



On main pipeline

Unofficial translation

The Law of the Republic of Kazakhstan dated 22 June 2012 № 20-V.

Unofficial translation

This Law regulates public relations arising during design, construction, exploitation, preservation and liquidation of the main pipeline, and shall be aimed at ensuring effective, reliable and safe operation of main pipeline.

Chapter 1. GENERAL PROVISIONS Article 1. Basic definitions, used in this Law

The following basic definitions shall be used in this Law:

1) beneficiary - a person, carrying out reception of products in accordance with the terms of the contract on rendering of services on transportation of goods;

2) Excluded by Law of the Republic of Kazakhstan № 223-VII dated 19.04.2023 (shall come into effect upon expiration of ten calendar days after the day of its first official publication);

3) Excluded by Law of the Republic of Kazakhstan № 223-VII dated 19.04.2023 (shall be enforced upon expiry of ten calendar days after the day of its first official publication);

4) a sender - a person that is the manufacturer of the products, or the person that acquired it legally or authorized person, delivering products for the transportation by main pipelines on the basis of the contract on rendering of services on transportation of products;

5) the main pipeline - a uniform industrial-technological complex, consisting of the linear part and facilities to ensure the safe handling of the products corresponding to the requirements of technical regulations and national standards;

6) Excluded by Law of the Republic of Kazakhstan № 223-VII dated 19.04.2023 (shall take effect ten calendar days after the day of its first official publication);

7) conservation of main pipeline - a complex of measures on ensuring safety of main pipeline in good technical condition during decommissioning;

8) the linear part of the main pipeline - underground, underwater, ground, above-ground pipelines on that are carried out direct transportation of products;

9) the buffer zone of the main pipeline - the territory (land and (or) water) with special conditions of protection and use, adjacent to the objects of the main pipeline and intended to ensure the safety of the population and creation of necessary conditions for the safe and uninterrupted operation of the objects of the pipeline within that are restricted or prohibited types of activities, not compatible with the aims of establishment;

10) Excluded by Law of the Republic of Kazakhstan № 223-VII dated 19.04.2023 (shall take effect ten calendar days after the day of its first official publication);

11) physical security of the main pipeline - the state of protection of trunk pipelines from the threats, the sources of that are of illegal actions of persons;

12) operation of the main pipeline - activities necessary for the continuous, proper and effective functioning of the main pipeline, including technical maintenance, repair, technical diagnostics and operational dispatch management;

13) reconstruction of the main pipeline - a complex of activities on reconstruction of trunk pipeline, that aims at the improvement of its qualitative parameters;

14) physical protection of the main pipelines - a set of legal rules, organizational measures and engineering and technical solutions aimed at preventing threats to trunk pipelines, that are the sources of illegal actions of persons, that entail damage;

15) operator - owner of the main pipeline or a legal entity that owns pipelines on other lawful basis, carrying out the transport of goods on the main pipeline and (or) his operation or by authorized by them organization, providing operator services;

16) operator services – services on transportation of products, provided by the operator to the senders on behalf of the owner of the main pipeline or person that owns the main pipelines on other legal grounds, and (or) operation of the main pipeline, provided by operator to owner of the main pipeline or to the person that owns the main pipelines on other legal bases;

17) products - oil, including stable (unstable) gas condensate, natural gas, associated gas, other liquid and gaseous hydrocarbons, petroleum products, prepared for transportation and relevant technical regulations in the respective type of products;

18) transportation of products - the process of receiving, delivery, transmission of products by the main pipeline from the point of its reception from the sender to the point of delivery to the recipient, loading, unloading, transferring production to other main pipelines, transfer to other kind of transport, storage, mixing;

19) the bank of product quality - the mechanism of holding on the basis of data on the quality and quantity of production mutual cash settlements between senders due to differences in the quality of products, transported by main oil pipeline, by way of compensation and (or) payments;

20) the transit of products - the transfer of products through the territory of the Republic of Kazakhstan between the sender and the recipient of the products outside of the Republic of Kazakhstan;

20-1) terminal owner - an individual or legal entity owning an industrial facility not included in the main pipeline for storage of products, which is a reservoir, as well as a platform for receiving and (or) shipping oil to transport (railroad tank, road tanks, tankers etc.) or pipeline;

21) technical corridor - territory, on that are the main pipeline or system of laid in parallel main pipelines and communications;

22) technical diagnosis - a complex of works and organizational-technical measures for determination of technical conditions of the main pipeline;

23) cross-border main pipeline – the main pipeline, passing through the territory of two or more States;

24) an authorized body - the central executive body that carry out management and cross-sector co-ordination in the field of trunk pipelines;

25) national operator - a legal entity, the owner of a controlling block of shares (participation interests) of which shall be the state or national management holding, a national company or a company belonging to the National Welfare Fund Group, owning on the right of ownership or other legal basis, one or more main pipelines determined by the Government Republic of Kazakhstan;

26) affiliated person - a legal entity that is entitled to directly and (or) indirectly determine decisions and (or) influence the owner of the main pipeline or manufacturer of products for the decision, including the effect of any deal and any legal entity, in respect of that the owner of the main pipeline or the manufacturer of the product has such a right.

Footnote. Article 1 as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 27.12.2017 № 126-VI (shall be enforced upon expiry of six months after its first official publication); dated 02.04.2019 № 241-VI (shall be enforced upon expiry of ten calendar days after its first official publication); № 223-VII dated 19.04.2023 (shall take effect ten calendar days after the day of its first official publication).

