



Special Energy Issue on Kazakhstan

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The Economic Section of the Embassy of the Kingdom of the Netherlands in Kazakhstan intends to distribute this newsletter as widely as possible among Dutch institutions, companies and persons from the Netherlands. The newsletter summarises economic news from various Kazakhstani and foreign publications and aims to provide accurate information. However, the Embassy cannot be held responsible for any mistakes or omissions in the bulletin.

GENERAL

Caspian Sea breakthrough treaty set to boost oil, pipeline plans

Five Caspian Sea states reached a breakthrough agreement on sovereign rights to the sea, paving the way for new oil and gas extraction -- and pipelines -- after more than two decades of disputes. The treaty ends a spat over whether the Caspian is a sea or a lake, granting it special legal status and clarifying the maritime boundaries of each surrounding country. It also allows each to lay pipelines offshore with consent only from the neighboring states affected, rather than from all Caspian Sea nations.

"Many years of thorough work have culminated today in the signing of the Convention on the Legal Status of the Caspian Sea," Kazakhstan President Nursultan Nazarbayev said Sunday in the coastal city of Aktau, as broadcast by Rossiya 24 television. The five states also signed agreements on trade and economic ties, transportation and fighting terrorism.

Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan have tried to define the Caspian Sea's legal status since the collapse of the Soviet Union, in order to divide up the waters and its natural resources for new drilling and pipelines. The territorial disputes have prevented the exploration of at least 20 Bbbl of oil and more than 240 Tcf of gas, the U.S. Energy Information Administration estimated in 2013.

While the treaty "will take us one step forward," there remain "important issues" to be resolved, Iranian President Hassan Rouhani said Sunday before the summit, as reported by the IRNA news agency. One issue is the distribution of rights to seabed oil and gas deposits, according to Eurasia Group analyst Zachary Witlin.

"Further talks will be needed to provide full legal clarity on the boundaries of the division and future rights to either contested or undiscovered fields," Witlin said in a research note before the summit.

The new agreement states that the development of seabed reserves will be regulated by separate deals between Caspian nations, in line with international law. This essentially cements the current situation, since countries such as Kazakhstan and Russia already have bilateral accords on joint projects.

The five Caspian Sea nations already develop offshore oil and gas reserves that are located near enough to the coast not to be disputed. Projects in the northernmost waters -- Kazakhstan's giant Kashagan field and Russia's Filanovsky and Korchagin deposits -- are seen as sources of future oil-output growth for the countries.

The treaty will also remove a legal barrier to building a trans-Caspian gas pipeline from Turkmenistan to Europe, the Oxford Institute for Energy Studies said in July, adding that "political and strategic obstacles would remain." While the European Union and Azerbaijan have supported the long-planned pipeline project, which could ease Russia's grip on the EU's gas market, the Kremlin has opposed it, citing environmental concerns and legalities.

In the current market, the pipeline would also be uneconomical, according to the Oxford institute, which said the cost of transporting Turkmen gas to Europe through a yet-to-be-built pipeline makes that gas less competitive than other options such as additional Russian shipments or liquefied natural gas as reported by Bloomberg.

Debt of KazMunaiGas amounts to about \$12 billion

The total debt of KazMunayGas is about \$12 billion, co-director for economy and finance of Samruk-Kazyna Yernar Zhanadil said.

"Separately for KazMunaiGaz ... the debt is both external and internal - all together is about \$12 billion," he told on August 3.

Yernar Zhanadil noted that in the first half-year KazMunayGas repaid international bonds worth \$1.6 billion, and the state holding itself reduced external debt by \$900 million. Besides, Samruk-Energo provided early repayment of loans for the amount of almost 39 billion tenge.

He also recalled that Samruk-Kazyna borrowed money, including for the fulfillment of KMG's obligations.

"The debt was 18.5 billion dollar, and now is 16.2 billion dollar. Debt is decreasing. We have paid 900 million dollar, KazMunayGaz paid 1.6 billion dollar," Yernar Zhanadil said.

IPO of KazMunayGas is scheduled to be held before the end of 2019. In the perimeter of the placement will also be Atyrau Oil Refinery, Pavlodar Petrochemical Plant, PetroKazakhstan Oil Products, TN KMG N.V., KMG Automation, Teniz Service, Urikhtau Operating. The Astana international financial centre, as well as one of the foreign stock exchanges, are considered as sites for IPO, according to Kursiv.

