously (80%)
- management does not expect or instruct workers to break safety procedures (90%)
- management places a high priority on health and safety training (80%)
- management would not turn a "blind eye" to health and safety (85%)
- health and safety suggestions are acted upon (60%)
- workers are involved in setting health and safety procedures, instructions and rules (60%)
- management always acts quickly over health and safety concerns (65%)

With this information, and the other findings of the review team, KIO is putting together its Safety Culture campaign. Some of the key components are:

- better communication across all workgroups of lessons learned from incidents,
- improved and more focused safety meetings,
- enhanced driver and passenger accountability,
- formalized Journey management,
- formalized senior manager site HSE visits
- pro-active HSE KPI's vertically through manager and supervisor performance contracts.

Above all, the message is: help KIO achieve its vision of zero-accidents; make it a personal challenge; make it a personal responsibility. Your health and safety and that of your fellow workmates may depend upon it!



Complete... the power station units at KPC



KPC under construction in August, 2002

KPC beats its targets

THIS year has been a successful one for Karachaganak Processing complex. The main targets for construction were beaten and tremendous advances were made throughout the year.

"We set ourselves some very challenging targets as we came out of last winter and I am pleased to say we have met them," said KPC project manager Dick Parker.

By the end of November, about 85 per cent of the construction will have been completed, with all priority one buildings, including four substations, the utility building and the main control room, having been handed over to the commissioning team.

"What we have achieved to date is a

reflection of the integrated approach we have taken and the fact that the main works contractor, CCC-Saipem, has been very responsive to our needs," said Dick.

"We have had a workforce of over 7,000 on the site during this peak period of activity. We got off to a flying start when we had an early start to the spring which meant the site dried out earlier than expected.

"We have not looked back since then and in recent months we have moved away from general progress on the site and the emphasis has been placed on specific programmes aimed at completing areas of work so that commissioning work can be carried out."

This work has gone well and the first

technical commission took pace in July. This included the warehouse, the potable water and firewater systems, the driller's yard and substations five and six.

Another major success has been the completion and handing over to operations of the power station. This followed the successful testing of the third of the 40MW gas turbines.

"The fact that GE achieved in excess of three million man hours without a lost-time incident while working on this vital project was an exceptional performance and they should be congratulated," said Dick.

A plan has already been drawn up to ensure that the good progress is continued throughout this winter.

"Work on the road programme has gone well and we will have much better access around the site when winter comes. This will make life much easier for the workforce — they will no longer have to work in knee-deep mud, with vehicles getting bogged down.

"To complete a very good year, we need a very late start to the winter; I'm keeping my fingers crossed for this — and for an early spring next year.

"We still have much to do, but if all goes well then we could enter next year with the aim of hitting if not beating the first oil target date. I know it will be a big boost to everyone in the project and a special occasion for all involved."

Export pipeline ready for its final checks

THE export pipeline that will provide access to world markets for products from the Karachaganak field has been laid more than three months ahead of schedule.

Now all efforts are being concentrated on completing facilities linked to the line. These include the block valve stations, pig trap stations, pumping station at Bolshoi-Chagan and the terminal at Atyrau where the pipeline will join the Caspian Consortium pipeline that runs through to the Black Sea port of Novorossiysk.

The 635km pipeline linking the field to the terminal at Atyrau was put in place in just 14 months.

Trenching and lowering of the last few sections of 24-inch pipe for the 454km second stage of the connection between Bolshoi-Chagan and Atyrau was completed early in the summer. Since then, the whole length has been cleaned, gauged and hydro tested.

Preparations are being made for a final check using an intelligent pig — a piece of inspection equipment — that will carry out a detailed inspection of the line. This operation will take 57 days to complete and involves passing a series of inspection tools through the pipeline to confirm the internal geometry and wall thickness of the pipe.

The 32 block valve stations, positioned along the length of the line, are under construction and work is progressing on building the two intermediate pigging stations.

At Bolshoi-Chagan, all major civil foundations are in place and construction of the main pump building, the office and control building, fire fighting building, utility building and the firewater and diesel tanks is progressing.

At Atyrau, the main foundations are in place and the construction of major buildings and storage tanks is under way.



Students from Uralsk Oil and Gas College cleaning the bank of the Utva river

Youngsters help clean up their environment

PARTS of Aksai look a lot tidier now thanks to young people from local schools and colleges.

Pupils from five schools in Aksai and students from the Uralsk Oil and Gas College took part in the recent "Aksai Clean-up Day" staged to mark the 35th anniversary of the town.

KIO provided logistical support and sponsorship for the event, which was organised by NGO Parasat.

The volunteers split into two groups, one

tidying up Gazovik Park, the other cleaning up the banks of the Utva River.

KIO director Jack Hinton said: "We were pleased to support the young people of Aksai improving the environment in which they live."

Burlinski akim Sagidolla Erkebayev said: "By carrying out this work, the participants confirmed their personal support for the care of the environment."

Be prepared for winter weather

WINTER conditions in Kazakhstan can be extreme and pose a risk to life and limb if you are not prepared for them.

Snow storms can develop rapidly and the temperature drop as low as minus 40 degrees C, with the wind chill factor making the situation even more severe. All staff are warned of the dangers they can face and the precautions they must take when they are put through their induction course.

The first thing they should do is to wear the proper clothes to prevent heat loss.

Clothes should be: Layered, with the outermost layer being both windproof and waterproof; neck and wrist openings should allow ventilation to enable sweat to evaporate; there should be a good overlap between sleeves and gloves, and trousers and socks; the head should be well covered, because it is an area of great loss of body heat.

The main risks to health during the winter are hypothermia, frostbite, trench foot and snow-blindness:

Hypothermia: This occurs when the body temperature falls below normal and it can lead to death. It can be recognised by a number of symptoms, including: complaints of feeling cold, tired or generally unwell; lagging behind, stumbling or falling; unusual behaviour, particularly aggression; failure to respond to questions or instructions.

In the later stages, it will lead to uncontrollable shivering, difficulties with vision and collapse can follow.

You must: Recognise the signs as soon as possible and keep a watch on those working with you. If you suspect hypothermia, stop work, take protection against the elements, remove wet clothes and put on dry ones, provide warmth, give warm drinks and seek medical advice.

Frostbite: This occurs when the extremities of the body become extremely chilled. The first sign is extreme pain in the affected part and this later becomes numb, white and hard to the touch.

You must: Recognise the signs and if at the painful stage, protect and re-warm the part to return it to normal, but do not rub the affected part. Beyond this stage, seek medical advice.

Trench foot: This occurs when the feet and lower legs are kept still in cold and wet conditions for long period of time. The feet feel numb, walking is difficult, the skin is blotchy white and the ankles swollen. On warming, the skin becomes red and extremely painful.

You must: Seek urgent hospital treatment and take painkillers in the meantime.


Snow-blindness: This is caused by over-exposure to ultraviolet rays and results in soreness, redness and watering of the eyes. In the more severe cases it causes light sensitivity and blurred vision.


You must: Wear appropriate sunglasses or goggles. Treatment is by eye drops or, in severe cases, by eye ointment and pads.


Remember — prevention is always better than the cure.

Flagging up the dangers

A FLAG system has been put in place to keep staff fully informed of winter weather conditions and the actions that should be taken.

 When the green flag is flying: Normal weather conditions prevail and there are no restrictions in place.

 When the yellow flag is flying: Extreme weather has been forecast and a convoy system is put into effect in Aksai and for the field operations. A convoy requires at least two vehicles, one of which must have communications.

 When the red flag is flying: Extreme weather conditions prevail and only essential journeys — for search and rescue missions, emergency response and Pathfinder missions, or travel for critical operations issues — are allowed. A travel permit is required and only suitably equipped vehicles may be used.

Website puts company online

PEOPLE throughout the world can now learn all they need to know about the Karachaganak project at the touch of a button following the launch of KIO's own website.

The new 1.2 megabyte site, which can be accessed at www.kio.kz, has over 50 html pages.

It has been developed over the past year by public relations working in conjunction with Kazakh internet design company Asiaintershop and was launched at a special presentation in Almaty.

The database is extensive. It includes a welcome from general director John Morrow and contains all public releases, description of KPO organisation, its operations and the development of the field.

The site is aimed to be very practical and besides information on project activities it also includes an overview of Kazakhstan and Aksai, travel details to Karachaganak and links to parent companies' sites. It is being continually monitored and updated regularly online via a specially created back-office and provides a valuable communications tool with company press releases and other public statements being published on it.

