



On Approval of the Rules for Holding an Auction Using the Informatisation Object of the Electronic Auction Operator for Granting the Right of Subsoil Use for Hydrocarbons in Electronic Form

Unofficial translation

Order of Acting Minister of Energy of the Republic of Kazakhstan dated July 30, 2020, No. 269. Registered with the Ministry of Justice of the Republic of Kazakhstan on July 30, 2020, No. 21038.

Unofficial translation

Footnote. The heading - as revised by Order of the Minister of Energy of the Republic of Kazakhstan No. 439 dated 29.12.2022 (shall be put into effect on 01.01.2023).

Under paragraph 5 of Article 99 of the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use” **I HEREBY ORDER:**

Footnote. The preamble - as revised by Order of the Minister of Energy of the Republic of Kazakhstan No. 439 dated 29.12.2022 (shall come into effect on 01.01.2023).

1. That the attached Rules for Holding an Auction Using the Informatisation Object of the Electronic Auction Operator for Granting the Right of Subsoil Use for Hydrocarbons in Electronic Form shall be approved.

Footnote. Paragraph 1 - as revised by Order of the Minister of Energy of the Republic of Kazakhstan No. 439 dated 29.12.2022 (shall be enforced on 01.01.2023).

2. The Department of Subsoil Use of the Ministry of Energy of the Republic of Kazakhstan, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, shall ensure:

1) state registration of this order with the Ministry of Justice of the Republic of Kazakhstan;

2) posting this Order on the Internet resource of the Ministry of Energy of the Republic of Kazakhstan;

3) within ten working days after the state registration of this Order with the Ministry of Justice of the Republic of Kazakhstan, submission to the Department of Legal Service of the Ministry of Energy of the Republic of Kazakhstan the information on the implementation of the measures provided for in subparagraphs 1) and 2) of this paragraph.

3. Control over the execution of this Order shall be entrusted to the supervising Vice-Minister of Energy of the Republic of Kazakhstan.

4. This Order shall come into effect on September 1, 2020, and is subject to official publication.

Acting Minister

M. Zhurebekov

"AGREED"

Ministry of Finance of the
Republic of Kazakhstan

"AGREED"

Ministry of National Economy of the
Republic of Kazakhstan

"AGREED"

Ministry of Digital
Development, Innovation and
Aerospace Industry of the
Republic of Kazakhstan

"AGREED"

Ministry of Ecology, Geology
and Natural Resources of the
Republic of Kazakhstan

Approved by
order of the Acting
Minister of Energy
of the Republic of Kazakhstan
No. 269 of July 30, 2020

Rules for Holding an Auction Using the Informatisation Object of the Electronic Auction Operator for Granting the Right of Subsoil Use for Hydrocarbons in Electronic Form

Footnote. The Rules - as revised by Order of the Minister of Energy of the Republic of Kazakhstan No. 439 of 29.12.2022 (shall be effective on 01.01.2023).

Chapter 1. General Provisions

1. These Rules for Holding an Auction Using the Informatisation Object of the Electronic Auction Operator for Granting the Right of Subsoil Use for Hydrocarbons in Electronic Form (hereinafter - the Rules) have been drawn up under paragraph 5 of Article 99 of the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use” (hereinafter - the Code) and establish the procedure for holding an auction using the Informatisation Object of the Electronic Auction Operator for granting the right of subsoil use for hydrocarbons (hereinafter - the Operator) in electronic form.

2. The following basic concepts are used herein:

1) an auction room is a section of the informatisation object enabling the input, storage and processing of information essential for holding an auction;

2) an auction step is a value per which the size of the subscription bonus is increased;

3) a register of auction results is a document automatically generated by the informatisation object upon the auction outcome specifying the auction participants and the size of subscription bonuses, for each auction stating the subsoil area;

4) the subject of an auction (hereinafter referred to as the subject) is the right of subsoil use for hydrocarbons for subsoil areas included in the Programme for Management of the State Subsoil Fund (hereinafter referred to as the Programme) to be granted within the framework of the auction;

5) an auction number is a number assigned to a participant for participation in the auction provided that an electronic digital signature is available;

6) geoinformational service (hereinafter - geoservice) is an information service comprising data on the territories where subsoil areas are allocated for exploration and production or production of hydrocarbons under an auction, designed for entering, collecting, processing, analysing data on the use of such areas obtained by entering the results of systematic observations, ground surveys, examinations, inventories, records of the government control over the use and protection of lands, archival data, data of remote sensing of lands, data obtained from state information systems and electronic information resources, as well as other data on the state of lands;

7) a winner is an auction participant who offered the highest amount of the signature bonus for the auction subject;

8) a guarantee fee is an amount of money paid by the applicant for participation in the auction, which is a security for the fulfilment of the obligation of the winner of the auction to pay the subscription bonus;

9) the Commission is a permanent collegial body established to consider issues on granting subsoil use rights for hydrocarbons;

