



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, № 269. Registered with the Ministry of Justice of the Republic of Kazakhstan on July 30, 2020, № 21038.

Unofficial translation

Footnote. The heading - as revised by Order of the Minister of Energy of the Republic of Kazakhstan № 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 № 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 № 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
№ 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 № 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) final amount of the subscription bonus - the amount of the subscription bonus established by the auction results;

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.

Footnote. Paragraph 2 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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 to subsoil use for hydrocarbons shall submit a generated application in the electronic document format through an information technology

facility to the competent authority for holding, certified by EDS, according to the form of Appendix 1 to these Rules.

An application for holding for each subsoil plot shall be submitted by such a person before the application for holding an auction is accepted.

Footnote. Paragraph 9 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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 notice on holding an auction for granting the subsoil use right for hydrocarbons shall contain the information provided for in paragraphs 2, 2-1 of Article 95 of the Code.

If necessary, the competent authority establishes higher minimum requirements for the scope and types of works than those indicated in the Programme.

On the minimum obligations of in-country value in goods in the notice of auction it shall be indicated that the amount of this obligation, taking into account the international obligations of the Republic of Kazakhstan, is established by agreement of the parties in the contract for subsoil use, concluded on the auction results.

Footnote. Paragraph 13 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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 admission to the auction was denied by the competent authority on the grounds stipulated in paragraph 3 of Article 97 of the Code shall be refunded within 3 (three) business days after the application is filed to the operator in the informatization object for refund of the guarantee fee.

Footnote. Paragraph 21 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

22. The guarantee fee of the auction participants admitted to participation in the auction, except for the auction winner and the auction participant who offered the next highest subscription bonus after the auction winner, shall be returned by the operator within 3 (three) business days after they file an application to the operator in the informatization facility for refund of the guarantee fee.

Footnote. Paragraph 22 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

23. The guarantee fee of the auction winner, as well as the guarantee fee of the auction participant who offered the next highest subscription bonus after the auction winner, shall be returned to them within 3 (three) working days after submission of an application for the refund of the guarantee fee to the operator in the informatization object, provided that the auction winner fulfills the requirements stipulated by paragraph 61 of these Rules.

Within 3 (three) working days from the date of receipt from the auction winner of the confirmation of payment of the subscription bonus, the competent authority shall notify through the informatization object the auction participant who offered the next highest amount of the subscription bonus after the auction winner about the fulfillment by the auction winner of the requirements stipulated by paragraph 61 of these Rules.

Guarantee fees of the auction winner and/or the auction participant who offered the next highest subscription bonus after the auction winner, upon their applications filed to the

operator at the informatization object, shall be transferred by the operator within 3 (three) working days to the budget to fulfill the obligation of the auction winner to pay the subscription bonus.

Footnote. Paragraph 23 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

24. If the auction winner fails to fulfill the requirements stipulated by paragraph 61 of these Rules, the guarantee fee paid by him shall not be refunded, but shall be transferred by the operator to the state income within 3 (three) working days from the expiry date of the subscription bonus payment deadline.

Footnote. Paragraph 24 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

25. If the auction participant who offered the next highest subscription bonus after the auction winner fails to fulfill the requirements stipulated in paragraph 62 of these Rules, the guarantee fee paid by him/her shall not be refunded, but shall be turned by the operator to the state income within 3 (three) working days from the expiry date of the subscription bonus payment deadline.

Footnote. Paragraph 25 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

26. Excluded by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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

Footnote. Paragraph 27 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

28. Excluded by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

29. The following documents in electronic form and certified by an electronic digital signature shall be additionally attached to the application for participation:

- 1) the applicant's obligation to ensure compliance with the conditions for granting the right to subsoil use specified in the notice of holding the auction;
- 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.

