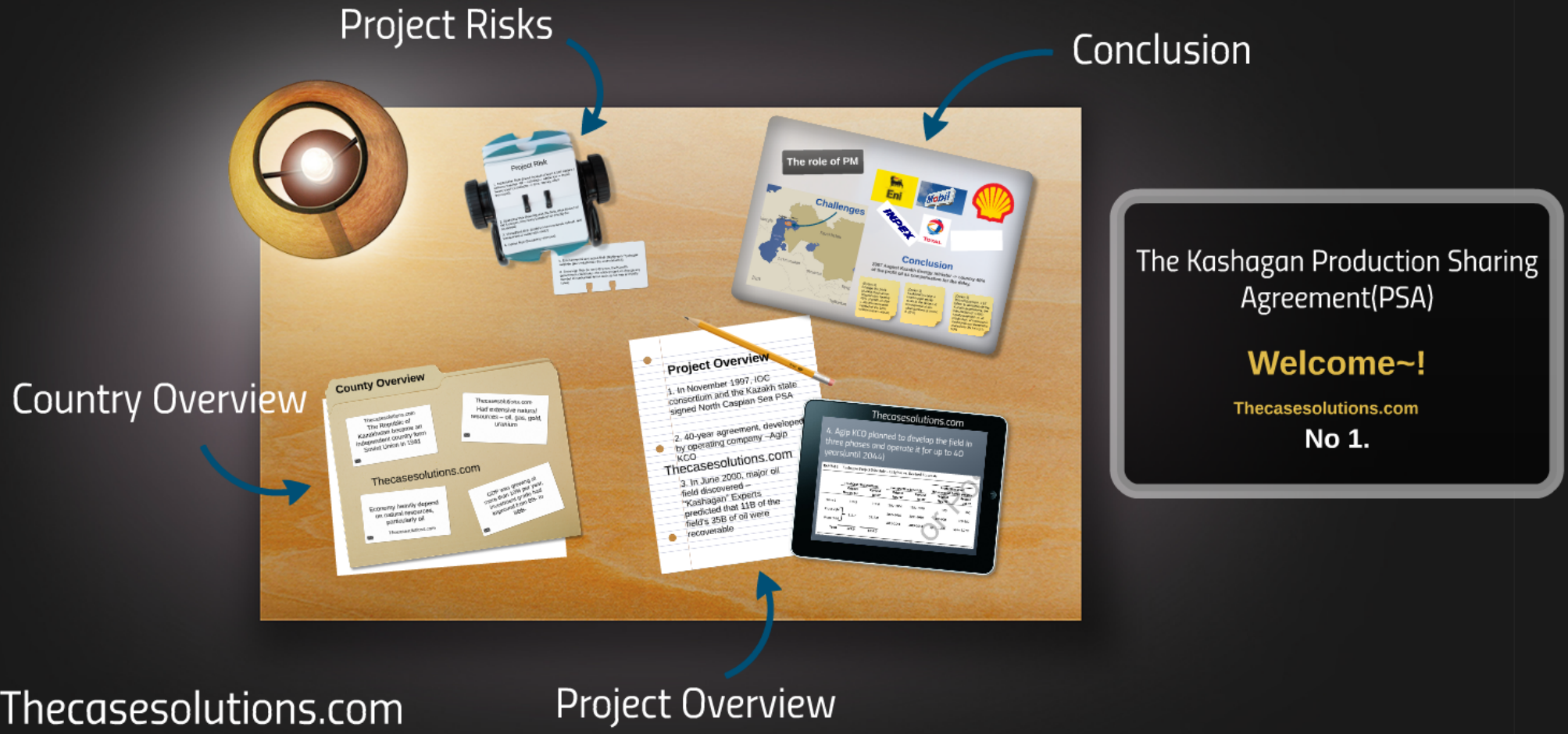


# The Kashagan Production Sharing Agreement (PSA)



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Project Overview

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**Welcome~!**

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**No 1.**

# Project Overview

1. In November 1997, IOC consortium and the Kazakh state signed North Caspian Sea PSA

2. 40-year agreement, developed by operating company – Agip KCO

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3. In June 2000, major oil field discovered – “Kashagan” Experts predicted that 11B of the field’s 35B of oil were recoverable

4. Agip KCO planned three phases and operated for 44 years (until 2044)

Exhibit 4 Kashagan Project Schedule – Original

	Total Cost (\$USD billions)		Construction Period
	Original Nov-97 (a)	Revised Jul-07	
Phase 1	\$10.3	\$19.0	1997-2004
Phase 2 (b)	\$18.7	\$117.0	2005-2010
Phase 3 (b)			
<b>Total</b>	<b>\$29.0</b>	<b>\$136.0</b>	2011-2044

4. Agip KCO planned to develop the field in three phases and operate it for up to 40 years (until 2044)

**Exhibit 4** Kashagan Project Schedule—Original vs. Revised Forecasts

	<u>Total Cost (\$USD billions)</u>		<u>Construction Schedule</u>		<u>Production Level Thousands of Barrels per Day</u>	
	<u>Original Nov-97 (a)</u>	<u>Revised Jul-07</u>	<u>Original Nov-97</u>	<u>Revised Jul-07</u>	<u>Original Nov-97</u>	<u>Revised Jul-07</u>
Phase 1	\$10.3	\$19.0	1997-2004	1997-2010	300	300
Phase 2 (b) } Phase 3 (b) }	\$18.7	\$117.0	2005-2010	2011-2019	300-900	300-900
			2011-2044	2019-2044	up to 1,200	up to 1,770
<b>Total</b>	<b>\$29.0</b>	<b>\$136.0</b>				

# County Overview

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The Republic of  
Kazakhstan became an  
independent country form  
Soviet Union in 1991



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Had extensive natural  
resources – oil, gas, gold,  
uranium



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Economy heavily depend  
on natural resources,  
particularly oil



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GDP was growing at  
more than 10% per year,  
investment grade had  
improved from BB- to  
BBB-



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