

**Report on the implementation of the approved investment program and tariff estimate for the provision of services of oil pumping through the Kenkiyak-Kumkol oil pipeline within the domestic market before consumers and other interested parties for 2023**



ҚАЗАҚСТАН-ҚЫТАЙ ҚҰБЫРЫ

**KAZAKHSTAN-  
CHINA PIPELINE**

КАЗАХСТАНСКО-КИТАЙСКИЙ ТРУБОПРОВОД

# The report agenda

## Objectives of the hearing:

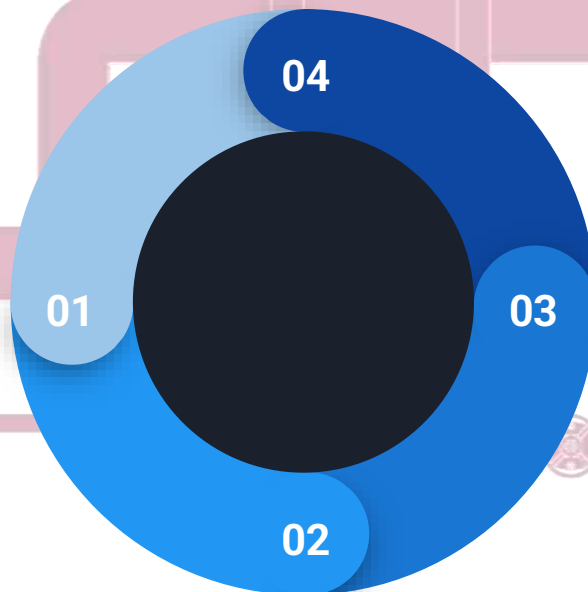
- provision of publicity, awareness;
- observance of the balance of interests of consumers and natural monopolies;
- ensuring transparency of the activities of natural monopolies to consumers and other interested parties.

## Appointment

of the Hearing secretary from the Partnership staff to take minutes

## A speech

of the first director in accordance with the annual report procedure



## Summarization

and closing of the Hearing

## Questions and opinions

of the Hearing participants with attachment of a written speech to the protocol

# General information

Kazakhstan-China Pipeline LLP (hereinafter – the Partnership) was established on July 6, 2004 and operates within the framework of:

**Mission:**  
 We provide safe and uninterrupted transportation of oil through main oil pipelines in order to obtain maximum benefits for the Republic of Kazakhstan and the People's Republic of China.

50%

KazTransOil JSC

50%

China National Oil and Gas Exploration and Development Corporation

17.05.2004

Frame agreement between the Governments of the Republic of Kazakhstan and People's Republic of China on development of comprehensive cooperation in the field of oil and gas dated May 17, 2004

17.05.2004

Agreement on the main principles of construction (AMPC) of Atasu-Alashankou pipeline dated May 17, 2004 signed between KazMunaiGas and China National Petroleum Corporation (CNPC)

20.12.2006

AMPC of the second stage of Kazakhstan-China pipeline dated December 20, 2006 signed between KazMunaiGas and CNPC to increase capacity of Atasu-Alashankou pipeline to 20 million tons a year

06.04.2013

AMPC for expansion and operation of Kazakhstan-China pipeline dated April 6, 2013 between KazMunaiGas and CNPC to increase capacity of Kenkiyak-Kumkol pipeline to 20 million tons a year

# Implementation of the investment program for 2023

A joint order of the Ministry of Energy of the Republic of Kazakhstan dated December 12, 2019 No. 410-OD and the Almaty Department of the Committee for the Regulation of Natural Monopolies of MNE RK dated October 30, 2019 No. 16-OD, approved the investment program of the Partnership for 2020-2024.

Also, a joint order of the Ministry of Energy of the Republic of Kazakhstan dated February 29, 2024 No. 87 and DCRNM dated February 16, 2024 No. 19-OD, adjusted the approved the investment program of the Partnership taking into account changes for 2023-2024.

