

# Kazakhstan-China Pipeline

Implementing completion of Atasu-Alashankou crude oil pipeline project meets strategic interests of the Kazakh oil and transport industry based on the principles of multi-vector choice of export directions and the maximal effective use of the pipeline systems.

The mission of Kazakhstan-China Pipeline LLP is to facilitate economic development, strengthen partnership and friendship relations between the Republic of Kazakhstan and the Chinese People's Republic by the way of operation of the Atasu - Alashankou transcontinenta oil pipeline as well as development of services in the field of pipe transportation at the level of world standards.

On December, 15 2005 close to the main holiday of the independent Kazakhstan, an event which inaugurates a new milestone of development of the Kazakh-China economic collaboration, N.A. Nazarbaev, the President of Kazakhstan, in solemn atmosphere started up the international trunk pipe Atasu - Alashankou. It was our President's idea to create a big Kazakh-China pipeline: 'When I first talked on that in 1997 everybody considered it to be Utopia ...and now we are starting a 1000 km pipeline of more than 800 million dollars cost. The whole territory is reviving; the region economy is growing...'

The presentation of the first construction phase took place on 28 September 2004. That day in sublime atmo-

sphere a joint welding of the first two pipes of the future pipeline to be laid was performed.

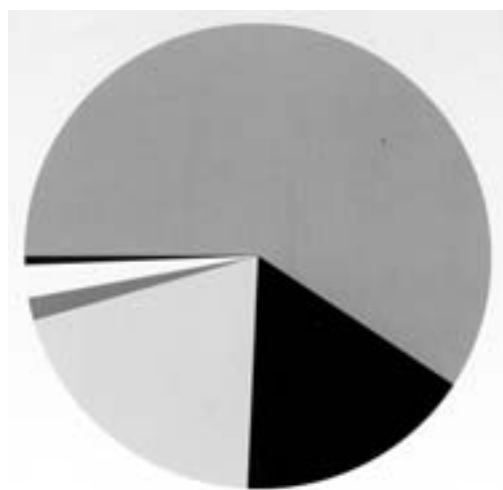
On 14 November 2005 a „gold” joint welding of the oil pipeline to signify consolidation of the strategic goals of two friendly states was performed ceremonially in the near border area.

Special attention within the system of works management was paid to carrying out a package of social-economical, engineering, sanitary-hygienic, legal and organizational activities towards ensuring of occupational and ecological safety in the construction and subsequent operation of the pipeline.

Thanks to the smooth and painstaking work of all project participants the laying of the almost one thousand kilometer pipeline was completed within record time.

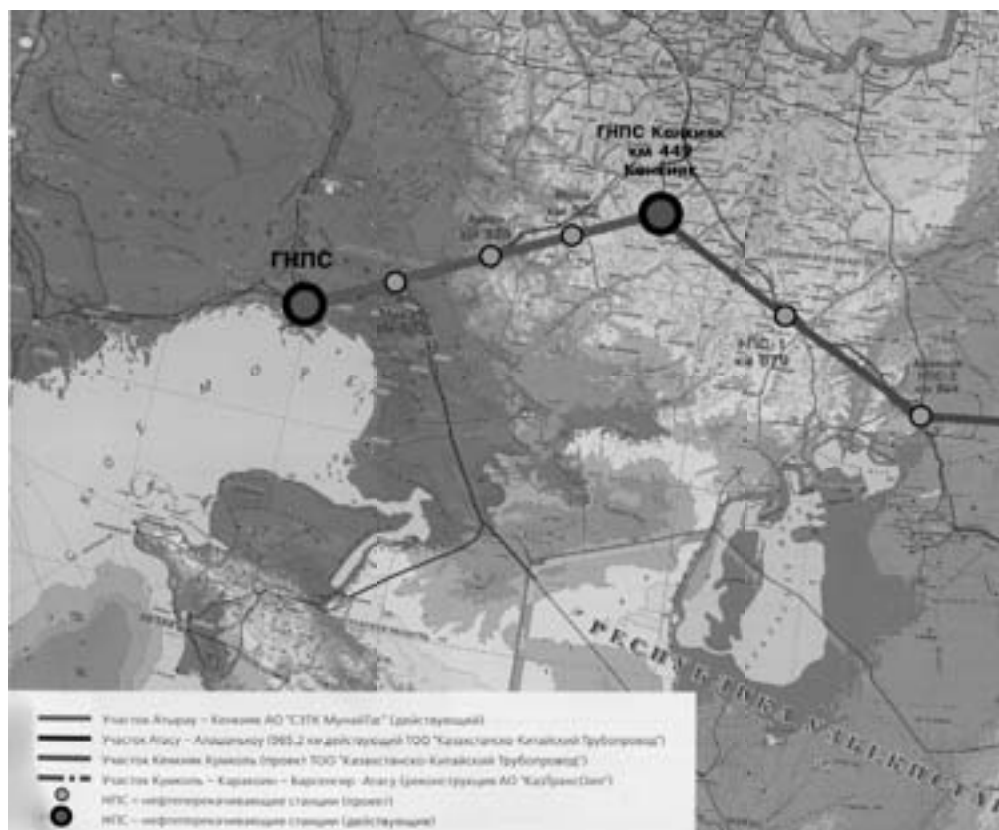
The process of oil filling of the oil pipeline was finished in May, 2006, and on the 6th July it was accepted by the State Acceptance Commission.