10) an auction for granting subsoil use rights for hydrocarbons (hereinafter referred to as an auction) is a form of bidding where participants declare their offers publicly, held with the use of an informatisation object in electronic format;

11) National Certification Centre of the Republic of Kazakhstan (hereinafter - NCC RK) is a certification centre offering electronic digital signature means and registration certificates to individuals or legal entities for forming electronic documents in state and non-state information systems;

12) a participation fee is an amount of money equal to one hundred times the monthly calculation index established by the law on the national budget and effective as of the date of posting the auction notice;

13) a participant is an individual or a legal entity registered at the operator's informatisation object and admitted to take part in the auction under the procedure as set out herein;

14) current size of the subscription bonus is the size of the subscription bonus formed in the course of the auction;

15) the starting size of the subscription bonus is the size of the subscription bonus, since which the auction on the subject starts, set under Article 726 of the Code of the Republic of Kazakhstan “On Taxes and Other Obligatory Payments to the Budget (Tax Code)”;

16) a final amount of the subscription bonus is the amount of the subscription bonus set as a result of the auction;

17) an upward auction is an auction method whereby the starting amount of the subscription bonus is increased with a previously announced auction step;

18) the information object of the operator (hereinafter referred to as the information object) is the information system of the operator, including the Internet resource of the operator and representing an organisationally arranged set of information and communication technologies, service personnel and technical documentation, implementing certain technological actions via information interaction and designed to solve specific functional tasks of the auction conduct;

19) an electronic document is a document where the information is presented in electronic digital form and certified by means of an electronic digital signature;

20) an electronic digital signature (hereinafter - EDS) is a complex of electronic digital symbols created using EDS means and confirming the authenticity of an electronic document, its ownership and invariability of its content;

21) Qazchain distributed database (hereinafter - qazchain network) is a contiguous sequential chain of data blocks comprising information on auctions, created on the basis of blockchain technology.

3 The auction shall be organised by the competent authority under the Code and these Rules. The auction shall be organised by the method for increasing.

4. The auction shall be held in respect of one and (or) several subsoil plots, the geographical coordinates of the territories thereof are specified in the Programme.

5. The data on the filed applications for participation in the auction (application number, date of application, type of auction) (hereinafter referred to as the application for participation), as well as data on the results of the auction shall be transferred to the qazchain network, which is hosted on the computing facilities of www.qazchain.kz.

The data on filed applications for participation in the auction (application number, application date, auction type) shall be stored in the qazchain network in a decentralised manner using distributed database technology.

An encryption system shall be applied to information on the outcome of the auction, including on filed applications for participation, using a cryptographic key generated for each auction separately.

The function for verification of the auction outcomes (without specifying the bidder's personal data) shall become available to the users of www.qazchain.kz after the auction is completed by publishing the cryptographic key.

The electronic request shall be signed by the user's EDS.

Chapter 2: Procedure for Holding an Auction Using the Informatisation Object of the Electronic Auction Operator for Granting the Right of Subsoil Use for Hydrocarbons in Electronic Form
Paragraph 1: Filing and Handling an Application for an Auction for Subsoil Use Rights for Hydrocarbons

6. To generate and file an application for the auction (hereinafter referred to as the application for the auction), individuals and legal entities shall be required to:

- 1) have access to a computer or laptop connected to the Internet;
- 2) obtain EDS of the National Verification Centre of the Republic of Kazakhstan;
- 3) register within the informatisation object as per paragraph 7 hereof;
- 4) authenticate in the informatisation object;
- 5) sign the electronic document with EDS before sending the message.

7. For registration in the informatisation object it shall be required to specify:

- 1) for individuals:

individual identification number (hereinafter - IIN), surname, first name and patronymic (if any);

- 2) for legal entities:

business identification number (hereinafter - BIN), full name of the legal entity, surname, first name and patronymic (if any) of the first manager;

- 3) details of the settlement account in the second-tier bank;
- 4) contact details (postal address, telephone, fax, e-mail, etc.).

When amending the data referred to in part one of this paragraph, prior to registration of the application for holding, the participant shall amend the data previously entered in the informatisation object.

8. Formation, acceptance and processing of applications for holding from individuals and legal entities shall consist of three stages:

- 1) formation and sending of the application for holding by an individual or legal entity to the competent authority in the informatisation object;

- 2) acceptance and processing by the competent authority of the application for carrying out, received through the informatisation object;

- 3) display of the status of processing of the application for holding in the informatisation object.

9. A person interested in obtaining the right of subsoil use for hydrocarbons, shall file an application in the format of an electronic document via an informatisation object to the competent authority for holding, certified by EDS, in the form as per Annex 1 hereto.

An application for holding for each subsoil plot shall be filed by such person prior to acceptance of the application for auction or its withdrawal.