No.	Activities	PLAN for 2023 thousand tenge	ACTUAL of 2023 thousand tenge	Remark
1	Construction of crossings of Kenkiyak-Kumkol main pipeline	41 980,0	41 478,46	Based on the concluded agreement No. 873352/2023/1 dated August 08, 2023, the contractor "AKTAYLAK-S" LLP completed civil works.
2	Reconstruction of OHL-10 kV of Kenkiyak-Kumkol main pipeline at section 80 - 125 km	176 358,40	252 743,74	Based on the concluded agreement No. 911966/2023/1 dated November 14, 2023 with ABROY Group KZ LLP, work on the first and second stages of construction "Reconstruction of OHL-10 kV at the section from 80 to 134.6 km of the Kenkiyak-Kumkol oil pipeline has been fully completed.
3	Complex inspection of Kenkiyak-Kumkol MP to determine corrosion and anti-corrosion protection	332 888,0	332 888,0	The Partnership signed agreement No. 866555/2023/1 dated July 28, 2023 with Kazakhstan Max Cooper OilTech LLP. The work has been completed in full.
4	In-line diagnostics of Kenkiyak-Kumkol oil pipeline	164 738,88	164 738,88	The scope of work has been completed by Neftegazdiagnostika-Kazakhstan LLP for 164,738.880 tenge. Full completion of the work is expected in 2024 because this activity was postponed to 2024 for reasons beyond the control of the Partnership.
5	Acquisition of fixed assets	36 275,05	37 064,91	Fixed assets were purchased to replenish the emergency stock of Kenkiyak-Kumkol MP.
<b>TOTAL:</b>		<b>752 240,34</b>	<b>828 913,99</b>	

The source of financing for the investment program is depreciation charges included in the tariff.

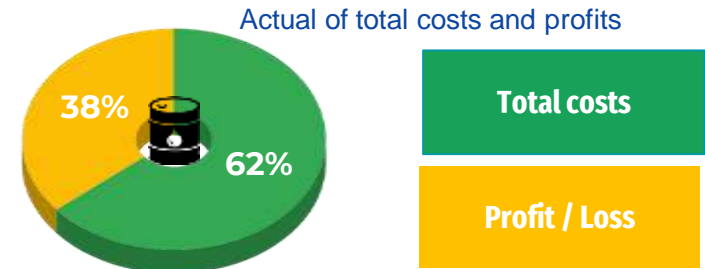
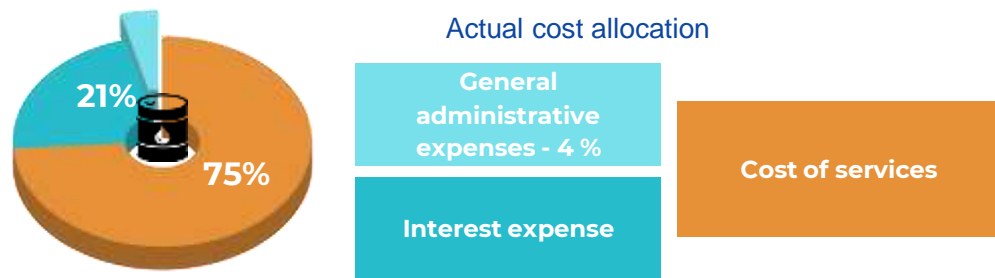
The investment program for 2023 has been implemented in full.

# Execution of the tariff estimate for 2023

Indicators	Measure unit	Provided for 2023	Actual of 2023	Deviation	Deviation, %
Cost of services	thousand tenge	12 925 392	13 220 555	295 163	2,3%
Period expenses	thousand tenge	4 371 505	4 455 515	84 010	1,9%
<i>General administrative expenses</i>	<i>thousand tenge</i>	<i>742 831</i>	<i>778 448</i>	<i>35 618</i>	<i>4,8%</i>
<i>Interest expense</i>	<i>thousand tenge</i>	<i>3 628 674</i>	<i>3 677 066</i>	<i>48 392</i>	<i>1,3%</i>
Total costs	thousand tenge	17 296 897	17 676 070	379 173	2,2%
Profit/Loss	thousand tenge	12 686 297	10 650 053	- 2 036 244	-16,1%
Income	thousand tenge	29 983 193	28 326 122	-1 657 071	-5,5%
Volume of services provided	thousand tons	7 954	7 622	-322	-4,2%
Cargo turnover	million t*km	6 225	5 881	-344	-5,5%
Unit tariff	tenge/1 ton per 1000 km	4 816,77	4 816,77	0	0%

*Order of the Almaty DCRNM of the MNE RK dated December 31, 2019 No. 74-OD, approved a tariff in the amount of 4 816.77 tenge / t per 1000 km for a regulated service of oil pumping through the Kenkiyak-Kumkol oil pipeline within the domestic market for 2023, introduced on 01.01.2023*