"With the launch of KIO website we have another source to provide extensive information on project development directly to all interested people. Even though KIO has been operating in the Karachaganak field for a number of years, outside of Kazakhstan very little is known about what we are doing here," said public relations manager Kuat Dombai.



Public relations manager Kuat Dombai checks the website's home page

Team keeping track of contracts

KAZAKH duo Yulia Beketova and Julia Demitryuk form the team helping managers keep track of information on the hundreds of KIO's development contracts.

The two, who both recently gained passes in the internationally recognised First Certificate in English examinations, work as back-to-backs within the Contracts Group and are the co-ordinators of the Contract Management and Administration System (CoMas).

They have taken over from the original co-ordinators Rinat Yanbukthin, of LukOil, and Rossitza Simeonova, from KIO's London office. Initially developed by BG and customised by KIO, the CoMas system has been installed throughout the project, including at KPC, Unit 2, Export Pipeline, Development Engineering, Quality Assurance/Quality Control, Comit and Support Services.

It provides project-wide consistency for the handling of contracts that range in value from just a few thousand dollars to some worth hundreds of millions of dollars and gives managers instant access to live information on individual contracts.

Julia, who was previously with the Logistics and Administration Group, said: "We were challenged to become the focal point for maintaining the system,

developing reports and training all users. This seemed quite daunting as there was so much to learn in such a short time." Both travelled to the BG offices in the UK for intensive training in the use of the system and Yulia, who moved from the Planning Group to join the Contracts team, said: "We now have to work on our own initiative and we are responsible for meeting the demands of the many system users. We are the first to receive any feedback and we regularly visit

various locations where the system operates to ensure that everything is running smoothly. "We are extremely grateful for all the help and support we have received, not only from our contract team colleagues, but also from the IT Group in Aksai and BG in the UK. "They have played a major part in developing a system that is providing an important service and big benefits for the project."



Yulia Beketova and Julia Demitryuk with IT support group member Elio Rancati



Above: not just hanging around, but learning to use ropes to reach fires on high-rise buildings; left to right: Samat Sultanov, Alexandr Sevryugin and Sailau Karabalkin. Right: British firefighters show how they deal with a serious road accident



Fire crews learn the ropes of high-rise emergencies

SOME Kazakh firefighters have undergone extensive training at one of the world's leading fire training centres in Scotland.

Hand-picked from the local fire service teams that provide emergency cover at the KIO facilities in the Karachaganak field, they were introduced to rope access training for the first time at the Montrose training facility, and then went on to Aberdeen where they practised fighting major oil fires.

Craig Ginnett, superintendent emergency response and community preparedness said: "In an emergency, it is not always possible to reach really difficult areas at high elevations of a

processing plant such as ours by using ladders or cranes, therefore rope access is required.

"These men had never been exposed to technical rope rescue work before and we felt it was essential that they gained this knowledge."

Phil Poulson, Craig's back-to-back, visited the fire fighters at the training centre. He said: "They have responded really well to the training and have learned a great deal. They all say how good the training was."

In their spare time they visited the local fire station to meet their British counterparts. The local service put on a display of dealing with a major road traffic

accident, including cutting injured people from wrecked cars.

"Our lads were very impressed and very keen to learn the techniques as about 60 per cent of the calls they deal with at home are road traffic accidents.

"We are now considering devoting one day to this type of training when we organise the next course," said Phil.

The team who travelled to Scotland were Amangeldy Dilmukhanov, Maxut Jumaliyev, Zhangelidi Istayev, Sailau Karabalkin, Almat Naurzaliyev, Aman Niyetov, Yertargin Sarsembiyev, Alexandr Sevryugin, Samat Sultanov, Valeriy Vanin and Victor Yefimov. They were accompanied by interpreters Irina Kolodiy and Xeniya Ushakova.

Fast response stops post office blaze spreading

FIREFIGHTING teams from Unit 2 and Unit 3 have been praised for their efforts in tackling a major incident in the village of Berezovka.

When the alarm was raised an AC 5-40 fire tanker and crew from Unit 2 were immediately sent to the village and found that both the Berezovka post office and a former administrative building were on fire.

Five hoses were brought into action to fight the blaze and to prevent it from spreading to neighbouring buildings. Because there is no fixed water supply in the village, water had to be taken from the Berezovka River about two kilometres from the village.

It soon became obvious that more help was needed and a second tanker and crew, accompanied by watch commander B. Zimov, was called in from Unit 3.

With the additional manpower, the firefighters were able to tackle the blaze and salvage the contents of the burning buildings.

Craig Ginnett, KIO's superintendent responsible for emergency response and community preparedness, said: "This was a first-class performance by all involved. Prompt action by both teams meant that the losses suffered were much less than those typically associated with fires of this type and they prevented a really major incident by stopping the flames reaching adjacent buildings."

The Akim of the village, Bazarbai Aryshev, has written to both the commander of the State Fire Service Department and the commander of the West Kazakhstan branch of the state enterprise Ort Sondirushi thanking the fire crews for their professional and efficient action.

More hands to the pump

A FURTHER 32 firefighters are to be recruited from the state fire service to strengthen the emergency coverage in the Karachaganak field.

The new arrivals will swell to 198 the number of fire-fighting personnel providing emergency coverage throughout the field.

"We are now preparing for the operational phase of the project and this requires a much larger team that will operate from four locations," said Craig Ginnett superintendent emergency response and community preparedness.

The locations are the Karachaganak Processing Complex and Unit 2 where fire stations are under construction, and Unit 3 and KCC.

Unit 3 sets record

THE TEAM at Unit 3 has continued its impressive record-breaking production achievements.

It has lifted the daily production records to above 18,000 tonnes for condensate and

16,000 million cubic metres for gas. The 18,000 tonnes barrier was broken on a number of occasions in October, with the current record of 18,928 tonnes set on October 27.



From the Unit 3 team, left to the right: production foreman Mergali Nugmanov, production operator Alikhan Kesaev, production supervisor Bakhtygalii Biketov, production operator Baigali Kazanov and production foreman Erik Sarbaev

The new record for gas was set on October 24 at 16,643 million cubic metres and beat the previous record of 16,460 million set on Christmas Day 2000.

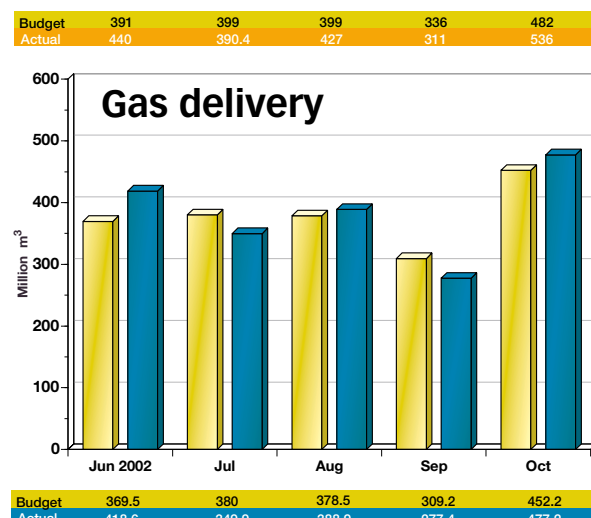
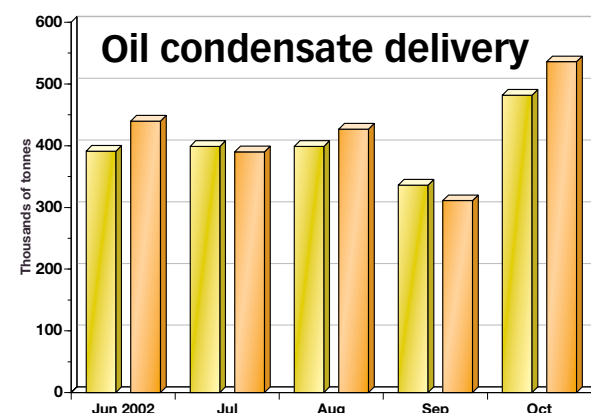
Operations director Mario Becherucci said: "This repeated setting of new records is proof of the commitment of our operations personnel, 95 per cent of whom are Kazakhs, and their constant effort to reach the targets set. It is the best guarantee we have for the future of the company."

Total production of gas in June was 418.6 million cubic metres, some 49 million above the budget figure. It was the third month in a row that gas production had beaten budget by a considerable margin.

However, throughout the third quarter gas production slipped to just below the target figures, although in September there was a one-week production outage so that planned maintenance could be carried out.

Oil condensate delivery in August was 427,000 tonnes. This was the second highest monthly production of the year and some 28,000 tonnes above budget.