10. When the competent authority accepts and processes the application for holding by the object of informatisation, format-logical control shall be exercised, comprising verification of

completeness and correctness of filling in of the application for holding by the object of informatisation.

11. An application for holding shall be reviewed within 20 (twenty) working days from the date of its receipt by the competent authority.

After the application has been sent to the competent authority, the current status of the processing of the application by the competent authority shall be shown in the informatisation object for the individual or legal entity that sent it.

12. Based on the results of processing of the application for holding, the competent authority shall:

1) not exceeding 4 (four) times a year publishes a notification on holding an auction pursuant to Article 95 of the Code;

2) refuse to consider an application for holding an auction if within 3 (three) years prior to the filing of the application the applicant has filed another application for holding the auction, but has not registered as a participant in the auction. In case of publication of the notification of the auction, the applicant shall apply to the competent authority for participation.

13. The notification on holding an auction for granting the right of subsoil use for hydrocarbons shall comprise the data envisaged in paragraph 2 of Article 95 of the Code.

If required, the competent authority shall set higher minimum requirements for the scope and type of work than those specified in the Programme.

14. In the case of holding an auction for a subsoil area for which a subsoil use contract has been terminated earlier, the notification on holding an auction shall additionally specify the data specified in paragraph 3 of Article 95 of the Code.

15. Prior to the publication of the notification on holding the auction for each object, the competent authority shall ensure, if available, the inclusion of brief geological information on the subject via the informatisation object, as well as graphical information on the subsoil plot providing a spatial representation of the location of the plot (in the absence of information in the geoservice of the operator).

Paragraph 2: Procedure for Filing and Reviewing an Application for Participation in an Auction for Subsoil Use Rights for Hydrocarbons

16. Formation, acceptance and processing of applications for participation from individuals and legal entities shall consist of the following steps:

- 1) payment by an individual or legal entity of the guarantee fee and participation fee;
- 2) formation and signing by an individual or legal entity of an application for participation in the informatisation object;
- 3) acceptance and processing of the application for participation by the competent authority;
- 4) showing the current status of processing of the application for participation in the informatisation object.

For the formation and filing of the application for participation, individuals and legal entities shall ensure compliance with the conditions envisaged by paragraph 7 hereof, as well as payment of the guarantee fee and participation fee for the auction.

While receiving and processing by the competent authority of the application for participation in the auction, the informatisation object shall perform format-logical control, involving verification of completeness of filling in the application for participation.

The results of format-logical control shall be included in the application for participation.

17. The period allowed for filing an application for participation shall be 2 (two) months from the date of publication of the notification on holding the auction.

18. The person interested in participation in the auction shall send an application for participation in the auction in the format of an electronic document via the object of informatisation to the competent authority in the form as per Annex 2 hereto, certified by the EDS.

19. The amount of the fee for participation in the auction shall be 100 (one hundred times) the amount of the monthly calculation index established by the law on the national budget and effective as of the date of posting the notification of the auction.

The fee for participation in the auction shall be paid to the operator and shall not be refunded to the person who applied for participation in the auction.

The operator shall transfer the auction participation fees to the state income within 3 (three) working days from the date of acceptance by the informatisation object of the application for participation.

20. The guarantee fee shall be paid to the operator and shall be the security of fulfillment of the auction winner's obligation to pay the subscription bonus.

The amount of the guarantee fee shall be established by the competent authority and shall be:

1) in case of granting the subsoil use right for exploration and production of hydrocarbons - an amount equal to twice the starting amount of the subscription bonus specified under the tax legislation of the Republic of Kazakhstan;

2) if the subsoil use right for hydrocarbon production is granted - an amount equal to one times the starting amount of the subscription bonus specified under the tax laws of the Republic of Kazakhstan.

21. The guarantee fee of applicants whose applications are refused by the competent authority on the grounds specified in paragraph 3 of Article 97 of the Code shall be refunded within 3 (three) working days after filing an application for refund of the guarantee fee to the operator in the informatisation object to the operator.

22. The guarantee fee of the auction participants allowed to take part in the auction, excluding the winner of the auction and the auction participant who offered the next highest

subscription bonus after the winner of the auction, shall be returned by the operator within 3 (three) working days after filing an application for the return of the guarantee fee at the operator's address in the informatisation facility following the auction results.

23. The guarantee fee of the auction winner, as well as the guarantee fee of the auction participant, who has offered the highest subscription bonus after the auction winner, shall be refunded to them within 3 (three) working days after filing an application for refund of the guarantee fee, on condition that the auction winner meets the requirements envisaged by paragraph 61 hereof.

Within 3 (three) working days from the date of receipt of confirmation of payment of the subscription bonus from the winner of the auction, the competent authority shall notify via the object of informatisation the participant of the auction, who offered the next highest amount of the subscription bonus after the winner of the auction, of the fulfillment by the winner of the auction of the requirements envisaged by paragraph 3 of Article 100 of the Code.