*Also, by order of the of the Almaty DCRNM of the MNE RK dated November 10, 2023 No. 131-OD, changes were made to the tariff estimate for 2023.*



# Execution of cost items for the 2023

No.	Indicators	Measure unit	Provided in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation %
1	Costs of goods and services	thousand tenge	12 925 392	13 220 555	2,3%
1	<i>Material costs, total</i>	-//-	100 348	150 119	49,6%
1.1	raw materials	-//-	47 370	94 951	100,4%
1.2	energy	-//-	52 978	55 168	4,1%
2	<i>Labor costs, total</i>	-//-	131 470	135 064	2,7%
3	<i>Depreciation</i>	-//-	6 108 116	6 101 532	0%
4	<i>Repair, total</i>	-//-	237 632	240 178	1,1%
5	<i>Other costs, total</i>	-//-	6 347 826	6 593 662	3,9%
5.1	security and fire protection	-//-	531 937	535 847	0,7%
5.2	OTM services	-//-	4 239 577	4 443 795	4,8%
5.3	metrology	-//-	2 885	8 268	186,6%
5.4	maintenance of equipment and metering devices	-//-	44 635	55 302	23,9%

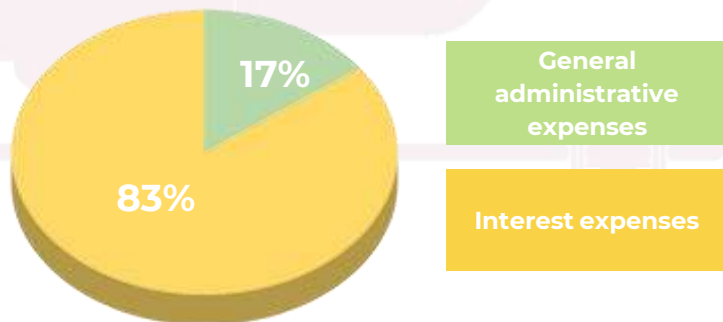
# Execution of cost items for the 1st half of 2023

№	Indicators	Measure unit	Provided in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation %
5.5	maintenance of communication systems	-//-	140 100	143 832	2,7%
5.6	tax payments and fees	-//-	1 146 163	1 149 781	0%
5.7	monitoring and environmental protection	-//-	8 605	11 408	32,6%
5.8	maintenance of hazardous production facilities in the oil and gas industry	-//-	36 093	36 480	1,1%
5.9	costs for the maintenance of fire and security alarms	-//-	14 935	20 316	36,0%
5.10	TM, CR of the pipeline security system and TM, CR of video surveillance systems and the perimeter alarm system of the main pipeline	-//-	36 156	39 809	10,1%
5.11	transport services	-//-	54 652	55 237	1,1%
5.12	TM and CR of office equipment, software and climate control systems	-//-	25 331	25 892	2,2%
5.13	current repair and maintenance of oil metering units	-//-	25 458	25 838	1,5%
5.14	communication services	-//-	25 359	25 625	1,1%
5.15	accommodation and meals for shift workers	-//-	10 924	11 041	1,1%
5.16	insurance	-//-	3 361	3 509	4,4%
5.17	training and professional development	-//-	1 656	1 681	1,5%

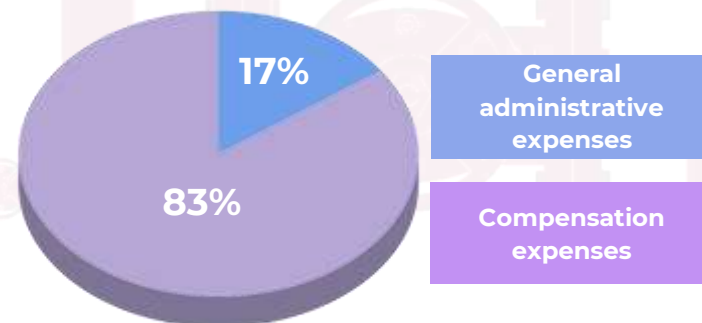
# Execution of cost items for 2023

No.	Indicators	Measure unit	Provided in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation, %
II	Expenses of the period, total	-//-	4 371 505	4 455 515	1,9%
	<i>Including:</i>				
6	General and administrative expenses	-//-	742 831	778 448	4,8%
7	Costs for interest payment	-//-	3 628 674	3 677 066	1,3%