Now, with production at Unit 3 at the highest level ever, it is possible that the production targets set at the beginning of the year will be achieved.



Kazakh employees given the chance to move up

A MAJOR restructuring of the departments within the Health, Safety and Environment Directorate has resulted in promotion to senior positions for a number of Kazakh employees and the formation of a new section.

The new-look departmental structures have been described by KIO service director Giovanni Zinnato as "a model for what has been envisaged as the nationalisation plan for the whole venture".

HSE director Jack Hinton said: "The venture is in a dynamic mode and our departmental organisations have to adapt to meet the changes that are placed on them."

"Up until now, the venture has been primarily in the development phase and it has been a 12-hours-a-day operation, but as the new plants become fully operational we will be moving across KIO to a 24-hours-a-day operation. That requires a major change in how HSE works and the type of team we need."

He added: "Looking ahead for a five-year programme to take us through to 2007 has given me the opportunity to project what we need to do in terms of the nationalisation programme and to identify the people we need and the qualifications and training they require."

Within the new structure, there are now two Kazakh nationals who are direct reports to the HSE director, with



Left to the right are Gabdrakhim Gabdeev, Kanatbai Ibagarov and Yuri Bayashev

security manager Vladimir Budyak being joined by Andrei Ruhklin. Andrei has been promoted from section head and chief project engineer and now manages the permits, licences and approvals department.

Kazakh nationals have also been appointed to co-ordinator positions in three sections of the health and environment department — Tatiana Bogatova in soil and

water, Gabdrakhim Gabdeev in air, and Zemphira Tulemisova in waste management.

Nationals in other departments have also been appointed to leadership positions — Kanatbai Ibagarov (section head, position), Yuri Bayashev (labour safety co-ordinator), Elena Kilyakova (incident investigation co-ordinator) and Gulnara Daulova and Elena Bulatova (data management and reporting).

"We do not have the people with occupational hygiene experience we need at present and we are looking to appoint Kazakh nationals with the relative expertise," said Jack Hinton.

The new section will also include four occupational hygiene technicians and every effort is being made to promote existing Kazakh staff to these posts.

Jack said: "The people who have been promoted have proved their ability. We are putting them in a position where they can succeed and we will give them all the support they need."

"With this new structure, more Kazakh nationals are demonstrating their leadership and ownership of HSE. They are the ones I now hold responsible to deliver the assigned functions. Their counterpart ex-pats will now work alongside them to give support."



Prime Minister Imangali Tasmagambetov visiting the KIO stand

Company success on show



KIO HR co-ordinators Mira Abdrakhmanova and Aigul Kalaganova greet BG country representative David Skeels

Prominent minister views project progress

ALEKSANDER PAVLOV, the first deputy prime minister of the Republic of Kazakhstan (pictured on the right talking to WKO Akim Kuserbaev and John Morrow), was an interested visitor to the Karachaganak Project.

He was accompanied by Zeynolla Kakimzhanov, the minister of finance, and both toured the field and saw for themselves the significant progress being made at both Unit 2 and the Karachaganak Processing Complex.

They met KIO's senior management team, and general director John Morrow gave them a detailed briefing on the project, including the company's successful implementation of the Kazakh content and vendor development programme.

The high-ranking government officials were also briefed on the company's continuing investment in the social infrastructure of the region.



KIO WAS again one of the major exhibitors and conference delegates at the prestigious oil and gas event KIOGE, staged in Almaty.

PR and communications manager Kuat Dombai said: "KIOGE offered an excellent opportunity to communicate to key audiences what has been achieved this year and what is planned for the future, our role in the country's economy and how we are performing as a responsible corporate citizen."

The project's 77 square metre exhibition stand featured four main themes:

- the company's success in the Republic of Kazakhstan vendor development programme
- achievements in protecting the environment
- commitment to the nationalisation programme
- KIO's contribution to the community.

For the first time, the impressive KIO stand was produced by Kazakh contractor JSJ Company. Their managing director, Kairat Zhanalin, said: "This project was both a big responsibility and a privilege for us and we are proud that KIO trusted us to perform this work."

In addition to the exhibition, KIO was also well represented at the KIOGE conference. General director John Morrow addressed vendor development activities and HSE director Jack Hinton spoke of KIO's achievements on protecting the environment. Both reports were well received by the distinguished audience and got a wide positive coverage in national mass media.

KIO's exhibition stand attracted many visitors, including government officials, the media, industry colleagues and students.

Everyone could find something interesting — students and young professionals became acquainted with KIO's nationalisation programme and perspectives of working with the company, journalists were glad to receive the latest issues of *KIO News* and find the answers to their questions, and countless potential vendors took the opportunity to talk to their colleagues from KIO vendor development and qualification and procurement departments.



Entertainment from local youngsters in Aksai

The Karachaganak Project has changed the lives of many who have been involved with it.

In this feature, we give individuals the opportunity to describe their views and experiences while working on one of the largest oil and gas projects in the world.

One-car town now has rush-hour traffic

SOME things never change. I arrived in Kazakhstan on an early February morning three years ago. It was cold, very cold, and there was a lot of snow on the ground. It took me two hours to get through customs.

It was very cold and snowy this February — and it still takes two hours to get through customs.

On that first day, I reluctantly put my luggage on a truck and found a seat on a very crowded old, yellow and blue bus and waited for the rest of the party to clear customs. The bus was very uncomfortable, nothing like the new big blue buses with reclining seats that we use today.

We left Uralsk at 9am and I remembered wondering why the road had been built with deep ditches on both sides. I soon found out when the snow melted.

I was also amazed that the trees seemed to grow in absolute straight lines on each side of the road!

My first impression of Aksai was that it was quiet, had a small market and very few acceptable restaurants. In the mornings, when I went to work, you probably saw only one car. There was no building activity and there was an abandoned shell of a building that was clearly meant to have been flats when it was started.

How things have changed in three years. The roads are now bustling with traffic and crossing the road is just as hazardous as back home. In fact, there is an urgent need for traffic lights at the busiest junctions (*editor's note: the traffic lights are now on*).

The abandoned building has been converted into the best, and most expensive, flats in the town and it has a restaurant we all know as Renko's. You cannot go out today without seeing new construction work going on everywhere.

Even the Trnava shopping centre has changed and the outside market has expanded significantly. Of course, there were no M10 or New World discotheques back then.

I think my first visit to a restaurant, if you could call it that, was to the Rendezvous in old Aksai. The food was edible, honest! Now, there



British ex-pat Chris Ellis corporate section head in Finance

are many restaurants worth visiting and standards have improved enormously, to the point where I enjoy eating out in Aksai. Of course, I am still waiting for the inevitable Chinese restaurant to open.

I have been much impressed by the Kazakh dancing and the colourful costumes and it would be great if a theatre was to open in Aksai so that we could see locally the type of entertainment that is only available in Uralsk at present.

Oil brings money and this can attract the wrong type of people. This has been evident in the increasing number of incidents affecting ex-pats and local people. However, I do believe that Aksai has changed for the better, and will continue to do so.



Oil project brings local prosperity too

Khatima Utepova teacher of Russian, Aksai Training Centre

AKSAI is my home and everything that relates to it is very dear to me and my family. Our children have grown up here; my friends and relatives are here, and the place I love to work.

It has been amazing to see the changes that have taken place here. From being a provincial and, in some ways, backward village, it is becoming a compact and more modern town.

This is all due to the development of the Karachaganak field and the investment boom the region is enjoying. You can say, without exaggeration, that the project has changed the lives of thousands of people, including myself.

I work in the KIO training centre as a teacher of Russian and my students are mostly expatriates. They are full of enthusiasm to learn the language because they want to be able to communicate freely with their local colleagues and to learn about the culture and traditions of the country in which they are working.

Through working in the training centre I have met many people from the project.

We want our town to continue to prosper and to turn green. We already have shops and cafes and, in the future, I would like to see a sports centre where our young people could spend their leisure time.

It is my hope that, as it continues to develop and prosper, my home will become as dear to others as it is to me.

A colourful country – and people

BEING a mineral collector, I knew Kazakhstan had a number of world-class mineral localities — I even had a few specimens — so I knew where the country was on the map.

On hearing that I was coming here, one of my neighbours, a Russian lady who travelled widely in Soviet times, said the Kazakhs were good people.

As a Scandinavian coming from a part of the world where the sky never meets the land in a long, level horizon, I cannot claim to feel at home on the Steppes. It seems to me to be a hard, unforgiving place — but it has its compensations. The sunsets and sunrises can be spectacular and the wildlife is so unusual. I can watch the antics of the gophers and the majestic glides and dives of the birds of prey for hours.

