

The coastal areas of the Caspian may hold large potential discoveries, with about 90% of Kazakhstan’s total hydrocarbon reserves concentrated in the region. In 2020, KMG’s portfolio was comprised of 15 exploration projects (8 offshore and 7 onshore), of which six projects are carried out under carry financing arrangements.

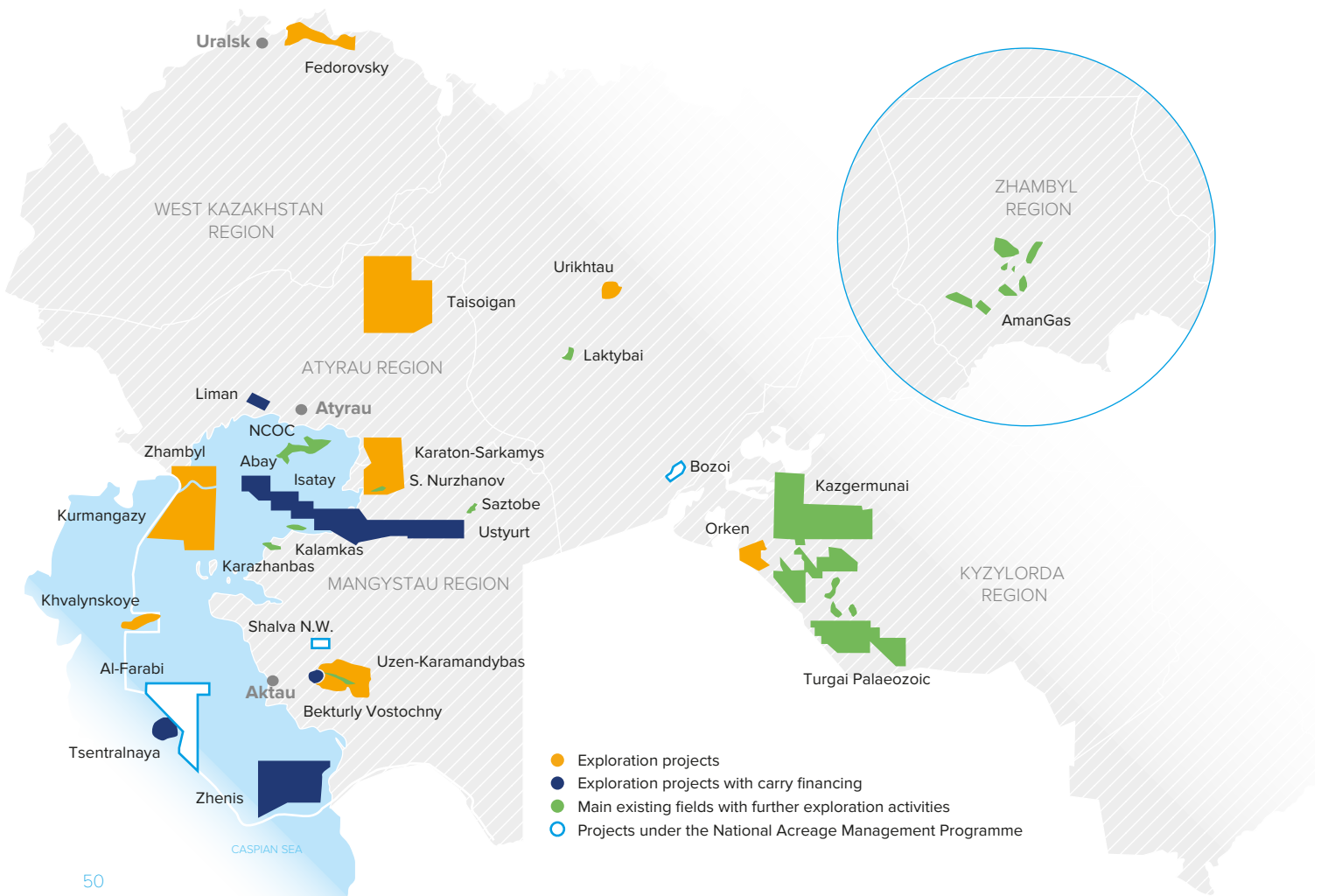
Processing and interpretation of seismic data in 2020 led to an estimate of total petroleum in place for six projects of more than 2 bn toe. Seismic acquisition for these projects commenced in 2019.

