

# 5 Features



## 5.1 Participation in Community Development in Kazakhstan

2007 was the 10th anniversary of oil and gas cooperation between CNPC and Kazakhstan. In these years, we have adhered to the policy of friendship, peace, cooperation and development and have achieved friendly cooperation and mutual benefit on a win-win basis. While promoting the development of the local economy, we have actively shouldered our social responsibilities, supported local public welfare and achieved mutual growth for CNPC and the local community, which has promoted local economic and social development.



## 1. Promoting local economic development through project development

Since 1997, our company's investment in petroleum cooperation projects in Kazakhstan has totaled USD 6.5 billion, with USD 3.19 billion being paid in taxes to the government of Kazakhstan. CNPC AktobeMunaiGas, the first large investment project of CNPC in Central Asia, achieved oil and gas productivity increasing every year over the past decade. Currently, the taxes this project has paid to the state of Aktobe cover 70% of total taxation for this state and the project has been named as the "epitome of success in Sino-Kazakh economic cooperation".

The Kazakhstan-China Crude Pipeline is the first long-distance and cross-country commercial crude pipeline in the Chinese history. In December 2005, the Atasu-Alashankou section of this pipeline was completed and put into operation, which has become an important crude oil exporting pipeline for Kazakhstan. It has also promoted the further development of the petroleum industry in Kazakhstan.

Since we took over the North Buzachi project in 2003, we have used special technologies and increased the oil production volume from the original 7,000 barrels per day to the current 20,000 barrels per day, which has effectively promoted the development of local economy.

We have also promoted the rapid growth of the local economy through business development and provided job opportunities to 15,000 local people. Local employees account for 90% of the workforce in our projects in Kazakhstan, while 60% of employees at the level of department manager and above are local people.



Vegetable production farm CNPC constructed for the local community in Kazakhstan

## 2. Promoting education and training of the local people

During the oil and gas cooperation between CNPC and Kazakhstan in the past 10 years, we have trained Kazakh employees locally or dispatched them to China or third countries for training in order to improve their technical and operating standards. We have so far provided educational and training opportunities to over 2,200 Kazakh management and technical personnel and have selected 312 excellent employees to be trained in China.

In 2007, CNPC AktobeMunaiGas donated USD 776,900 to train young Kazakh professionals and provided financial support to 77 young Kazakh students studying at China University of Petroleum, college students in various universities of Kazakhstan and 42 students studying at UFA Petroleum University in Russia.

Over the past six years, we have held a three-week management training course for Kazakh employees at China University of Petroleum in Beijing which has enabled key Kazakh management employees to receive business management training in China. We have also organized them to visit the Dagang Oilfield and Shenzhen Petroleum Training Center of CNPC in order to allow them to learn China's advanced oilfield management modes.

## 3. Active support for local public welfare

We constructed a natural gas supply line and a 24-megawatt gas-fired power plant for local people in remote villages near the oilfield. The Emba-Zhanazhol Railway we invested and constructed was the first railroad project operated by foreign investors in this country.

In 2007, we donated USD 4,000,000 and USD 1,800,000 to public welfare in Kyzylorda Province and South Kazakhstan Province of Kazakhstan, where the worksites of the PK projects of CNPC are located. The donated funds will be used for road building, construction of community parks and the improvement of local water, electricity and gas supplies. We have also donated funds to support the football club, schools, libraries and homes for the handicapped in Kazakhstan. In addition, the joint-venture partners of PetroKazakhstan in Kyzylorda Province named Turgai Petroleum and KazGerMunai LLP (KGM) have also signed a cooperation memorandum with the government of Kyzylorda Province and have also provided public welfare donations of USD 3,400,000 and USD 3,000,000 respectively. Most of the funds have been used for construction projects closely related with local residents and will benefit poor people.

The governments of Kyzylorda Province and South Kazakhstan Province sent letters to CNPC to praise PetroKazakhstan for its support and contributions to local economic development and public welfare.

# Features

## 5.2 Promoting the Olympic Spirit and a Green Olympics

Since CNPC became an Olympic partner in May 2005, our company has effectively combined the concepts of "Environment-friendly Olympics, Technology-empowered Olympics and Culture-enriched Olympics" with the corporate mission of "Caring for Energy, Caring for You" and been promoting the culture of "Green Olympics, High-Tech Olympics and People's Olympics" with practical actions.

### 1. Provision of clean energy to bring the blue sky to Beijing

As the oil and gas partner of the Beijing 2008 Olympics, we are shouldering the important responsibility of providing oil and gas products to the Games. To satisfy the requirements of the Olympics in terms of the environment and quality, natural gas demand in Beijing in 2008 will reach 6.8 billion cubic meters, an increase of 2.3 billion cubic meters compared with 2007. The natural gas will be used to replace coal for boilers and coal gas used by residents, as well as to generate power, fuel buses and a small portion of taxi. The International Olympic Committee and the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) believe that CNPC has made significant contributions to the secure supply of clean energy to Beijing by initiatively participating in the control of air quality for the Beijing Olympic Games.