Article 2. Scope of this Law

1. This Law shall regulate social relations in the field of the main pipeline.

2. This Law shall not be applied to:

1) public relations arising upon creation and operation of the pipeline, not related to the main pipelines, trunk water supply and relations connected with creation, functioning and liquidation of objects of social and living purpose of the main pipelines;

2) legal relations arising in the framework of intergovernmental agreements concluded by the Government of the Republic of Kazakhstan until adoption of the Constitution of the Republic of Kazakhstan of 1995, and related with it by subsequent agreements with participation of the Government of the Republic of Kazakhstan on the issue of cross-border pipeline.

3. This Law shall apply to the relations in the field of the main pipeline in the part not regulated by the Law of the Republic of Kazakhstan "On gas and gas supply".

Article 3. The legislation of the Republic of Kazakhstan on the main pipeline

1. The legislation of the Republic of Kazakhstan on the main pipeline shall be based on the Constitution of the Republic of Kazakhstan and consists of this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If an international treaty ratified by the Republic of Kazakhstan establishes different rules than those contained in this Law, the rules of an indicated treaty shall be applied.

Article 4. Basic principles of the activity in the field of the main pipeline

Basic principles of activity in the field of trunk pipeline shall be:

1) the priority of security of human and the state, environmental protection during transportation of products to customers;

2) observance of interests of all subjects of relations in the field of trunk pipeline and providing non-discriminatory access to the main pipeline;

3) the use of efficient methods and technologies in design, construction, operation, reconstruction and liquidation of the main pipeline;

4) mandatory full reparation for the injury caused to the environment, life and health of citizens, their property, as well as property of legal entities in creation, functioning and liquidation of the main pipeline and its objects;

5) the priority of energy security of the Republic of Kazakhstan.

Chapter 2. Governmental regulation in the field of the main pipeline Article 5. Competence of the Government of the Republic of Kazakhstan

The Government of the Republic of Kazakhstan shall:

1) Develop the basic directions of state policy in the field of trunk pipeline, strategic and tactical measures on its implementation;

2) Excluded by Law of the Republic of Kazakhstan № 223-VII dated 19.04.2023 (shall come into effect upon expiration of ten calendar days after the day of its first official publication);

3) Excluded by Law of the Republic of Kazakhstan № 223-VII dated 19.04.2023 (shall come into effect upon expiration of ten calendar days after the day of its first official publication);

4) Is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after the day its first official publication);

5) Is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after the day its first official publication);

6) Excluded by Law of the Republic of Kazakhstan № 223-VII dated 19.04.2023 (shall come into effect upon expiration of ten calendar days after the day of its first official publication);

7) Is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (

shall be enforced upon expiry of ten calendar days after the day its first official publication);

8) Excluded by the Law of the Republic of Kazakhstan dated 05.07.2024 № 115-VIII (shall come into effect upon expiry of ten calendar days after the date of its first official publication).

9) Is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after the day its first official publication).

10) Excluded by Law of the Republic of Kazakhstan № 223-VII dated 19.04.2023 (shall come into effect upon expiration of ten calendar days after the day of its first official publication).

Footnote. Article 5 as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); № 223-VII dated 19.04.2023 (shall come into effect upon expiration of ten calendar days after the day of its first official publication); dated 05.07.2024 № 115-VIII (shall come into effect upon expiry of ten calendar days after the date of its first official publication).

Article 6. Competence of an authorized body

An authorized body shall:

- 1) form and implement state policy in the field of trunk pipelines;
- 1-1) carry out international cooperation in the field of trunk pipelines;
- 2) carry out within the scope of its competence, the state control in the field of the main pipeline;
- 3) develop provisions for national operators on types of production;
- 4) develops and approves the rules for operation of main oil pipelines and the rules for operation of main gas pipelines;
- 5) develops and approves rules for organization of main pipelines protection;
- 6) develop technical regulations in the field of trunk pipelines;
- 6-1) carry out consideration of draft standardization documents within the competence, as well as preparing proposals for the development, amendment, revision and cancellation of national, interstate standards, national classifiers of technical and economic information and recommendations for standardization for introduction to the authorized agency in the field of standardization;
- 6-2) adopt a decision on the construction of the main pipeline;
- 6-3) establish the national operators by type of product and approves regulations on them;
- 7) develops and approves the procedure for formation of a schedule for oil transportation through main oil pipelines;
- 8) develops and approves the procedure for approving the construction of a new main pipeline;

9) approve the schedule of oil transportation through trunk pipelines in accordance with the procedure of formation of graphics of oil transportation through trunk pipelines;

10) within the scope of its competence, approve regulatory-technical documents in the field of trunk pipelines;

11) Is excluded by the Law of the Republic of Kazakhstan dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015);

12) approve regulations on the use of bank products quality;

13) exercise other powers provided for by this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 6 as amended by the Laws of the Republic of Kazakhstan dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 29.12.2014 № 269-V (shall be enforced from 01.01.2015) ; dated 05.10.2018 № 184-VI (shall be enforced upon expiry of six months after its first official publication); № 223-VII of 19.04.2023 (shall enter into force ten calendar days after the date of its first official publication); as amended by the Law of the Republic of Kazakhstan dated 05.07.2024 № 115-VIII (shall come into effect upon expiry of ten calendar days after the date of its first official publication).

