



On approval of the Agreement between the Government of the Republic of Kazakhstan and the Government of the Russian Federation on joint prospecting on geological research and exploration of the cross-border Imashevskoye gas condensate field

Unofficial translation

Decree of the Government of the Republic of Kazakhstan dated December 13, 2010 No. 1346

Unofficial translation

The Government of the Republic of Kazakhstan **hereby RESOLVED as follows:**

1. To approve the attached Agreement between the Government of the Republic of Kazakhstan and the Government of the Russian Federation on joint prospecting on geological research and exploration of the cross-border Imashevskoye gas condensate field, done in Ust-Kamenogorsk on September 7, 2010.

2. This resolution shall be enforced from the date of its signing.

Prime Minister of the Republic of Kazakhstan

K. Massimov

Agreement between the Government of the Republic of Kazakhstan and the Government of the Russian Federation on joint prospecting on geological research and exploration of the cross-border Imashevskoye gas condensate field

The Government of the Republic of Kazakhstan and the Government of the Russian Federation, hereinafter referred to as the Parties,

based on Article 7 of the Treaty between the Republic of Kazakhstan and the Russian Federation on the Kazakh-Russian State Border dated January 18, 2005 and guided by the Agreement between the Government of the Republic of Kazakhstan and the Government of the Russian Federation on cooperation in the gas industry dated November 28, 2001., Agreement on further deepening of economic cooperation and integration of the Republic of Kazakhstan and the Russian Federation dated March 28, 1994, Concept of interregional and cross-border cooperation of member states of the Commonwealth of Independent States, approved by the Decision of the Council of heads of government of the Commonwealth of Independent States dated September 15, 2004.,

for the purpose of joint prospecting on geological research and exploration of the cross-border Imashevskoye gas condensate field (hereinafter referred to as Imashevskoye field), located 250 km south-west of Atyrau in Kurmangazy district of Atyrau region on the territory of the Republic of Kazakhstan and 60 km east-north-east of Astrakhan on the territory of the Russian Federation,

hereby agreed as follows:

Article 1 Terms and definitions

The terms and definitions used in this Agreement shall mean:

geological research and exploration - a set of geological works to determine geological and industrial parameters that comprehensively characterize the Imashevskoye field and shall be necessary for counting the reserves of hydrocarbon raw materials and related components, drawing up a feasibility study of the development of the Imashevskoye field;

a coordinating committee - an advisory body for the implementation of this Agreement;

operator under this Agreement - a commercial organization defined (appointed) under the agreement of authorized organizations, which shall be granted the right to use subsoil for geological research and exploration of Imashevskoye field;

geological research and exploration program - joint design documents justifying and establishing technical, economic conditions and technological indicators of joint works on geological research and exploration of hydrocarbon raw materials at Imashevskoye field, meeting the requirements for such documents by the legislation of the state of each of the Parties;

joint activities - coordinated actions (cooperation) of authorized organizations aimed at joint geological research and exploration of Imashevskoye field;

authorized state bodies - executive authorities of the States of the Parties, competent to implement the provisions of this Agreement.

Articles 2 Objectives of the Agreement

The purposes of this Agreement shall be geological research and exploration of Imashevskoye field with subsequent calculation of mineral reserves.

Upon completion of geological research and exploration of Imashevskoye field, its reserves shall be fully put on the state balance of mineral reserves of states of each of the Parties, indicating that the field shall be cross-border and subject to joint development.

Joint development of Imashevskoye field shall be carried out after determination of economic expediency of works and signing of the corresponding agreement regulating the procedure and conditions of joint development, as well as distribution of mineral reserves of Imashevskoye field among the member States of the Parties.

Article 3 Principles of joint activities

The principles of joint activities shall be:

equal distribution of expenses (on conditions - fifty by fifty) among authorized organizations, made during geological research and exploration of Imashevskoye field;

carrying out geological research and exploration of Imashevskoye field on the basis of performing joint geological exploration works in accordance with the requirements of the legislation of the member States of the Parties.

Article 4 Coordinating Committee and Authorized State Bodies

The authorized state bodies from Kazakhstan side shall be the Ministry of Oil and Gas of the Republic of Kazakhstan, from the Russian side - the Ministry of Natural Resources and Ecology of the Russian Federation.

If the name of the authorized state bodies is changed, the Parties shall immediately notify each other of this through diplomatic channels.

Other state bodies of the Parties shall be involved in the implementation of this Agreement in accordance with their powers.

To achieve the objectives of Article 2 of this Agreement, the Parties shall establish the joint Coordinating Committee.

The Kazakhstan side of the Coordinating Committee shall be formed and headed by the Ministry of Oil and Gas of the Republic of Kazakhstan.

The Russian side of the Coordinating Committee shall be formed and headed by the Ministry of Natural Resources and Ecology of the Russian Federation.

The Coordinating Committee shall consist of at least 3 representatives from each Party.

Meetings of the Coordinating Committee shall be held at least once a year or more frequently at the written request of a Party.