To secure excellent air quality in the six Olympic host cities—Beijing, Tianjin, Shanghai, Qingdao, Qinhuangdao and Shenyang—and to ensure sufficient gas supplies to Beijing, we have completed two gas pipelines between Shaanxi and Beijing. In addition to linking the Shaan-Jing Gas Pipelines to the West-East Gas Pipeline, we have also invested in the construction of underground natural gas storages at Dagang Oilfield and Huabei Oilfield. In 2007, six underground storages

had been built at Dagang Oilfield and the number of gas compressor stations reached to five, enabling the oilfield with a daily deliverability of 28 million cubic meters. The underground storages at Huabei Oilfield are still under construction. Natural gases from the West-East Gas Pipeline have been injected into the Jintan underground storage and plan to be extracted from the storage by the end of 2008. Thus, a stable and multi source gas delivery system has been formed to ensure sufficient gas supplies to Beijing. On March 18, 2007, CNPC Beijing Oil & Gas Pipeline Control Center started operation, marking the start of the official operation of the concentrated control and operational mode for long-distance oil and gas pipelines in CNPC, which has further guaranteed the management system for stable and safe gas supplies during the Beijing Olympic Games.

The use of natural gas has greatly improved air quality in Beijing. Since the completion of the First Shaan-Jing Gas Pipeline, natural gas users have increased from 300,000 households in 1997 to 3,420,000 households in 2007, which covers over 81% of the 4,180,000 gas-using households in the city. The concentrated natural gas heat supply in Beijing covers over 60% of the total concentrated heat supply. The share of natural gas in the energy mix of Beijing has increased from the previous 0.4% to more than 7% in 2007. The use of natural gas has enabled Beijing to cut its annual coal consumption by 3,960,000 metric tons. This has reduced smoke and dust emissions by 7,200 metric tons, and cut down sulfur dioxide and nitrate dioxide contents in the atmosphere to meet national standards. Additionally, the concentration of nitrogen monoxide and inhalable particles in the air has been dropped averagely by 13.8% each year during the past six years. In 2007, the number of blue-sky days in Beijing reached 246, making 2007 the year with the most blue-sky days since 1999. All of this has laid solid foundations for Beijing to hold a "Green Olympics" in 2008.



Currently, most of buses running on Chang'an Avenue in Beijing use compressed natural gas supplied by CNPC. During the Olympic Games in 2008, we will supply this safe and clean fuel to 600 to 800 buses dedicated to serving the Olympic Games.

## 2. Inheritance of Olympic concept and promotion of the Olympic spirit

It is the wish of the millions of CNPC employees to inherit the Olympic concept, promote the Olympic spirit and contribute to a "Green, High-Tech and People's Olympics". As a partner of the Beijing 2008 Olympic Games, we have provided an excellent platform for the communication of the Olympic spirit.

To support the Chinese Paralympic Committee in promoting sports for the handicapped, we have proposed to offer financial support to the Chinese Paralympic Committee and the Chinese paralympic delegations. In June 2007, we became the first enterprise in China to sign the agreement declaring CNPC an official supplier of oil products and natural gas for Chinese Paralympic Committee with BOCOG.

The long-march campaign of Green Olympic and Green Petroleum started on May 30, 2006 has been continued in 2007. News reports on this campaign have been publicizing the Olympic spirit, Daqing Spirit and Iron-Man Spirit in various parts of China through CNPC branch subsidiaries all over China. They have encouraged CNPC employees in different positions to pay attention to, participate in and support the Olympic Games and to contribute to the "Green Olympics" by supplying clean energy. They will report activities related to environmental protection, safe production and sports on a timely basis. Currently, the campaign reporters have completed signature and interview activities for CNPC subsidiaries in northeastern, northwestern and southwestern regions of China.

In order to create an excellent environment for various circles of



In the summer of 2007, CNPC's long-march campaign of "Green Olympics and Green Petroleum" arrived at Lhasa in Tibet.

society to support the Beijing 2008 Olympic Games and actively promote the concept of "Culture-enriched Olympics and Environment-friendly Olympics", we donated RMB 2,800,000 on August 1, 2007 to the All-China Federation of Trade Unions, General Administration of Sports, All-China Women's Federation and All-China Federation of Literature and Art to organizing the Olympic knowledge contest, the "CNPC Cup of the National Olympic Knowledge Contest for Enterprise Employees", in which the "Green Olympics" played an important part.

The coming Beijing Olympic Games has ignited the enthusiasm of millions of petroleum employees to work harder. We will fulfill our commitment, remember our responsibilities and keep pace with the "Green Olympics" and will make greater contribution to the Beijing Olympic Games with practical actions.

2007.6.10

Oil and Gas Retail Branch of CNPC Dalian Marketing Company held the "Fuel the Olympics" gathering with customers of the Olympic service stations.

2007.8

The oil and gas recycling project was launched to build "Green Gas Stations". The renovation project for the first batch of eight oil and gas recycling stations was completed.

2007.10.2-11

CNPC employees participated in volunteering activity during the Shanghai Special Olympics and were praised by volunteer teams and sports delegations for their quality service and excellent conduct.

2007.4

The petroleum city of Daqing was listed as a Olympic Torch Relay City and 20 employees will be selected for the torch relay.

2007.8.1

CNPC Cup Olympic Knowledge Contest was held to publicize progress in preparation for the Beijing Olympic Games, communicate Olympic knowledge, promote the Olympic spirit, encourage civilized social conduct, promote health awareness and encourage all employees to get fit.

2007.9.16

Hao Lei, an employee of CNPC Sichuan Oil Construction Company, was selected as a relay bearer of the Olympic torch from a number of candidates.

2007.10.12

A 100-meter paper-cut streamer of Greetings to the Olympic Games from Qinghai Petroleum Men initiated by two retired employees from the University For The Aged in CNPC Qinghai Oilfield was completed after one and a half years. Over 70 retired employees participated in the creation of the work, which has been presented to BOCOG.