OIL & GAS PRODUCTION

EAEU energy ministers to discuss common natural gas market in September

Energy ministers of the Eurasian Economic Union (EAEU) member states will discuss the formation of the common natural gas market in the second half of September.

Participants of the conference discussed the development of universal methods for setting prices for gas transportation services, the press service of the Eurasian Economic Commission told BelTA after the latest conference of EAEU deputy energy ministers in Moscow.

The proposals will be discussed by the EAEU energy ministers in September. After that the matter will be forwarded for consideration of the intergovernmental council. Work on the program for setting up the common gas market has been going on since April 2016, BelTA reports. The draft program has been okayed by the Eurasian Economic Commission Board. The prime ministers of the Eurasian Economic Union member states had a look at the document during the session of the intergovernmental council on 27 July 2018.

Additional work on setting prices for gas transportation services was ordered. In 2016 the Eurasian Economic Union member states had 60 differences of opinion about the common gas market program. Now there is only one difference of opinion, noted Emil Kaikiyev, Member of the Board (Minister) for Energy and Infrastructure of the Eurasian Economic Commission.

The development of common methods for setting prices for gas transportation services as part of the Eurasian Economic Union's common gas market is one of the ways to resolve the problem. Leonid Shenets, Director of the Energy Department of the Eurasian Economic Commission, underlined that the universal methods will allow working out common approaches and procedures for setting the prices.

The sides agreed that it is necessary to gradually address debatable matters in order to make the transition to forming the common natural gas market of the Eurasian Economic Union as reported by Kazinform.

Kazakhstan boosts crude oil output by 6.1 per cent in 7 months

At Monday's Government meeting Kazakh Energy Minister Kanat Bozumbayev focused on the main aspects of the country's large oil deposits.

"For the past seven months the key figures of the country's fuel and energy industry showed positive growth dynamics. The volume of crude oil and condensate production made 52.9 million tons that is 6.1% more against the analogous period of 2017. Crude oil recovery at three large projects climbed to 31.9 million tons, including 7.37 million tons produced at Kashagan, 17.2 million tons at Tengiz and 7.3 million at Karachaganak," he said. According to him, the country's oil exports hit 42.8 million tons that is 6.1% more as compared to the same period of the previous year, according to the statement of Kazinform.

Production of gasoline in Kazakhstan in January-July increased by 13.1%

In Kazakhstan, the production of gasoline in January-July 2018 amounted to 2123.3 thousand tonnes, which is 13.1 percent more than in the same period in 2017, the Committee on Statistics of the Ministry of National Economy commented.

In the reporting period, kerosene was produced in the amount of 162 thousand tonnes with an increase compared to January-July last year by 12%, liquefied propane and butane for 1,458,500

tonnes, plus 6.6%, gasoil for 2667.3 thousand tonnes, minus 0.5%, fuel oil for 1713.8 thousand tonnes, minus 5.8%.

Ferroalloy was produced in the volume of 1192.1 thousand tonnes (+ 5.2 percent), flat-rolled products - 1738.3 tonnes (+7.2 percent), refined lead - 88.6 tonnes (+2.3 percent), zinc - 192.3 thousand tonnes (+1.5 percent), refined copper - 238.2 tonnes (-3.5 percent), Kazinform reports.

Tengizchevroil slightly increased production of crude oil in H1

Tengizchevroil in the first half of 2018 produced 14.7 million tonnes of crude oil, which is 0.75% more than in the same period last year, the company's press service reported.

"In the first half of 2018 crude oil production amounted to 14.7 million tonnes (117.3 million barrels)," the report for the half-year released on Monday said.

In the first half of 2018 TCO sold about 704 thousand tonnes of liquefied gas, 3.9 billion cubic metres of dry gas, and 1.2 million tonnes of sulphur.

During this period, TCO purchased goods and services from Kazakhstan suppliers for more than \$1.5 billion, including more than \$936 million in the framework of the project of future expansion. As reported, in January-June, 2017, Tengizchevroil produced 14.59 million tonnes, or 116 million barrels, of crude oil, and sold 710,000 tonnes of liquefied gas, 3.73 billion cubic metres of natural gas, and 1.27 million tonnes of sulphur.

