



ASSESSMENT REPORT

**Case regarding the Green Salvation Ecological Society and
Karachaganak Petroleum Operation
Burlinsky District, Western Kazakhstan Oblast, Kazakhstan**

November 2007

*Office of the Compliance Advisor/Ombudsman
International Finance Corporation/
Multilateral Investment Guarantee Agency
www.cao-ombudsman.org*

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LIST OF ACRONYMS

Office of the Compliance Advisor/Ombudsman	CAO
International Finance Corporation	IFC
Multilateral Investment Guarantee Agency	MIGA
Non-Governmental Organization	NGO
Karachaganak Petroleum Operation	KPO
Environmental Assessment	EA
Environmental Impact Assessment	EIA
Environmental and Social Impact Assessment	ESIA

1. Introduction

The Office of Compliance Advisor/Ombudsman (CAO) is the independent recourse mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group. The CAO reports directly to the President of the World Bank Group, and its mandate is to assist in addressing complaints from people affected by projects in a manner that is fair, objective, and constructive and to enhance the social and environmental outcomes of projects in which IFC and MIGA play a role. In the first instance, complaints are responded to by the CAO's Ombudsman function.

This assessment report is a public document that summarises the complaint and activities undertaken under the Ombudsman process of the CAO to seek resolution to issues raised by it.

1.1 The complaint

On April 12, 2007 the CAO received a complaint from the Green Salvation Ecological Society based in Almaty, Kazakhstan. The complaint raises environmental and procedural concerns associated with activities of the Karachaganak Oil and Gas condensate field (KPO) in the Republic of Kazakhstan.

The complaint was screened for eligibility on May 2, 2007 and confirmation sent to Green Salvation that an assessment process would be initiated since the complaint met all three of the CAO's eligibility criteria:

1. The complaint pertains to a project that IFC/MIGA is participating in, or is actively considering.
2. The issues raised in the complaint pertain to the CAO's mandate to address environmental and social impacts of IFC/MIGA investments.
3. The complainant (or those whom the complainant has authority to represent) may be affected if the social and/or environmental impacts raised in the complaint occurred.

The full complaint is presented in the Annex. The complainants raise concerns relating to the environment and health of local community members, particularly from the village of Berezovka (Burlinsky District, Western Kazakhstan Oblast, Republic of Kazakhstan). Residents of the village had appealed to Green Salvation and provided them with a power of attorney to make the complaint on their behalf.

1.2 The Project

The sponsor of the IFC-funded project is Lukoil JSC of Russia, which has a 15% stake in the Karachaganak field through its subsidiary Lukoil Overseas Karachaganak B.V. The project was developed by an international consortium originally called the Karachaganak Integrated Organization, but now called Karachaganak Petroleum Operation (KPO). Consortium members include British Gas (BG) with a 32.5% stake, ENI-Agip of Italy (32.5%), ChevronTexaco (20%), and Lukoil (15%). BG and ENI-Agip are the field operators.

The project has been classified as a Category A project. The total cost of the Phase 2 Initial Program is US\$3.7 billion. Lukoil's share of project costs is US\$575 million. IFC's financing package totals US\$150 million; it includes US\$75 million for IFC's own account, and US\$75 million in syndications, referred to as a B loan.

KPO is located in the Burlinsky district of the Western Kazakhstan Oblast of Kazakhstan, near the town of Aksai. The project represents the second phase (Phase 2) of the Initial Program of development of the field, one of the world's largest gas-oil-condensate fields; the field's total proven oil reserves are 1.9 billion barrels, and 13 trillion cubic feet of gas. The development program commenced in the last quarter of 2000. A third phase of expansion is currently being considered.

2. Assessment

The complaint is particularly concerned about the procedures used to define the Sanitary Protection Zone surrounding the KPO facility. Kazakhstan has historically employed the use of artificial zones of protection, known as a Sanitary Protection Zone (SPZ) around major industrial developments. The purpose of a SPZ is to allow for emissions from industry while at the same time protecting the general public by creating a buffer zone that restricts certain activities.

In 2004¹, the SPZ was reduced from 5km to 3km by the Republic of Kazakhstan Chief Sanitary Officer. The complainants state that this reduction was undertaken without an appropriate environmental impact assessment, disregarded accepted procedures, and was completed without the informed consultation of local citizens.