Article 7. Competence of other state bodies in the field of main pipeline

1. The authorized body in the field of industrial safety shall:

1) carries out state control and supervision in the field of industrial safety during the operation of the main pipeline in accordance with the Law of the Republic of Kazakhstan “On Civil Protection”;

2) carry out other powers provided for by this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

2. Local executive bodies of oblasts, cities of republican significance and capital within the scope of its competence shall:

1) participate in the implementation of state policy in the field of trunk pipelines;

2) ensure provision of land plots for the needs of the main pipeline in accordance with the procedure provided for by the legislation of the Republic of Kazakhstan;

3) assist in liquidation of accidents and emergency situations at the main pipelines and their consequences;

4) carry out in the interests of local public administration other powers assigned to local executive bodies by the legislation of the Republic of Kazakhstan.

3. The State Revenue Authorities of the Republic of Kazakhstan shall carry out the customs regulation of products movement on the main pipeline through the customs border of

the Eurasian Economic Union in accordance with the Customs Legislation of the Eurasian Economic Union and (or) the Republic of Kazakhstan.

Footnote. Article 7 as amended by the Laws of the Republic of Kazakhstan dated 11.04.2014 № 189-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 07.11.2014 № 248-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 26.12.2017 № 124-VI (shall be enforced from 01.01.2018); dated 06.04.2024 № 71-VIII (effective sixty calendar days after the date of its first official publication).

Article 8. State control over compliance with the legislation of the Republic of Kazakhstan on the main pipeline

Footnote. Heading of Article 8 is in the wording of the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

1. State control over compliance with the legislation of the Republic of Kazakhstan on the main pipeline shall be carried out by the state authorities within their competence established by the Laws of the Republic of Kazakhstan, Acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan, in the form of inspection, preventive control with visiting the entity (object) subject to control in accordance with The Entrepreneurial Code of the Republic of Kazakhstan.

2. Is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

3. The owner of the main pipeline or a person that owns the main pipeline on other legal basis shall submit the oil transportation data to the authorized agency necessary for departmental statistical observations or administrative accounting, in accordance with the legislation of the Republic of Kazakhstan On Subsoil and Subsurface Use.

4. In case of failure to report on actual execution of the graph of oil transportation through the results of made monitoring, the authorized body shall send a notification about elimination of the revealed violations.

Footnote. Article 8 as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376-V (shall be enforced from 01.01.2016); dated 27.12.2017 № 126-VI (shall be enforced upon expiry of six months after its first official publication); dated 24.05.2018 № 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 9. Licensing of activities in the field of main pipeline

Certain activities in the field of main pipeline are subjects to licensing in accordance with the legislation of the Republic of Kazakhstan on permits and notifications.

Footnote. Article 9 in the new wording of the Law of the Republic of Kazakhstan dated 16.05.2014 № 203-V (shall be enforced upon expiry of six months after the day its first official publication).

Article 10. National operator

1. National operator shall:

1) be entitled to render on the territory of the Republic of Kazakhstan of operator services through main pipelines on relative types of products, fifty and more percent of voting shares (equity shares) of the owner of that is directly or indirectly owned by the state, the national management holding or national company;

2) be entitled to provide services on the organization of transportation by pipeline systems of other states products, transported from the territory of the Republic of Kazakhstan by the main pipeline, owned by right of ownership or other legal basis for the national operator (operator activity on a single routing).

2. Exercise of the rights provided by paragraph 1 of this Article, by other persons shall not be allowed, except for cases of the right under subparagraph 1) of paragraph 1 of this Article shall be granted by decision of the Government of the Republic of Kazakhstan for purposes of implementation of international treaties of the Republic of Kazakhstan to another legal entity, fifty and more percent of voting shares (equity shares) of that are owned by the state, the national management holding or national company.

Chapter 3. THE MAIN PIPELINE. LANDS FOR THE NEEDS OF THE MAIN PIPELINE

Article 11. The main pipeline

1. The main pipelines shall include the main oil pipelines, gas pipelines and oil-products pipeline.

2. The main pipeline shall consist of a linear part and facilities specified in paragraph 3 of this article.

3. In the composition of objects of the main pipeline shall be connected in a single technological process device, equipment, structures, buildings and other structures with their occupied land plots.

The composition of objects and technical parameters of the main pipeline shall be determined by the design documentation.

4. The main pipelines shall not be commercial, technological and other pipelines, designed to transport products within the territory of the owner or other copyright holder of products for on-farm purposes, including within the contract area of subsoil user, as well as pipes designed for transporting products to consumers.

Article 12. Ownership at the main pipeline

1. The main pipeline shall be an integral property complex and can be state or private property.

2. The main pipeline, as well as blocks of shares (equity shares) in legal entities, in the ownership of that is the main pipeline, blocks of shares (equity shares) of individuals and legal entities that have the possibility directly or indirectly determine the decisions or influence on taken decisions of legal entities, in the ownership of that is the main pipeline, shall be referred to the strategic targets of socio-economic importance for the sustainable development of the Republic of Kazakhstan, possession and (or) use, and (or) disposal of that can affect national security of the Republic of Kazakhstan.

3. Finding the main pipeline owned by individuals, as well as legal entities, registered in accordance with the legislation of the foreign state shall be prohibited.

Article 13. The land for the needs of the main pipeline

1. The lands for the needs of the main pipeline include lands, occupied by the main pipelines, as well as protection zones of trunk pipelines.

2. With the purpose of ensuring an easy access by the owner of the main pipeline or person that owns the main pipelines on any other legal basis, to the objects of the main pipeline the local executive bodies of oblasts, cities of republican significance and capital, districts, cities of regional significance upon application of the owner of the main pipeline can set public servitude in accordance with the land legislation of the Republic of Kazakhstan.

3. For performance of works on major repairs, modernization and (or) reconstruction of objects of the main pipeline and construction of crossings through it to the owner of the main pipeline or to the person that owns the main pipelines on any other legal basis, shall be provided land plots for temporary use in accordance with Land code of the Republic of Kazakhstan.