The snow-clad peaks of the Zailiysky Alatau mountains around Almaty provide a beautiful contrast and the rolling landscapes forming the southern tip of the Ural mountains not far from Aktyubinsk provide yet another, softer kind of beauty.

I have many memories of the kindness of local people. I remember one evening, when visiting a geologist at his home in Almaty, I flagged down an old Zhiguli. We duly arrived in the usual jungle of flats with me not knowing which one I wanted, but the brother of the driver got out to ask the way and 20 minutes later returned, bringing my host with him. There was no extra charge and only reluctantly did they take the tip I offered.

On another occasion, I shared a taxi from Atyrau to Uralsk with a woman with a babe in arms. Because of the terrible state

Moltu Knut senior contracts administrator

of the road I had a pain in my rear for days, but the real memory of the 12-hour trip was of the woman insisting that she shared her food with me. My only offering was chocolate and a piece of fruit.

Travelling overnight on a train from Aksai to Aktyubinsk, I shared a four-berth compartment with a geologist, a lawyer and a drunk. The lawyer was going home to get married and took great pride in showing me the finery he had bought for the occasion. I also had an interesting conversation about the geology of Kazakhstan with the geologist. As for the drunk — he fell out of the top bunk, but suffered no apparent damage.

Then there are my colleagues. I have to thank them for their hospitality and their help, insight, understanding and patience. At times I'm like a small boy who keeps asking: Why's that? What's that for? What's that called in Russian?

They have surprised me with their language skills and all speak better English than I will ever speak Russian, but they still indulge me by speaking Russian with me.

I stayed in a small Soviet-style hotel staffed by a group of elderly ladies. They are wonderful and look after me as if I was a grandchild.

I do have some dislikes — toilets on trains, for one, and the over-assertiveness of some individuals is another — but I do like the place and my neighbour was right, they are good people.



Family's holiday takes in tour of oil and gas field

WHEN Emma and Katie Roberts returned to school after the summer break they couldn't wait to tell their friends about their holiday destination — the Karachaganak oil and gas field in Western Kazakhstan.

Their father Karl, is project manager on Unit 2 and Infield, and the two girls and their mother, Sue, travelled from England to join him for their family holiday.

With all the stops being pulled out to meet the target for first gas injection from the new plant, Karl had to extend his tour of duty from seven to nine weeks and this cut into the school break and the holiday.

To solve the problem, Karl's boss, Gerry Albers, suggested that they join him, and while in Aksai they saw at first hand the project that has played such a major part in Karl's life over the past few years.

"Now we know what he gets up to when he's away from home," said Sue. "I had heard so much about the many friends he has made while he has been on the project and it was a pleasure to meet them face to face."

"I think we are the first family to choose Aksai as a holiday resort. We have been bowled over by the friendliness of everyone we have met. The girls have been showered with gifts, they have been horse riding and played badminton at KCC."

Emma and Katie brought their own gifts with them — books — and presented these to local children during a visit to the school at Berezovka. They bought some of the books themselves, but others were donated by a bookshop in Devon, England, after they explained what they planned to do with their purchases.

Before the family moved on to the second part of their holiday, Moscow and St Petersburg, the girls gave their own comments on their Kazakhstan experience.

Thirteen-year-old Emma said: "It was mindboggling," while Katie, 11, said: "It was cool!"



Karl and family at Unit 2



The hot oil system is completed

All fired up at Unit 2

THE construction work at Unit 2 is substantially complete and commissioning is well advanced. This is the first time that sour gas will be injected at such high pressures anywhere in the world so Unit 2 is the cutting edge of technology. Accordingly, there are a number of modifications being implemented before start-up to enhance the performance of the unit.

"We have faced a tough challenge to get where we are and the focus is on us because we are the first of the new major facilities to come on line," said Unit 2 project manager Karl Roberts.

"We made the decision to change our strategy to avoid having major construction work taking place inside a

Plant ready to go on line

live plant and now the plan is to finish the plant in its entirety before testing it with sour gas.

"Having completed extensive studies, we believe this is the lowest risk strategy, both from a technical and a health and safety point of view.

Throughout the spring and summer, the priority at Unit 2 has been to finish systems in the order required by the commissioning programme and to complete the mountain of

paperwork that goes with the construction work.

In some of the critical areas of the plant where most of the work had been completed, there were still vital finishing touches required before commissioning could take place.

"We knew we had to complete this work, and complete it quickly," said Karl. "It was then decided that we should form special hit squads to tackle the task," said Karl. The first mission for the hit squad was the hot oil area. This was 97 per cent complete and a 154-strong team, covering the mechanical, piping, and electrical and instrumentation areas, moved in and did the work in just five days.

Karl said: "There were some who doubted it could be done, but we

succeeded. It was a first class team effort and everyone was committed.

"We did not waste a single minute; we even used buses to take the team to and from the canteen for meals to save precious time."

Based on this success, a similar approach was adopted to complete the firewater building, the air compressor building and the upper floor of the new administration building.

Five integrated teams made up from COMIT and the main contractor workforce are working on other critical systems.

This success story captured the imagination of the local media and it was featured on television and in local newspaper articles.



Work at Unit 2, August 2002



Above: putting the final touches to the plant... painting and lagging at Unit 2



Proud workers at Unit 2



Gas reinjection compressors at Unit 2, August 2002.

A view from the inside... what's it's been like to work on the project and how life has changed



Jonathan Browne
ex Unit 2 project engineering manager

JONATHAN BROWNE spent well over 11 years working with the Karachaganak Project, but will miss the big day when Unit 2 goes live.

When his colleagues celebrate first gas injection at the new plant, the former Unit 2 project engineer will be in Egypt on a new posting with British Gas.

"After working for so long on Karachaganak and seeing it grow from a plan on paper to a state-of-the-art facility, it is disappointing not to be there with the team for the big day," he said.

Jonathan's connection with Karachaganak started in May 1991 when he came out to Aksai to survey Unit 3 — or Unit 16 as it was called then — but he sees his time at Unit 2 as the most rewarding, even though it had its setbacks, disappointments and frustrations.

Many people have contributed to the development of the new facilities at Unit 2 and we have given a few of them the opportunity to express what the project has meant to them personally.

For the first six months at Unit 2, he was a member of a very small team. "We could all sit around one big table for lunch every day," he said.

Over the next six months the team expanded quickly; lunch had to be taken in shifts.

Jonathan said: "Looking back, you tend to remember the problems, while the things that went right get forgotten. That's probably because the responsibility of any project team is to solve problems and we had more than our fair share. The weather, of course, was a big factor.

"We could plan for the cold, but rain and mud caused the main problem. October 2001 was a trying time as the autumn rains did their worst to the site. We struggled in the mud, praying for winter just so that the ground would freeze and we could

move freely around the site again.

He added: "Kazakhstan is a country of several cultures, but as Unit 2 moved from early construction work into the main phase, the cultural and language mix on site increased dramatically."

That produced some funny moments. On one occasion, Jonathan found himself talking in broken Russian to a pipe fitter whom he later discovered was a Filipino. "It was not the most effective method for communication," he added.

As he packed his bags for Egypt, Jonathan said: "I look back on my time at Unit 2 with fond memories of the people I worked with and their hard work and dedication to overcome all the obstacles. I wish all connected with the project every success."



Victoria Tyrtysnik
administration supervisor, Unit 2

I HAVE watched every phase of the development at Unit 2 and it has played an important role in my career. It is something that will live in my memory.

I always wanted to work for an international company and to be of use to our young republic and it has been through KIO that I have achieved both ambitions.

I joined the project development team in 1998 and was lucky to meet Gerry Albers because he was a great help to me in choosing the right direction at the start of my career. Since then I have worked as a secretary interpreter in social projects and with the Unit 2 upgrade team before moving to Unit 2 as administration supervisor two years ago.

I enjoy working at Unit 2. When construction started here, we were a small, united family and I have good memories of Giorgio Pastorino, a superintendent on the project. An

interesting man, eager to discover the culture of other countries, Giorgio speaks Russian very well and has a good knowledge of Russian proverbs.

Young Kazakh people such as myself are lucky to be able to work with experienced colleagues and I have learned so much from them in a short time. It is a pleasure to work for a leader such as Karl Roberts who is fair, tactful and always ready to give support to those working for him.

I often visit the construction site. I have watched the size of the workforce grow from our small family to a big army and seen how much progress has been made. It is good that so many Kazakh nationals have been able to make a contribution to the project.

Things have changed at the site and in Aksai. There have been big improvements in the town and I think it is good that the local people have had the opportunity to meet people speaking different languages, to learn about their cultures and to exchange knowledge and experiences.

