

Minutes of

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

Venue: School № 23, Zhana Karaton Village, Zhylyoi Region, Atyrau Oblast

Date and time: 07 November 2016

11:00 - 12:30

Welcoming remarks

R. Moldabaeva, Zhana Karaton Akim, greeted the village residents and informed that “Tengizchevroil” LLP (TCO) will provide information on Future Growth Project - Wellhead Pressure Management Project (FGP-WPMP).

R. Artygaliev (TCO) stated the objective of the Consultation Meeting, which was to present an overview of the TCO FGP-WPMP and to answer questions from members of the public and hear their opinions about the project. He also noted that the meeting was not a public hearing. Then, R. Artygaliev informed the attendees that these consultations meetings will become regular and this was not a last chance to discuss with TCO questions related to FGP-WPMP.

Next on the agenda was a presentation by Nurtas Kenganov, FGP-WPMP Operational Excellence / Health, Environment & Safety Deputy Manager, with an overview of TCO and FGP-WPMP.

After the presentation, R. Artygaliev provided more detailed information about social projects implemented by TCO in Atyrau Oblast under “Egilik” Social Infrastructure Program:

- In Atyrau, in 2015-2016 completed 280-seat kindergarten and 320-seat National gymnasium for gifted kids. Currently ongoing projects: Retro Park (completion - 3Q 2017) and 624-seat Secondary Technical Gymnasium (STG) (completion - 4Q 2017). In approved plans: 624-seat secondary school in “Zhuldyz” district and Flagpole
- In Kulsary there are 2 ongoing projects: 290-seat kindergarten #1 (completion - 4Q 2017) and 290-seat kindergarten #2 (completion - 4Q 2017)
- In Koschagyl, in 2015-2016 completed Park irrigation system and Reconstruction of Technical water, currently ongoing project of 160-seat kindergarten construction with completion at the end of 2016. In approved plans: Health & Fitness center.
- Approved construction of 100-seat kindergarten and Health & Fitness center in Maikumgen.
- At the moment construction of 280-seat kindergarten is ongoing in Zhana Karaton, completion - 4Q 2016.
- In Turgyzba, ongoing project is 160-seat kindergarten (completion - end of 2016) and planned construction of Health & Fitness center.

- In Akkiiztogai in 2015-2016 completed construction of 160-seat kindergarten and currently finishing Health & Fitness center (completion - 1Q 2017).
- In Shokpartogai, in 2015-2016 completed construction of 160-seat kindergarten and currently finishing Health & Fitness center (completion - 1Q 2017).

Then, R. Artygaliev provided information about the Community Investment Program with US\$ 1mln annual budget. R. Artygaliev mentioned new “Zharkyra” program to be implemented in Atyrau and Zhylyoi Region in 2016-2017 by Eurasia Foundation of Central Asia (EFCA) with financial support from TCO. The purpose of the program is to facilitate development of social entrepreneurship in the communities of Atyrau and Zhylyoi Region. He also added that out of 75 projects 6 have been approved: 4 – in Zhylyoi Region and 2 – in Atyrau.

Then, R. Artygaliev made a report on the action plan from the previous Consultation Meeting.

Questions and Answers Session

A. Babasov: Could you clarify for which medical purposes the Community Investment Program funds have been allocated: for equipment or for humanitarian aid?

R. Artygaliev (TCO): In 2014, TCO allocated US\$ 4mln to procure medical equipment for Kulsary and Atyrau. Such equipment is available across the country in three cities: Atyrau, Almaty and Astana.

A. Babasov: Evergreen unit burns waste out in the open. How would you comment on that?

R. Artygaliev (TCO): TCO started using Evergreen Burner this year. This unit is in use in many countries: Netherlands, Russia, Great Britain and many other developed countries. The Evergreen Burner incinerates vaporized well residual materials at a very high temperature to ensure complete combustion.

A. Babasov: Up to now, earthquakes have been registered in Tengiz. What is being done in this regard, and what equipment is used to monitor this problem?

Zh. Katrenov (TCO): TCO has been running a geo-monitoring program. Under this program, for 15 years now, TCO has been monitoring Earth's crust subsidence and earthquakes. Local and foreign experts come visit us. Currently, 23 seismic stations operate in Tengiz which monitor Earth's crust condition 24/7 being relayed to us via a satellite. Earthquakes occur but at low levels - magnitude 0.5 - 2.5. Humans cannot sense them but instruments can; their level is safe for humans and plant facilities. There is a misperception that under ground oil is contained in the form of a lake which may cause Earth's crust to cave in. Whereas in fact, oil is recovered from rock; after oil recovery, rock does not soften; it may slightly compress causing small earthquakes and subsidence. Such events occur in many oilfields around the globe and it should not be of any concern. TCO submits its semi-annual report to “Zapkasnedra”; however, we are not aware if information is communicated to the public.