4. Forced alienation of land plots for construction of the main pipeline from owners or private land users, land use rights of that has been redeemed shall be carried out in accordance with the procedure provided for by Chapter 6 of the Law of the Republic of Kazakhstan "On state property".

Article 14. Main pipeline protected zone

1. With the purpose of ensuring public safety and to prevent causing of harm to the environment and creating conditions for the safe operation of the main pipeline along its route, regardless of the form of rings as well as around objects of the main pipeline shall be established protected zones, indicated in areas with special signs in accordance with the requirements of technical regulations on the safety of the main pipeline.

Upon placement of multiple main pipelines in the same technological corridor shall be established the same for all trunk pipelines protection zone.

2. Main pipeline protected zones shall be established:

1) along the routes of the main pipeline, transporting oil, oil products, natural gas, oil, and synthetic hydrocarbon gases, in the form of land plot, limited by conditional lines passing fifty meters away from the pipeline axis on each side; on the lands of agricultural destination protected zone of the main pipeline shall be limited by conditional lines, passing twenty-five meters away from the pipeline axis on each side;

2) along the routes of the main pipeline, transporting liquefied hydrocarbon gases, volatile gasoline and condensate, in the form of land, limited by conditional lines, running a hundred meters from the pipeline axis on each side;

3) along the routes of the multi-line piping in the same technological corridor, in the form of land, limited by conditional lines, passing from axis extreme pipelines at distances, provided for by subparagraphs 1) and 2) of this paragraph, depending on the type of the transported products;

4) along the underwater crossings in the area of body of water from the water surface to the bottom, concluded between parallel planes off-axis extreme thread transitions at a hundred meters from each side;

5) around the storage tanks and the degassing condensate pit for emergency production in the form of land plot, bounded by a closed line, distant from the boundaries of the territories of the specified objects on fifty meters in all directions;

6) around technological installations of preparation of production to transportation, head and intermediate pumping and oil liquid pumping stations, tank farms, compressor and gas distribution stations, units of measurement products, loading and discharge jetty, stations of underground gas storages, points of heating of oil and oil products in the form of land plot, bounded by a closed line, distant from the boundaries of the territories specified objects, a hundred yards in all directions.

3. The protected zones of trunk pipelines shall include: protective forest zone, land plots, necessary to ensure the safety, durability and stability of structures, devices and other objects, service roads, as well as land plots adjacent to the row of the main pipeline, located in prone to flooding, landslide zones and places exposed to other hazardous impact.

4. Land within the protected zones of trunk pipelines shall have a special regime of land use and land from landowners, land users shall not be withdrawn.

5. In the protected zone of the main pipeline shall be prohibited:

1) device crossings, unpaved roads and other temporary or permanent transport crossings of trunk pipeline route and its protected zone without the coordination with the owner of the main pipeline, place of their location, construction, development and use;

2) gardening and forestation, and fulfilling any works, not agreed with the owner of the main pipeline, except for the complex of agro technical works for growing field crops arable depth of not more than thirty-five centimeters;

3) reclamation of roads, developed by the owner of the main pipeline or operator, intended for maintenance of main pipelines and ensuring of its physical protection, as well as hindering the movement of workers, performing fire-prevention and security functions on the trunk pipeline along these roads, except for the cases provided for by the legislation of the Republic of Kazakhstan;

4) construction of all buildings and structures;

5) organization of parking of motor vehicles, tractors and machinery;

6) production of melioration earthworks, construction of irrigation and drainage schemes;

7) production of mining, construction, editing and blasting works, leveling of the soil without the coordination with the owner of the trunk pipelines;

8) production geological survey, prospecting, geodetic and other survey works associated with the device wells, pits, and sampling of soil (except soil samples).

6. To acquire to the ownership obligations or use of land and water areas within the boundaries of the protected zones of trunk pipelines on the owner of the main pipeline or operator shall be prohibited.

7. The operator within the protected zones of trunk pipelines shall be entitled to perform works on repair and service of main pipelines, as well as works for prevention of emergency situations with preliminary notification of the land owners (land users) and subsequent compensation to them of caused damage, upon the liquidation of emergency without prior notice with subsequent compensation of the caused damage.

8. With the purpose of ensuring safety the construction of any facilities not related to the main pipeline, within the minimum distances established by construction norms and rules shall be prohibited.

Chapter 4. Design, construction, operation and decommissioning of the main pipeline Article 15. Design, construction, operation of the main pipeline

1. Designing, construction, reconstruction, expansion, technical re-equipment, modernization, complete overhaul of trunk pipelines, designer's service and technical supervision, acceptance to the operation of the main pipeline shall be carried out in accordance with the legislation of the Republic of Kazakhstan taking into account the particularities provided by this Law.

2. The construction of a new main pipeline, except for cases of expanding of existing main pipelines shall be carried out after receipt of a written notice of an authorized body under paragraph 6 of Article 16 of this Law, or after the expiration of forty-five business days from the date of receipt by an authorized body of the commercial proposals of paragraph 3 of Article 16 of this Law.

3. Before commissioning works the project organization shall develop the instruction manual over operation of the main pipeline that is not part of project documentation, intended for construction of the main pipeline.

4. Before acceptance of the constructed main pipeline and (or) its parts into the operation shall be conducted in-pipe diagnostics by a specialized organization in accordance with the approved regulatory-technical documents.

Elimination of defects detected during the in-pipe diagnostics, shall be carried out construction-editing organization, carrying out construction of the main pipeline.

