

Law of Subsoil and Subsoil Use

Law of the Republic of Kazakhstan from June 24, 2010 № 291-IV

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This law regulates social relations in the sphere of subsoil use and is aimed at protecting the interests of the Republic of Kazakhstan, rational and comprehensive study and utilization of mineral resources.

Chapter 1. General Provisions

Article 1. Basic concepts used in the present Law

In this Act, the following basic concepts:

1) supervision - monitoring compliance with the provisions of the subsurface design documents, implemented the project organization, part of the design document, in accordance with the contract for design work;

2) stock is depleted - extracted reserves of solid minerals, as approved by the State Commission on Mineral Resources of the Republic of Kazakhstan, subsurface written off from its balance sheet due to mining, including the normalized loss of minerals in the subsoil, formed during the production process;

3) evaluation of work - the stage of exploration work carried out to determine the overall resources identified facilities, assess their economic value and feasibility study feasibility of engaging in development;

4) project evaluation survey - a project document, compiled during reconnaissance in case of detection, and promising areas of minerals, establishing a methodology and scope of exploration to determine the total resources, a detailed assessment of the industrial importance of identifying the object and the techno-economic feasibility study of its involvement in commercial development. Project appraisal work reflects the funding appraisal work over the years;

5) Intelligence - work (operations) associated with the search for mineral deposits and their evaluation;

6) construction and (or) the operation of underground facilities not related to exploration and (or) prey - construction and (or) the exploitation of underground or buried below the soil layer structures for the oil and gas storage facilities, tunnels, subways, buildings, designed injection of groundwater into the bowels of artificial replenishment, tailings, sludge for disposal and storage of solid, liquid and radioactive waste, hazardous toxic substances and disposal of sewage and industrial wastewater into the bowels;

7) technologically inevitable flaring - the burning of gas at gas processing technology due to lack of technical feasibility of such operations without

burning gas;

8) geological information - a set of materials containing geological, geochemical, geophysical, hydrogeological, geomorphological, tectonic information, technical documentation, mines, wells, estimated resources and reserves deposits, the site of works and objects of the contract area, where operations on subsoil use;

9) geological allotment - addendum to a contract for exploration, combined exploration and production, which is an integral part of it, determines the schematic and the descriptive section of the subsoil, where the subsoil user has the right to conduct exploration;

10) coastline - the shoreline of a water body, formed as a result of the maximum tide (high water);

11) Groundwater - the concentration of waters in the ground and used in accordance with this Law and the water legislation of the Republic of Kazakhstan;

12) mineral resources - part of the crust, below the soil layer or to the outputs of minerals on the surface, but in the absence of a soil layer - below the earth's surface and the bottom of seas, lakes, rivers and other bodies of water extending to depths that are available for mining operations taking into account scientific and technological progress;

13) the normalized loss of minerals in the interior - the loss of technologically related to accepted methods and systems for mining in the extraction, the level of which is motivated technical and economic calculations;

14) authority on the study and utilization of mineral resources - the state body exercising functions of state policy implementation and monitoring in the field of geological study, rational and complex use of mineral resources, as well as other functions in the mineral resources defined by the legislation of the Republic of Kazakhstan;

15) the safe use of mineral resources - to ensure environmental, sanitary-hygienic and safety during mining operations;

16) protection of natural resources - a system of measures envisaged by the legislation of the Republic of Kazakhstan "On Subsoil and Subsoil Use, aimed at preventing contamination of mineral resources during mining operations and reducing the harmful impact of mining operations on the environment;

17) state geological studies - the work (operations) associated with monitoring the status of mineral resources, the study of geological structure of the subsoil, as well as individual parts and the whole territory of the Republic of Kazakhstan as a whole, determining their prospects for the availability of mineral resources through exploration and prospect evaluation works, the creation of the state geologic maps that make up the informational basis of subsoil use;

18) subsoil use operations - activities related to the state geological studies, exploration and (or) mining, including exploration and mining of underground

waters, therapeutic mud, mineral prospecting for sewage, as well as the construction and (or) the operation of underground facilities not related to exploration and (or) prey;

19) the concentration of rights to conduct mining operations - having one person or group of persons from one country to such shares in the appointments in the Republic of Kazakhstan or a share in the authorized capital (the number of shares) of organizations that are mining companies in Kazakhstan that are able to create or threaten the economic interests of the Republic of Kazakhstan;

20) the register of goods and services used during mining operations, and their producers - the state information system designed to control and monitor the procurement of goods and services used during mining operations, and producers, as well as for e-procurement and the formation of the list of goods and services used in carrying out mining operations;

21) National Company for Mineral Resources (hereinafter - the National Company) - a joint stock company established by a decision of the Government of the Republic of Kazakhstan, whose sole shareholder is the state or national management holding company conducting activities in certain areas of subsoil under the conditions prescribed by the legislation of the Republic of Kazakhstan;

22) the subsoil use right - the right of possession and use of mineral resources acquired by the subsurface in accordance with this Law;

23) objects related to subsoil use right, - share (shares) in a legal entity possessing the subsoil use right, as well as a legal entity that has the ability to directly and (or) indirectly determine and (or) to influence made by such subsoil solution, if such legal entity's main activities are related to subsoil use in Kazakhstan.

The objects related to subsoil use right, also include securities evidencing ownership of shares or convertible into shares of a legal entity possessing the right of subsoil use, as well as a legal entity which has the ability to directly and (or) indirectly determine and (or) to impact on the subsurface made by such decisions, if such legal entity's main activities are related to subsoil use in Kazakhstan;

24) The Commission for the tender for subsurface use rights - a permanent collegial body established by the Government of the Republic of Kazakhstan to the competition and to determine the winner;

25) expert committee on mineral resources - an advisory body established by the competent authority, performing to propose to the competent authority on matters identified in Article 24 of this Act;

26) Feasibility study on subsoil use - a document containing technical and economic parameters of development projects and assess the economic feasibility of its implementation with the obligatory view of opportunities and proposals Kazakhstani producers of goods and services;

27) the subsoil user - a natural or legal person is entitled under this Act the

right to conduct mining operations;

28) rational and comprehensive utilization of mineral resources - a cost-effective development of all types of soil resources through the use of advanced technologies and good practices in the design fields;

29) state examination of entrails - a comprehensive examination of information on mineral reserves, as well as other properties of the subsoil of the possibility of their use in the subsoil and the placement on the state balance of minerals;. P961288

30) section of the subsoil - geometrized part of the subsoil released in the closed boundaries for mining operations;

31) Project documents - documents substantiating and establishing specifications and technological parameters of the search, evaluation and development of mineral deposits, taking into account ecological, epidemiological, industrial safety, including techno-economic indicators and assess the economic feasibility of the project with the obligatory view of opportunities and proposals of Kazakh producers of goods, works and services;

32) high technology - the new recognized achievements in engineering and manufacturing processes, which were realized in the form of new and improved products and the most environmentally sound technology used for integration produced in the territory of the Republic of Kazakhstan production on the world market;

33) Work Program - a document compiled on the basis of parameters laid down in project documents, defining a set of plans subsoil for the duration of the contract with the generalized indices on volumes and costs by year;

34) local content in the work (service) - the cumulative total share value of local content in goods used in carrying out the work in the contract price and (or) compensation of employees who are citizens of the Republic of Kazakhstan, the fund pay the manufacturer of work (services) contract to perform work or services, minus the cost of goods used in carrying out the work, and the price subcontracts;

35) work - the implementation of a fee-based activities to build (manufacture) of goods, equipment installation, construction and other facilities needed for immediate use in mining operations and for activities specified in the contract as a companion;

36) Kazakhstan manufacturer of work and services - citizens of the Republic of Kazakhstan and (or) legal entities established in accordance with the laws of the Republic of Kazakhstan, located on the territory of the Republic of Kazakhstan, using no less than ninety-five percent of the citizens of the Republic of Kazakhstan in the total number of employees;

37) local content in frames - the number of Kazakh personnel as a percentage of total number of personnel involved in the execution of the contract, broken down by each category of workers and employees;

38) contract - an agreement between the competent body or authority on the

study and utilization of mineral resources or the local executive body area, the city of republican status, capital in accordance with the competence under the law of the Republic of Kazakhstan, and physical and (or) a legal entity to carry out exploration, production, the combined exploration and mining or construction and (or) the operation of underground facilities not related to exploration and (or) prey, or to the state geological survey;

39) contract area - an area defined by the geological or mining allotment, on which the subsoil user has the right to conduct operations on subsoil use, the relevant contract;

40) the concentration of rights under the contract - the value of the share of one of the co-owners of the subsoil use right in the concluded contract with Kazakhstan allowing this party to determine decisions on the activities of subsoil in accordance with the contract;

41) field - part of the subsoil, containing a natural accumulation of minerals (minerals);

42) flowsheet development of the field - a project document, being prepared to enter the field of industrial development and providing technological solutions and indices for mining, method of analyzing system design to identify the main parameters of the oil reservoirs, the criteria for a rational system for the development of operational facilities;

43) analysis of the development of the field - a comprehensive study of the results of geological-field, geophysical, hydrodynamic, and other studies of wells and reservoirs in the development of operational facility, as well as the dynamics of development to determine the current location of the oil and gas, and processes in the productive layer, with elaboration on this basis, recommendations for management development in order to optimize production and increase oil recovery;

44) draft industrial development of the field - a project document that defines the technical solutions that provide the specified performance, and other mining related manufacturing operations, which regulates the method of mining in the relevant field, the parameters extraction of minerals from the subsoil;

45) exploration field - operations carried out in the fields of hydrocarbon raw materials in order to clarify the existing and obtain additional information about the geological characteristics of commercial layers and deposits, an integrated geological, geophysical and well test data to produce a technological scheme and the project of industrial development. Pilot operation provides for temporary operation of exploratory wells;

46) positive practice of mining - a common international practice, used during mining operations, which is a rational, safe, necessary and cost-effective;

47) Industrial mining - the whole range of activities (operations), aiming at the removal of approved mineral reserves of mineral resources in view of sustainable and multiple use;

48) of commonly occurring minerals - sand, clay, gravel and other minerals

used in their natural state or with little processing and cleaning to meet in the main local economic needs;

49) Bid Evaluation Committee for granting the right of subsoil use for exploration or production of common minerals - a permanent collegial body established by the local executive body of the area, the city of republican status, capital for the purpose of the contest and the winner is determined;

50) expert committee on mineral resources exploration and extraction of common minerals - an advisory body established by the local executive body of the area, the city of republican status, capital, carrying out the production of proposals on matters identified in Article 24 of this Act;

51) inter-regional committee on exploration and development of common minerals (hereafter - Inter-Regional Commission) - a collective body of the territorial division of the authorized body for the Study and Use of Mineral Resources Review project documents for the search, evaluation and development of deposits of common minerals;

52) extraction of common minerals - any extraction of commonly occurring minerals are not related to the extraction of common minerals for their own needs;

53) extraction of common minerals and underground water for their own use - extraction, carried out on land that are owned either by the right of land use, without the intention of subsequent transactions with respect to the extracted common minerals or groundwater;

54) commercial discovery - the discovery in the exploration contract territory of one or more deposits of commercial interest, confirmed by state examination of the subsoil;

55) Services - Implementation of a fee-based activities required for immediate use in mining operations and for activities specified in the contract as a companion, not aimed at the creation (production) of goods or other tangible objects;

56) subsoil with complicated geological structure - subsoil, characterized by one of the following: intense tectonic; intense folding of rocks containing the alleged body of minerals, the deep location - more than five hundred feet of solid minerals and more than three thousand meters along roof promising horizons for hydrocarbons, located within the area of the sea;

57) deposits, which have complicated geological structure - deposits, more than seventy percent of the stocks which are characterized by varying the power or the occurrence of broken bodies of minerals or undisciplined quality minerals and uneven distribution of the main valuable components or the heterogeneity of the reservoir or reservoir properties of productive strata, or abnormally high reservoir pressure;

58) Kazakhstan origin goods - goods for which issued the certificate of origin for domestic circulation, confirming its origin in the territory of the Republic of Kazakhstan;

59) Kazakhstan producer of goods - the citizens of the Republic of Kazakhstan and (or) legal entities of the Republic of Kazakhstan, producing goods of Kazakhstan origin;

60) the discoverer of the deposit of the Republic of Kazakhstan - the person who opened up previously unknown deposits of commercial value, as well as identify additional mineral resources or new minerals in the previously known deposits significantly increased its commercial value;

61) signing bonus - a one-time fixed payment for the acquisition of subsoil subsoil use rights in the contract territory;

62) the competent authority - the central executive body that implements, on behalf of the Republic of Kazakhstan rights related to the negotiation and execution of contracts for exploration, production, combined exploration and production, with the exception of contracts for exploration, extraction of commonly occurring minerals, determined by the Government of the Republic of Kazakhstan, if otherwise established by the laws of the Republic of Kazakhstan and the acts of the President of the Republic of Kazakhstan;

63) main pipeline - an engineering building, consisting of a linear part and its associated ground facilities, communications, remote control and communication, designed to carry oil from the pipeline subsoil to places of transshipment to another mode of transport, processing or consumption. For the pipeline does not include a pipeline running in a mode of precast collector;

64) protection zone pipeline - the territory of the special conditions of safety and usage, adjacent to the main pipelines and designed to ensure public safety and create the necessary conditions for safe and uninterrupted operation of the pipeline within that limit or prohibit activities incompatible with the object establishing;

65) objects associated with pipelines, - buildings, other structures with occupied their land and roads, facilities and equipment in the pipeline, performing the functions of oil transportation;

66) pre-emptive right of the state - carried out in accordance with this law a primary law of the state to acquire the alienated subsoil use right (or part thereof), and (or) objects associated with the right of subsoil use;

67) inter-ministerial commission on the implementation of the priority rights of the state - an advisory body established by the Government of the Republic of Kazakhstan in order to review issues and make recommendations on the acquisition (the refusal of the acquisition) state alienated subsoil use right (or part thereof), and (or) objects associated with the right of subsoil use in Kazakhstan;

68) mineral resources - lessons on the surface of the subsurface (rock, ore and other raw materials) containing minerals (minerals);

69) Primary processing (enrichment) of mineral raw materials - the kind of mining activity, which includes the gathering on the ground, crushing or grinding, classification (sorting), caking, agglomeration and the enrichment of

the physical and chemical methods (no qualitative change in mineral forms of minerals, their aggregate- phase condition, crystal-structure), and may also include processing technologies, which are special types of work in mining (underground gasification and melting, chemical and bacterial leaching, hydraulic dredging and development of placer deposits).