Ildar Rakhmankulov
translator, Unit 2



I CAN still remember the day I arrived in Aksai. It was October 16, 2000, and I had just been appointed as an interpreter by the Italian company Sicim to work in its assurance and quality control department.

This was how I came to start work at Unit 2. It was very interesting, but also quite difficult for me as this was my first place of employment.

Major construction work on the site had only just started and I have watched it grow through every stage. During that early period, life was hectic and we had much to do. I'm not only an interpreter, I also provided help for the quality assurance and quality control engineer.

It was hard work, but I gained so much experience working with different project documentation.

I left Sicim at the end of my contract and joined the project development team at Unit 2 as a technical translator. I have enjoyed working with them very much. They are a friendly group and I have met people of many nationalities.

I am grateful and proud to have been part of such a massive project; one that will play a great part in the growth and economic development of the Republic of Kazakhstan and which, hopefully, will provide improved social conditions for all our people.

Leonardo Annicchiarico
lead civil engineer, Unit 2



I ARRIVED at Uralsk airport in August 1999 — before that I had only seen Kazakhstan on a map. It was the start of the preparation works for the construction of Unit 2 and I was the first expatriate to be employed there.

We had a terrible start with the weather. There was rain, snow, slush and a big freeze. This was followed by the thaw and deep, deep mud. All this made construction work very difficult, but fortunately for me I had a great deal of experience of winter working and we were able to get the job done.

With the early works completed, we moved on to the main work contract with CCC-Saipen which increased activity on site and the number of people working on the project. The workforce has grown to more than 3,000.

We are now nearing completion. On the way we have had to resolve many issues and for that I must thank my colleagues, both expatriate and Kazakh national. It has been a real team effort and my one wish now is to complete this project on time, safely and to the required quality.

Keeping the wheels turning...

THE vital task of keeping nearly 300 KIO vehicles on the road has been transferred to an Aksai company.

AksaiAutotrans, in partnership with KIO, has carried out major refurbishment at its site close to the project's main offices so it can handle the major workload.

Bulat Shabarov, the president of AksaiAutotrans, said: "We have named it the Diamond Workshop because it is a very valuable facility for us. Without it we could not have been in a position to take on this very important contract."

The new workshop, with more than 5,000 square metres of space and five autolifts capable of lifting anything from a car to a bus, was officially opened on September 23. Renovation work and equipment installation cost more than \$100,000 and was carried out with funding assistance from KIO.

"This approach of developing a local supplier through business support demonstrates our commitment to the Kazakh Content Increase Programme and vendor assistance in particular," said vendor development and qualification manager Howard Burrows.

Procurement and logistics manager Mike Kelly, who has been working with AksaiAutotrans on the new venture, said: "They will now be responsible for servicing, repairing and providing fuel for all our vehicles. Each has to be serviced every 10,000 miles and the road and climate conditions are very tough on vehicles. It is important they are well taken care of."

AksaiAutotrans started about seven years ago with a filling station, six temporary

buildings, a small workshop and a handful of employees — but it has come a long way since then.

Present facilities include workshops, paintshops, warehousing and parking, covering an area of 90,000 square metres, plus about 200 vehicles ranging from cars, buses and trucks to cranes, tractors and excavators.

There are nearly 300 employees and the contract with KIO will see this number increasing.

Mr Shabarov said: "I am proud of what we have achieved, the way the business has continued to grow and the fact that we are creating jobs for local people."

In the past, AksaiAutotrans worked on KIO vehicles as a subcontractor to ISS, but it was limited to trucks, buses and Russian vehicles because staff had no training on Western type vehicles.

All that is changing and 22 experienced mechanics from the Aksai workshops have been selected for two-week training courses organised by the KIO training centre with a major Toyota dealership in Almaty.

"This training is another major boost for us," said Mr Shabarov. "The fact that our people are gaining certification to work on a wide range of vehicles will provide us with further opportunities for new business."

Summing up the results of this event, KIO services director Giovanni Zinnato said: "We have managed to build a strong team which is able to realise any work given to them. With no exception from top to bottom I would like to thank everybody who made this project real."



ABOVE: Bulat Shabarov (left) discusses the servicing contract with Mike Kelly (centre) and Howard Burrows



LEFT: KIO vehicles being serviced in the new workshops

Mud plant ready to back up drillers

THE new liquid mud plant that will support drilling operations in the Karachaganak field is one of the biggest that top international contractors Baker Hughes has built.

It has cost in the region of \$7 million to develop and will provide vital support for KIO's drilling operations. It contains a state-of-the-art recycling plant and is due to be commissioned by the end of the year.

The giant tanks that hold the liquid mud — a special material used as a lubricant during drilling operations — can store more than 14,000 barrels and the plant has the capacity to recondition an estimated 500,000 barrels of this vital material each year.

A total of 40 people will operate the plant, 36 of whom are new Kazakh recruits. This will take the total number of people working for Baker Hughes in the integrated service contract companies on the Karachaganak Project to about 550.

Baker Hughes is one of the world's leading oil service companies, employing more than 30,000 people worldwide. It is one of America's top 500 corporations, with its head office in Houston, Texas.

The company first registered in Kazakhstan in 1998 and now provides integrated drilling services to KIO, as well as to similar projects at Aktobe, Atyrau, Kzylorda and Mangystau.

These services involve virtually all areas of the operation, including geophysical studies, directional drilling, well completion, well testing, coring and core analysis.

"Two years ago when we came to Karachaganak we set ourselves pretty tough targets regarding the nationalisation and training of our workforce and we have worked hard to reach them," said manager Glen Nimegeer, who heads the Baker Hughes Aksai-based team along with Kim Krushwitz.



Baker Hughes project manager Glen Nimegeer in front of the new plant

"We started with just two nationals on the team, but now the number has grown to 340. All of our support and clerical staff are Kazakhs and, as of October this year, 70 per cent of our skilled and technical workers, 60 per cent of professional and supervisory staff and 40 per cent of managers are nationals."

He added: "We know that because our technology requires highly-trained personnel, it can take anything from three to five years to train nationals to replace expatriate specialists."

"It has always been our aim to provide the 'best in

class' transfer of skills and technology for our staff."

During the past two years, Baker Hughes has provided training for more than 250 nationals, spending nearly \$7 million in the process. Although the bulk of this training has been "on the job," some has been carried out at training centres in the USA, Britain and the Middle East.

Baker Hughes, like KIO, is also committed to supporting the import substitution policy of the Kazakhstan government and, at present, spending on local materials and services is running at about 34 per cent.

"Our goal is to see this rise to 40 per cent and we are confident we will achieve this," added Glen.

Baker Hughes involved local subcontractors in building the liquid mud plant and refurbishing the brine plant, another of the company's Karachaganak projects, they brought on board AksaiGasService.

Production facilities for the tanks used to store liquid mud were set up at the Aktau plant of AKMO 88 and a total of 68 per cent of the construction costs for the liquid mud plant came from utilising Kazakh companies.

Another initiative was fabricating the roll cages for the Baker Hughes vehicles at the Zenit Plant in Uralsk. Baker Hughes was the first company working on the project to adopt this safety measure and KIO soon followed suit and placed orders for its vehicles.

Baker Hughes has also joined forces with Atyrau Petroleum Refinery to produce demulsifying agents and the US giant plans to forge links with local companies to assemble drilling bits and produce stabilisers and perforators.

"To date, our involvement with Karachaganak and the Kazakh people has been a real success story and, with the commissioning of the new liquid mud plant later this year and other new initiatives, we intend that the story will continue," said Glen.

Lab given a boost

THE laboratory that keeps a close eye on the quality of water and food in Aksai and the Burlinski region is receiving a major upgrade, thanks to KIO.

The company is funding major improvements to the Aksai-based facilities of the Burlinski region's sanitary-epidemiological station. A total of KZT 1.3 million is to be spent on much-needed new equipment that was identified during a recent review of the facilities carried out by a team from London University.

The SES facility is a vital part of the public health service in the region. Its staff provide a testing service for both water and food quality. It also

provides laboratory diagnostic services for the Aksai hospital.

Professor Sean Kuan, a member of the university inspection team and a former manager of a similar laboratory in the UK, said: "I found the SES staff to be well-qualified and very professional and the new equipment that they are to receive will help them to serve better the people of the Burlinski region."

At a ceremony to announce the laboratory sponsorship, Serik Zhanabaev, head of the Burlinski region SES, thanked KIO for its generous support.