The guarantee fee of the auction winner, the auction participant who has offered the next highest amount of the subscription bonus after the auction winner, upon his/her application filed in the informatisation object, shall be transferred by the operator to fulfill the obligation of the auction winner on payment of the subscription bonus by him/her.

24. In case of non-compliance with the requirements envisaged by paragraph 61 hereof, the guarantee fee of the auction winner shall not be refunded and within 3 (three) working days from the date of expiry of the subscription bonus payment term, the guarantee fee shall be turned by the operator to the state income.

25. Should the auction participant who offered the next highest subscription bonus after the auction winner fail to fulfill the requirements envisaged by paragraphs 3 and 5 of Article 100 of the Code, the guarantee fee shall not be returned to him/her and within 3 (three) working days from the date of expiry of the subscription bonus payment deadline, the guarantee fee shall be turned into the state income.

26. Should the participant of the auction who offered the next highest subscription bonus after the winner of the auction fulfill the requirements envisaged by paragraphs 3 and 5 of Article 100 of the Code, the guarantee fee shall be refunded within 3 (three) working days after submission of the application for refund of the guarantee fee.

27. The guarantee fee and participation fee shall be paid by applicants in separate installments. When paying the guarantee fee and participation fee, the individual identification number or business identification number of the participant shall be specified in the purpose of payment.

28. For confirmation of the availability of financial resources sufficient to fulfill the minimum requirements for the volume and types of work on a subsoil plot during the exploration period, in cases envisaged by Article 93 of the Code, one of the following documents shall be filed:

1) data on the availability and number of the bank account and a statement of the bank account balance in the amount sufficient to fulfill the minimum requirements for the volume and types of work on the subsoil plot in the exploration period;

2) a copy of an agreement on borrowing money or on financing hydrocarbon exploration activities, envisaging as the purpose of the loan the financing of the activities of the person applying for the right to subsoil use of hydrocarbons in the amount sufficient to fulfill the minimum requirements for the volume and types of work on the subsoil area during the exploration period.

Should a copy of the agreement on borrowing money or on financing hydrocarbon exploration activities be filed as a document confirming the availability of financial capacity of the person applying for the subsoil use right for hydrocarbons, the documents confirming the availability of financial capacity of the lender specified in subparagraph 1) of part one of this paragraph shall be filed additionally.

Should the bank account of the person applying for the subsoil use right for hydrocarbons not have sufficient financial resources to fulfill the minimum requirements for the volume and types of work on the subsoil plot during the exploration period, the documents envisaged by sub-paragraph 2) of part one of this paragraph shall be filed in addition.

29. The application for participation shall be additionally accompanied by:

1) the applicant's obligation to ensure fulfillment of the conditions for granting the subsoil use right specified in the auction notification;

2) documents confirming the applicant's compliance with the requirements established by Article 93 of the Code;

3) duly certified documents confirming the information specified in the application for participation;

4) details of payment by the applicant of the participation fee for participation in the auction;

5) details of the applicant's payment of the guarantee fee.

The documents attached to the application for participation shall be submitted in electronic form, certified by the EDS.

30. Under Article 96.4 of the Code, an application for participation and the documents accompanying it shall be drawn up in the Kazakh and Russian languages. If the application is filed by a foreigner or a foreign legal entity, the documents attached thereto may be drawn up in another language accompanied by an obligatory attachment to each document of a translation into Kazakh and Russian, the fidelity of which is certified by a notary.

31. Upon registration of the application for participation by the informatisation object, within 3 (three) minutes, an automatic verification shall be performed to ensure that the informatisation object's database contains information on the receipt of the participation fee and the guarantee fee for the object for which the application for participation has been filed.

32. The application for participation shall not be registered by the informatisation object if the participant fails to comply with the requirements specified in paragraphs 7, 28 and 29 hereof.

33. If there is information in the database of the informatisation object on the receipt of the guarantee fee and the fee for participation in the auction to the operator's settlement account, the informatisation object shall register the application for participation, as well as admit the participant to the auction with assignment of the auction number thereto.

34. Following the results of the automatic verification, the informatisation object shall send an electronic notification on registration of the application for participation or reasons for refusal to register the application for participation to the applicant's e-mail.

35. The object of informatisation shall cancel the auction number of the participant who withdrew the application for participation not less than 5 (five) minutes prior to the commencement of the auction.

36. The application for participation shall be reviewed within 10 (ten) working days from the date of its receipt by the competent authority.

After the application for participation is filed with the competent authority, the current status of processing of the application by the competent authority shall be shown on the informatisation object for the individual or legal entity that filed it.