List of works relating to the primary processing (enrichment) of mineral raw materials, determined in each subsoil, with the exception of the mining contracts concluded prior to the enactment of this Act, and amendments thereto;

70) processing of mineral raw materials - work that follow the primary processing of mineral raw materials and associated with the extraction of minerals (mining) of mineral raw materials;

71) model contract - a standard contract approved by the Government of the Republic of Kazakhstan, which reflects the features of different types of contracts, holding of certain types of mining operations, and used as a basis for drafting contracts;. P011015

72) oil - crude oil, condensate, natural gas and associated gas and hydrocarbons, obtained after purification of crude oil, natural gas and processing of oil shale or tar sands;

73) oil and gas pipelines - pipelines intended to transport oil, including pipelines, pipelines operating in a precast sewer, as well as equipment and machinery for cleaning, separation and liquefaction of substances transported through a pipeline system or its component parts, control systems and insulation, cathodic protection systems and other equipment for the maintenance of such pipelines;

74) construction and (or) the operation of oil and gas - any of the (operations) conducted for the construction, installation and operation of pipelines on land, rivers, lakes, seas and other inland waters;

75) associated components in the oil - minerals and various kinds of compounds contained in the oil and formation waters, technologically demanding their removal;

76) petroleum operations - work for exploration, oil production, construction, and (or) maintenance of the necessary technological and related facilities;

77) primary minerals - minerals that determines the value of industrial fields, having the highest content of the feedstock or the highest share in the production field and determines the main direction of product fields;

78) Operator - a legal entity created or defined by the mining companies under the laws of the Republic of Kazakhstan upon written notice to the competent authority in operational performance management and reporting and recording transactions relating to the execution of the contract, for whom the subsoil are financially liable;

79) production - the whole range of activities (operations) associated with the extraction of minerals from the subsoil to the surface, as well as from man-

made mineral formations, including primary processing and temporary storage of mineral resources;

80) Minerals - contained in the depths of natural mineral formations, hydrocarbons and groundwater, chemical composition and physical properties which allow their use in material production and (or) consumption and (or) other needs directly or after processing;

81) The Central Commission for exploration and exploitation of mineral resources (hereinafter - the Central Commission) - a collegial body established by the competent authority for the review of project documents for the search, evaluation and development of mineral deposits, but widespread;

82) protective zone - the zone extending from the shoreline of the sea five miles away land in the territory of the Republic of Kazakhstan;

83) Easement - The right of individuals and entities targeted for limited use of part of subsoil, provided to others for the exploration, mining or construction and (or) the operation of underground facilities not related to the exploration and production, in the cases stipulated by this Law;

84) is a strategic partner - Kazakh or foreign legal entity (their union), some national company in coordination with the competent authority for the joint implementation of projects under contracts by direct negotiations between the national company and the competent authorities or in accordance with international treaties ratified by Republic of Kazakhstan;

85) subsoil plots, fields of strategic importance - areas of subsurface deposits, which have socio-economic importance for the sustainable development of the Republic of Kazakhstan, as defined in the list approved by the Government of the Republic of Kazakhstan;

86) strategic minerals - minerals that are of strategic importance for the sustainable development of the Republic of Kazakhstan;

87) project trial operation - a document drawn up by the works for the extraction of hydrocarbon raw materials in order to clarify the existing and obtain additional information about the geological characteristics of commercial layers and deposits, an integrated geological, geophysical and well test data to produce a technological scheme and the project of industrial development of the field;

88) Natural gas - hydrocarbons, which are in gaseous phase at normal atmospheric temperature and pressure, including wet gas, dry gas, landfill gas, remaining after the extraction or separation of liquid hydrocarbons from wet gas, and non-hydrocarbon gas produced along with liquid or gaseous hydrocarbons;

89) utilization of natural and associated gas - providing the field of commercial collection of natural and associated gas in order to use it for technology needs and (or) his training to a marketable product;

90) liquidation fund - a fund formed by the subsurface user to eliminate the effects of mining operations in the Republic of Kazakhstan;

91) the historical cost - the total historical cost of exploration contract area

and exploration, incurred by the state, the geological information which is transferred to state ownership;

92) local content in the product - the percentage of value used local materials and cost producer of goods for processing of goods carried on the territory of the Republic of Kazakhstan in the final cost of the goods;

93) goods - equipment, finished products and other logistical value purchased for direct use in mining operations and for activities specified in the contract as a companion;

94) annual program of purchasing goods, works and services - a document compiled by subsurface, determines planned subsurface for one calendar year, the range and volume of goods and services, methods and timing of their acquisition;

95) medium-term program of purchasing goods, works and services - a document compiled by subsurface, determines planned them for a period of three years the range and volume of goods and services, methods and timing of their acquisition;

96) long-term program of purchasing goods, works and services - a document compiled by subsurface, determines planned them for a period of ten years or until the end of the contract, the range and volume of goods and services, the timing of their acquisition;

97) mining allotment - a document which is an integral part of the contract on the production, combined exploration and production, graphic and narrative defines the area of mineral resources on which the subsoil user has the right to conduct mining, construction and (or) the operation of underground facilities not related to exploration and (or) mining;

98) research and industrial development - the exploitation of deposits, or deposits of hydrocarbon raw materials for testing of new or previously known techniques that require testing in geological and physical conditions of the deposit to obtain additional data;

99) pilot project development - project document, being prepared to work for the extraction of hydrocarbon raw materials and providing start-up of deposits and (or) the deposits after the testing of new or previously known techniques that require testing in geological and physical conditions of the deposit to obtain additional data;

100) experimental-industrial production - mining operations conducted on the stage of evaluation survey to assess the commercial discovery in order to clarify the existing and obtain additional information about the geological structure of the corresponding section of subsurface geological conditions of mining, real and mineral composition of ores, processing, selection of mining equipment and method of operation of the deposit;

101) project of experimental-industrial production - a project document, compiled during the exploration of solid minerals in order to clarify the existing and obtain additional information about the geological structure of the

corresponding section of subsurface geological conditions of mining, real and mineral composition of ores, processing, selection mining equipment and method of development of the field;

102) Sea - surface and the water column and bottom of the Caspian and Aral seas within the Kazakh sector of the Caspian and Aral Seas;

103) marine scientific research - scientific research on the impact of mining operations at sea and their effects on the environment and biological diversity;

104) maritime security zone or security zone - the zone defined by the Government of the Republic of Kazakhstan, established around offshore structures to ensure human safety, biological resources of the sea, the environment, as well as shipping, fishing and other activities of individuals and entities on the sea in accordance with legislation of the Republic of Kazakhstan;

105) pollution of the sea - entry into the marine environment of materials, substances, energy, noise, vibration, and the formation of different types of radiation and the fields that cause harm or threaten harm to human health, living marine resources and marine ecosystem or interference with, or causing or capable of causing damage to persons or entities engaged in lawful activity in the sea or on its shores;

106) marine structures - artificial structures at sea, including artificial islands, dams, plants, fixed and floating equipment for oil operations at sea;

107) man-made mineral formations - Cluster mineral formations of rock, liquids and mixtures containing useful components, which are the waste of mining and beneficiation, smelting and other industries;

108) manmade water - water, removal of which is necessary for the conduct of technological processes in conducting mining operations;

109) a single method of calculating local content organizations in the procurement of goods and services - approved by the Government of the Republic of Kazakhstan, the procedure used to calculate the local content in the procurement of goods, works and services;

110) cross-border field - the field is located within the territory of the Republic of Kazakhstan or the sea, part of which is also located on the territory or at sea, under the jurisdiction of another adjacent or opposite state;

111) Crude oil - any hydrocarbons, regardless of their weight, extracted from the depths in the liquid state at normal atmospheric temperature and pressure, including liquid hydrocarbons known as distillate or condensate formed from natural gas by natural condensation;

112) search operations - the stage of exploration work carried out in order to identify and delineate potential sites and displays of minerals, determination of probable resources, their preliminary geological-economic evaluation and justification for further exploration;

113) project search operations - a project document, compiled during reconnaissance, determining the method and amount of exploration to ensure effective and comprehensive study of subsurface area covering the entire

territory of the subsoil, in order to identify and delineate potential sites and displays of minerals, determination of predictive resources, their preliminary geological-economic evaluation and justification for further exploration. Draft prospecting reflects the funding search works for years;

114) of associated gas - hydrocarbon gas contained in the composition of oil in the oil, gas and oil and gas deposits in the dissolved state and released from it when the pressure drops, as well as non-hydrocarbon gases extracted with liquid or gaseous hydrocarbons;

115) processing of associated gas - a set of measures to bring associated gas to a marketable product;

116) flaring of associated and (or) natural gas - the destruction of associated and (or) natural gas without the use;

117) incidental minerals - mineral complexes, minerals, metals and other chemical elements and their compounds, conjugates and extracted with the basic minerals, mining and processing are in the development of major minerals is cost-effective and economical use of which is economically feasible;

118) inland waters - lakes, artificial reservoirs and other surface water bodies;

119) e-procurement system - an electronic information system used by the organizer of the purchase (subsurface or persons authorized by the mining companies) to purchase goods and services produced and operated in accordance with the order of acquisition of goods, works and services during the mining operations approved by the Government Republic of Kazakhstan.

Article 2. Legislation of the Republic of Kazakhstan of Subsoil and Subsoil Use

1. Legislation of the Republic of Kazakhstan on subsoil and subsoil based on the Constitution of the Republic of Kazakhstan and consists of this Law and other regulations of the Republic of Kazakhstan.

2. Civil legal relations connected with the right of subsoil use are governed by civil legislation of the Republic of Kazakhstan, if they are not regulated by the provisions of this Act.

3. If an international treaty ratified by the Republic of Kazakhstan stipulates other rules than those contained in this Act, the rules of international treaty.

Article 3. Scope of this Act

1. This Law regulates relations arising from the conduct of mining operations.

2. Relations of the use and protection of soil, water (except ground water and mud), forests, flora and fauna, air, regulated by special legislation of the Republic of Kazakhstan.

3. Foreigners and foreign legal entities and stateless persons shall enjoy rights and bear responsibilities with regard to subsoil as citizens and legal entities of the Republic of Kazakhstan, unless otherwise stipulated by the laws of the Republic of Kazakhstan.

Article 4. Aims and objectives of the legislation of the Republic of Kazakhstan of subsoil and subsoil Use

1. The objectives of the legislation of the Republic of Kazakhstan on Subsoil and Subsoil Use are to ensure economic growth and protect the interests of the Republic of Kazakhstan and its natural resources.

2. Objectives of legislation of the Republic of Kazakhstan on Subsoil and Subsoil Use:

- 1) carrying out state policy in the field of subsoil use;
- 2) the regulation of relations in the conduct of mining operations;
- 3) providing a combination of national and regional interests;
- 4) ensuring the reproduction of mineral resources;
- 5) providing the legal basis for carrying out mining operations;
- 6) creating an enabling environment for attracting investment in the conduct of mining operations.

Article 5. Principles of Legislation of the Republic of Kazakhstan of subsoil and subsoil Use

Legal regulation of relations connected with the Subsoil and Subsoil Use, based on principles:

- 1) ensure the rational, integrated and safe use of mineral resources;
- 2) ensure the protection of mineral resources and environment;
- 3) transparency of mining operations;
- 4) charges for subsoil use.

Article 6. Safeguarding of integrated, rational and safe use of mineral resources

Mandatory condition of the mining operations is a cost-effective utilization of all types of soil resources through the use of high technology and good practice mining, as well as safety of life and health.

Article 7. Protection of mineral resources and environment

Mandatory condition of the right of subsoil use is to prevent contamination of subsoil and reduce the harmful effects of mining operations on the

environment.

Article 8. Publicity of subsoil operations

Provision of information relating to conduct mining operations and the contract shall be in accordance with this Law.

All interested persons have the right to consult a competent authority, the local executive bodies, the city of republican status, capital of:

- 1) the conditions of the tender for the right of subsoil use and content of the decision on the outcome;
- 2) compliance with the conditions of competition for contracts.

Transmission of the information accepted by the parties confidential, the public authorities, the Parliament of the Republic of Kazakhstan and local representative bodies is not a violation of confidentiality.

Article 9. Payment subsoil use

Relations in the sphere of subsoil use are built on a reimbursable basis, except as provided by this Act.

Article 10. Ownership of the mineral resources, mineral resources, man-made mineral formations and minerals

1. In accordance with the Constitution of the Republic of Kazakhstan subsoil and of their natural resources are state property.

State ownership of mineral resources is one of the main components of the national sovereignty of the Republic of Kazakhstan. The state provides access to mineral resources on terms, conditions and limits stipulated in this Law.

2. Unless otherwise stipulated by this law and contract, mineral subsoil user belongs by right of ownership (state-owned enterprise of the Republic of Kazakhstan - the right of economic management or operational management).

3. Technogenic mineral formations are the property of subsoil. In the development of man-made mineral formations subsoil user or a third person having ownership of the man-made mineral formations are required to hold public examination of mineral resources in respect of the stocks of those minerals that are contained in man-made mineral formations and extraction, the use (implementation), which did not provide terms of the contract on subsoil use and sign a contract with the competent authority.

4. Technogenic mineral formations, stocked until May 30, 1992, or included in the state fund of mineral resources are state property.

5. Ownership of the minerals extracted from man-made mineral formations in the public domain, is determined by the contract.

6. Subsoil user who minerals, manmade minerals, or minerals belong to the

ownership, right to dispose of mineral raw materials, man-made mineral formations or minerals, to make in respect of any of them are not prohibited by the legislation of the Republic of Kazakhstan civil transactions.

Article 11. Ownership of the geological information and the procedure for transfer

1. Geological information is in the public domain, if it is obtained through the budget of the Republic of Kazakhstan, and in the ownership of the subsoil user if it is received at its own expense subsoil.

2. Regardless of funding source, geological and other information on mineral resources shall be subject to a mandatory donation for storing, organizing, and generalizations to the authority on the study and utilization of mineral resources in accordance with procedures approved by the Government of the Republic of Kazakhstan.

3. Geological information is available on a fee or pro bono basis.

Geological information is available at no charge:

persons carrying out work related to the geological survey of the state budget;

for scientific purposes in cases where scientific research is financed from the state budget;

for training purposes - public and accredited private schools; public authorities.

Except as otherwise provided in this paragraph, information on mineral resources available for a fee. Regardless of the conditions provide information about the depths of the costs of copying it reimbursed the recipient of information separately.

Terms of use geological information held by public ownership, educational, scientific, commercial and export of geological information from the territory of the Republic of Kazakhstan approved by the Government of the Republic of Kazakhstan. P961357

4. The cost of geological information in the public domain, defined as the portion of the amount of historical costs. Payment for the geological information is made to the budget of the Republic of Kazakhstan.

The procedure for determining historical costs and the cost of geological information approved by the Government of the Republic of Kazakhstan.

5. Upon the termination of the contract all the geological information becomes the property of the state. Subsoil user is obliged to donate to the authorized body for the study and utilization of mineral resources, all documents and other material carriers of geological information.

Article 12. Preemptive and priority rights of state in the mineral resources

1. The Republic of Kazakhstan has the advantage over other persons entitled to purchase mineral subsoil at prices not exceeding the rates applied subsurface in transactions with related minerals existing on the date of the transaction, net of transportation costs and costs of implementation.

In the absence of information about the prices of minerals, subsurface applied in transactions, applied rates not exceeding the prevailing world market prices on the date of the acquisition by the state mineral.

Limit the amount of acquired mineral and form of payment determined by the contract.

The order of the prerogative of the Republic of Kazakhstan for the purchase of minerals determined by the Government of the Republic of Kazakhstan.

2. To preserve and enhance the resource and energy foundation of the economy of the country in the newly negotiated, as well as the previously concluded subsoil use contracts, except contracts for groundwater and common minerals, the state has a priority right in front of the other contracting party or parties to a legal entity possessing the right of subsoil use, and other persons to acquire the alienated for compensated and gratuitous basis of the right of subsoil use (or part thereof), and (or) objects associated with the right of subsoil use.

The provisions of this paragraph shall not apply to cases covered by paragraph 5 of Article 36 of this Law.

Article 13. Procedure for implementing pre-emptive right of state

1. In the case of intention to the person possessing the right of subsoil use and (or) object associated with the right of subsoil use, dispose of the subsoil use right (or part thereof), and (or) object associated with the subsoil use right, the state through national management holding company, a national company or an authorized state body has a priority right to acquire subsoil use right (or part thereof), and (or) object associated with the right of subsoil use.

Decision on behalf of the Government of the Republic of Kazakhstan to acquire National Holding Company, or national alienated subsoil use right (or part thereof), and (or) object associated with the subsoil use right shall be taken by the competent authority in the prescribed manner.

2. Unless otherwise provided by this Act, a person who intends to dispose of subsoil use rights owned by him (or part thereof), and (or) object associated with the right of subsoil use, transmit to the competent authority an application for the alienation of the subsoil use right (or part thereof), and (or) object related to the right of subsoil use.

Statement on the alienation of the subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, must be in Kazakh and Russian languages and contain the information prescribed by paragraph 2 of Article 37

of this Act.

3. Competent authority within twenty working days from the date of receipt of the application makes to the interministerial committee on the implementation of the priority rights of the state materials needed to make a proposal to acquire (the refusal of the acquisition) alienated subsoil use right (or part thereof), and (or) objects associated with the right of subsoil use.