Jack Hinton, KIO's health, safety and environment director, said: "We

work together with the SES to ensure the health of both our workforce and the local community and we are pleased to contribute to the upgrading of such an important facility. This will be of benefit to us all."

The event was also attended by Burlinski region akim Sagidolla Erkebayev and he said: "I am very pleased that our laboratory will be able to provide an even better service for the people of Aksai and the entire region."

"With this new equipment in place, I think the health of the people living in this region will improve significantly."



Sagidolla Erkebayev, Jack Hinton, Serik Zhanabaev, and Professor Sean Kuan



James gets ready to roll

Camera ace James watches the birdie!

TOP wildlife photographer James Warwick had just finished a commission in the Scottish Highlands when he received an unexpected phone call from KIO public relations manager Sean Bruen asking if he was interested in photographing the wildlife on an oil and gas field in Kazakhstan.

Sean wanted photographs for use in an environmental publication and for exhibitions and other PR initiatives.

James realised this was a unique opportunity and quickly accepted. This summer, armed with his camera, he spent a week working from dawn to dusk exploring the Karachaganak field and hunting out its wildlife.

"It was my first visit to the country and I was immediately struck by Karachaganak's rich birdlife," said James. "There were great crested grebes, grey herons, mute swans with their families of cygnets and wonderfully colourful species, such as rollers, bee-eaters and hoopoes."



James Warwick's favourite picture from his KIO photo shoot... a pair of demoiselle cranes near Unit 3

On his first morning, James was lucky enough to photograph a young long-eared owl roosting in a tree close to the road.

Later, while exploring some of the grass meadows, he came across a pair of beautiful demoiselle cranes. "I had never seen them before and, with perseverance, I got close enough to the cranes for a photograph and finally succeeded in framing them with Unit 3 in the background," said James.

"This is my favourite picture from the shoot because it brought together the two elements of industry and wildlife."

Although he did see red foxes several times and found sure signs of European beavers, the only mammals James was able to photograph during the week were ground squirrels, locally known as "sousliks".

"These are highly-strung creatures and posed quite a challenge, but with patience I was able to photograph what appeared to be two species — one much larger than the other — characteristically standing on their back legs to look over the grasses for possible danger," said James.

He also took photographs of the

Karachaganak landscape to show the rivers in the context of their industrial surroundings and these were taken at either sunrise or twilight when the light was at its best.

"It was good to see freshwater crabs thriving in the rivers as their presence is a good indicator of unpolluted water," he said.

In his week with the project, James thinks he only just scratched the surface when it came to capturing all of Karachaganak's wildlife and, in particular, its birds. "To do it justice photographically, you would need to spend many months in the field because there is so much out there," he said.

"I think it would be very worthwhile for a local field biologist to catalogue all the species that make Karachaganak their home and so help to ensure that they continue to do as well as they appear to be doing now."

● These photos will be used in the new 2003 calendar.

Photos go on tour

THE work of some of the world's top wildlife photographers has been seen by thousands of people throughout Kazakhstan, thanks to the BG Group, one of KIO's major international partners.

BG has sponsored the Wildlife Photographer of the Year competition for the past 13 years and a selection of the best of this year's entries made up an exhibition that visited Kazakhstan as part of a world tour.

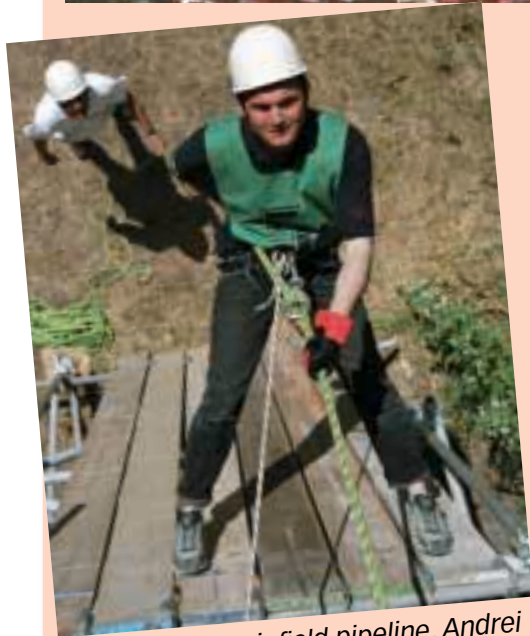
The show was held for a month in the Saken Gumarov Exhibition Hall, at the Institute of Languages and Management in Uralsk. It also visited venues in Astana, Almaty, Atyrau and Aktau.



The larger 'souslik' on the lookout



A long-eared owl pictured on the first morning of James's stay



HSE technician, infield pipeline, Andrei Okhrimenko



A soggy ending for the raft-building exercise

Course a splash hit

HSE team members took to the water on a lake close to Burlin as part of a new three-day development potential course.

Over a five-week period, a total of 75 people from the department, all Kazakh nationals, took part in the pilot scheme and their biggest team challenge was to build a raft and to cross a lake on it.

Some were successful, managing to land on the other side happy and dry, but others sank en-route and had to swim for it.

Jim Murphy, the leader of the MacGregor Energy Services team that organised and ran the course, said: "Although this was quite a serious challenge for the teams, everyone enjoyed taking part, even those who got wet."

Among the other challenges the

participants had to face during the three-day event were abseiling and an obstacle course.

"I think all who took part learned a lot about themselves and their abilities and the course was a big success," said Jim.

"We really put them through their paces and we were able to see how individuals responded to different challenges and how they operated within a team environment."

In the second phase of the scheme, all who took part were visited at their workplace by a member of the MacGregor Energy Services team with the aim of identifying individual training requirements.

Children from the school at Burlin were invited to visit the lakeside training area and they tried their hand at abseiling and a number of the other tests.

Salute those Olympic heroes on three legs!

POOR weather failed to dent the enthusiasm of the competitors and spectators when the Olympic Games came to Aksai.

There were no places or invitations for the top Olympians such as Olga Shishigina, Michael Johnson or even Steve Redgrave — the only boat event being staged on dry land.

Instead, nine teams came forward to represent KIO and its contractors to compete for honours and to raise money from this fun event, the first of its kind to be staged at the Czech Camp.

It was evident that in some cases very little training had been done for such gruelling events as the egg-and-spoon race, the three-legged race and the tug of war, but everyone taking part thoroughly enjoyed themselves and gave the spectators plenty to cheer and laugh about.

The big event of the day was the bottomless boat race in which teams had to carry their vessel around a challenging course. Competition was fierce — so much so that KPC Constructors, the first team across the finishing line in the final, were disqualified.

In fact, the judges decided that Vanity



Three legs are better than two

Fair, the only all-female team taking part in the event, were the only ones who had not bent the rules and so they were named as the winners.

The Vanity Fair team included Aigul Toumatova, Gulnar Kamysbaeva, Svetlana Lipnitskaya, Olga Gorokhovskaya, Inna Ten and Zhanna Dyusenbina.

The overall winners and Olympic champions were the Magpies, representing catering contractors ISS.

Their team included Colin Lowery, Ivan Medlin, Oksana Kuzmenko, Vinod Krishna



Isn't the finish line the other way?

Puram, Dejitaev Zhaksibek and Rajeev Kumar Sharma.

Organisers of the event were Annie Macintyre, Dave McEwan, Dave Foster and Jeff Bell. They were so pleased with the way it went, they plan a similar event next year.

"We will make it bigger and better next time and we will also move it to an earlier date to get the better weather," said one of the organisers. "Everyone who took part thoroughly enjoyed themselves and we raised few thousand dollars, which we will use to help local charity cases."



Taking the strain in the tug-of-war

Holiday to remember for pensioners

A GROUP of pensioners from the Burlinsky district enjoyed a welcome summer holiday thanks to sponsorship from KIO.

The company spent KZT 600,000 and provided transport to send two groups of 12 people to a sanatorium at Ak-Zhaik for 20 days. While enjoying a well-deserved rest there, they also received free medical treatment.

The fortunate 24 were selected at a session of the district's veterans' council and a spokesman said: "We have over 8,300 pensioners and invalids in the district, so there were many who would have liked to go away for a rest and treatment.

"We decided that the tickets should go to those who had not had a break in recent

years and those who do not get assistance from other organisations."

Asima Adilgereevna Shakenova, one of the lucky ones, said: "We mothers of many children and pensioners are rarely provided with an opportunity to rest or receive medical treatment and this visit to the sanatorium will remain in our memory for ever."



The River Ural

River's Life story goes into print

THE rich culture and environment of the River Ural is captured in a new book published with funding from KIO.

It is entitled *The River with a simple name — Life* and is a collection of essays from ecologists, graduates and students who have taken part in expeditions along the river during the past five years.