The CAO has been involved on complaints relating to the KPO project since 2004. The issues brought forwards by Green Salvation relating to the SPZ have also been raised by our office in its response to concerns of the residents of Berezovka in September 2004. We have reported on the status of our work with respect to this complaint on our website (http://www.cao-ombudsman.org/html-english/complaint_karachaganak.htm). In that report, we recommended that the parties meet in order to agree how to obtain access to non-disclosed documents and find an effective way of resolving the concerns of complainants.

In response to this first complaint, CAO completed two field assessments (in December 2004 and February 2006) during which we engaged directly with project-affected communities, complainants and company representatives. Our last field visit promoted extensive discussion amongst the principal parties about their desire to resolve the complaint through a fact-finding process organized by the Ombudsman. Based on information from that visit, CAO released a progress report which included a recommended process for establishing a multi-party monitoring initiative. The parties were asked to confirm to CAO whether they were willing to pursue the multiparty monitoring program or attempt some other type of solution.

Both parties have responded that they wish to resolve the conflict through Kazakhstan's legal and regulatory authorities, rather than attempt a mediated or collaborative process through the Ombudsman. Accordingly, the Ombudsman transferred the complaint to CAO's Compliance Office for a judgment on IFC's compliance with relevant

¹ Some sources state that this decision was made in 2003 and implemented in 2004.

environmental, social and disclosure policies. An appraisal report was made public on April 17 2007, and the decision to audit IFC was announced at that time. The Terms of Reference for the Audit released soon after. Both these documents are available on our website (<http://www.cao-ombudsman.org/html/english/complaintKazakhstanCompliance.htm>) where any updates on the status of the audit will also be published. The final audit report must be cleared by the President before it is released publicly together with IFC's management response.

In response to this new Green Salvation complaint, CAO has undertaken further desk research and raised the specific concerns about the sizing of the SPZ and any new developments to IFC and KPO. CAO understands that the government of Kazakhstan has now acknowledged concerns about the SPZ size, and information provided by both KPO and Green Salvation confirms that the RoK Health Ministry has commissioned a new study (as of late 2006) to investigate the justification of the SPZ size, and to make recommendations for its alteration if it is found to be inadequate. CAO also understands that the possibility of future expansion of the KPO project may require re-evaluation of the SPZ.

KPO maintains that the sizing of the SPZ is entirely under the responsibility of the government of RoK and that, as an operator, KPO has no rights or ability to influence this decision. Accordingly, KPO's position is that it will provide full co-operation with the new RoK study and will comply with the determination of the government on this matter. KPO remains sympathetic to the concerns of local communities on this matter, but believes that it is not in a position to influence the local government in order to achieve answers to the questions that have been raised.

From the Ombudsman's perspective, it is reasonable to expect that KPO (and IFC) would have assured themselves that any change in the SPZ - because of its significance - did not pose risks to neighbouring communities or present compliance concerns relating to relevant Safeguard Policies. KPO believes that it has provided assurance on this question to local communities and the IFC through its environmental monitoring program. As part of our own procedures, the CAO is currently completing a independent technical audit of whether IFC has assured itself that the project is compliant with the conditions for IFC's involvement.

3. Conclusion

Through discussion with both parties, the Ombudsman has been notified that there is currently no possibility of an agreement on resolution of this matter that is acceptable to both parties. In accordance with the CAO's Operational Guidelines, this complaint is being transferred to the Compliance officer for an appraisal of whether an audit of IFC may be necessary to assure the President and public of IFC's compliance with relevant policies.

4. Annex: The Complaint

Complaint

To: **Compliance Advisor/Ombudsman**
International Finance Corporation
2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA
Fax: 1 202 522 7400
Email: cao-compliance@ifc.org

The Green Salvation Ecological Society (ES) is filing a complaint with regard to the implementation of project #9953 by the company Lukoil Overseas Karachaganak B.V., which received credit from the International Finance Corporation to develop the Karachaganak oil and gas condensate field in the Republic of Kazakhstan (RK). The ES is filing the complaint to defend the rights of the residents of the village of Berezovka (Burlinsky District, Western Kazakhstan Oblast, Republic of Kazakhstan), which are being violated during the implementation of the project. The complaint is being filed on the basis of an appeal by the residents of the village of Berezovka to the ES dated 3 April 2007 and a power of attorney dated 8 November 2006, the provisions of the Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (Article 3.9) and the RK Ecological Code (Article 14.1), which are the legal basis of the activities of public organizations defending the rights and interests of the inhabitants of the Republic of Kazakhstan.