4. Interministerial Commission for the implementation of the priority rights of the state within thirty days from the date of receipt of the relevant materials shall consider the application and other materials to meet the requirements of legislation of the Republic of Kazakhstan on National Security and makes recommendations on the acquisition (the refusal of the acquisition) state alienated subsoil use right (or part thereof) and (or) object associated with the right of subsoil use.

In the case of development of the Interdepartmental Commission on implementation of the priority recommendations of the State's right to acquire the alienated subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, National Holding, or national company, announced their intention to effect such acquisition, Inter-Ministerial Commission recommends that the competent authority to determine the national management holding company or national such purchaser on behalf of the state.

In the case of development of the Interdepartmental Commission on implementation of the priority recommendations of the State's right to acquire the alienated subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, in the absence of intent on the part of the national manager of the holding or a national company for the acquisition, the question is submitted to consideration of the Government of the Republic of Kazakhstan for the determination of the public agency authorized to purchase.

5. Interministerial Commission for the implementation of the priority rights of the state has the right to request and obtain from the applicant and other persons of any additional materials needed to make recommendations on the acquisition (the refusal of the acquisition) alienated subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, including documents on financial and economic condition of subsoil users, as well as entities that have the ability to directly and (or) indirectly determine and (or) influence on the decisions taken by the subsoil.

6. Recommendations of the Interdepartmental Commission on implementation of the priority rights of the state on the acquisition (the refusal of the acquisition) state alienated subsoil use right (or part thereof), and (or) object associated with the right of subsoil use in the protocol, which is transmitted to the competent authority.

7. The decision to purchase the alienated subsoil use right (or part thereof), and (or) object associated with the subsoil use right shall be made in national management holding company or a national or a specific Government of the

Republic of Kazakhstan government agency authorized to purchase.

8. After receiving the decision of the competent authority to acquire the alienated subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, national managing holding a national company or an authorized State agency initiates a process of negotiations with subsoil or a person with an object related to subsoil use right .

Acquisition of National Holding, a national company or an authorized state body alienated subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, carried out on terms not worse than that offered by other applicants.

In the case of alienation of the subsoil use right (or part thereof), and (or) object associated with the right of subsoil use on free base, as well as in the case of transfer of subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, the authorized capital of the legal person acquiring such objects is carried at market value as determined in accordance with Kazakhstan legislation on valuation activities.

9. Terms of the acquisition of the subsoil use right (or part thereof), and (or) object associated with the subsoil use right shall not exceed six months from the date of the decision to acquire subsoil use right (or part thereof), and (or) object associated with the right of subsoil use.

Article 14. Restriction and prohibition of use of subsoil

1. Use of individual subsurface resources may be restricted or prohibited by a decision of the Government of the Republic of Kazakhstan in order to ensure national security, public safety and environmental protection.

2. Subsoil in the residential areas, suburban areas, industrial facilities, transportation and communication may be partially or totally prohibited by a decision of the Government of the Republic of Kazakhstan in cases where such use could endanger human life or health, damage the economic objects or the environment.

3. Use of natural resources within protected areas is carried out in accordance with the laws of the Republic of Kazakhstan in the sphere of protected areas.

Article 15. Requisition of minerals

1. In case of emergency or martial law government of Kazakhstan has the right to requisition all or part of minerals belonging to the subsoil user. Requisition can be done in the amounts necessary for the needs of the Republic of Kazakhstan, during the entire period of emergency or martial law. Requisition of minerals can be produced from any subsoil regardless of ownership.

2. The Republic of Kazakhstan guarantees compensation for requisitioned

minerals in kind or by paying their value to foreign subsoil user in a freely convertible currency, and national subsoil user - in national currency at a price not exceeding the rates applied subsurface in transactions with related minerals at the date of requisition, minus transportation costs and costs of implementation.

Chapter 2. State regulation in the sphere of subsoil use

Chapter 2. State regulation in subsoil

Article 16. Competence of the Government of the Republic of Kazakhstan

The Government of the Republic of Kazakhstan:

- 1) organize management of state fund of mineral resources as an object of public property;
- 2) develop the main directions of state policy in the field of mining, strategic and tactical measures for its implementation;
- 3) approve the common rules for the sustainable and integrated management of mineral resources in the exploration and mining;
- 4) determine the areas of mineral resources and deposits, designed to meet state needs in the strategic types of minerals;
- 5) establish restrictions and prohibitions on the use of natural resources in order to ensure national security, public safety and environmental protection;
- 6) determines the order of conservation areas for the conservation of mineral resources mineral resources for future generations;
- 7) approve the list of subsoil plots, fields of strategic importance;
- 8) defines a list of common minerals;
- 9) determine the procedure of granting the right of subsoil use;
- 10) approve the list of subsoil, except for the subsoil, containing widespread mineral deposits to be placed on competition;
- 11) approve model contracts;
- 12) approve the provision of the State Commission for Mineral Reserves of the Republic of Kazakhstan and inter-regional commissions on mineral resources;
- 13) defines the authority to enter into and execute contracts for subsoil use for certain types of minerals, with the exception of common, unless otherwise stipulated by the laws of the Republic of Kazakhstan and the acts of the President of the Republic of Kazakhstan;
- 14) approve the lists of geological, geomorphological and hydrogeological objects of the natural reserve fund of national and international importance and determines the order of their limited economic use in protected natural areas, and also approves the lists of license areas of special ecological, scientific, cultural and other values, classified as protected areas of national importance;
- 15) approve the procedure for purchasing goods, works and services during

the mining operations;

16) approve the procedure for creating and maintaining the register of goods and services used during mining operations, and producers, including the criteria for their evaluation for inclusion in the register;

17) determine the procedure to monitor and control compliance with the conditions of contracts;

18) defines the procedure for issuing permits for building areas of mineral deposits;

19) determines the order of disposal of hazardous substances, radioactive waste and sewage into the bowels;

20) approve technical regulations in the mineral resources;

21) approve the provision of the first discoverers of deposits of the Republic of Kazakhstan;

22) regulates the export of oil, including through the adoption (changes) of Customs, protective, antidumping and countervailing duties, quotas on exports of oil;

23) establishes quantitative restrictions (quotas) for oil transportation by different modes of transport;

24) determines the order of a unified database of production and circulation of oil;

25) approve the procedure for determining the actual location of the shoreline;

26) approve the composition of the Interdepartmental Commission on implementation of the priority rights of the state and position on it;

27) Approves the Commission to conduct competitions for the right of subsoil use and provision of it;. P060145

28) determines the order of the prerogative of the Republic of Kazakhstan for the purchase of minerals;

29) approve the rules of use of geological information held by public ownership, educational, scientific, commercial and export of geological information from the territory of the Republic of Kazakhstan;. P961357

30) approve the rules of the establishment, operation and use of artificial islands, dams, buildings and installations, as well as other projects related to oil operations;. P960772

31) establishes the procedure for State monitoring of subsoil;. P970106

32) determines the order of presentation of the national company of state interests in contracts involving equity participation in the national company;

33) approve the procedure for submission of reports on mining companies carrying out mining operations;

34) establishes standards and requirements for materials and substances necessary for carrying out cleaning works of the sea;

35) establishes rules for the implementation of the project appraisal contracts for subsoil use;

36) approve the procedure for conducting oil operations at sea, inland waters, in areas of extreme ecological situation and in protected natural areas;. P970105

37) approve the rules of measurement and weighing of the oil produced in the subsurface of the contract area;. P060478

38) approve the calculation methodology standards and flaring, and (or) natural gas during oil operations;

39) establishes the procedure for the inclusion of mineral resources in the state balance and take them off the public balance sheet;

40) approve the procedure for issuing permits for flaring of associated and (or) natural gas;. V064105

41) establishes the procedure for keeping the state inventory and deposits of minerals;

42) establishes the procedure for keeping the state inventory of burial of hazardous substances, radioactive waste and sewage into the bowels;

43) approve the procedure for providing information on the state balance of mineral reserves government agencies;. P060275

44) approve the rules of service subsoil professional rescue services;

45) establishes the procedure for determining the amount of damage caused by violation of the requirements for the management of mineral resources;

46) approve the procedure for determining historical costs and the cost of geological information;

47) determines the order granting the right of subsoil use for the construction and (or) the operation of underground facilities not related to the exploration and production, as well as the construction and (or) the operation of underground facilities not related to the exploration and production;

48) establishes the procedure for concluding the contract (agreement) on the state geological studies;

49) establishes the procedure for conducting marine scientific research;. P960693

50) shall decide on the construction of pipelines;

51) approve the rules of elimination and preservation of subsurface objects;

52) approve the presentation of the geological report on the status of the subsoil;. P050638

53) approve the procedure for keeping the state inventory of man-made mineral formations;

54) approve the rules of acquiring goods, works and services during mining operations by the State Information Systems Directory of goods, works and services used during mining operations, and their manufacturers;

55) approve a unified methodology for calculating the local content organizations in the procurement of goods, works and services;

56) approve the use of capacities of the main pipelines and railroad trestles on the availability of bandwidth capacity;

57) approve the procedure for synchronization of e-procurement with the work of the registry of goods and services used during mining operations, and their manufacturers;

58) approve the procedure for issuing a permit for exploration and production technology of groundwater volumes and more than two thousand cubic meters per day for injection into the reservoir in accordance with the technological scheme of mining or extraction of groundwater for dewatering at mining operation ;. P080261

59) approve the procedure for calculating the minimum local content in goods, works and services during the mining operations to include in the conditions of competition for the right of subsoil use;

60) approve the form and procedure for the preparation and submission of annual, medium-and long-term programs, procurement of goods, works and services, reports subsoil of purchased goods, works and services and the performance of obligations for the local content in frames;

61) approve the form and procedure for compiling and reporting of subsurface users on the performance of an amount of expenditure allocated to education, training and retraining of workers who are nationals of the Republic of Kazakhstan, involved in the execution of the contract, or the training of citizens of the Republic of Kazakhstan to the list of specialties, in coordination with the competent body;

62) approve the procedure for determining the cost of research and development activities in the territory of the Republic of Kazakhstan, required to perform work under the contract;

63) perform other functions assigned to him by the Constitution, this Law and other laws of the Republic of Kazakhstan and the acts of the President of the Republic of Kazakhstan.

Article 17. The powers of the competent authority

The powers of the competent authority is:.. P100454

1) approval of the central committee on exploration and development of mineral resources and the assertion of its composition;

2) preparation and organization of the tender for subsurface use rights to conduct exploration, production and combined exploration and mining operations, except for widespread;

3) provision of subsoil use rights to conduct exploration, production and combined exploration and mining operations, except for widespread;

4) negotiate with the operators of the conditions of the contract for exploration, production, combined exploration and production, except for a contract for exploration, extraction of common minerals;

5) The examination of draft contract documents for the exploration, production, combined exploration and production, with the exception of draft

contract documents for the exploration, extraction of common minerals;

6) organization of the expertise of the mining contracts in terms of determining a list of works related to primary processing (enrichment) of mineral raw materials, to ensure the economic interests of the Republic of Kazakhstan, including the complete payment of taxes in accordance with rules established by the Government of the Republic of Kazakhstan;

7) Finally, the state registration and storage contracts, except contracts for the exploration, extraction of commonly occurring minerals in the state geological survey and the construction and (or) the operation of underground facilities not related to the exploration and production;

8) representation and the enforcement interests of the Republic of Kazakhstan in the contracts for exploration, production, combined exploration and production, with the exception of contracts for exploration, extraction of commonly occurring minerals in accordance with the authority established by legislation of the Republic of Kazakhstan;

9) the monitoring of mining companies contracts, except contracts for the exploration, extraction of commonly occurring minerals in the state geological survey and the construction and (or) the operation of underground facilities not related to the exploration and production;

10) adoption on the basis of recommendations of the Interdepartmental Commission on implementation of the priority rights of the state purchasing decisions (rejection of the acquisition) alienated subsoil use right (or part thereof), and (or) object associated with the right of subsoil use;

11) issue on the basis of proposals of the expert commission on mineral resources permit (denial of a permit) for the alienation of the right of subsoil use (or part thereof), and (or) objects related to subsoil use right, the transfer of subsoil use rights as collateral (or part thereof), and (or) interest (stake) in a legal entity possessing the subsoil use right, as well as recording transactions for the transfer of subsoil use rights as collateral in accordance with Articles 36 and 37 of this Act, except in the subsoil use right in respect of common minerals;

12) Enforcement and termination of contracts for exploration, production, combined exploration and production, with the exception of contracts for exploration, extraction of common minerals;

13) the annual report to President and Government of the Republic of Kazakhstan on the implementation of the contractual conditions of contracts for exploration, production, combined exploration and production, with the exception of contracts for exploration, extraction of common minerals;

14) development of draft lists of subsoil, except for the subsoil, containing widespread mineral deposits to be placed on competition;

15) a decision on renewal of contracts for exploration, production, combined exploration and production, with the exception of contracts for exploration, extraction of common minerals;

16) conducting on behalf of the President or the Government of the Republic

of Kazakhstan, negotiations and agreements with the relevant authorities of other states, providing the possibility of execution of the contract;

17) position statement on the expert commission on mineral resources;

18) determine the minimum amount of mineral processing in the territory of the Republic of Kazakhstan shall provide the Bidder;

19) granting to the authority to regulate industrial policy for the arch and the analysis of general information for the local content in the subsoil procurement of goods, works and services in accordance with the laws of the Republic of Kazakhstan;

20) Project Development of model contracts;

21) to monitor and control the execution of contract mining companies, including the commitment to local content in the procurement of goods, works and services and local content in frames;

22) Development of order to monitor and control compliance with the conditions of contracts;

23) collects and analyzes information on quantities produced, manufactured and planned for next year after the reporting period the procurement of goods, works and services provided to mining companies and (or) persons authorized by mining companies to purchase goods, works and services for mining operations;

24) collects and analyzes information on planned for the medium and long term procurement of goods, works and services provided to mining companies and (or) persons authorized by mining companies to purchase goods, works and services for mining operations;

25) monitor compliance with mining companies about the procurement of goods, works and services during the mining operations;

26) request information from the national registry of identification numbers;

27) position statement on the working group to conduct direct talks on granting the right of subsoil use for exploration and mining activities and its composition;

28) exercise other powers stipulated in this Law, other laws of the Republic of Kazakhstan, Acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 18. The competence of the authorized body in oil and gas scope

The competence of the authorized body in the oil and gas include:

1) conduct on behalf of the President or the Government of the Republic of Kazakhstan, negotiations and agreements with the relevant authorities of other states to ensure that the construction and operation of pipelines and other means of transportation on their territories for the export of oil;

2) ensuring the formation of strategic oil reserves and record their location on the territory of the Republic of Kazakhstan;

3) The scheduling (annual and monthly) the amount of oil for processing in the domestic market of the Republic of Kazakhstan in the amount necessary to meet the needs of the domestic market of combustive-lubricating materials, if needed;

4) state control over compliance with safety requirements for oil and processes of its life cycle, established by technical regulations;

5) approval of the program development process associated gas, making changes and additions to the approved program of gas utilization and development programs associated gas processing in coordination with the competent authorities in the field of environmental protection and the study and use of mineral resources;

6) Authorizing the flaring of associated and (or) natural gas wells in the test object, test operation of the field is technologically inevitable burning of gas during commissioning, operation, maintenance and repair of process equipment;

7) develop procedures for determining the actual location of the shoreline;

8) development of the conduct of a single database production and trafficking of oil;

9) development of rules of the establishment, operation and use of artificial islands, dams, buildings and installations, as well as other projects related to oil operations;

10) development of rules of measurement and weighing of the oil produced by the subsurface user in the contract territory;

11), elaboration of oil operations at sea, inland waters, in areas of extreme ecological situation and in protected natural areas;

12) development of the procedure for conducting marine scientific research;

13) elaboration of the order of power pipelines and railroad trestles on the availability of bandwidth capacity;

14) development of methods of calculation standards and flaring, and (or) natural gas during oil operations;

15) approval of forms and deadlines for reporting on the performance of the program development process associated gas;