The book has been widely distributed to local schools and libraries and is proving very popular.

Uralsk deputy Akim Yelena Ivanovna Tarasenko, who has co-ordinated the project, said: "There has been a lot of interest: there are few publications about the environment of western Kazakhstan.

"If, through this book, we can help focus people's attention on the environment and the problems it faces, then this project will have been worthwhile."

● To preserve Kazakh folk songs and the work of local poets, two books are to be produced by the Uralsk-based Oner Public Fund with funding from KIO for the project.

Highland fling

THE people of Scotland have been introduced to Kazakh dancing by a group from Aksai.

The 12 dancers from the Zhuldiz group wore traditional costumes as they performed at the Stirling Highland Games and, during their visit, they also had a fun day out at the English seaside holiday resort of Blackpool.

The trip was organised by KIO as a thank you to the group for their support for a number of events that have been staged in Aksai to raise funds for local charities.

Children's lake treat

FORTY children from Berezovka and 30 from Tungush took a holiday on Lake Chalkar in the summer as the result of a joint initiative between KIO and the WKO branch of the Baldyrgan Foundation.

As well as enjoying the entertainment, the children received medical check-ups. Further treatment, where necessary, is to be continued at the TALAP clinic in Uralsk.

KIO is also providing the foundation with much-needed equipment, including bedding and musical instruments.



Aksai children on holiday in Italy

Youngsters on tour

AKSAI children had an opportunity to brush up on their foreign languages and to experience an international environment in the summer.

ENI hosted one group at a summer camp in Italy and another group took part in a visit to Scotland arranged by catering company ISS. While in Scotland, the group were guests at the famous Edinburgh Military Tattoo.

Home of culture

THE 20 ethnic groups living in the town of Dariynskoye have established a National Cultural Centre to help preserve their cultures and traditions. KIO is providing funds to help the groups renovate the centre and make new national costumes.



The president at the opening ceremony



A tour of new facilities for guests at the ceremony

Curtain up on new theatre

PRESIDENT Nursultan Nazarbayev described as "a joyful moment" the official opening of the Kazakh Drama Theatre, which has been built in Uralsk with funding from KIO.

The theatre is the first to be built in independent Kazakhstan and KIO has invested \$10 million in a building that will provide a cultural centre for both the city and the region.

President Nazarbayev said: "I can see that the city is developing along with the whole of Kazakhstan. The streets are getting better and we are seeing more new structures and cultural facilities being built. The new theatre is a joyful moment both for the city and Kazakhstan as a whole."

General director John Morrow, who attended the opening ceremony along with other KIO officials and representatives of the international partners, said: "The theatre is part of our ongoing commitment to social investment. During the lifetime of the Final Production Sharing Agreement, we will be investing \$400m in social projects."

Representing BG Group was executive vice president, policy and corporate affairs, Charles Bland; Karachaganak asset manager Paolo Campelli attended for Eni-AGIP, along with ChevronTexaco acting general manager, Karachaganak, Les Wood and Albert Isangulov, director of Kazakhstan projects of LUKOIL Overseas Holdings.



The restored Philharmonic Hall... and one of its impressive rooms

The theatre was designed in Kazakhstan by the Kazhobalau Research Institute, in collaboration with Russian experts from Mosgiproteatr, and was built in just two years by main contractor Zhayikselstroi and a number of Kazakhstan subcontractors.



Skaters enjoy Uralsk's new rink



Up to 280 people can be seated in the main hall and there are two rehearsal halls and a main lobby that can be used for public exhibitions. Other facilities include workshops, a sound studio and a VIP room.

Other projects in Uralsk that are being funded under the 2002 social programme include:

- the continuing refurbishment of the regional Philharmonic Hall in Dostyk Street, Uralsk, where almost \$650,000 has been committed for replacing or upgrading existing fixtures and fittings
- the modernisation of the Atoyan sports stadium at a cost of \$1.2m — including the laying of a new football pitch and running track, new lighting and scoreboards, and the refurbishment or renewal of the east and west stands, including changing room facilities, and a new skating rink
- the building of a new \$2.8m indoor swimming pool, gymnasium and children's aqua park complex. This pool will be built to international standards and will have top-class changing and viewing facilities.



Planning the future of the Atoyan stadium



Gianluca Chiarenza keeps a close eye on Sariya Narymbetova

Gianluca's lessons prove popular

WHEN Gianluca Chiarenza agreed to a request from Kazakh colleagues working with him in the warehouse to teach them Italian he did not know what he was letting himself in for.

He started holding two evening classes a week for his friends, but then others discovered what was happening and asked to join the lessons.

Now, over 70 people have enrolled on the course and classes, for both beginners and advanced students, which are being held at Czech Camp on four nights a week.

"It has just grown and grown," said Gianluca, a materials maintenance specialist from Lodi, a small town near Milan.

"I had never taught before, but I really do enjoy it. Everyone is so enthusiastic and I get a great deal of satisfaction from the fact they

are learning my language and they keep coming back."

Things have got so hectic Gianluca has recruited others to help him. Keen student Laura Balbulova is looking after the administration and engineer Giuseppe Orlando, a former chemistry and physics teacher who now works in Maximo team, has volunteered to teach the advanced course.

The student are studying using Russian/Italian text books donated by KIO.

When Gianluca is not working or teaching, he finds time to paint and his artistic efforts have helped a children's boarding school in Uralsk.

He sold a number of his pictures and donated the \$700 raised to help buy 24 beds, four washing machines and four spin dryers for the school.

Teachers back in the classroom

FORTY teachers from elementary schools throughout the Western Kazakhstan oblast returned to the classroom to attend a training course in Uralsk sponsored by KIO.

The course, organised by Tulegen Ospanov, a professor at the Almaty State University and head of the collective for authors of mathematics manuals for 1-4 grades, was designed to introduce them to the best practices of teaching mathematics in the Kazakh language using new manuals now being introduced.

For the first time, the teachers were able to work with electronic versions of the mathematics manuals.

The course also provided an opportunity to provide the teachers with information on the reforming of elementary schools.

During their 10-day stay in Uralsk, the teachers attended seminars and lectures, as well as taking part in practical sessions and business games. They also met representatives of the oblast authorities, the Department of Education and the Institute of Advanced Training for Teachers.

There was also time to get acquainted with the cultural life of Uralsk and to take advantage of medical services that were put at their disposal.

A spokesperson for the teachers on the course said: "This educational initiative has come at the right time as it coincides with the publication of a new generation of Kazakh textbooks.

"The course has helped promote the professional growth of elementary school teachers in the region and what they have learned will be a good support in their day-to-day work in the classroom."

The Kazakh language was also the main subject of a KIO-sponsored course in Uralsk attended by more than 20 leading print and broadcast media representatives from the WKO, Atayau and Aktubinsk.

A number of KIO staff took an active part in preparation of the two-day event organised by the National Association of TV and Radio Broadcasting Companies in Kazakhstan.

The main purpose of the course was to increase the effectiveness of the work of the Kazakh-speaking mass media. It included theoretical and practical sessions and also covered the use of the internet and co-operation with international organisations.

Students star in English exams

THE training centre in Aksai is celebrating a success rate of over 90 per cent for Kazakh students taking English language examinations.

After a course lasting nine months, 26 people took the internationally recognised First Certificate in English examination and 23 of them achieved a pass mark.

Those gaining A grades were Gauhar Assan, Julia Demitryuk, Svetlana Khomyakova and Yulia Kim.

Passing with B grades were Laura Abulkhairova, Yulia Beketova, Natalia Chapchikova, Elvira Gamurzakova, Adema Khairakhmetova, Lyazzat Khabieva, Zhanylsyn

Tanashikova and Lumila Temchenko. The successful C grade students were Zalikha Aitmagambetova, Yelena Aksyonova, Yevgeniy Kolonitsky, Olga Lyskova, Asiya Mussagalieva, Asel Mendibayeva, Alma Murzagalieva, Maxim Nikiforov, Yelena Sharipova, Victoria Tyrtishnik and Lyazzat West.

The First Certificate in English examination is operated both in the UK and internationally by Cambridge University, and administered in Kazakhstan by the British Council in Almaty.

To pass the exam, the students had to complete five components — reading, writing, listening, speaking and grammar — over a two-day period.

Course leaders Kevin Jordan and Barry Daniel were happy with the results. "They put a lot of effort into this and deserve their success," said Kevin.

"The exam is an internationally recognised benchmark and they can all now be classed as advanced users of English."

All the successful students are continuing their studies with Kevin and Barry and they have now moved on to an English for Business course.