37. Upon review of the application for participation, the competent authority shall accept the application and permit the applicant to take part in the auction or refuse to accept the application on the following grounds:

1) the application is submitted later than the deadline provided for submission of applications for participation;

2) the application does not comply with the requirements established by the Code and these Rules;

3) the applicant does not meet the requirements established by the Code;

4) within 3 (three) years prior to the filing of the application, the competent authority has early terminated the subsoil use contract concluded with the applicant or a person directly or indirectly controlling the applicant or under its control;

5) the applicant, being a subsoil user, has uncorrected breaches of obligations under another subsoil use contract specified in the notification of the competent authority;

6) the applicant was previously determined the winner of the auction for granting the subsoil use right for hydrocarbons, but has not paid the subscription bonus;

7) the applicant has given inaccurate information;

8) granting a subsoil use right to the applicant would entail a threat to the national security of the country, including in the case of concentration of rights under the contract and (or) concentration of subsoil use rights.

When the competent authority accepts the application for participation, the applicant is automatically permitted to participate in the auction.

38. Should documents issued by foreign public authorities or entities be provided, such documents shall be legalized or apostilled in due course, unless otherwise specified by the laws of the Republic of Kazakhstan, international treaties and agreements to which the Republic of Kazakhstan is a party.

39. Foreign legal entities shall additionally present a legalized (apostilled) extract, constituent documents or other legalized (apostilled) document of a foreign legal entity confirming that the foreign legal entity establishing a branch (representative office) is a legal entity under the laws of a foreign state, under sub-paragraph 4) of paragraph 3 of Article 96 of the Code, as well as a document confirming tax registration in the country of incorporation of the foreign legal entity, specifying the tax registration number (or its analogue), under sub-paragraph 3) of paragraph 1 of Article 76 of the Code of the Republic of Kazakhstan “On Taxes and Other Obligatory Payments to the Budget (Tax Code)”.

40. Refusal to accept an application on the grounds envisaged by sub-paragraphs 3), 4), 6), 8) and 9) of paragraph 3 of Article 97 of the Code shall preclude the applicant from the right to re-apply within the framework of the current auction.

41. A refusal to accept an application shall include an indication of the grounds for refusal, excluding the case specified in sub-paragraph 8) of paragraph 37 hereof.

42. The competent authority and the operator shall not disclose information pertaining to participants during the entire period of preparation of the auction and its conduct, unless required by legislative acts of the Republic of Kazakhstan.

43. The data entered by the participant in the application for participation shall be confirmed as a result of information interaction of the informatisation object with the state databases Legal Entities, Physical Persons, Real Estate Register, Automated Information System of Bodies of Enforcement Proceedings information system, Unified State System of Management of Subsoil Use of the Republic of Kazakhstan integrated information system, Centralised Unified Personal Accounts information system, National Data Bank of Mineral Resources of the Republic of Kazakhstan information system and information systems of tax authorities.

44. In obtaining data in automatic mode from the specified state databases and information systems, the object of informatisation shall verify the data using format-logical control. Upon revealing of discrepancies established by the Code and these Rules, the informatisation object shall not register the application for participation.

45. In case of failure to receive data automatically from the specified state databases and information systems, the participant shall enter the data independently and attach supporting documents to the application for participation.

Paragraph 3: Holding an Auction for Subsoil Use Rights for Hydrocarbons

46. Applicants permitted to participate in the auction and registered in the informatisation object as auction participants shall take part in the auction.

47. The auction shall be held on the date mentioned in the notification on holding the auction.

48. Registration of participants shall be made from the day of publication of the notification and shall be completed 5 (five) minutes prior to the commencement of the auction, after which the participants may not withdraw the submitted application for participation.

49. The Operator shall perform the functions prescribed by paragraph 6 of Article 99 of the Code.

50. Applicants permitted by the competent authority to attend the auction shall enter the auction hall within 1 (one) hour prior to the start of the auction using the EDS and the auction number assigned by the informatisation object. The auction shall commence at the time specified by the competent authority by automatically placing the starting amount of the subscription bonus in the auction hall.

51. The auction shall be held in the period from 10:00 a.m. to 5:00 p.m. Astana time, with the auction starting no later than 11:00 a.m. Astana time.

52. Should the winner of the auction not be selected by the end of the auction at 5:00 p.m., the participant who last confirmed his/her desire to purchase the object shall be recognised as the winner, and the auction for this object shall be deemed to have taken place.

53. During the auction, each subsequent value of the subscription bonus amount shall be calculated by increasing the current subscription bonus amount by the auction step in the following percentage ratio:

1) for the current size of the subscription bonus up to 20,000-fold of the monthly calculation index, the auction step shall be 25 per cent (twenty-five per cent);

2) in case of the current size of the subscription bonus from 20,000-fold to 50,000-fold of the monthly calculation index, the auction step shall be 20 per cent (twenty per cent);

3) in case of the current size of the subscription bonus from 50,000-fold to 100,000-fold of the monthly calculation index, the auction step shall be 15 per cent (fifteen per cent);

4) for the current size of the subscription bonus from 100,000-fold to 250,000-fold of the monthly calculation index, the auction step shall be 10% (ten per cent);

5) in case of the current size of the subscription bonus from 250,000-fold of the monthly calculation index and above, the auction step shall be 5 per cent (five per cent).