The Green Salvation Ecological Society is a public nonprofit organization (RK Ministry of Justice Registration No. 2032-1910-OO), headquartered at the address:

ul. Shagabudinova, 58, Apt. 28
Almaty, Kazakhstan 050000 phone/fax (3272) 536256
e-mail: grsalmati@mail.ru
www.greensalvation.org

Grounds for the complaint.

1. Name, implementation site and substance of the project

In 2002 the International Finance Corporation (IFC) granted the company Lukoil Overseas Karachaganak B.V. credit totaling \$150 million to implement project #9953, which is aimed at developing the Karachaganak oil and gas condensate field (www.ifc.org). Lukoil Overseas Karachaganak B.V. is a member of the international consortium Karachaganak Petroleum Operating B.V. (KPO), which operates the Karachaganak field (Burlinsky District, Western Kazakhstan Oblast, Republic of Kazakhstan).

2. Participant in the project: The International Finance Corporation.

3. Project sponsor: Lukoil Overseas Karachaganak B.V.

4. The interests of Berezovka's residents are affected by the following socio-ecological consequences of the project's implementation:

The village of Berezovka is situated in proximity to the Karachaganak oil and gas condensate field, which is distinguished by a high hydrogen sulfide content in the natural gas of 4 to 4.3 percent (*Report by the CAO ombudsman, 19.04.2005, p. 5*). Under national law the field

is a hazard class 1 enterprise and has been added by the RK Ministry of Environmental Protection to the list of especially hazardous facilities (*Procedure for Distribution of Powers Between the Republic of Kazakhstan Ministry of Environmental Protection and Oblast (Municipal) Territorial Environmental Protection Bureaus With Regard to the Ecological Experts' Review, No. 134-p, dated 11 June 2003*). After KPO began active development of the field the ecological situation in Berezovka rapidly began to deteriorate, which is having a deleterious impact on people's health and welfare. Since Berezovka was part of the field's five-kilometer sanitary-protection zone (SPZ), pursuant to the sanitary guidelines and regulations SNP No.1.01.001-94 (Appendix 1, the section "The Extraction and Exploration of Ores and Nonmetalliferous Minerals," Class 1 "A Sanitary-Protection Zone of At Least 1,000 m," paragraph 3, note), according to Republic of Kazakhstan law the residents of the village should have been resettled in a safe location, a fact that was repeatedly pointed out by state agencies (*Letters No. 02-05-09/1639 dated 29.05.2002 and No. 2-2-2-12/300-2 dated 04.03.2005*). In 2003, however, the RK Chief Sanitary Officer reduced the SPZ from five to three kilometers on the grounds that KPO had "introduced advanced technology in the field and had partially revised the operating procedure itself" (*Letters No. 2-2-1-35/k/E-16 dated 21.05.2005 and No. 07-21-8056 dated 01.09.2006*). The reduction of the SPZ was carried out without an environmental impact assessment and a state ecological experts' review, without providing information to the local residents and without their participation in the decision-making process, and their opinion was not taken into account (*Letter No. 3-2-2-12/2 dated 25.01.2005*). This is a violation of the provisions of the Aarhus Convention (Article 6) and the 1997 RK Law on Ecological Experts' Reviews (Articles 13, 14, 15.1, 16 and 36). As a result the village of Berezovka found itself outside the newly approved SPZ. For five years the residents of Berezovka have unsuccessfully tried to protect their rights to live in a healthy environment, feeling the effects of toxic waste from the field on a daily basis. Repeated requests by the residents that the authorities and KPO resolve the issue of relocation have not produced any results. For more detail, see the article "An Oil Democracy, or the Story of Berezovka" (*Green Salvation Herald 2006, pp.82-95*).

In 2006 additional evidence was obtained regarding the illegality of the reduction of the SPZ, an increase in the amount of emissions into the atmosphere from the field and a violation by KPO of a whole host of requirements in Republic of Kazakhstan environmental protection law. **By expanding production and introducing new technologies, KPO continues to violate the provisions of international conventions and RK law, increasing the amount of environmental pollution and creating a hazard to people's health and safety.** We bring new facts to your attention. Specifically:

- The RK Prosecutor General ruled that the finding by the RK Chief Sanitary Officer to reduce the SPZ around the Karachaganak field was illegal and issued a directive to rescind the finding. As a result, the RK Ministry of Public Health suspended the aforementioned finding and adopted a decision to establish a commission to conduct studies of the air in communities and to justify the size of the SPZ (*Letter No. 7-21-06 dated 30.05.2006*).