On 28th July 2006 the first pilot unit of the oil pipeline capable of 7,5 million tons of oil annually was started up. With purposes of ensuring safe and trouble free receipt and transportation of oil within the Atasu - Alashankou system JSC KazTransOil has conducted a number of activities to upgrade and reconstruct facilities of the Eastern Branch at the section of Priirtyshsk - Atasu and Kumkol - Atasu



Oil transportation data for 2006 and 2007

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JSC PetroKazakhstan Kumkol Resources	3 117
JSC TD KMG	869
JV KazGerMunai	1 059
JSC SNPS Aktobemunaigaz	85
АО СНПС "АйданМунай"	114
ТОО СП "Қуатампонунай"	30
<b>Total for 2006</b>	<b>5 274</b>



pipelines, and also of Atasu, being the main oil pumping station of Atasu -Alashankou pipeline.

Startup of the Atasu - Alashankou oil pipeline became an important stage of implementation of a multi-vector strategy of oil transportation systems and provided oil companies with a safe and cost saving delivery of their supplies to the prospective and fast growing market of China. Currently all the pipeline facilities are technically ready for a whole-year receipt and transportation of oil not only from Kazakhstan but also from Russia, especially, Western Siberian manufacturers.

Today the oil is supplied from the Kumkol field along the oil pipeline to China. Also supplies of oil from the western regions of our Republic is possible, therefore a discharge jetty to accept oil from railroad tanks has been built and for further its transfer to Atasu-Alashankou crude oil pipeline.

At the moment „Kazakhstan-China Pipeline” LLP concluded contracts on oil transportation services along Atasu-Alashankou crude oil pipeline and has been carrying out oil pumping of the following consignors:

- PetroKazakhstanKumkol Resources JSC;
- KazMunayGazTHJSC;
- KazGerMunay LLP;
- CNPC-Aktobemunaygaz JSC
- TurgayPetroleum JSC;
- CNPCAiDanMunayJSC;
- Kuatamlonmunay JV

More than 5 million tons of oil has been pumped for the whole period of Atasu-Alashankou crude oil pipeline commercial operation

The system of safety, health and environment management as well as fire and explosion safety, prevention and mitigation of emergencies when operating the Atasu - Alashankou oil pipeline is an integral part of the entire system of works management of Kazakhstan - China Pipeline LLP.

Our company's policy is oriented to achieve occupational and ecological safety when carrying out operations. Engineering activities to prevent emergencies are closely linked with process solutions in the linear part of the oil pipeline which at the same time ensure prevention of environment pollution. The prerequisite of minimal impact of man made facilities on the environment is a trouble free operation.

Operation of Atasu-Alashankou crude oil pipeline will provide a significant growth of tax revenues to the state budget and local budgets, increase export and transitional opportunities of the republic and create new jobs for local citizens.

Acting as an owner of the Atasu - Alashankou oil pipeline, the company Kazakhstan-China Pipeline is proud of its contribution to the development of economic relationships between Kazakhstan and China and is willing henceforth to take every effort to use its knowledge and experience for that purpose.