Duly certified documents confirming the information specified in the application for participation shall mean electronic copies of the relevant documents uploaded to the informatization object that fully reproduce the type and information (data) of the original documents in electronic digital form (e.g., a scanned copy of the original or a notarized copy of the identity card of the applicant's director);

4) information on payment by the applicant of the auction participation fee;

5) information on payment by the applicant of the guarantee fee;

6) in case of granting the subsoil use right for subsoil areas related to complex projects - minimum obligations for in-country value in personnel determined by the applicant in accordance with paragraph 5-1 of Article 36 of the Code;

7) a schematic description of the applicant's control structure certified by a notary, indicating the persons, states, international organizations controlling the applicant, as well as persons, states, international organizations, which are not controlling persons, holding participatory interests, shares of the applicant, with disclosure of information on the share and method of ownership.

The notary shall certify the authenticity of the signature of the first manager of the applicant who signed the schematic description of the applicant's control structure attached to the application.

In the presence of a duly certified schematic description of the applicant's control structure, it is not required to send constituent and/or other documents confirming the information and/or data in such schematic description of the structure;

8) to confirm that the person applying for the right to subsoil use of hydrocarbons has sufficient financial resources to meet the minimum requirements for the scope and types of work on the subsoil site during the exploration period, one of the following documents shall be provided: written confirmation from a second-tier bank or an organization performing certain banking operations on the existence and number of a bank account of the person applying for the right to subsoil use of hydrocarbons, with an attached statement of the balance of funds in such a bank account in the amount sufficient to meet the minimum requirements for the scope and types of work on the subsoil site during the exploration period, on the day preceding the day of filing the application for participation;

an agreement on borrowing money or on financing hydrocarbon exploration activities of a person seeking to obtain a subsoil use right for hydrocarbons. In this case, the mandatory conditions of such an agreement shall be:

the intended purpose of the loan must be to finance exploration work on a specific subsoil plot on which the person seeks the right to use the subsoil;

the loan amount must be sufficient to fulfill the minimum requirements for the scope and types of work on the subsoil plot during the exploration period specified in the notice;

the loan term must be no less than the exploration period term indicated in paragraph 1 of Article 116 of the Code.

To the agreement on borrowing money or on financing of hydrocarbon exploration activities, in order to confirm availability of the sufficient amount of money, the documents provided for in subparagraph 1) of part one of this paragraph shall be additionally submitted.

If one and the same person acts as a lender for several subsoil plots, such person must avail of sufficient funds to fulfill the minimum requirements for the scope and types of work on all subsoil plots in the aggregate.

In the event that the person applying for the right to subsoil use of hydrocarbons does not avail of sufficient funds on his bank account to meet the minimum requirements for the scope and types of work on the subsoil site during the exploration period, the documents specified in subparagraph 2) of part one of this paragraph shall be additionally submitted.

Footnote. Paragraph 29 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

30. In accordance with paragraph 4 of Article 96 of the Code, the application for participation and the documents attached thereto shall be drawn up in the Kazakh and Russian languages. If the application is submitted by a foreigner or a foreign legal entity, the attached documents may be drawn up in another language with obligatory attachment to each document of translation into Kazakh and Russian, the accuracy of which is certified by a notary.

All the attached documents shall be dated not earlier than the date of publication of the notice of the auction for granting of the subsoil use right for hydrocarbons on the website of the competent authority.

Footnote. Paragraph 30 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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 informatization IT object in case the applicant is not registered with the informatization object, according to paragraph 7 of these Rules.

Footnote. Paragraph 32 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

33. If the informatization object database contains information on the receipt of the guarantee fee and the participation fee to the operator's settlement account, the

informatization object shall register the application for participation for further verification by the competent authority of compliance with the requirements established by Article 96 of the Code.

Footnote. Paragraph 33 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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

Applications for participation shall be considered by the competent authority in a strictly sequential order, starting from the first received application for participation and within 10 (ten) working days from the date of receipt of each application for participation by the competent authority.

After the application for participation is submitted to the competent authority, the current status of the application processing by the competent authority is displayed on the informatization object for the individual or legal entity that submitted it.

Footnote. Paragraph 36 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

37. On the application examination results the competent authority shall admit the applicant to participation in the auction, deny admission to the applicant to participation in the auction or notify about the need to eliminate the identified discrepancies.

The relevant electronic notification shall be sent to the applicant's e-mail about the decision taken through the informatization object.