16) implementation of state regulation of oil production in accordance with the development projects, as well as its turnover;

17) definition for the subsoil volume of crude oil on the domestic market of the Republic of Kazakhstan for processing based on the economic performance of a feasibility study to a contract at the time of the signing of the limits of the price of crude oil taken in the feasibility study;

18) development of technical regulations and approval of regulatory and technical documents related to oil operations, oil transportation;

19) analyzing and assessing risk of harm to human life and health and the environment in the area of oil operations and transportation of oil;

20) the development of the authorization of the flaring of associated and (or) natural gas;

21) in collaboration with the competent authority to regulate industrial policy forms and procedure for compiling and reporting of subsurface users on the performance of an amount of expenditure allocated to education, training and retraining of workers who are nationals of the Republic of Kazakhstan, involved in the execution of the contract, or the training of citizens Republic of Kazakhstan to the list of specialties, in coordination with the competent authority;

22) in collaboration with the competent authority to regulate industrial policy forms and procedure for compiling and submission of annual, medium- and long-term programs, procurement of goods, works and services, reports subsoil of purchased goods, works and services and the performance of obligations for the local content in frames;

23) in collaboration with the competent authority to regulate industrial policy, procedures for determining the cost of research and development activities in the territory of the Republic of Kazakhstan, required to perform work under the contract;

24) exercise other powers stipulated in this Law, other laws of the Republic of Kazakhstan, Acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 19. The competence of the authorized body in the regulation of industrial policy

The competence of the authorized management of industrial policy include:

1) position statement on interregional commissions on exploration and development of common minerals;

2) development of technical regulations and approval of regulatory and technical documents for the study and use of mineral resources, as well as in the mineral resources, except for areas of oil operations;

3) development of the State Commission on Mineral Resources of the Republic of Kazakhstan and the inter-commission on mineral resources;

4) development of the first discoverers of the mineral deposits of the Republic of Kazakhstan;

5) To develop common rules for the sustainable and integrated management of mineral resources in the exploration and mining;

6) develop procedures for procuring goods, works and services during the mining operations;

7) development of the order of disposal of hazardous substances, radioactive waste and sewage into the bowels;

8) development of rules for the use of geological information held by public ownership, educational, scientific, commercial and export of geological information outside the territory of the Republic of Kazakhstan;

9) development of the procedure for State monitoring of the subsoil;

- 10) develop procedures for determining the historical cost and value of geological information;
- 11) development of procedures for concluding the contract (agreement) on the state geological studies;
- 12) development of rules of liquidation and conservation of objects of subsoil use;
- 13) the development of the presentation of the geological report on the status of the subsoil;
- 14) elaboration of the order of the state cadastre of technogenic mineral formations;
- 15) development of rules of acquisition of goods, works and services during mining operations by the State Information Systems Directory of goods, works and services used during mining operations, and their manufacturers;
- 16) develop a single methodology for calculating the organizations of local content in the procurement of goods, works and services;
- 17) sync order for the development of e-procurement activities with the work of the registry of goods and services used during mining operations, and their manufacturers;
- 18) develop procedures for issuing permits for exploration and production technology of groundwater volumes and more than two thousand cubic meters per day for injection into the reservoir in accordance with the technological scheme of mining or extraction of groundwater for dewatering at mining operation ;
- 19) the implementation of methodological guidance to the local executive bodies of oblasts, cities of republican status, capital to build the list of goods and services produced in the region, the city of republican status, capital, and their manufacturers;
- 20) approval in coordination with the competent authority in the field of oil and gas priority list of high-tech industries, developed in the Republic of Kazakhstan;
- 21) develop the procedure for calculating the minimum local content in goods, works and services during the mining operations to include in the conditions of competition for the right of subsoil use;
- 22) in collaboration with the competent authority in the field of oil and gas forms, and order preparation and submission of annual, medium-and long-term programs, procurement of goods, works and services, reports subsoil of purchased goods, works and services and the performance of obligations for the local content in frames;
- 23) in collaboration with the competent authority in the field of oil and gas forms and procedure for compiling and reporting of subsurface users on the performance of an amount of expenditure allocated to education, training and retraining of workers who are nationals of the Republic of Kazakhstan, involved in the execution of the contract, or the training of citizens Republic of

Kazakhstan to the list of specialties, in coordination with the competent authority;

24) in collaboration with the competent authority in the field of oil and gas costing on research and development activities in the territory of the Republic of Kazakhstan, required to perform work under the contract;

25) forming and maintaining a register of goods and services used during mining operations, and producers, as well as the development of assessment criteria for inclusion in the register;

26) exercise other powers stipulated in this Law, other laws of the Republic of Kazakhstan, Acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 20. The competence of the authorized body for the study of and utilization of mineral resources

The authorized body for the study and utilization of mineral resources:.
P041237

1) implements the state policy in the field of geological study and comprehensive utilization of mineral resources;

2) issue and revoke permits for exploration and extraction of underground production and technical water in quantities of two thousand or more cubic meters per day in the cases provided for in paragraph 6 of Article 35 of this Act;

3) grants the right of subsoil use and contracts (agreements) for the state geological survey;

4) enter into contracts for the construction and (or) the operation of underground facilities not related to the exploration and production;

5) organize and conduct public examination of entrails, says mineral reserves;

6) organize and conduct economic examination of design and construction documents for works in the field of public geological survey;

7) would organize and lead the state balance of mineral reserves, inventories of public deposits and occurrences of minerals of dangerous geological processes;

8) determines the amount of historical costs, prices and conditions for obtaining geological information;

9) organize and maintain a national and regional funds of geological information;

10) monitor compliance with mining companies legislation of the Republic of Kazakhstan "On Subsoil and Subsoil Use and Subsoil Use of the established order in respect of the common minerals;

11) within its competence, monitor and control the execution of contract mining companies;

12) is developing a regulatory and technical documents for the study and use

of mineral resources;

13) submits proposals to the competent authority on the formation of draft lists of subsoil to be on tender;

14) exercises control over rational and complex utilization of mineral resources, including primary processing (enrichment) of mineral raw materials;

15) provides geological and mining challenges;

16) organizes and maintains the state inventory of man-made mineral formations;

17) approve the draft contracts and work programs;

18) shall state accounting of groundwater, based on census data of groundwater use, water users and submitted to the Hydrometeorological Service;

19) maintains the State Water Cadastre to groundwater;

20) accords permission to use groundwater for drinking purposes not related to drinking and domestic water supply in areas where no surface water bodies, but there are sufficient reserves of groundwater drinking water quality;

21) accords permission for protection measures to prevent the depletion of underground water resources;

22) coordinates the limits of water use on groundwater bodies on the river basin schemes and standards for maximum allowable negative impacts on water bodies;

23) negotiates terms of placement, design, construction, and commissioning of plants and other facilities on water bodies, riparian buffer zones and bands;

24) coordinates the project documentation for drilling and other mining operations, construction projects of communications through the underground water;

25) gives the conclusion of the construction, reconstruction, operation, preservation, liquidation of enterprises and other structures that affect the status of groundwater bodies, as well as groundwater extraction directly from the underground water bodies in not-centralized drinking water supply;

26) agrees to permit flaring and (or) natural gas flaring in the cases stipulated by this Law;

27) based on the recommendations of the Central Commission for exploration and development of mineral claims project documents;

28) contributes to the local executive authority area, the city of republican status, capital proposals for a draft lists of license areas containing widespread mineral deposits to be placed on competition;

29) approve the provision of a working group to conduct direct talks on granting the right of subsoil use for the construction and (or) the operation of underground facilities not related to the exploration and production, and its composition;

30) approve the procedure for carrying out economic assessment of design and estimate documentation of objects related to the work on the state geological survey and monitoring of mineral resources, conservation, elimination of oil, gas

and water wells;

31) approve standard time and prices for works in the area of the state geological survey and monitoring of mineral resources in coordination with the competent authority for labor;

32) defines the terms and conditions of the test operation of stock deposits;

33) exercise other powers stipulated in this Law and the laws of the Republic of Kazakhstan.

Article 21. The Central Commission for exploration and development minerals and inter-regional commission for exploration and development of widespread minerals

1. The main task of the central committee is to ensure the application of the most effective methods of exploration and development of mineral deposits and groundwater.

Recommendations of the Central Commission on matters within its competence, the protocol shall be adopted by the authorized body for the study and utilization of mineral resources, is binding for all businesses regardless of ownership, including foreign entities engaged in the design and implementation of exploration and development minerals on the territory of the Republic of Kazakhstan.

The organization of the central committee and inter-committees, their composition, collection and storage of materials and documents determined by the position of the central committee and the inter-regional commissions to be approved by the competent authority.

The competent authority may engage in the central committee members (experts), NGOs, research institutes, organizations, and others.

2. Timing of review by the Central Commission issues under its jurisdiction, shall not exceed five months.

3. The competence of the central committee is ensuring the application of the design the most effective methods of exploration and development of mineral resources and groundwater.

4. The Central Commission shall perform the following functions:

1) consider and submit to the authority on the study and use of subsoil recommendations for approval or denial of approval of project documents submitted by mining companies on exploration and development of mineral resources, except for common minerals, supplements and amendments thereto;

2) transmit to the authorized body for the study and use of subsoil recommendation to extend the timing of the trial operation fields;

3) transmit to the authorized body for the study and use of subsoil recommendations for design organizations and subsoil to improve management and comprehensive utilization of mineral resources;

4) ensure the application of project documents the most effective methods

and technologies for exploration and exploitation of minerals;

5) considers the development of research, planning organizations and subsoil on mineral resources, reliable accounting, sustainable and integrated management of mineral resources.

5. The Central Commission shall have the right:

1) request from the research, planning organizations and subsoil reference and other materials on mineral resources, sustainable and integrated use of mineral resources;

2) submit recommendations to the authority on the study and utilization of mineral resources on the need for mining companies additional expertise in research institutions and government agencies to submit project documents within their competence;

3) encourage organizations to design and subsoil users to use new forms and methods of research, planning organizations and subsoil on mineral resources, reliable accounting, sustainable and integrated management of mineral resources.

6. The powers of the inter-regional commissions include the consideration and amendment of the relevant territorial unit of the authorized body for the study and utilization of mineral resources of recommendations for approval or denial of approval of project documents submitted by mining companies on exploration and development of common minerals, supplements and amendments thereto.

Article 22. Tasks, functions and powers of the Commission of competitions for the giving rights to mining industry and competitive commissions on granting the right of subsoil use exploration or extraction of commonly occurring minerals

1. The main tasks of the Commission to conduct competitions for the right of subsoil use are:

1) Review and evaluate bids for the right to subsoil use for exploration, production, combined exploration and mining activities, except for widespread;

2) to determine the winner from among the participants of the tender for subsurface use rights for the exploration, production, combined exploration and mining of mineral resources, except for the commonly occurring.

2. Functions of the Commission to conduct competitions for the right of subsoil use are:

1) timely and qualitative review of bids;

2) objective and comprehensive assessment of the submitted bids.

3. Commission to conduct competitions for the right of subsoil use is entitled to:

1) to evaluate, compare the bids submitted for the contest;

2) to determine the winner;

- 3) failed to recognize the contest on the grounds established by this Law;
- 4) request relevant information from government bodies, organizations and other persons;
- 5) to hear at the meetings of the committee members, government officials, organizations and other persons;
- 6) to reject the bid on the grounds established by this Law;
- 7) engage in appropriate experts, from among experts in relevant fields;
- 8) exercise other rights stipulated by the legislation of the Republic of Kazakhstan.

4. The main objectives of competitive commissions on granting the right of subsoil use for exploration or production of common minerals that are created by an Act of the local executive body area, the city of republican status, capital are:

- 1) Review and evaluate bids for the right to subsoil use for exploration or production of common minerals;
- 2) to determine the winner from among contestants for the right of subsoil use for exploration or production of common minerals.

Competition Commission for granting the right of subsoil use for exploration or production of common minerals perform the functions specified in paragraph 2 of this article and have the rights specified in paragraph 3 of this article.

Article 23. Tasks, functions and powers of the Interagency Commission on the implementation of priority rights of the state

1. The main tasks of the Interdepartmental Commission on implementation of the priority rights of the state:

- 1) Consideration of appeals for the alienation of the subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, taking into account the requirements of this Act and the laws of the Republic of Kazakhstan on National Security;

- 2) develop proposals for the implementation of the priority right of the state.

2. The functions of the Interdepartmental Commission on implementation of the priority rights of the state include:

- 1) Consideration of applications for the alienation of subsoil subsoil use right (or part thereof) with respect to contracts for subsoil use;

- 2) Review of statements of persons on the alienation of their interests (shares) in legal entities possessing the right of subsoil use;

- 3) consideration of the applications of persons for the alienation of their interests (shares) in legal entities that have the ability to directly and (or) indirectly determine and (or) influence on the decisions taken by the subsoil user if the data entities associated with the main activity subsoil use in Kazakhstan;

- 4) develop, validate and submit to the authority offers to purchase or refuse to purchase state of the alienated object associated with the right of subsoil use.

3. Interministerial Commission for the implementation of the priority rights of the state is entitled to:

- 1) interact with the central executive and other government agencies and organizations;
- 2) invite to the meeting and to hear representatives of government agencies, organizations, officials and citizens on matters within its competence;
- 3) in accordance with the legislation of the Republic of Kazakhstan, to request and receive from government agencies, organizations, officials and citizens of the materials necessary to carry out its functions.

Article 24. Tasks, functions and rights of the expert committee on mineral resources and expert committees on mineral resources exploration or extraction of common minerals

1. The main task of the expert commission on mineral resources is to develop proposals to the competent authority on the matters specified in paragraph 2 of this article relating to trafficking in the subsoil use right (or part thereof), and (or) objects associated with the right of subsoil use for exploration and (or) mineral minerals, except for common minerals.

2. The functions of the expert commission on mineral resources includes consideration of applications, development, support and make proposals to the competent authority to grant (or refusal to issue) a permit to:

- 1) alienation of the right of subsoil use (or part thereof) with respect to contracts for subsoil use;
- 2) dispose of objects related to subsoil use right;
- 3) the transfer of subsoil use rights as collateral (or part thereof), stakes (shares) in legal entities possessing the right of subsoil use;
- 4) participation in public auction for the sale (sale) of the subsoil use right (or part thereof), objects related to subsoil use right in cases of foreclosure, including the mortgage, such a right of subsoil use (part of) the objects associated with the right Mining industry;
- 5) participation in public auction for the sale (sale) of the estate, which includes the right of subsoil use (part of) objects related to subsoil use right, the implementation of bankruptcy procedures;
- 6) acquisition of the mortgagee of mortgaged the subsoil use right (or part thereof), interest (stake) in a legal entity possessing the subsoil use right, in the case of invitations to tender for the sale of the pledged right of subsoil use (or part thereof), interest (stake) in a legal entity with the right of subsoil use, failed;
- 7) acquisition of rights to share in a legal entity possessing the subsoil use right, as a result of capital increase by entering one or more parties of the additional contributions, as well as through the adoption of a new participant in the composition of the entity;
- 8) the primary issuance of the formal market of securities shares or other

securities evidencing ownership of shares or securities convertible into shares of a legal entity that is a subsurface, a legal entity which has the ability to directly and (or) indirectly define decisions and (or) to influence decisions taken in such a subsurface, if such legal entity's main activities are related to subsoil use in Kazakhstan, including the initial public offering on the organized securities market of securities issued under the additional issuance;

9) change obligations under the Work Program, contract;

10) extension of the contracts.

On behalf of the competent authority of the expert commission on mineral resources is considering other issues related to subsoil use, develops and brings to the competent authority of the proposals on them.

3. The expert commission on mineral resources and related rights is entitled to:

1) interact with the central executive and other government agencies and organizations;

2) invite to the meeting and to hear representatives of government agencies, organizations, officials and citizens on matters within its competence;

3) in accordance with the legislation of the Republic of Kazakhstan, to request and receive from government agencies, organizations, officials and citizens of the materials necessary to carry out its functions.