5. Construction-editing organization during the warranty period, but not less than three years after putting into operation of the main pipeline shall at its own expense eliminate detected, in the process of operation, the shortcomings of construction-editing works.

6. Operation of the trunk pipeline shall be carried out taking into account ensuring the transportation of production in necessary volumes with preservation of normative criteria of reliability and safety.

Article 16. Procedure of realization of the priority right of the state to participate in the project of the new created main pipeline

1. With the purpose of ensuring the energy security of the Republic of Kazakhstan shall have the priority right to participate in the size not less than fifty one percent in the project of newly created main pipeline (hereinafter - the priority right of the state).

2. On behalf of the Republic of Kazakhstan the priority right of the state shall be implemented by the Government of the Republic of Kazakhstan.

3. A person intending to carry out construction of the main pipeline shall submit to an authorized body the commercial proposal on the state's participation in the project of construction of the main pipeline (hereinafter - commercial proposal).

An authorized body within the period not exceeding ten business days from receipt of the commercial proposal shall submit it for consideration by the Government of the Republic of Kazakhstan.

4. Commercial proposal shall contain:

1) information about the cost of the realized project, containing the valid calculations of the construction of the main pipeline;

2) technical characteristics subjected to construction of the main pipeline.

5. The Government of the Republic of Kazakhstan within the period not exceeding thirty business days from the moment of presentation by an authorized body of the commercial proposal shall make a decision on realization of the priority right of the state or refusal from it

6. About the accepted by the Government of the Republic of Kazakhstan the decision of the authorized body shall inform in written form a person, intending to carry out construction of the main pipeline, not later than five business days from the date of taking decision.

7. In case if the Government of the Republic of Kazakhstan has refused from the priority right of the state or the authorized body has not send a written notification within the period established by paragraph 6 of this Article, a person, having intention to carry out construction

of the main pipeline, would be entitled to offer to participate in the project of the newly created main pipeline to other persons or to exercise the construction of the main pipeline without assistance. At the same time conditions of participation in construction of the main pipeline of other persons cannot be more favorable than the terms offered to them by the Government of the Republic of Kazakhstan.

8. The Government of the Republic of Kazakhstan shall be entitled to take a decision on participation in the amount of less than fifty one percent in the project of the newly created main pipeline.

9. The provisions of this Article shall not apply to cases of expansion of the existing main pipeline.

Article 17. Connecting the pipeline to the existing main pipeline

1. Connecting the pipeline to the existing trunk pipeline shall be carried out on the basis of a contract between the owner of the main pipeline and the owner of the connected pipeline. In case if the main pipeline is located in the management of the operator, a party of such contract may be the operator, with the consent of the owner of the main pipeline.

2. The expenses, associated with connecting pipeline to the main pipeline, shall bear the owner of connectable pipeline.

3. Operational dispatch management connected by pipeline irrespective of its form of ownership shall be carried out centrally by the operator of the main pipeline to that it is connected.

4. The owner of connected pipeline, in case of necessity of decommissioning or change its regime of operation shall be obliged to notify the owner of the main pipeline about it preliminarily not less than thirty calendar days in a written form.

5. The exclusion of the owner of the main pipeline or authorized by him in accordance with paragraph 1 of this Article operator from the conclusion of a contract on connecting the main pipeline shall be prohibited, if:

1) allows to transport announced by the owner of connectable pipeline quantities of products, the relevant to the operation requirements on its quality parameters throughput capacity of trunk pipeline;

2) products, subjected to transportation, corresponds to requirements of technical regulations;

3) the owner of the connected pipeline is obliged to ensure the fulfillment of the requirements for accounting and control of products, as well as technical requirements established by the owner of the main pipeline for this connection.

Article 18. Operational dispatch management

1. Operational dispatch management shall be carried out by the operator.

2. Operational dispatch management of transboundary main pipelines shall be carried out in accordance with the terms of an international treaty of the Republic of Kazakhstan and (or) agreement, concluded between the owners of transboundary main pipeline.

Article 19. Decommissioning of the main pipeline

1. Decommissioning of the main pipeline shall represent a complex of measures on termination of operation of the main pipelines with the purposes of capital repair, conservation or liquidation.

2. Upon decommissioning the owner of the main pipeline shall be obliged to bring it to a safe state.

Article 20. Ensuring safety in the design and construction of the trunk pipelines

1. Upon designing, construction, reconstruction, expansion, technical re-equipment, modernization, overhaul repair of main pipeline it shall be necessary to observe following requirements:

- 1) to ensure industrial and fire safety of constructions of the trunk pipelines;
- 2) to make an assessment of the environmental impact of the planned activity on creation and operation of the trunk pipelines;
- 3) to develop measures on ensuring ecological safety and preservation of specially protected natural areas, objects of historical and cultural heritage, carrying out environmental monitoring;
- 4) to involve to the designing of the trunk pipeline project organizations with the necessary material, financial and human resources on a competitive basis;
- 5) upon attraction of project organizations for the purpose of changing of design decisions during the operation of the main pipeline, including upon reconstruction, expansion, technical re-equipment, modernization, overhaul repair of main pipelines, to attract primarily a project organization, that is the author of the project pipeline;
- 6) to carry out author's and technical supervision;
- 7) to choose the route considering the natural particularities of the area, the location of the settlement, structural-mechanical properties and corrosion of activity of soils, as well as transport routes and communications, that can have a positive or negative impact on the trunk pipeline;
- 8) to apply certified technological equipment, ensuring safe conditions of operation of the trunk pipelines;
- 9) to carry out measures on anticorrosive protection of pipelines;
- 10) to make a list of possible failures of systems and equipment for the project composition and the proposed actions on their prevention and eradication;

11) to develop measures to ensure the physical protection of trunk pipelines, as well as for technical strengthening and equipping of engineering-technical means and security systems;

12) to develop measures on maintenance of project technical solutions to protect the main pipeline from damage associated with leaks and illegal actions of the third parties;

13) other requirements provided for by the legislation of the Republic of Kazakhstan.