Footnote. Paragraph 37 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

37-1. Except for cases stipulated in subparagraphs 1)-6) of paragraph 37-2 of these Rules, if, upon review of the application submitted within the established timeframe, its non-compliance with the requirements of Article 96 of the Code is revealed, the competent authority shall notify the applicant thereof, specifying the revealed non-compliance.

The applicant shall have the right to eliminate the identified discrepancies specified in the notification of the competent authority within 3 (three) working days from the date of

notification by the competent authority, but no later than fifteen working days before the date of the auction.

After elimination of the identified discrepancies, the applicant shall resubmit the application to the competent authority. Such application shall be submitted before expiry of the deadline set for the elimination of discrepancies specified in part two of this paragraph, but no later than 15 (fifteen) working days before the date of the auction. The application resubmitted in accordance with this part shall be subject to review by the competent authority within 5 (five) working days. On the application consideration results the competent authority admits the applicant to participation in the auction or denies admission to the applicant on the grounds specified in paragraph 37-2 of these Rules.

Expiration of the deadline for applications for participation in the auction, specified in the notice of the auction, shall not be the ground for refusal to submit and consider a repeated application in accordance with this paragraph, if it is submitted within the period specified in part two of this paragraph.

Footnote. The Rules have been supplemented by Paragraph 37-1 by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

37-2. The competent authority shall deny admission to participation in the auction on the following, one or more, grounds:

1) the applicant has not eliminated the identified discrepancies of the application for participation in the auction, specified by the competent authority, within the established time limit;

2) the application was submitted later than the deadline for submitting applications for participation in the auction;

3) within 3 (three) years prior to submission of the application, the competent authority prematurely terminated the subsurface use contract concluded with the applicant or a person directly or indirectly controlling the applicant or under its control;

4) the applicant, which is a subsoil user, has not rectified violations of obligations under another subsoil use contract specified in the notification of the competent authority;

5) 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;

6) granting a subsoil use right to the applicant would pose 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.

Footnote. The Rules have been supplemented by Paragraph 37-2 pursuant to the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

38. Excluded by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official

publication).

39. Excluded by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

40. Denial of admission to participation in the auction on the grounds provided for in subparagraphs 4), 6), and 9) of paragraph 3 of Article 97 of the Code deprives the applicant of the right to re-submit an application in the current auction.

Footnote. Paragraph 40 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

41. In the refusal to accept the application for participation by the competent authority the reason for refusal shall be indicated, except for the case stipulated by subparagraph 6) of paragraph 37-2 of these Rules, with references to the norms of the legislation of the Republic of Kazakhstan.

Footnote. Paragraph 41 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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. In the presence of information interaction of the informatization object with the state databases "Legal entities", "Individuals", the information system "Unified state real estate cadastre", the information system "Automated information system of enforcement proceedings", the integrated information system "Unified state system for managing subsoil use of the Republic of Kazakhstan", the information system "Centralized unified personal accounts", the information system "National database of mineral resources of the Republic of Kazakhstan" and the information systems of tax authorities, the data specified by the participant in the application for participation shall be subject to confirmation through such information interaction.

Footnote. Paragraph 43 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

44. When receiving data in automatic mode from the state databases and information systems specified in paragraph 43 of these Rules, the informatization object shall verify the data using format-logical control. If inconsistencies are detected in the data verification, the informatization object shall not register the application for participation.

Footnote. Paragraph 44 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

45. In case of failure to receive data in automatic mode from the state databases and information systems specified in paragraph 43 of these Rules, the participant shall enter the data independently, and also attach documents confirming the entered data to the application for participation.

Footnote. Paragraph 45 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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. The auction participants shall enter the auction room within 1 (one) hour before the auction start using the EDS and the auction number assigned by the informatization object.

Footnote. Paragraph 50 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

51. The auction is held from 10:00 to 17:00 Astana time.

Footnote. Paragraph 51 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

52. Excluded by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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 25,000,000-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 conducted in the following order:

1) before the auction start, the participants shall indicate the size of the offer to be displayed in the auction room at the time of the auction start.

The size of the participants' offer by the size of the subscription bonus for the subsoil plot is a form of expression of their consent to acquire the subsoil plot subject to the conditions and on the basis of which the current size of the subscription bonus is formed.