- The Public Health Ministry commission determined that "KPO B.V. sharply increased the emission of pollutants into the air in 2004-2005 over 2002-2003." It also noted that "there have been complaints from the public who live in communities adjacent to the field about a gas odor, uncomfortable living conditions and health anomalies." It acknowledged that the introduction by KPO of new technologies entails "risks of emergencies" (*Letter No. 07-21-6887 dated 08.08.2006*).

- The RK Ministry of Environmental Protection and the Western Kazakhstan Oblast territorial environmental protection bureau acknowledged that from 2002 through 2006 the plans related to the introduction of new technologies by KPO were not submitted for ecological experts' reviews (*Letters No.03-02-01-10/8182 dated 05.10.2006 and No. 2681 dated*

27.10.2006). That is, as in the case of the reduction of the SPZ, the introduction of new technologies by KPO was carried out without an environmental impact assessment and a state ecological experts' review, without providing information to the local residents and without their participation in the decision-making process, and their opinion was not taken into account. This is a violation of the provisions of the Aarhus Convention (Article 6) and the 1997 RK Law on Ecological Experts' Reviews (Articles 13, 14, 15.1, 16 and 36).

- At the end of 2006 the Kazakh Environmental Protection Society (KEPS), in accordance with RK law, conducted a public ecological experts' review of the design and regulatory documents of KPO's activities with regard to environmental protection. In particular, the experts' report cites the following violations in the activities of KPO:

- "Violations were uncovered in the revision of the SPZ dimensions from the regulatory 5,000 m to 1,500 m and the current 3,000 m (*KEPS Report, 2006, p. 29*).

- "The company is violating the provisions of Article 20 of the RK Law on Environmental Protection of 15 July 1997, No. 160-I (with later amendments and revisions), which requires resource users 'to comply with the prescribed ecological regulations and ecological requirements with regard to economic and other activities.' Actual emissions of pollutants into the atmosphere by the company in the zone where the KOGCF is situated exceeded the ecological guideline in 2004 by 331 percent and in 2005 by 282 percent. Actual discharges by the company exceeded authorized amounts in 2004 by 267 percent and in 2005 by 540 percent. Actual amounts of waste disposal by the company exceeded authorized amounts in 2004 by 580 percent and in 2005 by 1600 percent" (*KEPS Report, 2006, p. 28*).

- "A discrepancy was found between actual atmospheric monitoring data in the field and the baseline pollution of the atmosphere. In the vast majority of cases the baseline concentrations determined for the KOGCF area by RGP Kazgidromet [Kazakhstan Hydrometeorological Service, a republic state enterprise] of the RK Ministry of Environmental Protection for all parameters and over many years of observation turn out to be higher than on the SPZ boundary, which leads to the absurd conclusion that the production operations of one of the largest companies in the country's oil and gas sector have a positive impact on the environment" (*KEPS Report, pp. 29-30*). KEPS thereby casts doubt on the reliability of the data from the operational monitoring of KPO.

- "In violation of regulations (GOST 17.2.3.01-86, RD 52.04.186-89) the company discontinued flare observations in the KOGCF, while in 2004 alone 225.2 million cu.m. of gas was burned and 56,600 tons of pollutants were released into the atmosphere – 3.3 times more than the prescribed ecological guideline" (*KEPS Report, 2006, p. 30*);

- "In violation of Article 27 of the RK Law on the Protection of the Air of 11 March 2002, No. 302-II (with later amendments and revisions) the company is not taking the proper measures to prevent and eliminate accidental emissions, which in 2003-2005 led to significant above-guideline burning of casinghead gas and emissions of pollutants" (*KEPS Report, 2006, p. 30*).

- "In violation of Article 9 of the RK Law on the Protection of the Air of 11 March 2002, No. 302-II (with later amendments and revisions) the company's air-protection programs were not submitted for discussion by citizens and public organizations in order to take account of their suggestions in the planning and implementation of measures to improve air quality" (*KEPS Report, 2006, p. 30*).

- "The draft guidelines on maximum permissible emissions for the KOGCF for 2006-2008 were prepared in violation of regulations ... with modeling that assumed wind direction in at all times from the communities situated at various distances along the KOGCF perimeter toward the center (!) of the field, which improperly lowers possible concentrations of pollutants" (*KEPS Report, 2006, pp. 28-29*).