2. The construction of the main pipeline in the settlements, state natural reserves, state conservation areas, state national natural parks, zones of sanitary protection of drinking water sources shall be prohibited.

3. Acceptance for operation of the main pipeline that is not equipped with engineering and technical means of management, protection and control of industrial, fire, ecological and physical security shall be prohibited.

Article 21. Safety provision during operation, conservation and liquidation of the main pipeline

1. Before the start of operation of the main pipeline its owner shall develop and approve the negotiated with emergency rescue services and units of the plan of liquidation of possible accidents.

2. Distraction of emergency employees, emergency and special equipment of the main pipeline to other works, except for works on prevention and elimination of accidents and emergencies shall not be allowed.

3. Project and executive documentation for the construction of trunk pipeline, test certificates, working documentation for technical service, and the materials of the investigation of accidents and incidents must be kept by the owner of the main pipeline during the whole period of its operation.

Term of operation of the trunk pipeline shall be determined by the design documentation. Prolongation of term of operation of the main pipelines on the basis of the conclusions of the specialized organizations according to the results of diagnostic surveys shall be allowed.

4. On trunk pipeline, laid in marine areas must be established means to prevent accidents, as well as shut-off valves, that in case of accident or during repair work would disable trunk pipeline, laid in the offshore zone, from the objects of offshore production.

5. Objects of the main pipeline shall be objects of continuous power supply, with emergency reservation, providing electricity of that is carried out in accordance with the procedure provided by the Republic of Kazakhstan on electric power industry.

6. With the purpose of carrying out of urgent measures on prevention of illegal actions of third persons, elimination of accidents and emergencies shall be allowed for use by the owner of the main pipeline or the operator of the adjacent to its land plots on the basis of a public easement, established in accordance with civil and land legislation of the Republic of Kazakhstan, with subsequent compensation of caused damage.

7. Local executive bodies of oblasts, cities of republican significance and capital shall provide free passage of special vehicles and the delivery of equipment to place of accidents and emergencies on the trunk pipeline.

8. In case of liquidation of the main pipeline or its objects by the owner of the main pipeline shall be carried out measures to restore the environment, including measures to rehabilitate lands.

**Chapter 5. Rights and obligations of the owner of the main pipeline and the operator Article 22.
Rights and obligations of the owner of the main pipeline, carrying out independently operation of the main pipeline**

1. Upon independent operation of trunk pipelines as well as during the whole period of its conservation owner of the main pipeline shall be entitled to:

- 1) control execution of works on technical service, repair, protection, technical diagnostics and survey of trunk pipelines;
- 2) initiation for involvement of project organizations to responsibility for erroneous design decisions;
- 3) demand from construction organizations conducting pre-diagnosis on the trunk pipeline and executive surveys;
- 4) check the accuracy of the information on the preparation of products, supplied by the shipper to transport by the main pipeline, correspondence of its quality to the established requirements.

2. Upon independent operation of the trunk pipelines and during the whole period of its preservation, the owner of the main pipeline shall be obliged to:

- 1) ensure continuous, proper and effective functioning of the main pipeline to transport products by it;
- 2) take the necessary measures to ensure the safety of products in the trunk pipeline;
- 3) take measures on prevention and liquidation of accidents and incidents;
- 4) ensure providing technical diagnostics and survey of the main pipeline with the purpose of maintaining its good technical condition;
- 5) carry out the industrial environmental control;
- 6) ensure the providing technical and repair of the operated main pipeline;
- 7) ensure compliance with the requirements for prevention of emergency of situations, industrial, ecological and fire safety, physical protection of trunk pipelines;
- 8) have reserves of material and financial resources for localization and elimination of consequences of accidents;
- 9) carry out concerted actions with organizations, operating engineering services, held in the unified technical corridor;
- 10) carry out other measures provided for by the legislation of the Republic of Kazakhstan

Article 23. Rights and obligations of the operator, carrying out operator service

1. The operator upon providing operator services shall be entitled to:

1) use the property, provided to it for the provision of operator services by the owner of the main pipeline as well as to exercise other rights provided by the legislation of the Republic of Kazakhstan;

2) exercise other rights provided to it by the owner of the main pipeline or by a person that owns the main pipelines on any other legal basis, in accordance with the contract for the provision of operator services.

2. Operator upon providing operator services shall be obliged to:

1) ensure continuous, proper and effective functioning of the main pipeline to transport by it products;

2) carry out transportation of products in sufficient volumes in compliance of the required technological parameters with preservation of normative criteria of reliability and safety;

3) ensure the provision of services on transportation of production to the sender in accordance with terms of contracts, concluded on behalf of the owner of the main pipeline or person that owns the main pipelines on any other legal basis;

4) provide maintenance of technical service, current repair and diagnostics of trunk pipelines;

5) ensure compliance with the requirements for prevention of emergency situations, industrial, fire and ecological safety;

6) carry out concerted efforts with organizations, operating engineering communication, passing in the unified technical corridor.

Chapter 6. Provision of services on transportation of products by the main pipeline Article 24.