## Planned cost allocation



## Actual cost allocation

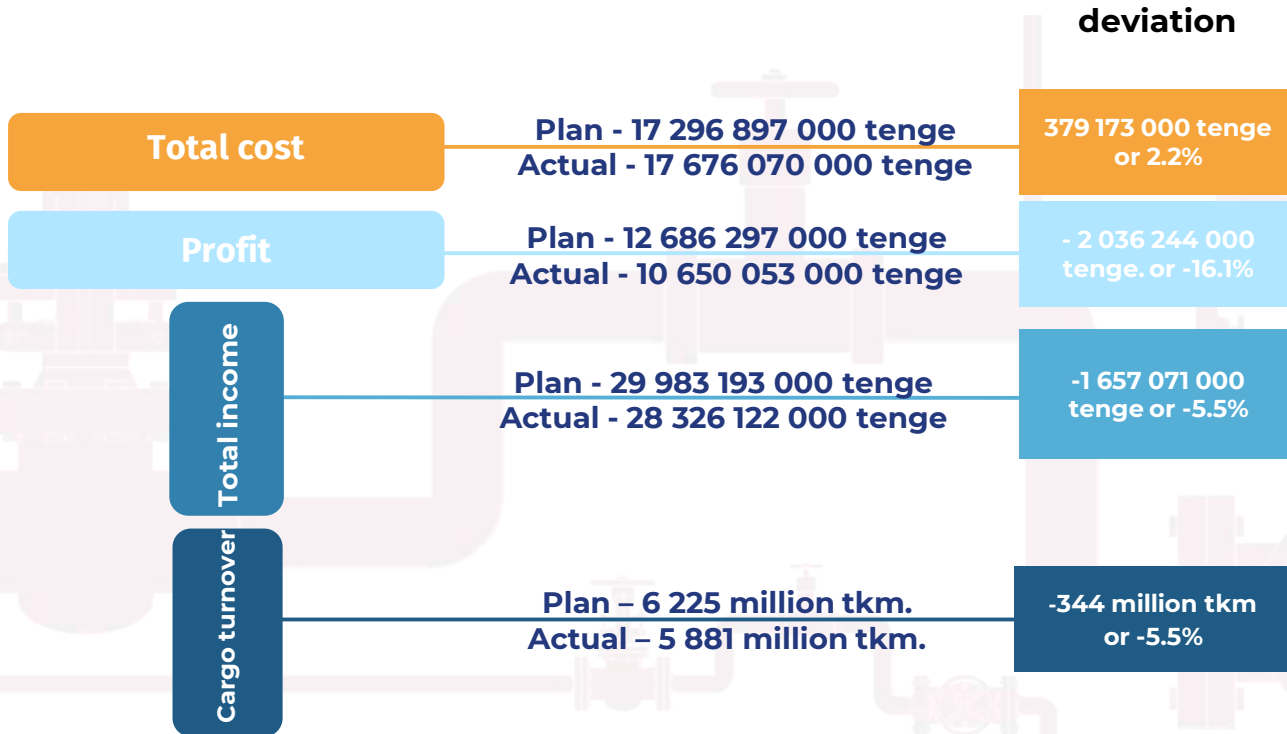




# Execution of general and administrative expenses for 2023

№	Indicators	Measure unit	Provided in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation, %
6	General and administrative expenses	-//-	742 831	778 448	4,8%
	including:	-//-			
6.1	administrative staff salaries	-//-	306 635	308 929	0,7%
6.2	social tax	-//-	29 130	29 348	0,7%
6.3	bank services	-//-	1 404	1 671	19,0%
6.4	depreciation	-//-	49 479	52 314	5,7%
6.5	third party services, total	-//-	356 182	386 186	8,4%
	including:				
6.5.1	raw materials	-//-	2 127	2 419	13,7%
6.5.2	transport services	-//-	132 668	136 092	2,6%
6.5.3	training and professional development	-//-	3 539	5 271	49,0%
6.5.4	advertising in mass media	-//-	1 832	1 875	2,4%
6.5.5	travel services	-//-	30 041	46 909	56,2%
6.5.6	communication services	-//-	2 524	2 592	2,7%
6.5.7	taxes	-//-	10 173	10 437	2,6%
6.6	other expenses, total	-//-	173 278	180 590	4,2%
7	Bonus expenses	-\\-	3 628 674	3 677 066	1,3%

