

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

ANATOLIE STATI; GABRIEL STATI;	)	
ASCOM GROUP, S.A.; TERRA RAF	)	
TRANS TRADING LTD.,	)	
	)	
Petitioners,	)	
	)	
v.	)	Civil Action No. 1:14-cv-1638-ABJ
	)	
REPUBLIC OF KAZAKHSTAN,	)	
	)	
Respondent.	)	
	)	

**RESPONDENT REPUBLIC OF KAZAKHSTAN'S  
OPPOSITION TO PETITION TO CONFIRM ARBITRAL AWARD**

**EXHIBIT 33**

**ARBITRATION V (116/2010)**

**IN THE ARBITRATION INSTITUTE OF THE STOCKHOLM  
CHAMBER OF COMMERCE AND IN THE MATTER OF ARBITRATION  
BETWEEN:**

**ANATOLIE STATI, GABRIEL STATI, ASCOM GROUP S.A., AND TERRA RAF  
TRANS TRADING LTD.**

**Claimants**

**- and -**

**REPUBLIC OF KAZAKHSTAN**

**Respondent**

---

**WITNESS STATEMENT OF  
TARAS BARIEVITCH KHALELOV**

---

**1 Introduction**

- 1.1 I Taras Barievitch Khalelov of 4 Bogenbay Batyr Avenue, Astana, will say as follows:
- 1.2 I work as Director of the Department for Development of Fields and Production of Hydrocarbons at JSC MNC KazMunaiTeniz (KMT). My department is responsible for the co-ordination of the interaction between structural subdivisions of KMT, the interaction with the state authorities and the supervision of the affiliate of KMT in Aktau, which operates the fields within the framework of the trust management.
- 1.3 The facts referred to in this statement are from my personal knowledge unless otherwise stated. Where facts are from sources other than my personal knowledge I state the source of those facts and believe them to be true.

## **2 Transfer into trust management**

- 2.1 After the transfer into trust management to KazMunaiGas National Company (KMG NC) had occurred, a decision was taken that KMT should be in charge of the trust management and KMG NC subsequently transferred the management functions to KMT. For the actual operation of the fields, a special affiliate of KMT was founded in Aktau.
- 2.2 I started working on the project on 9 September 2010 when KMT took over the trust management from KMG NC. A Working Group was founded and my position was Head of the Working Group.

## **3 Operation of Tolkyn and Borankol**

- 3.1 The KMT Aktau affiliate operates the Tolkyn field. Currently, there are 21 wells at Tolkyn. However, 9 of them are shut in due to high water production. The high water production is a major problem that we face at Tolkyn.
- 3.2 For the production numbers and the prices achieved by KMT Aktau affiliate, I refer to the attached tables.
- 3.3 The KMT Aktau affiliate also operates the Borankol field. Basically, continuous operation was maintained. For the production numbers and the prices achieved, I also refer to the attached tables.
- 3.4 When KMT took over the trust management, we noticed that in particular the prices paid to CASCO were much higher than market prices. For example, the rate for using a cementing truck was 15500 Tenge per hour which is double the usual rate. The rate for using a machine for deparaffination was 19400 Tenge per hour which is even more than double the usual rate. We consequently re-negotiated these rates and in many cases we now only pay 50% of the amount paid in 2010. As of 2012, the rates for a cementing truck are 8000 Tenge and the rates for a machine for deparaffination are 8,000 Tenge per hour.

## **4 The LPG Plant**

- 4.1 The LPG Plant is not part of the trust management. However, as it has been abandoned by the owners, we protect the premises and the equipment by employing guards. Ever since the unfinished LPG Plant was abandoned, no further work has been conducted on the Plant.
- 4.2 I have been informed that Claimants allege that Kazakhstan is training specialists for the operation of the LPG plant. However, no such training has taken place and I have never heard about any programme to this objective either. In addition, I do not know of any intention to finish the construction of the plant. As our lawyers told us, we are not entitled to incur any expenses

for the plant or to make investments into the plant in any form because the plant neither belongs to KMT nor to KMG NC.

- 4.3 When KMT started operating the fields under the trust management, we were approached by some subcontractors who had been retained by CASCO for the construction of the LPG plant and who had not been paid by CASCO. We received some letters in which they asked us to pay them. However, we did not pay them as our lawyers told us that we were not obliged to do so.

**5 The Contract No. 302 area**

- 5.1 The Contract No. 302 area is not part of the trust management. Nevertheless, KMT monitors the area and preserves the safety of the two existing exploratory wells. KMT has not conducted any exploration on the Contract No. 302 area and to my knowledge is not planning to do so.

**6 Statement of truth**

- 6.1 I hereby confirm that the above statements are true to the best of my knowledge and belief.

.....