Tengizchevroil was established in 1993 for the extraction of hydrocarbons at one of the largest oil fields in the world - Tengiz. The total explored reserves of the Tengiz are 3.2 billion tonnes or 25.5 billion barrels, and 200 million tonnes or 1.6 billion barrels at the Korolevsky Field. The recoverable oil reserves of the Tengiz and Korolevsky deposits range from 890 million to 1.37 billion tonnes or 7.1-10.9 billion barrels as stated by KazTAG (Kazakhstan).

Shell becoming active partner in Eurasia project

The Ministry of Energy of Kazakhstan and industry organisations are negotiating with the extracting companies on the implementation of the Eurasia project to drill a 15-km deep well in the Caspian depression, the ministry's website reports.

"Baltabek Kuandykov, president of the Kazakhstan Society of Petroleum Geologists, told reporters that the companies Rosneft and NEOS Geosolutions of the USA withdrew from the list of participants. Their place was taken by the Shell company," the message said on Tuesday.

"Now, in connection with the adoption of the new Subsoil Code, we are discussing with the lawyers some clarification of the impact of the new law on this project. Negotiations are ongoing. Our domestic companies themselves carry out all the preparatory work for these negotiations. We hope that by the end of this year we will be able to make a final decision," the press service of the Energy Ministry quotes B. Kuandykov.

As reported, the development and introduction of the Eurasia project will take 6 years at an estimated cost of \$500 million. The project is planned for three phases from 2018 to 2023.

In June 2017, in Astana, a memorandum of understanding was signed between the Ministry of Energy of Kazakhstan and the Committee for Geology and Subsoil Use of the Ministry of Investment and Development of Kazakhstan, on the one hand, and a group of potential participants of the Eurasia international project as part of KMG-Eurasia, Agip Caspian Sea BV, RN-Exploration, CNPC International Ltd., SOCAR, NEOS Geosolutions.

The sides of the memorandum will sign a contract for geological exploration of the Caspian depression in accordance with Kazakhstan legislation within the framework of the Eurasia project.

"It is expected that the implementation of the project will, firstly, provide the oil and gas industry with a stable resource base, a kind of strategic reserve of hydrocarbon raw materials; secondly, it will avoid falling production that could occur in 15-20 years, and thirdly, will become the foundation of the country's energy security, a protective mechanism in the event of possible economic shocks," the press service of the Ministry of Energy of Kazakhstan reported.

The Caspian depression, a mature oil and gas province, is characterised by a complex geological structure and the presence of unique oil and gas deposits in the deep-lying sediments of the Paleozoic subsalt complex (Tengiz, Kashagan, Astrakhan), and potentially contains large undiscovered oil and gas reserves in deep-lying horizons. Probable reserves in the Caspian Basin are estimated at 60 billion tonnes of oil, reported by KazTAG (Kazakhstan).

North Caspian project for development of Kashagan set to expand due to new deposits

The North Caspian project for development of Kashagan will expand due to new deposits, the Managing Director of the NCOC Consortium Bruno Jardin said within the framework of celebrating the 25th anniversary of the development of the first offshore Kashagan field in Kazakhstan. The project will soon include two new fields of Aktoty and Kairan.

"Several options for the development of Aktoty and Kairan have been studied. Separate development of these deposits, taking into account current costs and oil prices will be difficult. Therefore, it is assumed that the development of Aktoty and Kairan will be conducted by way of synergy, which will improve the development of Kashagan in subsequent stages. The Government of Kazakhstan granted the NCOC an extension of 5 years before the end of 2022 for further study of options," B. Jardin said.

He also informed that more possibilities to increase the production capacity of existing facilities at the Kashagan field on the Caspian Sea shelf are being studied. This is the creation of new offshore islands at sea and land-based facilities, as well as additional drilling.

To date, the first offshore Kashagan field in Kazakhstan, developed by the North Caspian Operating Company in Atyrau region, produced 17.5 million tonnes of oil. Over this period, more than 5 billion cubic metres of gas were produced. All raw materials are delivered to the world market. Over this period, more than 700 thousand tonnes of sulphur were extracted from Kashagan oil as reported by ABC TV (Kazakhstan).

Production at Kashagan to be temporarily halted in upcoming spring

In the spring of 2019, production at the Kashagan field, which is being developed in the Kazakh sector of the Caspian Sea, will be suspended, Kazinform reported.