4. The main task of the expert commission on mineral resources exploration and extraction of common minerals that are created when the local executive bodies of the area, the city of republican status, capital, is developing proposals to local executive bodies of the area, the city of republican status, capital of the matters specified in paragraph 2 of this article related to trafficking in the subsoil use right for exploration or production of common minerals and (or) interests (shares) in legal entities possessing the right of subsoil use for exploration and (or) production of commonly occurring minerals.

Expert committee on mineral resources exploration and extraction of common minerals perform the functions specified in paragraph 2 of this article.

On behalf of the relevant local executive bodies, city of republican status, capital of the expert commission on mineral resources exploration and extraction of common minerals may consider other matters related to subsoil use for exploration or production of common minerals, produce and contribute to the local executive bodies of the region City republican status, capital of the proposals on them.

Expert committee on mineral resources exploration and extraction of common minerals have the rights specified in paragraph 3 of this article.

Article 25. The competence of the authorized body on environment

The authorized body in the field of environmental protection:

1) exercise state control over protection of the subsoil;

- 2) maintains the state inventory of burial of hazardous substances, radioactive waste and sewage into the bowels;
- 3) defines collaboration with the competent authority on the study and use of the subsurface extent of the damage caused by violation of the requirements for the protection of mineral resources;
- 4) coordinates the issuance of building permits and (or) the operation of underground facilities not related to the exploration and production, the contract territory or abroad and intended for the disposal of radioactive waste, hazardous substances and waste water;
- 5) coordinates the program of activities to prevent accidents and other hazards in the petroleum operations, construction and operation of pipelines;
- 6) exercise state control over conservation and liquidation of subsurface objects;
- 7) carry out environmental impact assessment of draft contracts for exploration, production, combined exploration and production;
- 8) coordinates the draft lists of subsoil, except for the subsoil, containing widespread mineral deposits to be placed on competition;
- 9) exercise other powers stipulated in this Law, other laws of the Republic of Kazakhstan, Acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 26. Competence of other authorized bodies on subsoil use

1. The authorized body on matters of employment:
 - 1) develop and adopt in consultation with the competent authority of the methodology of calculation of local content in the frame;
 - 2) is involved in monitoring the performance of mining companies contractual obligations for the local content in frames, as well as to establish the conditions and remuneration of Kazakh personnel on a non-discriminatory basis;
 - 3) approve the procedure for calculating the minimum local content in the frame;
 - 4) in the manner agreed with the competent authority, provides the conditions for inclusion in the competition for the right of subsoil use the minimum local content in frames;
 - 5) exercise other powers stipulated by laws of the Republic of Kazakhstan, Acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.
2. The authorized body in the field of education and science:
 - 1) develop and adopt in consultation with the competent authority of the methodology of calculation of minimum requirements for training Kazakh specialists;
 - 2) is involved in monitoring the performance of mining companies contractual obligations under the training of Kazakhstani specialists;

3) approve the procedure for calculating the minimum number of Kazakh personnel as a percentage of total staff, to be learning;

4) in the manner agreed with the competent authority, provides the conditions for inclusion in the competition for the right of subsoil use the minimum number of Kazakh personnel as a percentage of total staff, to be learning;

5) exercise other powers stipulated by laws of the Republic of Kazakhstan, Acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 27. Jurisdiction of local executive bodies region, city of republican value capital

Local executive bodies of the area, the city of republican status, capital:

1) provide a subsoil user land on the land use rights in the amount and term of that contract are determined in accordance with the land laws of the Republic of Kazakhstan. If necessary, make the removal for the specified purposes of land from a private owner or land in the manner prescribed by the land legislation of the Republic of Kazakhstan;

2) exercise within its competence, control over the protection of land and water areas provided for carrying out mining operations, compliance with the subsurface environmental safety and preservation of archaeological monuments and other sites of historical and cultural heritage;

3) participate in negotiations with the operators to address issues related to compliance with the socio-economic and environmental interests of the region's population at the conclusion of the contract;

4) participate in monitoring the performance of contractual obligations of mining companies in terms of local content in goods, works, services, personnel and social development areas, including through the register of goods and services used during mining operations, and their manufacturers;

5) issue permits to subsoil users to employ foreign workers in accordance with the legislation of the Republic of Kazakhstan;

6) maintain a list of license areas containing widespread mineral deposits to be placed on competition;

7) carry out the formation of the list of goods and services produced in the region, the city of republican status, capital, and their manufacturers, which appears quarterly in the competent authority in order to build and maintain the registry of goods and services used during mining operations and their manufacturers;

8) prepare and organize competitions for the right of subsoil use for exploration or extraction of common minerals;

9) approve part of competitive commissions on granting the right of subsoil use for exploration or production of common minerals;

10) are in talks with the operators of the conditions of the contract and prepare together with a draft contract for subsurface exploration or production of common minerals;

11) shall organize the examination of draft contract documents for the common minerals, except for examination of design estimates for works on state geological studies;

12) enter into, record and store contracts for exploration, extraction of common minerals;

13) issue permits for the transfer of subsoil use rights in accordance with Article 37 of this Law, as well as record deal on the transfer of subsoil use rights as collateral for the common minerals;

14) provide the performance and termination of the contract for exploration or extraction of common minerals;

15) contribute to the conservation of objects related to subsoil use with environmental, scientific, historical, cultural and recreational value;

16) argue in agreement with the competent and authorized by the central executive authorities of lists of geological, geomorphological and hydrogeological objects of the natural reserve fund local and license areas of special ecological, scientific, historical, cultural and recreational value, are classified as protected areas local significance;

17) decide on the renewal of contracts for exploration and extraction of common minerals;

18) monitor and supervise the implementation of contractual obligations under the common minerals;

19) shall reserve land for the purpose of subsoil in the manner prescribed by this Law and the Land Code of the Republic of Kazakhstan;

20) is carried out in the interests of local governance other powers delegated to local executive bodies by the legislation of the Republic of Kazakhstan.

Chapter 3. The right of subsoil use

Article 28. Types of subsoil use rights

1. Subsoil use right is granted to conduct the following operations:

- 1) state geological studies;
- 2) exploration;
- 3) mining;
- 4) combined exploration and production;
- 5) construction and (or) the operation of underground facilities not related to the exploration and production.

2. Subsoil use right may be temporary or permanent, alienable or inalienable, compensatory or gratuitous.

3. The right of permanent and non-remunerated subsurface by extraction of common minerals for their own use on land owned by the subsoil user on the

right of private property or land.

All other types of mining operations conducted on the basis of time and compensated subsoil.

Article 29. Subjects of the right of subsoil use

1. The subjects of the subsoil use right may be Kazakhstani and foreign natural and legal persons.

2. Subsoil users must be business entities, except for persons engaged in production of commonly occurring minerals and underground water for their own needs.

3. Subjects of the right of subsoil use under one contract may be a few individuals. Such persons are joint owners of the subsoil use right and severally liable for the obligations arising under the contract.

Rights and obligations of the joint holders of subsoil use rights with respect to the competent authority or the local executive bodies, the city of republican status, capital, and the size of their stakes in the subsoil use rights are defined in the contract.

Rights and obligations of the joint holders of subsoil use rights and the procedure for managing the general affairs are defined in the contract and the contract on joint activity. The provisions of the contract on joint activities should not conflict with the provisions of the contract.

In the case of the creation or definition of the contract the joint owners of the subsoil use right shall, in writing, notify the competent authority.

In contracts with mandatory equity participation of national companies share of the national company in the authorized capital of the operator must be at least fifty percent.

Joint owners of the subsoil use right shall be financially liable for the actions of the operator.

Article 30. Guarantees of the rights subsoil

Subsoil user shall be guaranteed protection of his rights under the laws of the Republic of Kazakhstan. Changes and additions to legislation which adversely affect the results of entrepreneurial activity subsoil contracts do not apply to contracts entered into prior to making these changes and additions.

Guarantees established by this Article shall not apply to changes in the legislation of the Republic of Kazakhstan in the field of national security, defense, in the areas of environmental safety, health, taxation and customs regulation.

Article 31. The functions of the national company

1. Functions of the national company, in accordance with the competence under the law of the Republic of Kazakhstan are:

1) participation in the implementation of the unified state policy in the sphere of subsoil use;

2) the representation of public interests in contracts involving equity participation in the national company, in the manner determined by the Government of the Republic of Kazakhstan, and within the powers set out in contracts;

3) to conduct mining operations in conjunction with the winners through equity participation in contracts by the decision of the Government of the Republic of Kazakhstan;

4) to conduct mining operations in areas of mineral resources, provided through direct negotiations;

5) participation in international and domestic projects of the Republic of Kazakhstan on implementation of mining operations and transportation of hydrocarbons;

6) participated in the preparation of annual reports to the President and Government of the Republic of Kazakhstan on the implementation of contracts;

7) the implementation of corporate governance and monitoring on the exploration, development, production, processing, sale of minerals, hydrocarbons transportation, engineering, construction and operation of pipelines and oil and gas infrastructure;

8) held in accordance with paragraph 8 of Article 13 of this Act negotiations and agreements on the acquisition of alienated subsoil use right (or part thereof), and (or) object associated with the right of subsoil use, with the transferor (the transferor).

2. For contracts in which the company acts as national subsoil, financing of exploration made it a strategic partner, unless the contract on joint activity provides otherwise.

Article 32. Subsoil, provided for mining operations

1. Subsoil within the territory of the Republic of Kazakhstan in the public domain and available for mining operations in the manner prescribed by this Law.

2. Site subsoil may not be the subject of trafficking.

3. The right of subsoil use is subject to turnover in the manner and on terms determined by this Law.

Article 33. Geological and mining challenges

1. The owner of subsoil use rights for the exploration, production, combined exploration and production, as well as the construction and (or) the operation of

underground facilities not related to the exploration and production, the right to conduct appropriate operations on subsoil use only within the subsoil, respectively, certain geological and mining allotment .

2. Geological removal issued by an authorized agency for the study and utilization of mineral resources within twenty days from the date of the winner or the person granted the right of subsoil use without competitive bidding in cases stipulated by this law.

3. Mining allotment issued by the authorized body for the study and utilization of mineral resources the winner, or a person who is granted the right of subsoil use without competitive bidding in cases provided for in paragraph 2 of Article 35 of this Act, not later than twenty days from the date specified person project allotment.

4. The owner of the subsoil use right for the right to conduct mining operations for exploration within the subsoil, some mountain challenge. In the case of growth stocks and their confirmation by the state expertise of mineral resources in the contract by written agreement of the parties should be amended accordingly in accordance with the legislation of the Republic of Kazakhstan.

Article 34. The emergence of subsoil use rights

1. Subsoil use right arises by:

- 1) submission;
- 2) transmission;
- 3) transition in succession.

2. Granting the right of subsoil use means giving a person the right of subsoil use directly by the state.

3. The transfer of subsoil use right means giving a person the right of subsoil use by another user of mineral resources.

4. Go right to subsoil use in the succession indicates the emergence of a successor to the subsoil use right in the reorganization of a legal entity in the case of death of the person possessing the right of subsoil use.

Article 35. Granting the right of subsoil use

1. Granting the right of subsoil use is made by a contract, except as provided for in paragraphs 3, 5, 6 and 9 of this article.

2. Contract for exploration, production, combined exploration and production is a winner based on his results.

Without competition on the basis of direct negotiation contracts are:

1) to conduct mining operations with a person having the exclusive right to subsoil use rights to mine in connection with a commercial discovery on the basis of a contract for exploration;

2) to conduct operations on construction and (or) the operation of

underground facilities not related to the exploration and production;

3) to conduct operations for the exploration or extraction of commonly occurring minerals in the construction (reconstruction, repair), railways, roads and bridges for public use;

4) to carry out operations for exploration and (or) production with the national company;

5) to carry out operations for exploration and (or) extraction in the case stipulated by paragraph 4 of Article 54 of this Act;

6) on the mining operations, underground water with a volume of over two thousand cubic meters per day for drinking or domestic water supply of the population with the owner of the land or land under which are underground water, provided that he is entitled to a special use for this site.

3. Granting the right of subsoil use in the construction and (or) the operation of underground facilities not related to the exploration and production in the contract territory or abroad and intended for the disposal of radioactive waste, hazardous substances and waste water is carried out under a written permit of the authority to investigate and utilize mineral resources in coordination with the competent authority in the field of environmental protection in the manner prescribed by the Government of the Republic of Kazakhstan.

4. Granting the right of subsoil use is not required for the construction and (or) the operation of underground structures associated with the exploration and production, and stipulated in the work programs of contracts for exploration or production.

5. Granting rights to mine groundwater drinking and for industrial purposes with the limits of exemption from fifty to two thousand cubic meters per day is based on the authorization issued by the competent authority in the use and protection of water resources, water supply and sanitation in the manner prescribed by the Government Republic of Kazakhstan.

6. Provision of the subsoil user rights for exploration or production of industrial and technical groundwater volumes and more than two thousand cubic meters per day for injection into the reservoir in accordance with the technological scheme of mining or extraction of groundwater for dewatering at mining operation is performed by issuing authorized body for the study and utilization of mineral resources permit in the manner prescribed by the Government of the Republic of Kazakhstan. . P080261

The provisions of this paragraph shall not apply to extraction of groundwater for dewatering at mining operation undertaken by the subsoil under the contract for subsoil use.

7. Granting the right of subsoil use for exploration or production of common minerals is done by contract with the local executive body of the area, the city of republican status, capital.

8. Granting the right of subsoil use in the state geological studies carried out by contract (agreement) to conduct operations on state geological studies with

the competent authority on the study and utilization of mineral resources in the manner prescribed by the Government of the Republic of Kazakhstan.

9. Granting the right of subsoil use in the production of commonly occurring minerals for their own needs, as well as groundwater in production volumes, not exceeding fifty cubic meters per day, made simultaneously with the provision of land, under which there is widespread mineral deposits and underground water, to private property or land use. In the provision of land for temporary land use terms of use of common minerals for their own needs, as well as groundwater in production volumes, not exceeding fifty cubic meters per day, may be provided by the contract of temporary land use.

Article 36. Transfer of subsoil use rights and facilities related to the right of subsoil use

1. The transfer of the subsurface and (or) objects related to subsoil use right shall be effected by:

- 1) the alienation of the rights of subsoil use part or all of another person on the basis of onerous or gratuitous civil transactions;
- 2) exclusion of objects related to subsoil use right, on the basis of onerous or gratuitous civil transactions;
- 3) the transfer of subsoil use rights, objects related to subsoil use right, the authorized capital of another legal entity;
- 4) the alienation of subsoil use rights, carried out in the process of privatization of property complexes of state enterprises with the right of subsoil use;
- 5) the alienation of subsoil use rights, objects related to subsoil use right, in the process of winding up in bankruptcy;
- 6) foreclosure of the right of subsoil use objects related to subsoil use right, including the pledge;
- 7) of the right to share in a legal entity possessing the subsoil use right, a legal entity that has the ability to directly and (or) indirectly determine and (or) influence on the subsurface made by such decisions, if such legal entity's main activities are related to subsoil use in Kazakhstan, as a result of capital increase by entering one or more parties of the additional contributions, as well as through the adoption of a new participant in the composition of the entity.

2. Transfer of subsoil use rights for the exploration, production, combined exploration and mining, with the exception of common, and (or) objects related to subsoil use right, with the permission of the competent authority in accordance with Article 37 of this Act.

Transfer of right of subsoil use for exploration or production of common minerals and (or) objects related to subsoil use right, with the permission of local executive bodies of the area, the city of republican status, capital, issued in accordance with Article 37 of this Act.

3. Primary issuance of the formal market of securities shares or other securities evidencing ownership of shares or securities convertible into shares of a legal entity that is a subsurface, a legal entity which has the ability to directly and (or) indirectly determine and (or) influence on the subsurface made by such decisions, if such legal entity's main activities are related to subsoil use in Kazakhstan, including the initial public offering on the organized securities market of securities issued under the additional issue, with the permission of the competent authority issued in accordance with Article 37 of this Act.