54. The auction shall be held in the following order:

1) at the moment of the commencement of the auction, the auction room displays the participants' proposals on the amount of the subscription bonus for the object, which are a form of expressing their consent to purchase the object subject to the conditions, and the current amount of the subscription bonus is formed.

The size of the bid shall be the amount not less than the starting size of the subscription bonus increased by one step.

Should the bids of 2 (two) or more participants at the moment of the auction start contain the same amount of the subscription bonus for the object and it is not increased within 10 (ten

) minutes, the participant whose bid is accepted earlier than other bids of the participants whose bids contain the same amount of the current size of the subscription bonus shall be fixed by the object of informatisation among these participants;

2) from the moment the auction starts, the participant shall be granted an opportunity to increase the maximum current size of the subscription bonus of the other participant by the auction step established by paragraph 53 hereof;

3) if within 10 (ten) minutes from the commencement of the auction none of the participants increases the maximum current size of the subscription bonus, the participant who offered it shall be recorded by the informatisation object in the Auction Results Register and the auction for this object shall be deemed to have taken place;

4) if no participant confirms his/her desire to purchase the object by increasing the current size of the signing bonus within 10 (ten) minutes after increasing the current size of the signing bonus, the participant who has confirmed his/her desire to purchase the object last shall be recorded by the informatisation object in the register of the auction results and the auction for this object shall be deemed held. The register of auction results for this object shall be sent to the e-mail of the competent authority.

55. The auction on the object shall proceed up to the maximum proposed size of the signature bonus by one of the participants.

Chapter 3. Summarising the Outcome of the Auction for Subsoil Use Rights for Hydrocarbons

56. The register of auction outcomes shall be formed by the informatisation object after the auction is completed in the form as per Annex 3 hereto and shall be placed on the informatisation object.

57. By decision of the competent authority based on the register of the auction results, the participant who offered the largest amount of the subscription bonus shall be recognised as the winner of the auction.

58. The results of the auction for each object shall be formalised by a protocol on the results of the auction, which shall be signed at the informatisation object with the EDS by the competent authority and the winner of the auction on the day of the auction. An electronic copy of the protocol shall be directed to the winner's e-mail specified in the object of informatisation.

59. The protocol on the outcome of the auction shall be a document recording the results of the auction and the obligations of the winner and the competent authority to sign a contract for exploration and production or production of hydrocarbons at the final amount of the signature bonus.

60. The results of the auction within 3 (three) working days from the date of the auction shall be published on the internet resource of the competent authority in the Kazakh and Russian languages.

61. Within 20 (twenty) working days from the date of publication of the auction results, the winner of the auction:

- 1) shall pay the subscription bonus;
- 2) shall direct to the competent authority a confirmation of payment of the signature bonus and a signed contract for exploration and production or production of hydrocarbons on its part, drawn up pursuant to the standard contracts for exploration and production or production of hydrocarbons approved by Order No. 233 of the Minister of Energy of the Republic of Kazakhstan of June 11, 2018 (recorded in the Register of State Registration of Regulatory Legal Acts under No. 17140).

62. Should the winner of the auction fail to pay the subscription bonus within the period stipulated in paragraph 61 hereof and (or) fail to submit to the competent authority a signed subsoil use contract, such person shall be deprived of the right to conclude a contract, and the right to conclude a contract for the relevant subsoil area shall be transferred by written notification of the competent authority sent within three (3) working days after the expiration of the period stipulated in paragraph 3 of Article 100 of the Code to the auction participant who offered the following contract for the relevant subsoil area.

Should the right to conclude the contract be transferred to the auction participant who offered the next highest signing bonus after the winner of the auction, the relevant protocol shall be signed by the competent authority at the informatisation object.

Within 20 (twenty) working days from the date of sending a written notification from the competent authority, the auction participant who offered the highest subscription bonus next after the auction winner shall meet the requirements for the auction winner stipulated by Article 100, paragraph 3 of the Code. In this case, the subscription bonus stipulated in sub-paragraph 1) of paragraph one of paragraph 3 of Article 100 of the Code shall be paid by the auction participant who offered the largest amount of the subscription bonus next after the auction winner in the amount offered by such auction participant.

Should the auction participant who offered the highest signature bonus next to the auction winner fail to fulfil the requirements for the auction winner envisaged by paragraph 3 of Article 100 of the Code within 20 (twenty) working days from the date of sending a written notification from the competent authority, such person shall be deprived of the right to conclude a contract, and the subsoil plot shall be re-submitted for auction.

Chapter 4. Suspension, Postponement and Cancellation of an Auction for Granting the Right of Subsoil Use for Hydrocarbons

63. Should a technical failure occur during the auction that prevents participation in the auction, the participant:

- 1) shall be notified within 30 (thirty) seconds from the moment of absence of stable communication in the informatisation object by displaying an electronic notification with contact details of the operator on the auction participant's monitor;

2) shall be notified immediately by telephone or electronic message with the contact details of the operator.