The schedule of meetings of the Coordinating Committee and the program of their holding shall be discussed jointly by authorized state bodies not later than 30 days before the beginning of the meeting.

The expenses of organizing and holding the meetings of the Coordinating Committee shall be borne by the host Party, the transport expenses shall be borne by the sending Party.

Article 5 Authorized organizations

The authorized organization from Kazakhstan side shall be the joint-stock company "KazMunayGaz National Company", and from the Russian side - the open joint-stock company "Gazprom" (hereinafter referred to as the authorized organizations).

Each of the Parties shall, after the date of entry into force of this Agreement, provide to the operator under this Agreement all necessary documents for geological research and exploration of Imashevskoye field within the territory of its state.

The operator under this Agreement shall comply with the requirements for subsoil users by the legislation of the state of the Party in the territory of which it shall carry out its activities.

The authorized organizations shall jointly determine (appoint) the operator under this Agreement. The Parties shall grant, to the operator under this Agreement, the right to use the subsoil for geological research and exploration of the Imashevskoye field within the territory of their states in accordance with the legislation of the States of the Parties.

Replacement of the authorized organization shall be possible only by written consent of the Parties.

The operator under this Agreement shall be liable for damage and losses caused to the environment and (or) individual or legal entity in the territories of the States of the Parties as a result of geological research and exploration at Imashevskoye field in accordance with the legislation of the States of the Parties.

Footnote. Article 5 as amended by the resolution of the Government of the RK dated 04.04.2014 № 318.

Article 6 Measurements

Prior to the beginning of geological research and exploration of Imashevskoye field, the operator shall perform all necessary measurements of the current conditions of the environment under this Agreement.

The results of the measurements shall be transmitted to the authorized state bodies of the Parties.

Footnote. Article 6 as amended by the resolution of the Government of the RK dated 04.04.2014 № 318.

Article 7 Preparation of a geological research and exploration program

The operator under this Agreement shall, after obtaining the right to use the subsoil of Imashevskoye field, develop a geological research and exploration program that shall meet the requirements for such documents by the legislation of the States of the Parties. The geological research and exploration program shall be subject to approval by the authorized organizations of the Parties.

Footnote. Article 7 in the wording of the resolution of the Government of the RK dated 04.04.2014 № 318.

Article 8 Provision of geological information

Provision by the authorized state bodies to the operator under this Agreement of geological information related to geological research and exploration of Imashevskoye field shall be carried out in accordance with the legislation of the States of the Parties.

Geological and other subsoil information obtained during geological research and exploration of Imashevskoye field shall be submitted by the operator under this Agreement in

full to the geological information funds of the States of the Parties for storage in accordance with the requirements of the legislation of the state of each of the Parties in which its confidentiality shall be ensured.

Footnote. Article 8 as amended by the resolution of the Government of the RK dated 04.04.2014 № 318.

Article 9 Security measures

In order to ensure environmental protection, increase the level of environmental safety and safety of persons living in the area of geological research and exploration of Imashevskoye field, taking into account the high content of hydrogen sulphide (15 - 17 percent) during the performance of these works, the operator under this Agreement shall monitor the state of the environment and carry out the necessary measurements of its current state.

The operator under this Agreement shall ensure the safety of liquidated and preserved wells located at Imashevskoye field in accordance with the legislation of the States of the Parties.

In the event of situations at the field that pose a threat to the life and health of the population, as well as damage to the environment, the relevant state bodies and organizations of the Party that has detected such a situation are obliged to take immediate measures to eliminate the identified situations and their consequences and to inform the authorized state body of the other Party about it.

Footnote. Article 9 as amended by the resolution of the Government of the RK dated 04.04.2014 № 318.

Article 10 Joint verifications (inspections)

According to the decision of state authorities of the States of the Parties and after the notification of Coordinating Committee joint verifications (inspections) within control and supervision of geological research, rational use and protection of a subsoil of the Imashevskoye field by the commissions which specially created for these purposes, consisting of representatives of authorized state bodies will be organized.

Article 11 Payments for subsoil use

The operator shall pay payments under this Agreement for the use of subsoil in accordance with the procedure and conditions stipulated by the legislation of the States of the Parties.

Footnote. Article 11 in the wording of the resolution of the Government of the RK dated 04.04.2014 № 318.

Article 12 Dispute settlement

Any dispute between the Parties concerning the interpretation and application of the provisions of this Agreement shall be settled through mutual consultations and negotiations.

Article 13 Final provisions

This Agreement shall not affect the rights and obligations of the States of the Parties arising from other international treaties.

This Agreement may be amended by separate protocols.

Article 14 Entry into force

This Agreement shall enter into force from the date of receipt, through diplomatic channels, of the last written notification of the implementation by the Parties of the domestic procedures necessary for its entry into force.

Done in Ust-Kamenogorsk on September 7, 2010 in two copies each in Kazakh and Russian languages, both texts having equal force.

In the event of a disagreement in the interpretation of the provisions of this Agreement, the Parties shall refer to the Russian version.

*For the Government
of the Republic of Kazakhstan*

*For the Government
of the Russian Federation*