



CNPC and KazMunayGas sign framework agreement on expanding natural gas and gas pipeline cooperation

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On October 31, 2008, during the 7th prime ministers' meeting of the Shanghai Cooperation Organization held in Kazakhstan's capital Astana, CNPC and KazMunayGas signed a framework agreement on expanding natural gas and gas pipeline cooperation, witnessed by Premier Wen Jiabao and Kazak Prime Minister Karim Masimov.

According to the agreement, KazMunayGas shall take all necessary measures to ensure the natural gas produced by CNPC from Aktobe Oilfield be transported via the Kazakhstan-China Gas Pipeline (Phase II), in addition to supplying five billion cubic meters of natural gas to the pipeline as is promised. Meanwhile, the two sides will jointly develop the Urikhtau gas condensate field and export 5 to 10 billion cubic meters of natural gas to China on the basis of meeting gas demand in Southern Kazakhstan. The Beineu-Bozoy-Kyzylorda-Shymkent section of the Kazakhstan-China Gas Pipeline will be constructed and operated together by the two companies under this principle. The pipeline is designed to transport 10 billion cubic meters of natural gas per year.

The two companies also agreed to build out the Kazakhstan-China Gas Pipeline (Phase I) judged on the amount of incremental natural gas resources.