"It is planned to stop the equipment for maintenance and overhaul at the Bolashak oil and gas treatment complex in the spring of 2019. It is a normal practice for all large plants of this kind - any plant is periodically stopped for maintenance," Baltabai Kuanyshev, Director of Corporate Support at North Caspian Operating Company (NCOC), told Kazinform.

According to Kuanyshev, since its launch in September 2016, offshore field Kashagan has produced more than 16 million tons of oil and sent it to consumers as posted by MENAFN.

Kazakhstan to supply China with 5 billion cubic metres of gas by October

Kazakhstan confirms plans to export 5 billion cubic metres of gas to China by October 2018. This was reported by Interfax-Kazakhstan with reference to the head of the national company KazMunayGas, Sauat Mynbayev.

"According to the plan, by October of this year, 5 billion cubic metres are to be delivered to China. Gas exports to China not only provides significant revenues to a group of companies of KMG, but also covers losses on gas supplies to the domestic market. At the current pace of development of large gas pipelines, we are counting on the payback of the gas transportation system not in 2030, but already in 2023," Sauat Mynbayev said in an interview with the Kazakhstanskaya Pravda newspaper published on Wednesday.

He explained that such a correction of the plans became possible due to the "hard work of the entire gas block of KMG."

"The development of gas transport to China was at a time when KMG had large restrictions because of accumulated debts. Gas workers managed to find the necessary financial resources by organising financing from their own funds. I will give an example. Compressor station Karaozek is one of the few projects of KMG, which is built below the estimated cost and on its own," the top manager of KMG added.

As it was reported, in 2017 Kazakhstan started exporting its gas to China. Expected export revenue is about \$1 billion. In 2019, it is planned to increase gas exports to China to 10 billion cubic metres, as informed by Kapital (Kazakhstan).

OIL & GAS EXPORT & TRANSPORTATION

CPC's oil exports up in January-July

The Caspian Pipeline Consortium (CPC) exported 35.48 million tons of oil in January-July 2018, which is 11.77 percent more than in the same period of 2017, according to the CPC data, Kazinform reported.

In July 2018, the volume of oil exports of CPC amounted to 5,158 million tons against 4,465 million tons in the corresponding month of the previous year.

In 2018, the consortium plans to pump 67 million tons through its pipeline system. It is estimated that about 60 million of them will be produced in Kazakhstan, and about 7 million is expected to be received from Russian producers. An almost two-fold increase in oil consumption from Kashagan to 13 million tons is planned.

Caspian Pipeline Consortium was established to build a pipeline and export Kazakh oil through Russian territory.

CPC exported 55,107 million tons of oil in 2017, showing a 24.4 percent increase compared to 2016.

CPC owns 1,511 km long pipeline system that connects the oil fields in Western Kazakhstan with the Marine Terminal near Russian Novorossiysk. In 2017 the Caspian Pipeline Consortium will complete the Expansion Project and which will increase its capacity to 67 million tons of oil per annum. Kazakh producer will account for 56 million tons of that volume and Russian producers - for 11 million tons.

CPC Shareholders: Russia (represented by Transneft – 24 percent and CPC Company – 7 percent) – 31 percent; Kazakhstan (represented by KazMunaiGaz – 19 percent and Kazakhstan Pipeline Ventures LLC – 1.75 percent) – 20.75 percent; Chevron Caspian Pipeline Consortium Company – 15 percent, LUKARCO B.V. – 12.5 percent, Mobil Caspian Pipeline Company – 7.5 percent, Rosneft-Shell Caspian Ventures Limited – 7.5 percent, BG Overseas Holding Limited – 2 percent, Eni International N.A. N.V. – 2 percent и Oryx Caspian Pipeline LLC – 1.75 percent.

The volume of CPC shipment of oil for export in 2017 was 55,107 million tons, which is 24.4 percent more than in 2016.

Geography to help to make money on oil transit

Kazakhstan intends to use in its favour the demand for energy resources in China and a beneficial location. In the long term, oil transit for the national operator via the KazTransOil trunk oil pipeline can become a key source of profit.

The thesis about the need to develop the transit potential in Kazakhstan has long been actively promoted at the state level. The launch of the Western Europe - Western China transport corridor, which will soon become part of the even greater project, the One Belt - One Way, as well as the development of dry ports in Khorgos and the sea in Aktau, make the Kazakhstani direction more attractive.