Signed

Taras Khalelov

Dated:

## Annex 1: Production of Tolkyn and Borankol fields

Summary data on achievement of the production objectives					
No.	Key performance indicators for JSC OOC KazMunayTeniz Branch activities in Aktau	Unit of measurement	since July	2011	9 months of
			2010	2011	2012
			actual	actual	actual
1	Oil production	thousand tons	69.97	162.3667	122.2367
2	Condensate production	thousand tons	60.06	85.6049	38.3811
3	Associated gas production	million m <sup>3</sup>	12.26	12.2744	7.863
4	Natural gas production	million m <sup>3</sup>	540.28	832.8312	385.669
5	Oil delivery	thousand tons	67.6	165.439	123.014
6	Condensate delivery	thousand tons	52.7	86.489	37.042
7	Gas delivery to CAC pipelines	million m <sup>3</sup>	541.2	821.1226	376.91

Annex 2: Prices for gas, condensate and oil from Tolkyn and Borankol fields, achieved by KazMunaiTeniz Aktau Branch

	Basic measurement unit	2010			2011			2012 as of October 15, 2012		
		Quantity	Amount, tenge (VAT excluded)	Unit price, tenge (VAT excluded)	Quantity	Amount, tenge (VAT excluded)	Unit price, tenge (VAT excluded)	Quantity	Amount, tenge (VAT excluded)	Unit price, tenge (VAT excluded)
Natural gas	1,000 m <sup>3</sup>	538,961.90	3,348,184,820.25		821,226.313	4,718,332,627.25		377,163.492	1,988,845,249.36	
Aktaugaservice JSC		24,109.298	87,256,371.32,	3,619.20	87,275.000	315,865,680.00	3,619.20	55,615.000	201,281,808.00	3,619.20
Beineugaservice, Municipal Utility Service		28,321.821	44,740,263.85	1,579.71	47,257.769	74,653,570.27	1,579.71			
KazTransGas Aimak JSC		410,959.71	2,720,245,060.42		680,321.096	4,304,219,095.40		321,294.978	1,787,025,991.68	
for KazTransGas Aimak JSC		0		6,619.25	554,224.229	3,660,890,290.07	6,619.25			
for Beineugaservice, Municipal Utility Service		0			32,515.709	51,365,390.67	1,579.71	53,673.971	84,789,308.73	1,579.71
for MAEC-Kazatomprom LLC					82,678.158	547,267,397.34	6,619.25	240,604.827	1,592,623,501.13	6,619.25
for Munaily District								2,920.000	10,568,064.00	3,619.20
for Munaishy-Service Municipal Utility Service					10,451.000	43,981,988.40	4,208.40	18,105.000	76,193,082.00	4,208.40
for I. Nasukhaev, Individual Entrepreneur					452.000	714,028.92	1,579.71	1,040.300	1,643,372.32	1,579.71
for Ozengasservice Municipal Utility Service								3,517.430	16,373,636.65	4,655.00
for Tupkaragan District								1,433.450	4,835,026.85	3,373.00
KASKo LLC		279.409	592,347.08	2,120.00	735.448	1,559,149.76	2,120.00	253.514	537,449.68	2,120.00
Mangystangas Municipal Utility Service					2,500.000	10,521,000.00	4,208.40			
MAEC-Kazatomprom LLC		74,691.695	494,403,002.13	6,619.25						
Munaishy-Service Municipal Utility Service					2,495.000	10,499,958.00	4,208.40			
I. Nasukhaev, Individual Entrepreneur		599.968	947,775.45	1,579.71	642.000	1,014,173.82	1,579.71			

	Basic measurement unit	2010			2011			2012 as of October 15, 2012		
		Quantity	Amount, tenge (VAT excluded)	Unit price, tenge (VAT excluded)	Quantity	Amount, tenge (VAT excluded)	Unit price, tenge (VAT excluded)	Quantity	Amount, tenge (VAT excluded)	Unit price, tenge (VAT excluded)
Gas condensate	t	52,565.000	2,111,986,607.16		86,488.922	3,494,306,893.28		36,795.284	1,690,635,718.75	
Trade Commerce Oil LLC								36,795.284	1,690,635,718.75	45,947.08
SANOIL LLC		52,565.000	2,111,986,607.16	40,178.57	86,488.922	3,494,306,893.28	40,401.79			
Oil	t	64,840.742	5,569,669,949.70		150,631.427	16,824,513,700.61		138,005.776	15,579,403,666.08	
ARKHAM B.V., Individual Entrepreneur		64,840.742	5,569,669,949.70	85,897.69	150,631.427	16,824,513,700.61	111,693.25	132,005.776	15,289,903,666.08	115,827.54
Petroleum Operating LLC								3,000.000	145,500,000.00	48,500.00
AZS Trade LLC								3,000.000	144,000,000.00	48,000.00

Note:

Raw hydrocarbons produced by the Branch at the Tolkyin and Borankol fields are sold together, without separation by the field.