4. Pledging the subsoil use right (or part thereof), objects related to subsoil use right, with the permission of the competent authority or the local executive body area, the city of republican status, capital in respect of common minerals, issued in accordance with Article 37 of this Act.

Obtained bail right to subsoil use the loan shall be used for the subsoil of an organization, subsequent conversion in the territory of the Republic of Kazakhstan under the contract on subsoil use, by the subsoil user or an affiliated organization with one hundred percent stake in the subsoil of its share capital.

5. The provisions of paragraph 2 shall not apply to cases:

1) transactions for the disposal of shares or other securities evidencing ownership of shares or securities convertible into shares, traded on organized securities market, a legal entity possessing the right of subsoil use, a legal entity which has the ability to directly and (or) indirectly determine and (or) influence on the subsurface made by such decisions, if such legal entity's main activities are related to subsoil use in Kazakhstan;

2) transfer all or part of the subsoil use rights, objects associated with the right of subsoil use:

in favor of the subsidiary, in which not less than ninety-nine per cent stake (shares) directly or indirectly, by the subsoil user, provided that such subsidiary organization is not registered in the state with preferential tax treatment;

between legal entities, each of which not less than ninety-nine per cent stake (shares) directly or indirectly owned by the same person, provided that the acquirer of all or part of the subsoil use rights, objects related to subsoil use right, is not registered in state with a tax-favored;

3) transfer of shares (stakes) in a legal entity, which is the subsoil, if as a result of such transfer a person acquires the right to directly or indirectly (through third parties) to dispose of less than 0.1 percent interest (stake) in the entity's authorized capital - subsoil, and (or) entity that has the ability to directly and (or) indirectly determine and (or) influence on the subsurface made by such decisions, if such legal entity's main activities in the Republic of Kazakhstan related to subsoil use.

6. Transfer of subsoil use rights on state geological studies provided by the subsoil user based on the contract (agreement) with the competent authority on the study and utilization of mineral resources may be made only with the prior consent of that body.

7. Transfer of right of subsoil use for exploration or production of common minerals and groundwater to meet its own needs is performed simultaneously with the transfer of land under which there is widespread mineral deposits or underground water, private property or land. When the transfer of land for temporary land use terms of use of common minerals and groundwater to meet their own needs can be provided by the contract of temporary land use.

Permission of local executive bodies of the area, the city of republican status, capital for the transfer of subsoil use for exploration or production of common minerals and groundwater to meet its own needs is not required.

Prohibits the transfer of subsoil use rights to widespread mineral deposits and underground water to meet their own needs without reference to the land under which they are located.

8. In the case of partial transfer of subsoil use rights to another person subsoil user and the person must come to an agreement on mutual obligations arising under the joint implementation of the rights and performing duties under the contract. Joint activity agreement or other agreement establishing the mutual rights and responsibilities as part of the contract between the mining companies agreed with the competent authority or a local executive body of the area, the city of republican status, capital in respect of common minerals and is a supplement to the contract, binding on parties to the contract.

9. In case of transfer of subsoil use rights, the holders of which are more natural or legal persons, such transfer is possible only with the consent of all holders of the right of subsoil use.

10. Until the moment when the subsoil user retains any part of the contract, he and the person to whom the right of subsoil use, jointly and severally liable for obligations arising under a contract.

11. The transfer of the subsoil is an unconditional basis of re-registration of land, mining or geological challenge.

The transfer of the subsoil is an unconditional basis of re-registration (transfer) formed under the contract liquidation fund.

12. All expenses for the transfer of subsoil use rights apply to the expenditure of the subsoil user, unless otherwise stipulated by the terms of the transfer.

13. The transfer of subsoil use right entails the need for appropriate changes and (or) amendments to the contract and is perfect with the registration of such changes and (or) additions. The competent authority or the local executive body area, the city of republican status, capital has the right to refuse to register the contract in the absence of the fact of concluding a civil transaction on transfer of subsoil use rights or when determining whether to provide subsurface competent authority or the local executive bodies, the city of republican status, capital of unreliable information on which the permit was granted for the transfer of subsoil use rights, or when non-compliance with the provisions of paragraphs 8 and 9 of this article.

Transfer of objects related to subsoil use right, shall be in accordance with the legislation of the Republic of Kazakhstan with regard to the provisions of this article.

14. Transactions and other actions aimed at the transfer of subsoil use rights, objects related to subsoil use right, committed without the permission of the competent authority or the local executive body of the area, the city of republican status, capital provided for in paragraph 2 of this article, as well as upon the expiration of the permit, as well as without the prior consent of the authorized body for the study and utilization of mineral resources issued in accordance with paragraph 6 of this Article shall be invalid from the moment of their detention.

Failure to notify the competent authority of the transaction within five working days after the transaction is the basis for recognition of the transaction invalid.

Article 37. The procedure for issuing permits for the alienation of rights for Mining industry and related rights

1. Unless otherwise provided by this Act, a person who intends to dispose of subsoil use rights owned by him (or part thereof), and (or) objects related to subsoil use right, to the competent authority an application for a permit for the transfer of subsoil use rights and (or) objects related to the right of subsoil use.

Upon transfer of subsoil use right (or part thereof) for the exploration or extraction of common minerals permit application for the transfer of subsoil use is sent to the local executive body of the area, the city of republican status, capital.

2. Application for permission to dispose of the subsoil use right (or part thereof), and (or) objects related to subsoil use right must be written in the Kazakh and Russian languages and include:

1) the full name of legal entity or name and surname of an individual who owns the right to subsoil use either an object associated with the right of subsoil use;

2) an indication of the site subsoil and subsoil use right (part), which is alienated, or an indication of the object associated with the subsoil use right, which is subject to exclusion;

3) a precise indication of the amount of alienated subsoil use right (or part thereof) or the size of the stake (stake), the amount disposed of securities, as well as an indication of the extent of the rights that remain from the original owner, and others alienated form of securities;

4) information about the total amount of share capital and about the participants, the total number of issued securities evidencing ownership of shares or convertible into shares, the total number and proportion of shares of a legal entity possessing the right of subsoil use, a legal entity which has the

ability to directly and (or) indirectly determine and (or) influence on the subsurface made by such decisions;

5) information on the purchaser the right of subsoil use any object associated with the right of subsoil use:

for legal persons - name of the Purchaser, its location, nationality, information about state registration as a legal entity and registered with the tax authorities, information on directors and their credentials, information about the participants with an indication of the size of their stakes (shares), information about outstanding securities of a legal entity in the organized securities market, indicating the total number of such securities, information about subsidiaries of the acquirer;

for natural persons - first and last name of the purchaser, legal address, citizenship, information on identity documents, registration with the tax authorities, the presence or absence of registration as a business entity, information on legal entities, the participant (shareholder) which is the purchaser;

6) information on past activities of the purchaser, including a list of states in which it conducted its activities over the past three years, as well as data on financial, technical, managerial and organizational capabilities of the acquirer, including the qualifications of staff;

7) base of the subsoil use right of alienation or object associated with the right of subsoil use;

8) an indication of the legal status of the applicant's Relationship to alienate the subsoil use right or interest (stake) in a legal entity, which is the subsoil;

9) the purchaser a written confirmation that all the information about him, mentioned in the application and accompanying documents are true;

10) name and surname of the person signing the statement, reference to the authority of such person, information about a document proving his identity;

11) information on price and other conditions of the alienation of subsoil use rights or object associated with the right of subsoil use.

Attached to the application duly attested documents (or their notarized copies), confirming the information supplied.

All documents attached to the application must be in Kazakh and Russian languages. If the application is submitted by a foreigner or foreign legal entity, such documents may be drafted in a language with a mandatory attachment to each document, document translation into Kazakh and Russian languages, whose loyalty certified by a notary.

3. Competent authority within five working days of receipt of the protocol of the Interdepartmental Commission on implementation of the priority rights of the state sends to the expert committee on subsurface materials necessary to develop proposals to grant (or refusal to issue) a permit to dispose of subsoil use rights and (or) objects related to the right of subsoil use.

4. The expert commission on mineral resources within ten working days

from the date of the receipt review the application and other materials and generates a proposal to grant (or refusal to issue) a permit to dispose of subsoil use rights and (or) objects associated with the right of subsoil use.

The expert commission on mineral resources shall have the right to request and obtain from the applicant and other persons of any additional material pertaining directly to the alienation of subsoil use rights or objects associated with the right of subsoil use.

The proposal of the expert commission on mineral resources to grant (or refusal to issue) a permit to dispose of subsoil use rights and (or) objects related to subsoil use right, the protocol which is sent to the competent authority.

5. The competent authority on a proposal from the expert commission on mineral resources in a period not exceeding five working days of receipt of the proposal, decides to grant (or refusal to issue) a permit to dispose of subsoil use rights and (or) objects associated with the right of subsoil use.

6. Permission to dispose of the subsoil use right (or part thereof), and (or) objects related to subsoil use right shall be issued by the competent authority only if the following conditions:

1) If the purchaser the right of subsoil use (or part thereof) meets the requirements of this Act for natural resource users and persons applying for the right of subsoil use;

2) if such transfer would not entail a failure to comply with the legislation of the Republic of Kazakhstan, including requirements to ensure national security, the concentration of rights under the contract and (or) concentration of rights to conduct operations in the field of mining, as well as international agreements concluded by the Republic Kazakhstan;

3) If an application for a permit for the transfer of subsoil use rights, objects related to subsoil use right, meets the requirements of paragraph 2 of this article.

7. Of authorization of the competent authority to dispose of the subsoil use right (or part thereof), and (or) objects related to subsoil use right, to a certain person is considered separately for each case of such alienation. Establishing a contract or other act of a general authorization for such disposition at the discretion of subsoil or its members (shareholders) are not allowed.

8. Refusal to grant permission for the transfer of subsoil use right (or part thereof), and (or) object associated with the subsoil use right may be challenged in accordance with the laws of the Republic of Kazakhstan.

9. Refusal to grant permission for the transfer of subsoil use rights in accordance with subparagraph 2) of paragraph 6 of this article is made without explanation.

10. Subsoil use right may not be transferred within two years from the date of signing the contract.

The provisions of this paragraph shall not apply if:

1) the transfer or acquisition of subsoil use right National Holding, a national company or its subsidiaries;

- 2) the foreclosure of the right of subsoil use as collateral;
- 3) the transfer or acquisition of subsoil use right in the reorganization of legal entity possessing the right of subsoil use;
- 4) the transfer of subsoil use rights in the cases contemplated in subparagraphs 2) and 3) of paragraph 5 of Article 36 of this Law.

11. Permission to dispose of the subsoil use right (or part thereof), and (or) object associated with the subsoil use right shall be issued for a period of six months.

In the case of omission of the transaction within the prescribed period, the applicant must apply to the competent authority for an extension of the permit for a period not exceeding six months or a new permit to close a transaction.

Person who carries out the acquisition of alienated subsoil use right (or part thereof), and (or) object associated with the subsoil use right shall be obliged to inform the competent authority of the transaction no later than five working days from the date of the transaction.

12. Issuance (denial) permits local authorities area, the city of republican status, capital and development of proposals by expert commissions on mineral resources exploration and extraction of common minerals on Extradition (refusal to issue a) permit the transfer of subsoil use rights for exploration or production of generally useful minerals and (or) interest (stake) in a legal entity possessing the subsoil use right for exploration or production of common minerals, carried out in accordance with this article.

Article 38. Go right of subsoil use and related these rights of succession in reorganization of legal entity

1. Go to the succession of subsoil use right (or part thereof), and (or) objects related to subsoil use right, under the act of transfer or separation balance in case of reorganization of a legal entity possessing the right of subsoil use, or a legal entity that is a member (shareholder) legal entity, with the right of subsoil use is permitted only with the authorization of the competent authority or the local executive body area, the city of republican status, capital, issued in accordance with Article 37 of this Act.

2. The provisions of paragraph 1 of this Article shall not apply in cases of reorganization of National Holding, a national company or its subsidiary organization, the transformation of the legal entity possessing the right of subsoil use, in the form of changes in legal form, as well as in the cases contemplated in subparagraphs 2) and 3) of paragraph 5, Article 36 of this Law.

3. In the cases provided for in paragraph 2 of this Article, the competent authority to make changes to the contract within one month of treatment subsoil.

Article 39. Go right of subsoil use and related these rights of way of universal succession in the event of death of a person

Go to the inheritance rights of subsoil use objects related to subsoil use right shall be in accordance with the procedure established by civil legislation of the Republic of Kazakhstan.

Article 40. Termination of right of subsoil use

1. Nobody can be deprived of the right of subsoil use except on grounds established by this Law and other laws of the Republic of Kazakhstan.
2. The right of subsoil use is terminated when:
 - 1) the termination of the contract;
 - 2) the expiration or revocation of authorization to conduct operations on construction and (or) the operation of underground facilities not related to the exploration and production and destined for disposal of radioactive waste, hazardous substances and sewage, as well as exploration or production of industrial-technical ground water in the volume of two thousand or more cubic meters per day in accordance with paragraph 6 of Article 35 of this Act;
 - 3) the adoption of the Government of the Republic of Kazakhstan, the decision to ban use of the subsoil, in accordance with Article 14 of this Act;
 - 4) Elimination of a legal entity possessing the right of subsoil use.
3. Termination of subsoil use right is absolute grounds for termination of land use rights to land granted for the purpose of subsoil use.

Article 41. The procedure for termination of subsoil use rights in forcibly

1. In cases of foreclosure of the subsoil use right (or part thereof), and (or) objects associated with the right of subsoil use, including the mortgage, the corresponding realization (sale) of the subsoil use right (or part thereof), and (or) objects related to subsoil use right, made through public bidding, unless otherwise stipulated in this Law.

To participate in such trades are allowed persons who have received authorization from the competent authority or the local executive body area, the city of republican status, capital to participate in the auction for the sale (sale) of the subsoil use right (or part thereof), and (or) objects associated with the right of subsoil use.

A person who intends to take part in a public auction for the sale (sale) of the subsoil use right (or part thereof), objects related to subsoil use right, to the competent authority or the local executive body of the area, the city of republican status, capital application for a permit to participate in public auction.

Application for a permit to participate in the auction for the sale (sale) of the subsoil use right (or part thereof), objects related to subsoil use right must be written in the Kazakh and Russian languages and contain the information

prescribed by paragraph 2 of Article 37 of this Act.

Application for a permit to participate in the auction for the sale (sale) of the subsoil use right (or part thereof), objects related to subsoil use right shall be considered by the competent authority or the local executive body area, the city of republican status, capital in the manner prescribed in Article 37 of this Law.

The provisions of this paragraph shall also apply to cases of realization of the estate in the implementation of bankruptcy procedures.

At the conclusion of the results of trading transactions for the disposal of subsoil use right (or part thereof), objects related to subsoil use right, with a person who has received authorization from the competent authority or the local executive body area, the city of republican status, capital to participate in public tenders, to obtain additional authorization from the competent authority or the local executive body regions, cities of republican status, capital of the alienation of subsoil use rights and (or) objects related to subsoil use right, is not required.

2. Meeting the requirements of the mortgagee of the value of the pledged right of subsoil use (parts of) objects related to subsoil use right shall be made in court.

3. When you declare a tender for the sale of the pledged right of subsoil use (parts of) objects related to subsoil use right, failed, the mortgagee with the permission of the competent authority or the local executive body area, the city of republican status, capital may apply to the mortgaged property in the property (to become the owner of subsoil use rights (or part thereof), and (or) objects related to subsoil use right), or require the appointment of new trades.

4. The mortgagee, who intends to purchase the pledged right of subsoil use (part of) objects related to subsoil use right, in the case of invitations to tender for the sale of the pledged right of subsoil use (or part thereof), objects related to subsoil use right, failed directs the competent authority or local executive authority area, the city of republican status, capital application for a permit for the purchase of the pledged right of subsoil use (or part thereof), objects related to subsoil use right.