The amount of the offer shall be no less than the starting amount of the subscription bonus increased by one step and no more than 5 times the starting amount of the subscription bonus for the subsoil plot.

2) the auction starts with the maximum offered current size of the subscription bonus;

3) from the moment the auction starts, the participant is given the opportunity to increase the current size of the subscription bonus of another participant by the auction step set by paragraph 53 of these Rules;

4) if within 10 (ten) minutes from the auction start none of the participants increases the current subscription bonus amount specified in subparagraph 2) of this paragraph, the auction for this subsoil plot shall be recognized as invalid;

5) if within 10 (ten) minutes after increasing the current size of the subscription bonus none of the participants confirms the wish to acquire a subsoil plot by increasing the current size of the subscription bonus, the participant who last confirmed the wish to acquire the subsoil plot shall be recorded by the informatization object in the register of the auction results and the auction for this subsoil plot shall be deemed to have taken place.

Footnote. Paragraph 54 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

55. The auction on the subsoil plot goes on until the maximum proposed size of the signature bonus by one of the participants.

If the auction winner is not determined at the time of the auction's completion at 17:00, the participant who last confirmed his wish to acquire the subsoil plot shall be recognized as the winner, and the auction for this plot shall be recognized as held.

Footnote. Paragraph 55 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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. Based on the register of the auction results, the participant who offered the largest amount of the signing bonus shall be recognized as the auction winner.

Footnote. Paragraph 57 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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 № 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 № 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. In the event of a technical failure in the informatization object that prevents the auction from being held or the auction procedure, the operator shall, within 60 (sixty) minutes after the establishment of such a fact shall notify the competent authority in writing and postpone the auction to the next working day after the day of correction of the technical failure with mandatory prior 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 participant's e-mail indicated in the participant's application for participation.

Footnote. Paragraph 66 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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 recognized as failed or invalid on the grounds and in accordance with the procedure stipulated by Articles 101 and 102 of the Code.

Footnote. Paragraph 67 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

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.

Form

Application for holding an auction

Footnote. Appendix 1 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

1. Upon examination of the program for management of the state subsoil reserve fund I (we)

request

to hold an auction for granting the subsoil use right for hydrocarbons

for the following subsoil area: name of the area, indicated in the programme

for management of the state subsoil reserve fund

_____;
geographic coordinates of the area provided for exploration and production or
production of hydrocarbons based on the auction

2. I confirm the accuracy of the presented data, I am aware
of responsibility for presenting inaccurate data under the
laws of the Republic of Kazakhstan and consent to the use of the
data, constituting a legally protected secret, and also to collection, processing,
storage, uploading and use of personal data and other information.

3. My (our) personal information:

1) for legal entities:

name _____

business identification number _____

details of state registration as a legal entity

2) for individuals:

surname, name and patronymic (if any) _____

individual identification number _____

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

" ____ " _____ 20 ____ hr ____ min.

Form

Application for participation in the auction

Footnote. Appendix 2 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 29.03.2024 № 134 (effective ten calendar days after the date of its first official publication).

1. Upon examination of the notice on holding the auction on granting the subsoil use right for hydrocarbons and of the Rules for holding an auction using the informatization object of the operator of electronic auctions for granting the right of subsoil use for hydrocarbons in electronic form, approved by the Order of the acting Minister of energy of the Republic of Kazakhstan dated July 30, 2020 № 269 (registered in the Register of State Registration of Regulatory Legal Acts under № 21038) _____

— (surname, name and patronymic (if any) of the individual or the name of the legal entity and surname, name and patronymic (if any) of the manager) is willing to participate in the auction, to be held "___" _____ 20 in the informatization 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 guarantee fee on the subsoil area, indicated in the notice on holding the auction (object):
name of the object _____
participation fee amount, KZT _____
guarantee fee, KZT _____

3. To confirm availability of financial resources, sufficient to fulfill the minimum requirements on the scope and types of the work on the subsoil area during the exploration, in cases, stipulated by the Code, I (we) attach the following documents:

№	Supporting document	Amount of financial resources	Currency	Account number, IBAN, BIC
1.	Information on availability and number of the bank account and statement on the balance on the bank account in the amount, sufficient to fulfill the			

	minimum requirements on the scope and types of the work on the subsoil area during the exploration.			
2.	Copy of loan agreement or agreement on financing hydrocarbon exploration, stipulating that the purpose of the loan is to finance the activities of the person, applying for acquiring the right of subsoil use for hydrocarbons, in the amount, sufficient to fulfill the minimum requirements on the scope and types of the work on the subsoil area during the exploration.			