- "Environmental-protection measures have not been implemented for a number of years (*KEPS Report, 2006, p. 30*).

- “The company is violating its own statements and declarations regarding environmental protection” and “has disseminated questionable information to the effect that more than US \$100 million has been invested in environmental-protection measures in the past three years” (*KEPS Report, 2006, p. 31*).

For more detail see the report by the public ecological panel of experts.

Based on the results of the public ecological experts’ review, the RK President has issued an order to the country’s relevant ministries and agencies to conduct an investigation and punish the individuals responsible for the violation of environmental protection law (*Directive of the RK President No. 1078 of 27.02.2007*).

The foregoing facts attest that the KPO company has been, systematically and for a prolonged period of time, violating a whole host of provisions of international conventions and Republic of Kazakhstan environmental protection law, endangering the lives and health of local residents, creating through its activities a risk of emergencies and violating citizens’ rights to a favorable environment. This validates the legitimacy of the demands by the residents of the village of Berezovka that they be relocated out of the zone that is hazardous to health and life.

5. To resolve this issues, the residents of Berezovka have taken the following actions:

Since 2002 the residents of Berezovka have been trying unsuccessfully to protect their rights to live in a healthy environment. The details of appeals and actions by the residents of Berezovka are in the article “An Oil Democracy, or the Story of Berezovka” (*Green Salvation Herald 2006, pp.82-95*).

At the national level, however, the residents of Berezovka have been unable to achieve a positive resolution of the relocation issue due to the inconsistent actions of the country’s state agencies, which on the one hand recognize the Karachaganak field as an especially hazardous facility but on the other hand reduce the size of the SPZ around it. Whereas in 2002 the RK Ministry of Environmental Protection was in favor of resettling the residents of Berezovka, after the reduction of the SPZ it no longer saw any grounds for this (*Letters No. 02-05-09/1639 of 29.05.2002 and No. 2-2-1-35/k/E-16 of 21.05.2005*). In 2006 the ministry again changed its attitude toward the problem and, as in 2002, endorsed the idea of relocation (www.kz-today.kz, 17.05.2006). This inconsistency stems from the fact that officials do not follow the letter of the law but orient themselves by the domestic political atmosphere and the establishment’s attitude toward foreign companies. In the current situation KPO treats the residents of Berezovka in the manner that the authorities “allow.” The company easily ignores the country’s laws and international conventions, covering itself with its “special” relationship with the Kazakhstan leadership. The rights of the residents of Berezovka continue to be violated. Therefore the residents have decided to appeal to an international, independent body to solve the problem.

In September 2004 the residents of Berezovka filed a complaint with the IFC office of the ombudsman (CAO), which raised the problems of KPO’s impact on the health and economic well-being of the residents of Berezovka, as well as the illegality of the reduction of the SPZ.

The ombudsman responded promptly to the complaint. Meetings were held with the local residents and with the company management. In April 2005 a report on the results of the consideration of the complaint was published. Although the report acknowledged “that KPO is operating in compliance with IFC standards and claims to adhere to international best practices,” the ombudsman cited insufficient transparency in the operations of KPO and, in effect, acknowledged the company’s violation of the right of local residents to have access to information on the results of medical studies and the justification of the revision in the dimensions of the SPZ (*Report by the ombudsman CAO, 19.04.2005, pp. 11-12, 19*). **The 2005 CAO report does not address the main problem – the violation of the rights of Berezovka residents to live in a favorable environment. The propriety of the reduction of the SPZ was**

not analyzed (*Report by the ombudsman CAO, 19.04.2005, pp. 17-19*). Subsequent proposals by representatives of the CAO to the residents of Berezovka that they participate in KPO initiatives to cooperate with village soviets and jointly monitor air quality did not meet with understanding or support from the residents of Berezovka, since they failed to resolve the main issue of relocation (*Letters from CAO Kate Kopischke dated 26.06.2006 and Meg Taylor dated 29.08.2006*). For more detail, see article “An Oil Democracy, or the Story of Berezovka” (*Green Salvation Herald 2006, pp.88-90*). In August 2006 the ombudsman closed consideration of the complaint and turned it over to the CAO to assess the advisability of conducting an audit (http://www.cao-ombudsman.org/html-english/complaint_karachaganak.htm). Right up to this moment the residents of Berezovka do not know the results of this assessment.