However, saying transit, in Kazakhstan they mean not only land transport types such as railways and highways, but also gas and oil pipeline infrastructure, which has proved very popular due to the appetites of the growing economy of neighbouring China.

Kazakhstan with its relatively small population is primarily interesting for potential participants in trade between Europe and Asia as a transit country. So far, only large players in the person of national companies manage to convert the potential of a vast territory of the country for transit to the currency, and they intend to earn money on it seriously.

Using its ramified infrastructure and technical capabilities, the transit of oil is actively promoted by KazTransOil. Back in 2013, KTO and Rosneft agreed to transport oil in the direction of China along the Priirtyshysk-Atasu-Alashankou route in the amount of 7 million tonnes per year, beginning in 2014. Later, in December 2016, the companies agreed to increase the volume of transit of Russian oil to 10 million tonnes per year until the end of 2023. Now there are talks with the Russian and Chinese sides on the issue of increasing transit by 3 million tonnes over the current 10 million tonnes per year.

For KTO, which is a public company, transit is an important source of profitability increase, and the

company actively defends its positions, including tariffs. For 2017 - 2018, the weighted average cost of transporting Russian oil to China was increased to \$11.36 per ton. Earlier the price was \$9.8 per 1 ton. Starting from 2019, up to 2023, Russian oil will be transported at a new price of \$15 per ton.

For stable transportation of oil, it is necessary to maintain the oil pipelines in a reliable condition. Therefore, a significant part of its profit KTO invests in the repair and modernisation of pipelines. The Kazakhstan section of the main oil pipeline Tuymazy-Omsk-Novosibirsk (TON-2), through which oil from the West Kazakhstan deposits goes to the Pavlodar refinery, and the Russian to China, was completely replaced. As a result, its throughput increased from 7 to 11 million tonnes of oil per year, which allowed to increase the transit potential of the KTO.

Another international project involving KTO was the transit of Russian oil to Uzbekistan. Since November of last year, transit deliveries of Russian oil are being carried out along the Russian/Kazakh border line and further by rail to Uzbekistan. At present, the parties are considering the prospects for the construction of the Shymkent-Jizzakh oil pipeline for transporting up to 5 million tonnes in the direction of Uzbekistan. However, such a volume will require the development of the oil transportation infrastructure of the three sides involving Kazakhstan, Russia and Uzbekistan. At the same time, the possibility of supplying Russian and Kazakh resources is discussed.

According to the head of KazTransOil Dimash Dosanov, the transit of Russian oil to Uzbekistan is a promising direction for the company. In addition, this scheme enhances the attractiveness of Kazakhstan's transit opportunities in general. By the end of 2017, 68 thousand tonnes of raw materials were delivered to Uzbekistan, but even now, without the construction of additional capacities, the CTO is technically able to supply more if it is required.

In recent years, Kazakhstan has seen a reduction in oil production in historical deposits, which is associated with their natural depletion. In such conditions, when there are technical opportunities, but not enough oil for transportation, KazTransOil diversifies sources of income and seeks additional resources for loading its pipeline system.

On the one hand, the company is the main supplier of raw materials to domestic refineries and provides 5 export destinations, including exclusive to China, on the other, it develops transit and seeks to monetise its experience and expertise in the field of pipeline transport. Almost all large oil pipelines owned by Kazakhstan-China Pipeline, MunayTas, Karachaganak Petroleum Operating BV and Turgai Petroleum are serviced by the KTO. Moreover, in May of this year, the company signed a contract with the international consortium of CPC-K, the largest CPC pipeline in the CIS, which transports more than two thirds of Kazakhstan's total export oil, for maintenance, repair and emergency response at the facilities of the CPC- K in the territory of Kazakhstan.

Due to the new contract, 248 new jobs were created in Atyrau region, and since July KazTransOil specialists started servicing the Kazakhstan section of the CPC pipeline. Taking into account the new contract, now KazTransOil operates and maintains all oil pipelines passing through the territory of Kazakhstan.

KazTransOil is a national operator on the main oil pipeline of Kazakhstan. Owns a system of oil pipelines with a length of 5.4 thousand km. The management and control of oil flows is centralised from the Main Dispatch Office in Astana since 2018, as reported by Kursiv (Kazakhstan).