Procedure of access to services on transportation of products by the main pipeline

1. The owner of the main pipeline or a person that owns main pipelines on other legal grounds, or the operator, authorized on behalf of them to provide services on transportation of products to senders, upon presence of free capacity in the main pipeline shall be obliged to provide equal terms of access to services on transportation of the products by the main pipeline to all senders, taking into account the restrictions provided for by the laws of the Republic of Kazakhstan.

2. At the limited throughput capacity of trunk pipeline provision of services on transportation of oil and (or) oil products by the main pipeline shall be carried out in the following order of precedence:

1) to sender, carrying out of supplying oil to the refineries of the Republic of Kazakhstan in the amount of targeted directly for processing on them;

2) to the owner of the main pipeline or to the person that owns the main pipelines on any other legal basis, for the transportation of their own products or the products of affiliated persons;

3) to the sender, ensuring implementation of the decisions of the Government of the Republic of Kazakhstan and (or) of the obligations under international agreements with the participation of the Republic of Kazakhstan;

4) to the sender, attracted for investment in the construction of the main pipeline and (or) increasing the throughput capacity of trunk pipeline or its separate objects within the main pipeline section or object, in that investment has been made;

5) to the sender, that has assumed obligations under the agreement concluded with the owner of the main pipeline or a person that owns the main pipelines on any other legal basis, to provide for the transportation of mandatory minimum annual volumes of oil (oil products) within the obligatory minimum annual volume;

6) to the sender, providing for transportation of oil, the quality of that can lead transported oil mixture in accordance with the technical requirements of oil quality, established by regulatory and technical documents, at its transportation through pipeline systems of other countries.

3. Validity of subparagraph 2) of paragraph 2 of this Article shall not be applied to the main pipeline, owned by right of ownership or other legal basis by the national operator.

4. Subparagraph 4) of paragraph 2 of this Article shall be applied in full payback of investments by the owner of the main pipeline in accordance with the terms of the contract.

5. Upon presence of capacity in a single trunk pipeline (the main pipeline section) and the lack of spare capacity in the other trunk pipeline (the trunk pipeline section) with the purpose of ensuring the delivery of oil to the refineries of the Republic of Kazakhstan, as well as gas to the domestic market of the Republic of Kazakhstan and (or) to the outside, the sender can carry out exchange-operations (swap) with a written agreement with the owner of the main pipeline or a person that owns the main pipelines on other legal grounds, and the authorized body.

For purposes of this paragraph, under a exchange-operation (swap) shall refer to the exchange of products of one sender to products other shipper, carrying out on the basis of the concluded between them the written agreement.

6. In the absence of free capacity of main gas pipeline, the provision of transportation services for gas shall be provided in accordance with the legislation of the Republic of Kazakhstan on natural monopolies.

Footnote. Article 24 as amended by the Law of the Republic of Kazakhstan dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017).

Article 25. Provision of services on transportation of products by the main pipeline

1. Provision of services for transportation of products through the main pipeline for its consumption or processing on the territory of the Republic of Kazakhstan, transit and transportation for export outside the Republic of Kazakhstan shall be carried out in accordance with the agreement between the owner of the main pipeline or the person owning the trunk pipeline on another legal basis or the operator, authorized to render such services on their behalf, and the sender of the products.

2. Services on oil transportation shall be provided to the senders on the existing routes of transportation of oil to the main pipeline system in accordance with the schedule of oil transportation through trunk pipelines.

3. The accounting of the products during its transportation by pipeline shall be carried out in accordance with the agreement on provision of services on transportation of products, and internal documents of the operator and the legislation of the Republic of Kazakhstan.

3-1. The main pipelines intended for oil transportation shall be equipped with control metering devices in accordance with the Legislation of the Republic of Kazakhstan On Subsoil and Subsurface Use.

4. The products transported via the main pipeline are handed over to the recipient at the end of the route, minus technical losses when transporting the products.

5. The recipient shall not be entitled to refuse the receipt of the products, except for cases due to natural disasters, catastrophes and other independent from the beneficiary cases. If during transportation of products the recipient cannot accept it in full volume, or if the sender cannot specify the final recipient, except the cases of export and transit of gas, the production in the presence of technical possibility can be transferred for safekeeping to the operator. Whereas the recipient or the sender shall be obliged to pay the costs of storage of products, on the terms stipulated in the agreement on provision of services on transportation of products.

Footnote. Article 25 as amended by the Laws of the Republic of Kazakhstan dated 29.12.2014 № 271-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 05.05.2015 № 312-V (shall be enforced upon expiry of ten calendar days after the day its first official publication); dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017); dated 27.12.2017 № 126-VI (shall be enforced upon expiry of six months after its first official publication).

Article 25-1. Provision of storage, reception and (or) shipment services by terminal owners

1. Services for storage, reception and (or) shipment of oil shall be provided to the senders by the owners of the terminals along the existing oil transportation routes at their industrial facilities for storage of products, which are reservoirs, as well as platforms for receiving and (or) oil shipment for transport (railroad tanks, road tanks, tankers, etc.) or an oil pipeline, in accordance with an agreement for provision of services for storage, reception and (or) shipment of oil, internal documents of the terminal owner and the Legislation of the Republic of Kazakhstan.

2. The terminals owners shall equip their industrial facilities with control metering devices in accordance with the Legislation of the Republic of Kazakhstan On Subsoil and Subsurface Use.

3. The terminal owner shall be obliged to submit the data on oil movement to the authorized agency in the field of the main pipeline necessary for departmental statistical observations or administrative accounting, in accordance with the Legislation of the Republic of Kazakhstan On Subsoil and Subsurface Use.

Footnote. Chapter 6 is supplemented by Article 25-1 in accordance with the Law of the Republic of Kazakhstan dated 27.12.2017 №. 126-VI (shall be enforced upon expiry of six months after its first official publication).