A. Babasov: Could you tell, please, what pressure is in an operational well and in a shut-in well? Is the reservoir pressure the same for Tengiz and Korolev fields?

A. Zholymbaev (TCO): In the late 80s, the reservoir pressure was 800 atmospheres. Currently, the pressure dropped to 500 atmospheres. In 2007, a gas injection project had been implemented which slowed down the pressure drop rate in the reservoir. If Tengiz and Korolev fields are to be compared, the pressure in them considerably differs as well as oil quality. Now, TCO and the government are agreeing the water injection project for Korolev field to maintain the reservoir pressure. The reservoir pressure monitoring is done on a monthly basis.

M. Baitzhanov: Will the Zhylyoi Region residents be employed in the project?

R. Artygaliev (TCO): During construction, the project will create 11,200 jobs, out of which 90% will be rotational jobs. This issue is governed by Memorandum of Understanding between TCO and Atyrau Oblast and Mangistau Oblast Akimats. The main requirement of these Memorandums is employment of the West Kazakhstan residents. Vacancies will open up mostly with contractor companies. Construction contracts will be awarded in 5 - 6 months; by that time, project as requested by the government will work out a mechanism of hiring employees by contractor organizations. When ready, the mechanism will be communicated to the public.

R. Adilgaliev (TCO): Project has Industrial Relations department which is controlling relations at work between employers and employees in contractor and subcontractor companies, work conditions, timely salary payouts, provision of personal protection equipment, etc. The department also handles requests and grievances lodged by employees of contractor and subcontractor companies. The general project contractor is KPJV. Currently, 22 contractor companies are engaged in Tengiz employing over 6,000 people and 71 subcontractor companies employing about 1,800 people. Each company has its own internal procedures; however, they all are governed by the RoK Labor Code whereunder when hiring employees no discrimination shall be made on any account. Also, pursuant to the Labor Code, companies are to submit reports to the Employment Department on a monthly basis.

U. Moldashev: My son got a job in a transport department with ESS, but got fired after two months. Can you comment on that?

R. Adilgaliev (TCO): You need to send a request to TCO Industrial Relations department.

R. Artygaliev (TCO): Give us name of your son and we will forward this request to Internal Control Group for review.

N. Baeva: My son is disabled. As per M. Diarov, TCO is the top polluter on the negative environmental impact on the residents of the region. How would you comment on that? Can TCO offer employment to parents of the disabled? What aid can TCO offer to disabled children?

R. Artygaliev (TCO): TCO does not provide personal financial support. You need to go to the local Akimat and social services; the State allocates quotas to disabled children. Please, keep in mind, TCO is a business. As for environment, currently saiga population has seen decrease in numbers and during dredging in Prorva contractors keep finding nets with dead seals. The cause is human factor. In Tengiz, we have 12 environment monitoring stations which in 2014 had been upgraded - more sensitive instruments had been installed. Sanitary Protection Zone (SPZ) boundaries are

located 10km from the outermost well. All nearest residential areas had been relocated. The abovementioned issues have resulted from social causes rather than ecological ones. As for employment, let me reiterate, a mechanism of hiring employees by contractor organizations is being worked out and it will be communicated to you later on.

A. Desepekov: Could you specify when will the issue with water be resolved?

R. Moldabaeva (Akimat): The issue is being resolved, water supply will be provided within 2016-2017.

G. Abdrakhmanov: Why is the approach road construction has not been completed? Soon, it will get cold and at low temperatures such work is not carried out.

R. Artygaliev (TCO): The road is being built by Region Akimat. Please address your question to Akimat.

K. Onaibaeva: My son has graduated from Seifullin University, Astana, Power Faculty. Please, help him with employment.

R. Artygaliev (TCO): As for employment it was noted that a mechanism of hiring employees by contractor organizations is being worked out now. Once the mechanism has been approved, it will be communicated to the public.

R. Adilgaliev (TCO): For you to apply for a vacancy with TCO, you should register at TCO website in "Carrier" section.

Closing

R. Artygaliev (TCO) thanked the attendees for participation and informed that Consultation Meetings will be held until the project completion.

Summary of the Requests

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

- Community Investment Program;
- Evergreen Burner;
- Earthquakes;
- Reservoir pressure;
- Employment;
- Industrial Relations;
- Sponsorship;
- Water supply.