# The result of regulated services for 2023



# Financial and economic indicators of the Partnership for 2023

No.	Indicators	Unit	Price
1	Service revenue	thousand tenge	86 842 636
2	Other income	-//-	1 359 871
3	Costs	-//-	48 190 230
4	Cost of services	-//-	38 942 152
5	General and administrative expenses	-//-	4 502 443
6	Interest expenses	-//-	4 662 892
7	Expenses from non-core activities	-//-	82 743
8	Income tax expense	-//-	8 041 172
9	Profit	-//-	31 971 105





# Actual volume of regulated services provided

Nº	Shippers	Volume, x1000 tons	Turnover, mln.t/km	Share, %
1	MangistauMunaiGas	2 125	1 688	28,7%
2	CNPC-Aktobemunaigas	1 977	1 570	26,7%
3	EmbamMunaiGas	1 169	929	15,8%
4	Kazakhoil Aktobe	308	244	4,2%
5	Kazakhturkmunai	292	232	3,9%
6	KMK Munai	217	172	2,9%
7	Kozhan	200	159	2,7%
8	Altius Petroleum	134	106	1,8%
9	Maten Petroleum	104	83	1,4%
10	Total E and P Dunga	82	65	1,1%
11	International (Buzachi)	81	64	1,1%
12	Nelson Petroleum Buzachi	81	64	1,1%
13	Sagiz Petroleum Company	79	63	1,1%
14	Firma Ada Oil	65	51	0,9%
15	5 A Oil	49	39	0,7%
16	Karakudukmunai	42	33	0,6%
17	Nobilis Corp	40	32	0,5%
18	BNG	35	28	0,5%
19	KOM-MUNAI	34	27	0,5%
20	KEN-SARY	28	22	0,4%
21	Zhalgiztobemunai	26	20	0,3%
22	Potential Oil	23	19	0,3%
23	Buzachi neft	22	18	0,3%

Nº	Shippers	Volume, x1000 tons	Turnover, mln.t/km	Share, %
24	Tasbulat Oil Corporation	22	18	0,3%
25	SouthOil (BVS-29)	234	17	0,3%
26	Sazankurak	19	15	0,3%
27	Urikhtau Operating	16	13	0,2%
28	Evrika	16	13	0,2%
29	Phystech II	15	12	0,2%
30	Emir-Oil	14	11	0,2%
31	Meerbusch	12	10	0,2%
32	Caspi Neft TME	9	7	0,1%
33	KhamAd Partners	8	6	0,1%
34	Arman Joint Venture	5	4	0,1%
35	TENGE Oil & Gas	5	4	0,1%
36	ANACO	5	4	0,1%
37	AP-Nafta Operating	4	3	0,1%
38	Pricaspian Petroleum Company	4	3	0,1%
39	Aktau Transit	4	3	0,05%
40	Oloreso Petroleum	4	3	0,05%
41	Usjkuyu"	3	3	0,04%
42	Varro Operating Group	2	1	0,02%
43	Jupiter Energy Pte.Ltd.	2	1	0,02%
44	ICP-Munai	1	1	0,01%
45	KumkolOil	6	0,5	0,01%
46	Tabynai	0,2	0,2	0,00%

In 2023, there were 51 contracts concluded with consumers for domestic transportation via the Kenkiyak-Kumkol oil pipeline, of which 46 transported the actual volume of 7,622,000 tons. The actual domestic cargo turnover for 2023 amounted to 5,881 million tons/km with the approved indicators of 6,225 million tons/km in the tariff estimate, which is 94.5%

## Work with consumers and activity prospects

### Work with consumers

- Daily processing of oil pumping data, daily record-keeping of oil balance, based on which the accounting of commercial oil transactions is monitored, and the interaction of the supplying and receiving parties is coordinated.
- Control over the quality and quantity of oil is carried out by the Partnership together with KazTransOil.

### Prospects for the activities of Kazakhstan-China Pipeline LLP:

- Ensuring uninterrupted transportation of oil, reliable and safe operation of oil pipeline facilities.
- Timely submission of an application for approval of a tariff for oil pumping through the main pipeline system within the domestic market of RK for 2025-2029.

**Thank you for your attention!**