4. Information on legal entities, individuals, states and international organizations, directly and indirectly controlling me (us), also on persons, states and international organizations that are not controlling persons, holding participatory interests, shares:

name of the state _____

name of the person, organization _____

The requirement of this paragraph to provide information on individuals, states, international organizations, holding participatory interests, shares of the applicant, that are not controlling persons, shall not apply to these persons, states, international organizations, holding such participatory interests, shares through shares and (or) securities, traded on the organized securities market.

5. I confirm the accuracy of the presented information and consent to the use of data, constituting a legally protected secret, and also to collection, processing, storage uploading and use of personal data and other information.

6. I agree that if it is established that I (we) presented knowingly false information to the competent authority that influenced the competent authority's decision on admission to participation, participation in the auction and (or)

recognition of the auction winner, signed by me (us), the protocol signed by me (us) on the

the auction results and the contract on exploration and production of extraction of hydrocarbons will be

recognized invalid under Article 102 of the Code.

7. In the event that I am (we are) determined the auction winner (s),

I (we) undertake to pay within 20 (twenty) working days

from the date of publication of the auction results the final amount

of the subscription bonus, send to the competent authority the confirmation of paid

subscription bonus and the contract signed on our part with EDS for the contract

_____,
developed in accordance with the model contract _____,

approved by the Order of the Minister of Energy of the Republic of Kazakhstan dated June 11, 2018

№233 "On approval of model contracts for subsoil use"

(registered in the Register of State Registration of Regulatory Legal

Acts under №17140), and also fulfill other obligations stipulated by subparagraph 2)

of Paragraph 3 of Article 100 of the Code.

8. I (we) agree that the guarantee fee amount paid by me (us),

in the event of non-payment by us (we) of the subscription bonus as the auction winner

or the auction participant, who offered the next highest subscription bonus after

the auction winner and the fee for participation in the auction

will not be refunded, but will be directed by the operator to the state revenue.

9. We confirm that we are not at the liquidation, reorganization or

bankruptcy (for legal entities) stage.

10. I (we) confirm that I (we) have no outstanding debt on taxes and other

mandatory payments to the budget.

11. I (we) confirm that in the event of obtaining the right of subsoil use for hydrocarbons

production – I (we) avail of financial resources, sufficient to fulfill the

minimum requirements on the scope and types on the scope and types of the work on the subsoil area

during the exploration .

12. My (our) personal information:

for legal entities:

name _____

business identification number _____

details of state registration as a legal entity (extract

from the trade register or other legalized document, certifying

that the applicant is a legal entity under the laws of a foreign

state)

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

phone (fax) number: _____

mobile phone number: _____

e-mail: _____

bank details: _____

individual identification code _____

bank identification code _____

name of the bank _____

beneficiary code _____

individual identification number / business identification number

of the person, who paid the participation fee _____

Attached to the application are:

1) _____

2) _____;

for an individual: surname, name and patronymic (if any)

individual identification number _____

passport details _____

nationality _____

phone (fax) number: _____

mobile phone number: _____

e-mail: _____

bank details :

individual identification code _____

bank identification code _____

name of the bank _____

beneficiary code _____

individual identification number / business identification number of the person,

who paid the participation fee _____

Attached to the application are:

1) _____

2) _____

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

"__" ____ 20 _ ____ hr ____ min.

Participant's auction number _____

(displayed in the application after the auction is completed).

Information on technical inspection results of the applicant:
As of the date/month/year, hour/minute/second on the individual
identification number and business identification number of the participant
Information on the presence of outstanding debt on taxes and other
mandatory payments to the budget was not revealed.

Annex 3
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

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: _____

№ 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			