Kazakh minister weighs oil outlet possibility across Azerbaijan

Kazakhstan may consider the possibility of oil export through Azerbaijan, Kazakh Energy Minister Kanat Bozumbayev told Trend.

"Presently, this issue is not on the agenda," he said. "Exploring the possibility of the Kazakh oil transit through Azerbaijan is not considered in connection with the availability of the current sufficient capacities for the export of the Kazakh oil, taking into account the expansion of the CPC pipeline."

He added that nevertheless, the possibility of such supplies is not ruled out.

"In the future, as the extraction of hydrocarbons increases in Kazakhstan and in condition of economic feasibility of supplying the Kazakh oil through Azerbaijan, the aforementioned issue will be considered by the interested parties," Bozumbayev added.

In previous years, Kazakhstan transported its oil both via the Baku-Tbilisi-Ceyhan pipeline and via railway from Baku to the Black Sea ports of Georgia. Since 2016, such transit has not been carried out, posted by AzerNews.

Vitol eyes midstream products from Kazakhstan

Vitol, one of the world's largest independent oil traders, is looking to gain access to exports of light oil and petrochemicals from Kazakhstan, which is set to increase output of these products thanks to refinery modernisation, trading sources said on August 14.

The country's exports of light oil products are set to rise by 23 per cent this year, while exports of heavy oil products, such as fuel oil and vacuum gasoil are set to fall. Kazakhstan's oil refineries could reduce fuel oil exports by around 35 per cent this year, from 2.1 million tonnes in 2017, while vacuum gasoil (VGO) overseas shipments could be halved to 800,000 tonnes, according to the energy ministry. "Vitol hopes to get light oil products ... for sale in the corresponding amount by which Kazakhstan would reduce heavy oil products (output)," a trading source said.

Vitol did not immediately respond to a Reuters' request to comment. Privately-held Vitol has been a major player in Kazakh oil exports for more than a decade, taking barrels mainly to Russian ports and shipping them to European refineries. Vitol sells around 3 million tonnes of heavy oil products from Kazakhstan annually, according to transport data and traders' estimates. Vitol also sells more than 400,000 of liquefied petroleum gas from Kazakhstan each year, according to traders' estimates and transport data.

According to Kazakhstan's energy ministry, the country's production of gasoline will exceed domestic consumption by between 300,000 and 400,000 tonnes this year, rising to 1 million tonnes in 2019. One refinery at Atyrau on the Caspian Sea is also set to start producing paraxylol, a solvent and feedstock for producing other petrochemicals, in September. The plant is expected to produce more than 140,000 tonnes of paraxylol rising to 500,000 tonnes next year, according to the plans seen by Reuters.

"Vitol is already considering the (export) routes for paraxylol," another trading source said, adding that Vitol may start exporting it already next month, as reported by Reuters.

OIL & GAS INFRASTRUCTURE

More than 42 thousand Kazakhstanis participate in Tengiz expansion project

In 2016, TCO partners announced the approval of the final decision on financing the future expansion project - the Wellhead Pressure Management Project, which is the next stage in the expansion of the Tengiz field's production facilities. TCO has involved Kazakhstani companies that provide services in the design, procurement and manufacturing of modules to participate in the project. To date, more than 2000 Kazakhstani companies have been pre-selected, with 300 of them contracted.

Representatives of the project visited facilities of more than 150 Kazakhstan companies to assess their potential. As of the beginning of the project, the cost of the Kazakh content amounted to more than \$4 billion. More than 42,000 Kazakhstanis are employed in the project on the territory of the country, which is 92% of the total project personnel in Kazakhstan, the press service of Tengizchevroil reported.

The expansion of Tengiz capacities aims to increase oil production by about 12 million tonnes per year or 260,000 barrels per day. As a result, the annual volume of production will be about 39 million tonnes per year or 850 thousand barrels per day. At the same time, the full processing capacity of the plants operating at Tengiz will be ensured by reducing the dynamic pressure at the wellheads and increasing the pressure in accordance with the requirements for the entry of six operating production lines, according to Kazinform.