Therefore, based on the newly discovered circumstances and new violations by KPO of the provisions of international conventions and Republic of Kazakhstan environmental protection law, which were cited above and which confirm the fears of the residents of Berezovka as set forth

6. In order to solve the problems, the residents of Berezovka have maintained contact with the following individuals at the IFC and KPO:

Rashad Kaldany, Director, Oil, Gas, Mining and Chemicals Department
Rachel Kyte, IFC, Director, Environment and Social Development
Sabina Cosic, IFC
Rosa Orellana, IFC
Patricia Miller, IFC
Assaad J. Jabre, IFC, Vice President, Operations and Acting Executive Vice President
John Butler, IFC, Karachaganak Project Officer
Lubomir Varbanov, IFC, Senior Investment Specialist

Issak Sekeev, Outreach, KPO
Paulo Campelli, General Director, KPO
Cameron Crawford, Operations Director, KPO
Jack Hinton, KIO (KPO)

7. In order to solve the problems, the residents of Berezovka have maintained contact with the following individuals at the CAO:

Meg Taylor, CAO
Henrik Linders, Senior Specialist, Compliance
Kate Kopischke, Specialist, Ombudsman's office
Amar Inamdar, Senior Specialist, Ombudsman
Jacques Roussellier, Ombudsman's office

8. In implementing the project, KPO has violated the following provisions of IFC policy and operating standards:

[The International Finance Corporation Procedure for Environmental and Social Review of Projects, December 1998](#)

11. IFC does not finance project activities that would contravene country obligations under relevant international environmental treaties and agreements, as identified during the EA.

[The International Finance Corporation Operational Policies: Environmental Assessment. OP 4.01, October 1998](#)

Adherence to international law:

3. The IFC does not finance project activities that would contravene such country obligations, as identified during the EA.

Pollution:

6. The *Pollution Prevention and Abatement Handbook* describes pollution prevention and abatement measures and emission levels that are normally acceptable to the IFC. The EA report must provide full and detailed justification for the levels and approaches chosen for the particular project or site.

Public Consultation:

12. For all Category A and as appropriate for Category B projects during the EA process, the project sponsor consults project-affected groups and local nongovernmental organizations (NGOs) about the project's environmental aspects and takes their views into account. In addition, the project sponsor consults with such groups throughout project implementation, as necessary to address EA related issues that affect them.

Disclosure:

15. For meaningful consultations between the project sponsor and project-affected groups and local NGOs on all Category A and as appropriate for Category B, the project sponsor provides relevant material in a timely manner prior to consultation and in a form and language that are understandable and accessible to the groups being consulted.

The World Bank Operational Manual Operational Policies, OP 4.00, July 2005

Operational Principle 2: Assess potential impacts of the proposed project on physical, biological, socio-economic and physical cultural resources, including transboundary and global concerns, and potential impacts on human health and safety.

Operational Principle 3: Assess the adequacy of the applicable legal and institutional framework, including applicable international environmental agreements, and confirm that they provide that the cooperating government does not finance project activities that would contravene such international obligations.

By failing to comply with IFC policy and standards, KPO is not only endangering the lives and health of local residents and creating the risk of emergencies, but is also damaging the image of the International Finance Corporation. The IFC, in turn, by financing this project, is in effect turning a blind eye to the many years of violations of the human rights of the residents of Berezovka and undermining public confidence in its own statements, policy and standards.

9. The residents of Berezovka expect that the following decision *will be issued in response to this complaint*:

The International Finance Corporation, together with the KPO company and the Republic of Kazakhstan authorities, will provide assistance in resolving the issue of moving the residents of the village of Berezovka to a safe location.

Copies of all of the letters, materials and RK legal statutes cited in the complaint, including copies of the appeal by the residents of the village of Berezovka dated 3 April 2007 and the power of attorney dated 8 November 2006, are enclosed.

At the request of the residents of the village of Berezovka, these materials are being sent to the representative office of the European Union in the Republic of Kazakhstan in connection

with the participation of European companies in the consortium Karachaganak Petroleum Operating B.V.

Date: 11 April 2007

Signatures:



Sergei Kuratov,
chairman of the Green Salvation ES



Svetlana Katorcha,
attorney for the Green Salvation ES



Sergei Solyanik
vice-chairman of the Green Salvation ES
responsible for the complaint to the CAO

Green Salvation Ecological Society

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