KMG is routinely conducting comprehensive studies of Kazakhstan’s sedimentary basins to assess their oil and gas potential and build a portfolio of promising blocks for subsoil use. In 2020, geologic evaluation of more than 15 projects was completed.

The Company also continues building and updating models of sedimentary basins. Basin modelling includes a comprehensive prospect analysis using all available historical data, which significantly mitigates the risks related to decision-making on further exploration. In 2020, KMG updated the models of the Ustyurt-Bozashin basin, Mangyshlak basin and the flanks (norther, eastern and southern) of the Caspian sedimentary basin and built models for the South Turgai and Shu-Sarysu sedimentary basins.

In early 2020, as part of its exploration cooperation with the government, KMG initiated a process to include 16 exploration projects in the National Acreage Management Programme and seven areas in the scope of state geological surveys in accordance with the Kazakhstan’s Subsoil and Subsoil Use Code. However, the list of projects had to be optimised due to the fall in global energy prices and as part of the crisis response strategy developed by the Company, with only three projects eventually included in the National Acreage Management Programme in 2020.

Exploration	2018	2019	2020
2D seismic, linear km	1,000	240	–
3D seismic, sq km	1,253	6,928	347
Number of wells drilled.	55	39	19



EXPANSION OF PARTNERSHIP PROJECTS

In 2020, KMG continued to strongly focus on expanding its cooperation in exploration with international oil and gas companies:

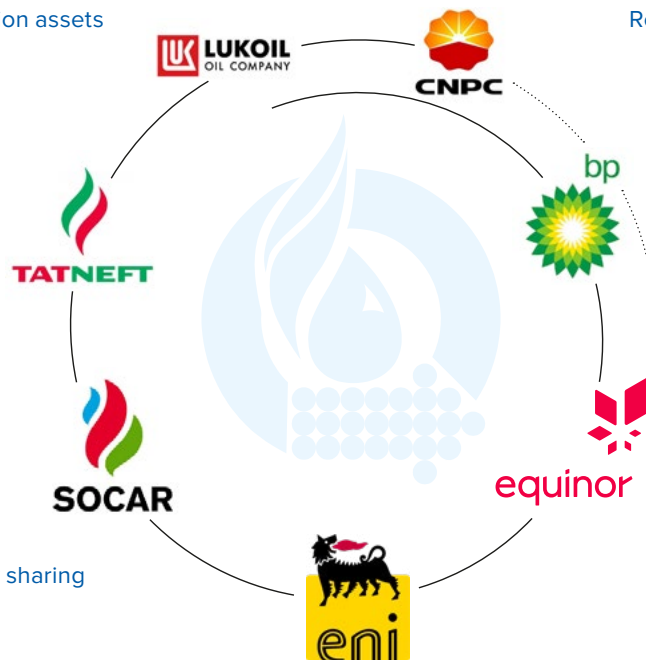
- ◆ A virtual data room was successfully launched to provide remote access to geological and geophysical information on exploration projects to attract strategic partners. Over 15 companies were granted access to the virtual data room in 2020, including Chevron, CNOOC, CNPC, BP, Equinor, Eni, LUKOIL, and Tatneft
- ◆ As part of a review of available process data from existing assets conducted jointly by KMG and British Petroleum, the two companies evaluated the Zhambyl block
- ◆ KMG and its partners Equinor, Tatneft and LUKOIL have continued activities under an agreement on joint regional studies
- ◆ On 7 October 2020, KMG and LUKOIL signed an agreement to further their cooperation under the Al-Farabi project (previously I-P-2, renamed in August 2020). The Al-Farabi license block is located in Kazakhstan's sector of the Caspian Sea. The next step will be the signing of a hydrocarbon exploration and production contract

- ◆ KMG, LLC RN-Exploration (a Rosneft subsidiary) and the Ministry of Energy of the Republic of Kazakhstan are negotiating a transfer of subsoil use rights and extension of exploration period from 2021 to 2026 for the expanded contract area in the Kurmangazy block.
- ◆ 2020 saw the completion of a pilot project to process 3D seismic data on the Urikhtau field with Eni and a joint project with ExxonMobil to reprocess 3D seismic on Kashagan (East).

TECHNICAL COOPERATION WITH INTERNATIONAL PLAYERS

Joint evaluation of exploration assets

Regional study of sedimentary basins



Knowledge and technology sharing

Multiple MOUs signed