Article 26. Grounds for refusal in the conclusion of a contract on rendering of services on transportation of products

The owner of the main pipeline or a person that owns the min pipelines on other legal grounds, or the operator, authorised on their behalf to provide services on transportation of products to senders, shall deny to sender in the conclusion of a contract on rendering of services on transportation of products in the following cases:

- 1) the discrepancy of production to requirements of technical regulations and (or) national standards;
- 2) failure by the sender to provide the documents, proving his ownership of the products on the right of ownership or other legal basis;
- 3) incompatibility of products, offered by the sender, and products transported by the main pipelines, on quality and other characteristics, as set by the owner of the main pipeline or a person that owns the pipelines on any other legal basis;
- 4) the absence of the sender or recipient of the delivered products inlet pipeline, with stations of control over the product quality and its records, as well as in case, if the technical condition of the inlet pipeline does not meet the requirements of safe transportation of products;
- 5) non-fulfillment by the sender of technical conditions for connection of the inlet pipeline , issued by the owner of the main pipeline or a person that owns the pipelines on any other legal basis;
- 6) refuse of the sender to provide products for filling trunk pipelines;
- 7) provided for by this Law and other laws of the Republic of Kazakhstan.

Article 27. Grounds to suspend unilaterally the implementation of the contract on rendering of services on transportation of products and its termination unilaterally

1. The owner of the main pipeline or a person that owns the main pipelines on other legal grounds, or the operator providing on behalf of them services on transportation of products to

senders, unilaterally shall suspend the execution of a contract on rendering of services on transportation of products in case, if:

- 1) the sender does not provide delivery of the products in the amount and the terms stipulated by the agreement on provision of services on transportation of products;
- 2) the sender does not ensure the compliance with quality requirements established by the agreement on provision of services on transportation of products;
- 3) the sender violates the terms and procedure of payment for services on transportation of products established by the contract for rendering of services on transportation of products;
- 4) the sender refuses to accept the products at the point of delivery at the end of the transport route or not allocates available in the system of trunk pipelines resources in accordance with the terms of the contract on rendering of services on transportation of products;
- 5) the sender has not provided supporting documents provided by the agreement on provision of services on transportation of products;
- 6) the sender has not submitted the documents, proving his ownership of the products on the right of ownership or other legal basis;
- 7) arises any circumstances of force majeure or other circumstances beyond the owner of the main pipeline or person that owns the main pipelines on any other legal basis, cases, preventing the safe transportation of products through the main pipelines;
- 8) arises an accident or a threat of its occurrence in the trunk oil pipeline, leading to stop transportation of products;
- 9) the need arises for the execution of works, associated with technical maintenance, repair or reconstruction of the main pipeline, leading to stop transportation of products;
- 10) the suspension or restriction of the product transportation by the main pipeline due to the decision of the state bodies in accordance with the legislation of the Republic of Kazakhstan.

2. Upon unilaterally suspension of the execution of the contract on rendering of services on transportation of products the owner of the main pipeline or a person that owns main pipelines on any other legal basis, shall be obliged to notify the sender:

- 1) In cases provided for by subparagraphs 8) and 10) of paragraph 1 of this Article within twenty-four hours from the moment of occurrence of specified cases;
- 2) In cases provided for by subparagraph 9) of paragraph 1 of this Article not later than ten calendar days before the start of the works.

3. Upon elimination of the reasons specified in paragraph 1 of this Article, the execution of the contract on rendering of services on transportation of production shall be resumed.

4. In case of refusal of the sender to eliminate the reasons that caused the adoption of the decision on suspension of execution of the contract on rendering of services on transportation

of products, or fails to eliminate these causes within the agreed timeframe, the owner of the main pipeline or a person that owns main pipelines on any other legal basis, shall be entitled to terminate this agreement unilaterally.

Article 28. Payment of services on transportation of products by main pipeline

1. Payment of services on transportation of products by the main pipeline shall be carried out in accordance with the agreement on provision of services on transportation of products.

2. Tariffs for transportation of products via the main pipeline, with the exception of its transportation for the purposes of transit through the territory of the Republic of Kazakhstan and export outside the Republic of Kazakhstan, shall be established in accordance with the legislation of the Republic of Kazakhstan on natural monopolies.

Footnote. Article 28 24 as amended by the Law of the Republic of Kazakhstan dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017).

Article 29. The bank of product quality

1. The owner of the main pipeline or a person that owns main pipelines on any other legal basis, can provide services on transportation of the products through the main pipeline with the application of the bank of products quality in accordance with the rules of application of the bank of products quality.

2. The bank of products quality can be established in relation to specific routes or areas of the trunk oil pipeline taking into account the consent of all senders, carrying out the transport of products through these routes or areas of the trunk oil pipeline.

3. The Bank of product quality shall be entered after the conclusion between all participants of the bank of quality of a multilateral agreement.

Chapter 7. Final provisions Article 30. International cooperation in the field of the main pipeline

International cooperation in the field of trunk pipeline shall be carried out in accordance with the legislation of the Republic of Kazakhstan and international treaties of the Republic of Kazakhstan.

Article 31. Responsibility for violation of the legislation of the Republic of Kazakhstan on the main pipeline

Violation of the legislation of the Republic of Kazakhstan on the trunk pipeline shall be entail responsibility provided for by the laws of the Republic of Kazakhstan.

Article 32. The order of the entry into force of this Law

This Law shall be enforced upon expiry of ten calendar days after its first official publication.

The President
of the Republic of Kazakhstan

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