64. The operator shall register the fact of technical failure and if there is a technical failure on the side of the informatisation object, notify all participants of the auction by posting information in the informatisation object.

65. The auction shall continue in case of technical failure of computer and (or) telecommunication equipment of the participant. The fact of failure of the participant's equipment shall be recorded by the informatisation object.

66. Should there be a fact of technical failure in the object of informatisation preventing the auction or the auction procedure, the operator shall notify the competent authority thereof in writing and postpone the auction to the next working day after the day of correction of the technical failure with obligatory preliminary notification of the participants who took part in the auction about the date and time of continuation of this auction by posting information on the Internet resource of the competent authority and sending an electronic message to the e-mail of the participants.

Chapter 5. Recognition of an Auction for the Granting of a Subsoil Use Right for Hydrocarbons as Failed or Null and Void

67. The auction shall be recognised as failed and a repeated auction shall not be held if less than 2 (two) participants are registered on the day of the auction.

68. The auction shall be recognised as cancelled by a protocol signed by all present members of the commission. Announcement of the cancellation of the auction shall be placed in the form of a protocol signed by all present members of the commission.

69. The auction shall be annulled upon the request of the participant or the competent authority by the court.

70. Grounds for invalidation of the auction shall be:

1) violation of the auction regulations established by the Code, which affected the determination of the winner of the auction;

2) establishment of the fact that a person, with whom a subsoil use contract was concluded as a result of the auction, knowingly provided the competent authority with unreliable information that influenced its decision on admission of such person to participate in the auction.

71. Participants of the auction may appeal the outcome of the auction under the laws of the Republic of Kazakhstan on the grounds specified in sub-paragraph 1) of paragraph 70 hereof within 3 (three) months from the date of publication of its results, as per paragraph 3 of Article 102 of the Code.

72. In case of challenging the validity of the auction prior to the conclusion of the contract, the period of conclusion of the contract shall be suspended until the court makes a decision on the merits.

73. The auction invalidation shall entail nullity of the contract concluded as a result of the auction.

74. Should the auction be declared null and void on the grounds referred to in sub-paragraph 1) of paragraph 70 hereof, the person who was declared the winner of such auction shall be entitled to demand the return of the paid subscription bonus, pursuant to paragraph 6 of Article 102 of the Code.

Chapter 6. Final Provisions

75. Disputes arising in the course of organising and holding the auction shall be resolved pursuant to the procedure established by the civil laws of the Republic of Kazakhstan.

Annex 1
to the Rules for Holding an Auction
Using the Informatisation Object of the
Electronic Auction Operator for Granting
the Right of Subsoil Use
for Hydrocarbons in Electronic Form

Document Form

Application for Holding an Auction

1. Having examined the programme for the management of the state subsoil fund,

I hereby request(s) to hold an auction for the granting of subsoil use rights for hydrocarbons

in the following subsoil area: name of the area specified in the programme for the management of the state subsoil fund

_____;
geographical coordinates of the area granted for exploration and production or production of hydrocarbons based on an auction

2. I hereby confirm the accuracy of the data supplied, I am aware of the responsibility for presenting inaccurate data under the laws of the Republic of Kazakhstan, and

I hereby consent to the use of data constituting a legally protected secret, as well as to the collection,

processing, storage, uploading and use of personal data and other information.

3. I am presenting information about myself:

1) for a legal entity:

name _____

location _____

business identification number _____

details of state registration as a legal entity

2) for an individual:

surname, first name and patronymic (if any) _____

individual identification number _____

place of residence _____

Data from the applicant's EDS; date and time of signing with the applicant's EDS.

“ ____ ” _____ 20 ____ hours _____ minutes.

Annex 2
to the Rules for Holding an Auction
Using the Informatisation Object of the
Electronic Auction Operator for Granting
the Right of Subsoil Use
for Hydrocarbons in Electronic Form

Document Form

Application for Participation in the Auction

1. Having examined the published notification on holding the auction on granting the subsoil use right for hydrocarbons and having learnt the Rules for Holding the Auction Using the Informatisation Object of the Electronic Auction Operator for Granting the Subsoil Use Right for Hydrocarbons in Electronic Form, approved by Order No. 269 of the Acting Minister of Energy of the Republic of Kazakhstan dated July 30, 2020 (recorded in the Register of State Registration of Regulatory Legal Acts under No. 21038)

(surname, first name, patronymic (if any) of an individual or the name of a legal entity and surname, first name, patronymic (if any) of a legal entity) of the head) would like to participate in the auction to be held on “ ____ ” _____ 20____ in the informatisation object of the operator of electronic auctions for granting the subsoil use right for hydrocarbons.