Permit application for the purchase of the pledged right of subsoil use (or part thereof), objects related to subsoil use right must be written in the Kazakh and Russian languages and contain the information prescribed by paragraph 2 of Article 37 of this Act.

Permit application for the purchase of the pledged right of subsoil use (or part thereof), objects related to subsoil use right shall be considered by the competent authority or the local executive body area, the city of republican status, capital in the manner prescribed in Article 37 of this Law.

5. Terms of the mortgage agreement and other agreements that are contrary to the provisions of this Article shall be invalid.

Article 42. Implementation of the right of subsoil use, associated with man-made mineral formations

Extraction of technogenic mineral formations in the public domain and not reserved for specific public enterprises is on the common grounds on the basis of the contract.

Article 43. Implementation of the law on Subsoil Use state geological studies

1. State geological studies can be conducted by individuals and legal persons who are granted the right to subsoil use for the state geological survey in accordance with paragraph 8 of Article 35 of this Law.

2. Work (operations) in a government geological survey may include regional and geological survey work, geological, geophysical, geochemical, hydrogeological investigations, prospecting, prospect evaluation, exploration and prospecting, and monitoring the status of mineral resources, the establishment of national geological maps, applied research in the field of study and use of mineral resources, the elimination and suspension flowing hydrogeological and oil wells.

3. State geological studies may be financed through budgetary funds or other sources not prohibited by the laws of the Republic of Kazakhstan.

Article 44. Implementation of construction and (or) operation of underground facilities not related to the exploration and production

1. Features of construction and (or) the operation of underground facilities not related to the exploration and production, as well as features of the order granting the right of subsoil use in the construction and (or) the operation of underground facilities not related to the exploration and production, determined by the Government of the Republic of Kazakhstan.

2. Conditions and procedure for the construction and (or) the operation of underground facilities not related to the exploration and production, determined by the contract.

3. The construction and (or) the operation of underground facilities not related to the exploration and production, the provisions of this Act relating to the production, unless otherwise stipulated by the legislation of the Republic of Kazakhstan.

Article 45. Processing of mineral raw materials

1. Processing of mineral resources is an operation immediately following the production of and does not apply to operations on subsoil use.

2. Licensing of mineral processing is performed in accordance with the

legislation of the Republic of Kazakhstan on licensing.

Chapter 4. Granting the right of subsoil use based on competition

Article 46. Subsoil plots put up for tender

1. The competent authority generates lists of subsoil for the right of subsoil exploration, production, combined exploration and production, as well as lists of subsoil, the condition of competition for which a share of the national company.

Local executive body area, the city of republican status, capital generates lists of subsoil for the right of subsoil use for exploration or production of common minerals.

Lists of subsoil formed on the basis of proposals of the authorized body for the study and utilization of mineral resources.

2. Lists of subsoil exposed on the competition, approved by the Government of the Republic of Kazakhstan, and on common minerals - local authorities area, the city of republican status, capital.

Following the approval of the list of the local executive body, the city of republican status, capital makes reservation of lands for the purpose of subsoil use in the manner prescribed by the land legislation of the Republic of Kazakhstan.

3. Listings tendered license areas located within the protected areas must be coordinated with the competent authority in the field of protected areas.

4. Competition for the right of subsoil use is carried out by the competent authority or the local executive body area, the city of republican status, capital, in accordance with this Law.

5. The competent authority or the local executive body of area, of the city of republican status, capital is holding a competition and contracts for production only after the state examination in respect of mineral resources reserves deposits and confirm the presence of reserves of industrial categories.

Article 47. Conditions of competition for the provision of subsoil use rights

1. Information about the competition and the conditions of its being published in periodicals that are distributed throughout the territory of the Republic of Kazakhstan, while the Kazakh and Russian languages.

All persons wishing to take part in the competition, not later than the deadline for submitting applications to participate in the contest are eligible to receive information related to the competition procedure.

2. The notice on the tender for subsurface use rights must contain:

- 1) the time and venue, as well as the submission deadline;
- 2) the basic terms of competition;
- 3) an indication of the location and description of subsoil, which are

scheduled to provide for the mining operations;

4) information about the amount of fee for participation in the competition and bank account for his fee;

5) the starting amount of a signing bonus;

6) minimum local content in frames;

7) the minimum local content in goods, works and services;

8) the minimum cost for training Kazakh personnel;

9) size of spending on research and development activities in the territory of the Republic of Kazakhstan, necessary for the performance of the contract.

3. If necessary, notice of a tender for subsurface use rights may be a condition on the minimum amount of extracted mineral raw materials, processing of which the Republic of Kazakhstan is obliged to provide the participant.

Minimum number of mineral processing in the territory of the Republic of Kazakhstan shall ensure contestant is determined by the competent authority.

4. The time provided bidders to apply for participation in the contest for the right of subsoil use, including the widespread mineral deposits cannot be less than one month from the date of publication of the notice of the competition.

5. The period between the date of publication of the conditions of the tender and the date of (start summing up) the competition cannot be less than four months, and common minerals - less than three months.

6. Fee for participation in the competition will not be refunded.

Article 48. Participation in the competition for the provision of subsoil use rights

1. Participation in the contest must contain:

1) for legal entities - the applicant's name, its location, nationality, information about state registration as a legal entity and registered with the tax authorities, information on managers and shareholders, or shareholders of the applicant - legal person with the size of the share capital (from the total amount of authorized capital), information about the circulation of securities of a legal entity in the organized securities market, indicating the total number of such securities, information about subsidiaries of the applicant;

2) for individuals - and the name of the applicant's name, domicile, citizenship, information about the identity documents of the applicant, the applicant's registration with the tax authorities, registration of the applicant as a business entity;

3) data on the heads or representatives who will represent the applicant, including information about the credentials of such persons;

4) information about previous activities of the applicant, including a list of states in which it conducted its activities over the past three years;

5) name of subsoil and subsoil use right claimed by the applicant;

6) a document confirming that the applicant fee for participation in the contest.

Shall be accompanied by duly certified documents confirming the information specified in the application.

2. Application is accepted for consideration, subject to the applicant requirements of this article. An application that does not meet the requirements of this article is subject to rejection.

3. On acceptance of an application for participation in the contest complainant formally notified the competent authority or the local executive body area, the city of republican status, capital in the month after each deadline to bid.

Article 49. Subsoil geological information package put up by the competition

1. Prior notice of the competition authority on the study and utilization of mineral resources is preparing a package of geological information to put up subsoil and determine their value. The package should contain the amount of available geological, mining, engineering and other information necessary to make the applicant a decision on participation.

2. After making an application for participation in the contest to the applicant by the authorized body for the study and utilization of mineral resources during the month after the applicant is available for a fee package of geological information on the site put up the subsoil.

Cost of the package of geological information is determined based on the amount of historical costs.

Cost of the package of geological information is not refundable.

3. The applicant has no right to disclose, in any form or send obtaining geological information to third parties.

Article 50. Bid

1. The claimant admitted to participate in the competition, within the terms of the tender period of the bid for the right of subsoil exploration, production, combined exploration and production.

2. The competent authority or the local executive body area, the city of republican status, capital within three months from the date of announcement of the competition takes the bids submitted by bidders.

The Bidder that submitted the bid, has no right to withdraw or modify it with the date of the deadline for submission of bids.

3. The Bid shall contain:

1) the proposed size of the signing bonus;

2) documents confirming the fulfillment of the obligation to pay the claimed

signing bonus in full (own funds, bank guarantees);

3) the amount of expenditure on social and economic development of the region and develop its infrastructure;

4) commitment to local content, in frames, which should grow with the implementation of mandatory programs for education and training of Kazakhstani personnel;

5) commitment to learning Kazakh personnel;

6) commitment to local content in goods, works and services required to perform work under the contract;

7) amount of expenditure on research and development activities in the territory of the Republic of Kazakhstan, required to perform work under the contract;

8) the obligation to accede to the Memorandum of Understanding on Transparency Initiative Extractive Industries in the Republic of Kazakhstan before signing the contract, except for bids for the right to subsoil use for common minerals and groundwater;

9) a copy of the document confirming payment for the acquisition of geological information.

In case of a notice of the competition a minimum number of mineral processing in the territory of the Republic of Kazakhstan party undertakes to ensure competition, the bid must comply with this requirement.

Bid does not meet the above requirements, and also mentioned in subparagraphs 2), 5) 6) 7) 8) of paragraph 2 of Article 47 of this Law shall be rejected.

4. Commitments and intentions, proposed by the applicant in the bid are included in the contract.

Article 51. Denial of the right to participate in the contest

Person who filed the request for participation in the contest, be denied the right to participate in the contest in the following cases:

1) inconsistency of the application to the competition requirements of Article 48 of this Act;

2) non-compliance of the bid conditions of competition;

3) the submission of false information by the applicant;

4) if the applicant the right of subsoil use would entail non-compliance to ensure national security, including in the case of concentration of rights under the contract and (or) concentration of rights to conduct operations in the field of subsoil use.

Denial of the right to participate in the contest in accordance with subparagraph 4) of this section is made without explanation.

Denial of the right to participate in the contest may be appealed in court.

Article 52. Results of the competition

1. Winner is determined by the consideration of bids:
 - 1) the size of a signing bonus;
 - 2) the amount of expenditure on social and economic development of the region and develop its infrastructure.
2. Winner of the number of applicants that have submitted bids for the right to subsoil use for exploration, production, combined exploration and mining, but common, is determined by the commission to conduct competitions for the right of subsoil use.

Winner of the number of applicants that have submitted bids for the right to subsoil use for exploration or production of common minerals is determined by the competition commission for granting the right of subsoil use for exploration or production of common minerals.

3. Results of the competition in the protocol signed by all present members of the commission to conduct competitions for the right of subsoil use (the competition committee for granting the right of subsoil use for exploration or production of common minerals).

Term of summarizing the competition must not exceed fifteen days from the date of the deadline for submission of bids. Term of summarizing the competition may be extended by the Commission of the tender for subsurface use rights (the competition committee for granting the right of subsoil use for exploration or production of common minerals), but no more than a month.

4. Results of the contest may be appealed to the contestants in the manner prescribed by the legislation of the Republic of Kazakhstan.

5. Contract with the winner of the contest is in order and on conditions prescribed by this Law.

6. Results of the competition shall be published in the official media while the Kazakh and Russian languages, as well as on the official Internet site of state authority conducting the contest.

Article 53. Procedures and grounds for the recognition of the competition failed

1. Competition for the right of subsoil use is recognized by the Commission to conduct competitions for the right of subsoil use or competition commission for granting the right of subsoil use for exploration or production of common minerals taken place in the following cases:

- 1) providing at least two applications;
- 2) if the bid allowed at least two participants;
- 3) if there is only one not rejected the bid.

2. The decision on recognition of the competition failed registered in the

minutes of the Commission for the tender for subsurface use rights or contest commission on granting the right of subsoil use for exploration or production of common minerals.

The commission's decision to conduct competitions for the right to subsoil use or competition commission on granting the right of subsoil use for exploration or production of common minerals on the recognition of the contest is declared invalid all participants admitted to the competition.

3. Announcement of the recognition of the competition failed to be published in the official media while the Kazakh and Russian languages, as well as on the official Internet site of state authority conducting the contest.

Article 54. Procedures and grounds for a re-contest

1. In the event that the contest for the right of subsoil use invalid by a competent authority or the local executive body of the area, the city of republican status, capital can be taken one of the following decisions:

- 1) to reconsider the competition;
- 2) to amend the bidding documents and the renewal of the contest.

2. Re-competition is conducted in a manner and time stipulated in this Law for the contest.

3. If the contest was declared invalid in connection with the receipt of one bid, when re-competition fee for participation in the competition and the cost of the package of geological information from the applicant who submitted a bid, shall not be charged.

4. If the re-tender is declared invalid by reason of having only one not rejected the bid, the competent authority or the local executive body of the area, the city of republican status, capital may enter into a contract with the bidder who submitted a bid through direct negotiations on terms not worse as outlined in the bid.

Article 55. Recognition of the contest null and void

1. The contest, conducted in violation of the rules established by this Act may be declared invalid by a court at the suit of the person concerned.

The grounds for declaring void the contest are:

- 1) violation of the rules of competition established by this Act, which affected the determination of the winner;
- 2) determining whether the provision of competent authority or the local executive bodies, the city of republican status, capital of false information that influenced his decision on the winner of the contest;
- 3) change the composition of the participants or shareholders of a legal person recognized as the winner, prior to the date of the contract;
- 4) determining whether the provision of officials involved in the

competition, a person recognized as the winner in the competition, illegal advantage over other parties (applicants) competition and (or) liberalization.

2. In the event that the contest null and void before the contract is not a contract. In the event that the contest null and void after the conclusion of the contract - a contract concluded with the winner of the contest was invalidated by the courts.

3. In the event that the contest null and void on the grounds specified in subparagraph 1) of paragraph 1 of this article, a person who was declared the winner of this contest is entitled to demand the return paid a signing bonus.

The competent authority shall notify the state agency exercising leadership in the provision of income taxes and other mandatory payments to the budget of such recognition of the contest null and void is not the fault of the person who was declared the winner.

4. The provisions of subparagraph 3) of paragraph 1 above shall not apply if:

1) transactions for the disposal of shares or other securities evidencing ownership of shares or securities convertible into shares, traded on the organized securities market entity, the winner;

2) the transfer of interest (stake) in a legal entity, the winner, in favor of another entity, provided that in each of such entities are not less than ninety-nine per cent stake (shares) directly or indirectly belong to the same person, and if the buyer interest (stake) is not registered in the state with preferential taxation;

3) the transfer of interest (stake) in a legal entity, the winner, if as a result of such transfer a person acquires the right to directly or indirectly (through third parties) to dispose of less than 0.1 percent interest (stake) in the share capital of the legal person recognized as the winner.

Chapter 5. Granting the right of subsoil use through direct negotiations

Article 56. Objects of direct negotiations

1. Subsoil, provided for operations in exploration, production, combined exploration and mining, but common, through direct negotiations, determined by the competent authority, except in areas of mineral resources, provided for the mining operations with a person having the exclusive right to subsoil use rights to mine in connection with a commercial discovery on the basis of a contract for exploration.

Without competition on the basis of direct negotiation contracts are concluded in the cases stipulated by paragraph 2 of Article 35 of this Law.

2. On the basis of direct negotiations are concluded contracts for subsoil use rights for construction and (or) the operation of underground facilities not related to the exploration and production:

1) underground or buried below the soil layer structures for the storage of oil and gas, except gas stations;

2) tunnels, subways, overpasses and underground engineering structures with a depth of over three meters;

3) structures for pumping underground water in the subsoil for the artificial replenishment;

4) buried below the soil tailings sludge for disposal and storage of solid, liquid and radioactive waste, hazardous toxic substances and disposal of sewage and industrial wastewater into the depths.

3. Subsoil, provided for operations for the exploration or extraction of common minerals on the basis of direct negotiations, determined by the local executive body of the area, the city of republican status, capital.

Article 57. Procedure and conditions for direct talks

1. Right to conclude a contract on subsoil use on the basis of direct negotiation by persons specified in this Law.

Person applying for the grant of the right of subsoil on the basis of direct negotiation must comply with the requirements for subsoil users in this Law.

2. Direct talks on granting the right of subsoil use for exploration, production, combined exploration and mining activities are carried out by the working group of the competent authority. The position of the working group and its members are approved by the competent authority.

Direct talks on granting the right of subsoil use in the construction and (or) the operation of underground facilities not related to the exploration and production, conducted by the working group of the authorized body for the study and utilization of mineral resources. The position of the working group and its members are approved by the authorized body for the study and utilization of mineral resources.

3. To participate in direct negotiations person claiming to enter into a contract, forwards a request to the competent authority in accordance with the requirements established by this chapter.

In the cases contemplated in subparagraph 4) of paragraph 2 of Article 35 of this Law, the local executive body of the area, the city of republican status, capital produces a reservation of lands for the purpose of subsoil from receipt of notification from the competent authority to hold direct talks on granting the right of subsoil use in the manner established by the land legislation of the Republic of Kazakhstan.