PROCESSING & ENERGY

Gas chemical complex with Chinese capital to be built in Kazakhstan's Aktau

Kazakhstan's KazAzot JSC and China's Inner Mongolia Berun Holding Group Co. Ltd will build a gas chemical complex worth over one trillion tenge in Kazakhstan's Aktau city, the Kazakh media cited deputy head of the local government of Mangystau region Sholpan Ilmukhanbetova.

Ilmukhanbetova stressed that this project is planned to be implemented in the second half of this year.

"The complex will produce methanol, nitrogen fertilizers and olefins," she said.

"The gas chemical complex will be built in three stages," she said. "First of all, methanol and nitrogen fertilizer production plants with a capacity of 400,000 and 600,000 tons of products per year, as well as a gas power plant with a capacity of up to 300 MW of electricity will be built."

Ilmukhanbetova said that KazAzot has already reached an agreement with the Chinese partner on the establishment of a joint venture, which will become the parent company for a number of legal entities.

The Kazakh side will have a 39 percent share in the project, while the Chinese side - 61 percent.

In general, the total capacity of the whole project will be as follows: methanol - about one million tons per year, nitrogen fertilizers - 1.2 million tons, olefin - up to 600,000 tons per year.

Inner Mongolia Berun Group Co., Ltd. operates in the fields of the chemical industry, energy, financial services, food processing and logistics.

KazAzot JSC is Kazakhstan's producer and exporter of ammonia and ammonium nitrate as reported by MENAFN.

Saran to have Central Asia's largest solar power plant

The construction of a 100 MW solar power plant in Saran, Karaganda region, is nearing completion. The facility will be the largest in Central Asia, announced Mayor of the city Yerzhan Temirkhanov, Kazinform cites ekaraganda.kz.

According to the mayor, the solar power plant will be put into operation in late November 2018.

The construction of the solar power plant started June 7, 2017. 370,000 photovoltaic solar panels will be installed over an area of 160 hectares. The estimated design capacity shall be 145 million kW*h per annum.

The project is being implemented at the initiative of EU representatives Jan Sonnenschein (Czech Republic), Arnold Behrens (Germany) and Dusan Podgorski (Slovakia). The main partners are Schneider Electric and Grass Engineering (Germany).

Mr. Temirkhanov added that the facility is being constructed using private foreign investments totaling \$340 million, Kazinform reports on August 3, 2018.

First wind park in Kazakhstan produced more than 500 million kWh

Three years ago, the first wind power plant of industrial type in Kazakhstan was put into operation. It is located near the town of Erejmentau in the Akmola region. Over this period, the 45 MW wind farm produced more than 500 million kWh of electric power, Samruk-Energo reported.

The beginning of industrial operation of the station was announced in December 2015 during a nationwide TV bridge with the participation of President Nursultan Nazarbayev. The project was implemented by The First Wind Power Station, a subsidiary of Samruk-Energo. The wind park consists of 22 units, each with a capacity of 2.05 MW, and a new 220/35KV own substation.

"During the operation of the wind farm, 23 jobs were created, of which 12 are for the residents of Erejmentau. The operation of this wind farm makes it possible to produce 172.2 million kWh of electricity per year without the use of organic fuel and CO2 emissions. 100% of all generated electricity goes to the National Electric Network of Kazakhstan. The objects of the International Specialised Exhibition "EXPO-2017" were provided with electricity by the electric power generated by the Erejmentau WPP," the company noted.

The concept for the transition of Kazakhstan to a green economy, approved by the Decree of the President of Kazakhstan dated May 30, 2013, presupposes the following targets for the development of RES in the total power generation in Kazakhstan:

- 3% - by 2020, including solar power plants and wind power plants;
- 10% - by 2030, including SPP, WPP;
- 50% - by 2050, including SPP, WPP, HPP, NPP.

According to the Ministry of Energy of Kazakhstan, currently there are 55 enterprises operating in Kazakhstan using renewable energy sources with a total installed capacity of 336 MW, according to the statement of Kapital (Kazakhstan).

UPCOMING INDUSTRY EVENTS



KIOGE

International Oil & Gas Exhibition and Conference

26– 28 September 2018, Almaty

Organizer: Iteca

www.kioge.kz



PowerExpo Almaty

Kazakhstan International Electrical Engineering, Alternative Energy Sources, Lighting Engineering Exhibition

23 – 25 October 2018, Almaty

Organizer: Iteca

www.powerexpo.kz

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