2. I (we) have paid the auction participation fee and the guarantee fee for the subsoil area specified in the notification on holding the auction (subject):

subject name _____

amount of participation fee, KZT _____

guarantee fee, KZT _____

3. To verify the availability of financial resources sufficient to fulfil the minimum requirements for the volume and types of work on the subsoil area during the exploration period, in the cases stipulated by the Code, I (we) submit the following documents:

No. s/o	Supporting document	Amount of financial resources	Currency	Account number, IBAN, BIK (sort code)
	Information on the availability and number of the bank			

1.	account and a statement of the bank account balance in the amount sufficient to fulfil the minimum requirements for the volume and types of work on the subsoil plot during the exploration period.			
2.	A copy of the agreement on borrowing money or on financing hydrocarbon exploration activities, envisaging as the purpose of the loan the financing of the activities of the person applying for the right to use subsoil for hydrocarbons in the amount sufficient to fulfil the minimum requirements for the volume and types of work on the subsoil plot during the exploration period.			

4. Details of legal entities, individuals, states and international organisations that directly or indirectly control me (us):

name of the state _____

name of person, organisation _____

5. I hereby confirm the authenticity of the information supplied and give my consent to the use of information constituting a legally protected secret, as well as to the collection, processing, storage, uploading and use of personal data and other information.

6. I hereby agree that the competent authority shall refuse to accept the application if it finds that I (we) do not fulfil the requirements for a participant as set out in paragraph 3 of Article 97 of the Code.

However, under paragraph 4 of Article 97 of the Code, I (we) will be deprived of the right to reapply; the protocol on the outcome of the auction and the contract for exploration and production or production of hydrocarbons signed by me (us) will be invalidated under Article 102 of the Code.

7. Should I (we) be declared the winner(s) of the auction, I (we) hereby undertake to pay, within 20 (twenty) working days from the date of publication of the minutes of the auction

outcome, the final amount of the signature bonus, to send to the competent authority the confirmation of payment of the signature bonus and the contract signed on my side with EDS for _____,

designed pursuant to the standard contract for _____, approved by Order of the Minister of Energy of the Republic of Kazakhstan No. 233 dated June 11, 2018 “On Approval of the Standard Subsoil Use Contracts” (recorded in the Register of State Registration of Regulatory Legal Acts under No. 17140), as well as other obligations stipulated by sub-paragraph 2) of paragraph 3 of Article 100 of the Code.

8. I (we) hereby agree that the amount of the guarantee fee and auction participation fee paid by me (us) shall not be refunded and shall be transferred by the operator to the state income.

9. We hereby confirm that we are not undergoing liquidation, reorganisation or bankruptcy (for legal entities).

10. I (we) confirm that I have no outstanding debts for payment of taxes and other obligatory payments to the budget.

11. I (we) hereby confirm that in case of obtaining the subsoil use right for exploration and production of hydrocarbons - I (we) have (we) financial resources sufficient to fulfil the minimum requirements for the volume and types of work on the subsoil area during the exploration period.

12. I (we) am providing information about myself:

1) for a legal entity:

name _____

business identification number _____

details of state registration as a legal entity (extract from the commercial register or other legalised document certifying that the applicant is a legal entity under the laws of a foreign country)

information on managers surname, first name and patronymic (if any)

location (address): _____

telephone number (fax number): _____

mobile phone number: _____

e-mail: _____

bank details: _____

individual identification code _____

bank identification code _____

bank name _____

beneficiary code _____

individual identification number/business identification number of the person who paid the participation fee _____

The application shall be accompanied by:

- 1) _____
- 2) _____;

2) for an individual:

surname, first name and patronymic (if any)

individual identification number _____

passport details _____

address: _____

actual place of residence _____

nationality _____

telephone number (fax number): _____

mobile phone number: _____

e-mail: _____

bank details:

individual identification code _____

bank identification code _____

bank name _____

beneficiary code _____

individual identification number/business identification number of the person who paid the participation fee _____

The application shall be accompanied by:

- 1) _____
- 2) _____

Data from the applicant's EDS; date and time of signing with the applicant's EDS.

“ ____ ” ____ 20 ____ hours ____ minutes.

Auction number of the participant _____
(displayed in the application after the auction is completed).

Information on the results of the technical inspection of the applicant:

As of the day/month/year, hour/minute/second, information on the presence of outstanding debts on payment of taxes and other obligatory payments to the budget was not detected by the individual identification number or business identification number of the participant.

Document Form

Register of the Outcome of the Auction for Subsoil Use Rights for Hydrocarbons

Auction number: _____

Date and time of the auction start: _____

Starting amount of subscription bonus: KZT _____

Name of the subsoil plot, location of the plot: _____

Type of subsoil use: _____

Exploration period: _____

No. of the auction step	Date and time of confirmation of the subscription bonus amount	Auction number of the auction participant	Confirmed subscription bonus amount
	1	2	3
1			
2			