In December, another nine candidates — six from the production development team, two from the Uralsk KPO office and one from Aksai — are to take the First Certificate in English examination in Almaty.



The Blues Cousins in action

Talented blues trio hit the right note at concerts

RUSSIAN rhythm and blues band The Blues Cousins made the trip from Moscow to Aksai to put on three very successful concerts.

The talented trio of Levan Lomidze, Sergey Patroushev and Slava Ignatov performed for KIO employees at both the Czech Camp and Pilot Camp, and then put on a free show for the people

of Aksai that attracted a large crowd to the town's fairground site.

Training manager Dave Foster, who organised the event, said: "The support we received was fantastic. It was such a great success that we are now looking to arrange a number of similar events."

Gym is welcome addition to sports centre

EVEN when winter bites and running and other outside sports are ruled out by the weather, there will be no excuse for staff not being fit.

Now they are able to do their training and other exercise indoors thanks to the new gymnasium at Czech Camp.

The new facility has the very latest exercise equipment, including running, cycling and rowing machines, fully-equipped weight training area as well as a number of multi-gyms. Gym supervisors Nurlan Gabdullin, Daniyar Abyuov, Zhomart Nurtazin, Spartak Iskakov with co-ordinators Galiya Musaeva, Saule Arkabaeva and Aigul Amandykova are always ready to help and advise.

The new gymnasium is the latest and a very popular addition to the indoor sports centre that already provides for indoor soccer, badminton, basketball, volleyball, table tennis and many other sports.

General Services manager Richard Fritz is one of the regular visitors to the gymnasium. He said: "We have provided a first-class new facility and it is proving really popular. I think it will come into its own through the winter when people are unable to train or play sports outdoors."

Elsewhere on the camp, the new reception and recreation centre has provided improved facilities for residents, including a new bar and shop, and work is progressing on the new canteen which should be ready early next year.



Sports supervisor Nurlan Gabdullin puts General Services manager Richard Fritz through his paces in the new gym



The gym, left and above, is the latest addition to the indoor sports centre which already features sports such as table tennis, right

Darshan wins table tennis title

DARSHAN Singh emerged as KIO's table tennis champion when he won a tournament staged at the Czech Camp by the Trades Unions' Committee to mark the Day of the Oil and Gas Workers.

In the final, Darshan, head of the IT and T section, met the experienced Maxim Asanov who has been both regional and oblast champion on a number of occasions. Darshan won a very close battle 2-1.

Third place in the competition went to Bisengaliev Alibek, an electrician with PDT who has also competed in both regional and oblast championships.

After receiving his prize of KZT 5000 from Trades Union Committee chairman Sain Dusmailov, Darshan donated it to charity to help low-income families in the area.



Darshan Singh



Maxim Asanov

Top crew finds it plain sailing

A KSAI may be many hundreds of miles from the nearest sea, but KIO can still boast a sailing crew that can compete with the best.

The team, which included general director John Morrow and colleagues Bernie Giles, Bobby Watson, Jonathan Fuller, Clive Christensen, Zdenek Janecek and Scott Wilson, came together for the first time to compete in a regatta on the Solent, off the south coast of England.

The event, which was organised by EPC Global in conjunction with Bechtel, was contested over four races and a total of nine boats took part.

KIO had the best of starts with a convincing win in the first race, and they followed this with two second places and a third. This gave them second place in the overall standings.

"It was a great weekend and we were delighted to do so well on what was our first event together," said Scott Wilson, one of the active crew members on board.



The KIO crew, left to right, John Morrow, KIO general director, Zdenek Janecek, Clive Christensen, HSE safety manager, Bernie Giles, PDT cost specialist, Bobby Watson, PDT buildings engineer, Jonathan Fuller, PDT instrument engineer, and Scott Wilson, corporate reporting specialist

VNDQ team makes a name for itself



Tatyana Abdulayeva tends her garden outside the Unit 3 PDT offices

Tatyana's garden is in full bloom

TATYANA ABDULAYEVA, above, is pictured tending the garden she has created at the Unit 3 offices.

The canteen worker is an enthusiastic gardener and has worked very hard to bring a touch of colour to the lives of her colleagues, using her break times throughout the summer to tend the flower beds.

"I think it is wonderful that staff who spend most of their day on the plant or in the field can be greeted by such a nice garden," said Unit 3 Infields HSE superintendent Derek Edmonds.

"It is a real credit to Tatyana and thanks to her I think we can claim to have the greenest office yard in the Karachaganak field," he added.

THE department that has been the driving force behind the project's successful import substitution programme has changed its name.

The Import Substitution and Vendor Qualification Department is now known as the Vendor Development and Qualification Department.

Department manager Howard Burrows said: "The Kazakhstan government has placed a high priority on developing the country's material production capabilities and on increasing export opportunities.

"To do this, the Kazakh companies have to develop their capabilities in the quality and range of goods and services and much of the department's future work will be targeted to assist in these areas. This will include further development of co-operation agreements between our international suppliers and Kazakh companies which involve the transfer of skills and technology."

To date, a total of nine co-operation

agreements have been finalised and four more are in the pipeline. These new partnerships will be in the areas of bursting discs, flanges, control valves and double block and bleed valves.

The latest agreement to be signed is in pipe machining and involves Atyrau-based ANM. Its partner is the Dutch pipe company Kurvers that has supplied pipelines and bends to the Phase 2 development at Karachaganak.

Under the co-operation agreement, ANM will be seeking to achieve ISO accreditation and Kurvers will be providing training in a number of areas, including pipe-cutting and bevelling, packing, bundling, capping and documentation procedures.

This is ANM's second co-operation agreement and it follows its link-up with UK studbolt manufacturer Steadfast.

ANM is now the sole representative in Kazakhstan for Steadfast products and it has completed the refurbishment of a dedicated factory unit at its Atyrau site and now has the capability to manufacture studbolts.



The VNDQ team with Howard Burrows and new manager Gamil Bunkheila, centre

Centre backing

KIO is one of the major sponsors of a new quality management centre that has been established in Almaty.

Set up by USAID and the Pragma Corporation, the centre aims to support small and medium companies to implement quality systems that will allow them to improve their competitiveness and ability to win new business from multinational companies operating in Kazakhstan.

Other sponsors include Parsons Fluor Daniels, TengizChevroil and Hurricane.

Vendor development and qualification manager Howard Burrows said: "This is another important initiative to support our vendor assistance programme. We will select two companies to attend the centre this year and another six will be nominated for 2003."

FREE MEDICAL HELP

ALL KIO staff are to be provided with free medical insurance as part of the Karachaganak nationalisation programme.

The enhancement to the conditions of employment was announced by the HR department and came into force on September 1.

This scheme is open to everyone who has an individual employment agreement with KIO and is free of charge.

Under it, employees will be fully covered for a range of services, including: unlimited visits by family doctors at home and the office; unlimited visits of medical specialists of particular types; hospital in-patient treatment; out-patient treatment; arrangement of at home in-patient treatment; at home medical nursing services; annual anti-flu vaccination; medical insurance cover while travelling abroad up to \$25,000; annual routine medical checks; unlimited calls for ambulances.

Provider for the scheme is the Kazakh health and medical insurance organisation Interteach, which is affiliated to a large number of medical providers throughout Kazakhstan.

CONTACTS

We'd like you to be involved in helping us produce KIO News.

If you have a story you'd like included or if you'd like more information about any aspect of the project, you can call Aigul Kalioldina at the Aksai office — she's on 8 571 222 2248 (CIS) 020 8828 8248 — or e-mail her at KalioA@kivo.com.

Write and let her know what you think of your revamped newspaper as well as suggesting any improvements you'd like to see.

We look forward to hearing from you.

Firms told of project's new needs

KAZAKH companies wishing to do business with KIO in the future are being brought up to date on the changing needs of the project.

Vendor development and qualification manager Howard Burrows said: "We are now moving away from the large construction contracts and orders that were typical of the development phase of the project and, in future, our requirements will be associated with production and maintenance. Future expenditure levels will be reduced with a need to control quality and costs very closely."

This message was spelt out clearly to the representatives of 20 companies, including both existing and potential suppliers, who

attended a KIO-organised commercial awareness seminar at the Aksai training centre.

They were also made aware of KIO's vendor pre-qualification system, and procurement methods. Special attention was made to the contract process, covering all areas from bid submission right through to account payment.

The course, in which representatives of USAID and the local authorities also took part, was well received. Two similar events are to be staged in Uralsk and Almaty. Another 50 Kazakh firms are expected to participate.

"These seminars are not only informing local vendors, they are also strengthening the relationship between us," said Howard.