4. After making an application for participation in direct negotiations by the authorized body for the study and utilization of mineral resources during the month after the applicant is available for a fee package may provide geological information on subsoil.

5. The competent authority shall notify the applicant of the decision to hold direct talks or the refusal to hold direct talks within two months from the date of receipt of the application to participate in direct negotiations.

The competent authority shall notify the applicant of the date of holding direct talks.

6. Direct negotiations are held within two months from the date of receipt of the application, prepared in accordance with the requirements of Article 58 of this Law. The term direct negotiations may be extended by the competent authority.

7. The provisions of this Article shall apply to the local executive bodies region, city of republican status, capital for direct talks on granting the right of subsoil use for exploration or production of common minerals.

Article 58. Application for participation in direct negotiations

1. Application for participation in direct talks must include:

1) for legal entities - the applicant's name, its location, nationality, information about state registration as a legal entity and registered with the tax authorities, information on managers and shareholders, or shareholders of the applicant - legal person with the size of the share capital (from the total amount of authorized capital), information about the circulation of securities of a legal entity in the organized securities market, indicating the total number of such securities, information about subsidiaries of the applicant;

2) for individuals - and the name of the applicant's name, domicile, citizenship, information about the identity documents of the applicant, the applicant for registration with the tax authorities for registration of the applicant as a business entity;

3) data on the heads or representatives who will represent the applicant, including information about the credentials of such persons;

4) information on the technical, managerial, organizational and financial capabilities of the applicant, referred to in the application of all applicants, except for national companies and individuals who apply for subsoil use rights on the basis of commercial discovery made by them on the basis of a contract for exploration.

At the request of the competent authority or the local executive body regions, cities of republican status, capital of the applicant additionally provides different information depending on the basis of direct negotiations.

2. The application for participation in direct negotiations to conclude a contract for construction and (or) the operation of underground facilities not related to the exploration and production must be accompanied by additional documents containing the following information:

1) general description of disposal facilities of hazardous, toxic substances, solid and liquid waste sites and industrial wastewater treatment, including the location of the facility, during the operation, maintenance costs, availability and location of the observation network for monitoring groundwater, environment and mineral resources;

2) physical characteristics of objects - properties of insulation, type of rock, the depth and the effective power of the reservoir, its area, porosity, characteristics of the underlying and overlying confining layer, the rate of natural groundwater flow, the qualitative and quantitative indicators, mining, special geotechnical, hydrogeological and environmental conditions of disposal, storage and disposal;

3) on the organizations whose work involves the formation of harmful, toxic substances, solid and liquid waste, sewage and industrial wastewater;

4) characterization of hazardous, toxic substances, solid and liquid waste, sewage and industrial wastewater with the name of the product, technical, manufacturing or process in which it is formed, its physical characteristics, a complete chemical composition, content of toxic components, flammability, explosiveness, solubility, compatibility with other substances during storage, the principal contaminants, their activity, and characteristics of transportation systems;

5) Finally, the authorized body for the study and utilization of mineral resources;

6) the state ecological expertise.

3. Application for the subsoil use rights on the extraction should include:

1) the size of a signing bonus;

2) the size of local content in the frame, the goods, works and services;

3) the amount of expenditure on social and economic development of the region and its infrastructure.

4. Shall be accompanied by duly certified documents (or their notarized copies), confirming the information specified in the application.

Article 59. Decision on the basis of direct negotiations

1. The decision on granting or refusal to grant the right of subsoil on the basis of direct negotiation shall be based on evidence of the possibility of execution by the applicant under the Contract.

2. Decision of the competent authority or the local executive body area, the city of republican status, capital on the basis of direct negotiations registered in the minutes of direct negotiations, which is signed by all present members of the working group.

In the case of granting the right of subsoil on the basis of direct negotiation protocol direct negotiations signed by an authorized representative of the applicant.

The date of the decision on the basis of direct negotiations is the date of signing the protocol of direct negotiations.

The competent authority or the local executive body area, the city of republican status, capital is obliged to notify the applicant of the decision taken on the basis of direct negotiations, in a period of not more than ten days from the

date of signing the protocol of direct negotiations.

3. If a decision on granting the right of subsoil on the basis of direct negotiations with the applicant is a contract on the terms and conditions established by this Act, taking into account the peculiarities stipulated by this chapter.

Conditions of the mining operations proposed by the applicant in the course of direct negotiations and adopted by the competent authority or the local executive body area, the city of republican status, capital, shall be included in the protocol of direct negotiations, and subsequently - in the contract.

Article 60. Features eligibility mining industry in the transition from stage exploration stage mining

1. Subsoil users, discover and appreciate mine under contract for exploration, has the exclusive right to conclude a contract for production without competition on the basis of direct negotiations.

2. The person who made the discovery and evaluation of the deposit under a contract for exploration, may apply to the competent authority with the request to hold direct talks on signing a contract for production during the term of the contract for exploration or no later than three months from the date of completion of the contract for exploration.

3. The competent authority and the subsoil user does not later than two months from the date of receipt of the application through direct negotiations jointly determined by the following terms of a contract to mine:

- 1) size of the local content in goods, works, services and personnel;
- 2) the amount of expenditure on social and economic development of the region and develop its infrastructure.

4. According to the results of direct negotiations the parties signed the protocol. If the parties fail to agree on the conditions specified in paragraph 3 of this Article within three months from the date of commencement of direct negotiations, the competent authority decides to refuse to grant the right to conduct mining operations.

In case the fault of the applicant's contract will be concluded within twenty-four months from the date of signing the protocol of direct negotiations, the applicant loses the exclusive right to conclude a contract of production, and the corresponding plot (plots) of subsoil is exposed to the competition or is available through direct negotiations procedure stipulated in this Law, provided compensation to such person exploration expenditures.

5. In case the competent authority of the decision not to grant the applicant the right of subsoil use to prey on the basis of direct negotiations in accordance with paragraph 4 of this Article the relevant section (sections) of subsoil for three months exhibited by the competent authority for competition.

The contest is held in the manner provided by Chapter 4 of this Act. A

necessary condition for participation in this contest are the following obligations of the person applying for the contract:

1) the obligation referred to in paragraph 3 of this article, which cannot be smaller than:

agreed by the parties of direct talks on signing a contract for production of the commercial discovery;

previously rejected by the applicant, discover and appreciate mine, as a result of direct negotiations with the competent authority;

2) to take necessary measures to maintain the contract area in a condition suitable for mining operations, subject to the requirements of environmental safety and ensure the respective contract area safe for the public and staff from the date the winner of the contest before the conclusion of the contract of production;

3) to reimburse the person who made a commercial discovery on the basis of a contract for exploration expenditures on the detection and assessment on tender subsoil and maintenance contract area in a condition suitable for further mining operations in accordance with subparagraph 2) of section 11 of this article .

Such compensation shall be as a lump sum the full amount of the costs of inflation, measured by the official statistical information of the authorized state statistics.

The term of recovery of such costs is established by the competent authority and shall not exceed three months from the date of the contract with the winner.

Winner of the right to conduct an audit of reimbursable expenses. In the event of a dispute about the amount of recoverable costs between the winner and the subsoil, discover and appreciate mine under contract for exploration, such dispute shall be settled in court.

6. Decision of the competent authority to refuse to grant the right of subsoil on the basis of direct negotiations may be appealed in court.

7. If the competition held in accordance with paragraph 5 of this Article is declared invalid, the competent authority and the person who made the discovery and evaluation of the deposit under a contract for exploration, must hold direct talks in order to determine the conditions specified in paragraph 3 of this article.

In the case of reaching an agreement on such conditions signed a protocol of direct negotiations in the manner prescribed by paragraph 4 of this article, under development and project documents and draft contract.

In case no agreement on the conditions specified in paragraph 3 of this Article, the competent authority and the person who made the discovery and evaluation of the deposit under a contract for exploration, jointly determine the necessary conditions for re-competition on the size of a signing bonus, the local content in goods, works, services, and staff, as well as the cost of socio-economic development of the region and develop its infrastructure.

8. In the event that re-contest frustrated person who made the discovery and evaluation of the deposit under a contract for exploration, the right to require the conclusion of a contract with him to prey on the terms proposed to them in direct negotiations.

If the authority is obliged to conclude a contract with such person on the production, subject to availability protocol of direct negotiations.

9. The provisions of this Article shall apply to the local executive bodies region, city of republican status, capital during the transition from exploration phase to production phase of common minerals.

10. Subsoil users, discover and appreciate mine under contract for exploration, and has filed an application to hold direct talks on signing a contract for production, before the expiry of the relevant contract for the exploration continues to fulfill the obligations under the contract for exploration work program and project documents.

11. After the termination of the contract for exploration, the subsoil user who has applied to hold direct talks on signing a contract for production, must:

1) in the case of return of part (s) of the contract area to conduct work on the elimination or preservation of objects of subsoil in accordance with Article 111 of this Act, including to restore the land and other natural objects, disturbed by the operations for exploration, to a condition suitable for further use for the returned part (s) of the contract area;

2) with intent to conduct mining operations on the entire contract area, or part (s) of the contract area, is not refundable - before signing a contract for production to take the necessary steps to maintain the contract area (parts of the contract area) in a condition suitable for further operations mining, taking into account the requirements of environmental safety and to ensure that the respective contract area (parts of the contract area) safe for the public and staff.

In the event of loss of contracts for extraction on the basis of direct negotiations with subsoil users, discover and appreciate mine on the basis of a contract for exploration of its obligation to maintain the contract area (parts of the contract area) in a condition suitable for further mining operations shall be terminated at the time the winner competition conducted in the manner prescribed by this article.

12. If within the prescribed period after the contract comes into force on subsoil users, which contracted to produce the results of the competition will not reimburse a person discover and appreciate mine, exploration expenditures in accordance with the requirements of paragraph 5 of this Article, such person shall have the right to require the competent authority immediately terminate the contract with the subsoil or a re-tender. The person who discover and appreciate mine, may require any person who has entered into a contract for production and not fulfilled the obligation to reimburse the costs of exploration in accordance with paragraph 5 of this Article, compensation for damages.

13. After the conclusion of the contract of production by direct negotiations

or competition conducted in accordance with this article, the cost of subsoil, made in accordance with the provisions of subparagraph 2), paragraph 5, and (or) of paragraph 11 of this article refers to expenditures under such contract for mining and shall be reimbursed in accordance with the laws of the Republic of Kazakhstan.

Chapter 6. The contract on

subsoil use

Article 61. Types of subsoil use contracts

1. To conduct mining operations, the following types of contracts for:
 - 1) exploration - exploration contract;
 - 2) of the production - a contract to mine;
 - 3) conducting a combined exploration and production - a contract for the combined exploration and production;
 - 4) carrying out construction and (or) the operation of underground facilities not related to the exploration and production - a contract for the construction and (or) the operation of underground facilities not related to the exploration and production;
 - 5) of the state geological survey - a contract (the contract) on the state geological survey.

Finally, the execution, modification or termination of the contract made in accordance with this Law.

2. Terms of the contract, except a contract (the contract) to the state geological survey should be determined taking into account the provisions of model contracts by type of subsoil, approved by the Government of the Republic of Kazakhstan, and should include the following conditions:

- 1) definition;
- 2) the purpose of the contract;
- 3) The term of the contract;
- 4) contract area;
- 5) the right to property and information;
- 6) State's right to purchase and requisition of minerals;
- 7) the general rights and obligations of the parties;
- 8) during the exploration and production (depending on the type of contract);
- 9) commercial discovery;
- 10) the measurement of minerals;
- 11) the performance of contract work;
- 12) funding;
- 13) taxation;
- 14) accounting;
- 15) insurance;

- 16) conservation or liquidation, and liquidation fund;
- 17) protection of natural resources and environment;
- 18) public safety and staff;
- 19) subsoil responsibility for breach of contract;
- 20) force majeure;
- 21) confidentiality;
- 22) transfer of rights and responsibilities;
- 23) Applicable Law;
- 24) dispute resolution procedure;
- 25) guarantees the stability of the contract;
- 26) conditions for suspension and termination of the contract;
- 27) contract language.

The contract must contain a commitment: the size and terms of payment of a signing bonus, the size and terms of spending on social and economic development of the region and develop its infrastructure for the local content in frames, the size of expenditure allocated to education, training and retraining of workers who are citizens of the Republic of Kazakhstan, involved in the execution of the contract, or training of the citizens of the Republic of Kazakhstan to the list of specialties, in coordination with the competent authority, the local content in goods, works and services, to ensure equal conditions of remuneration for the Kazakh personnel with respect to attracting foreign staff, including staff employed in contract work; largest expenditure on research and development activities in the territory of the Republic of Kazakhstan, necessary for the performance of the contract.

The contract must contain the obligation of the subsoil user to transfer the property, ensuring the continuity of the process and industrial safety, as well as an indication of the powers of the competent authority for the transfer of such property in the cases provided for in paragraph 10 of Article 72 of this Law.

In the case of a contract on the site of mineral resources, on which was previously terminated contract, the contract with the new subsurface must contain the obligation to reimburse previously incurred by the former trustee of the subsoil and costs, including the value of securities in accordance with paragraph 10 of Article 72 of this Act of property, as well as the obligation to pay pay the trustee.

Terms of the contract must contain the size of penalties (fines, penalties) for failure, improper execution of subsoil with its commitment, including the local content in goods, works, services and personnel, the nature of non-tax payments under the contract.

Contract for the production of hydrocarbons should contain commitments subsoil reprocessing (recycling) of associated gas.

The contract may contain other provisions.

3. Terms of the contract cannot be less favorable for the Republic of Kazakhstan, than the conditions set by direct negotiations or in the bid.

4. Contract for the combined exploration and production is by the decision of the Government of the Republic of Kazakhstan only in respect of subsoil areas, fields of strategic importance, and (or) complex geological structure.

Unless otherwise stipulated by the laws of the Republic of Kazakhstan: the period of exploration to this contract, the provisions stipulated by laws of the Republic of Kazakhstan for the exploration contract;

after the detection and assessment of the deposit and the duly approved the relevant project documents on the basis of the exclusive rights to mine in connection with a commercial discovery in the contract is amended, relating to the production stage, after which such contract provisions stipulated by laws of the Republic of Kazakhstan for the contract to mine .

5. Mandatory attachments to the contract, except contracts (agreements) for the state geological survey, geological or mining are disqualified from working program.

6. Contract terms must necessarily provide that the applicable law on contracts is the right of the Republic of Kazakhstan.

7. The contract must be written in Kazakh and Russian languages. By agreement of the parties of the contract text of the contract can also be translated into another language.

8. Control over the execution of contract mining companies for exploration, production, combined exploration and production, with the exception of contracts for exploration, extraction of commonly occurring minerals, the competent authority.

In respect of common minerals mining companies control over the execution of contracts for exploration or production is carried out by the local executive authority area, the city of republican status, capital.

In case of violation of subsurface conditions of the contract the authority and in respect of contracts for exploration or extraction of commonly occurring minerals - the local executive body regions, cities of republican status, capital of the written notification indicates that the duty of the subsoil user to remove such violation within the prescribed period.

9. Contract (agreement) to the state geological survey is the procedure established by the Government of the Republic of Kazakhstan.

Article 62. Preparation of a draft contract for subsoil

1. The draft of subsoil use contracts developed the winner or the person with whom the contract is concluded through direct negotiations, and agreed with the competent authority or the local executive body area, the city of republican status, capital through negotiations.

2. Draft contract of the subsoil use is developed on the basis of a model contract, protocol, direct negotiations or the bid winner and the approved work program, prepared on the basis of developed and duly approved design

documents.

Provisions of the draft contract for subsoil use shall comply with the requirements of this Act to the contract.

Draft contract for exploration, combined exploration and production should include commitments subsoil on the project evaluation works in accordance with the requirements of this Act.

3. The draft of subsoil use contracts before signing to be agreed with the competent authority on the study and utilization of mineral resources.

The draft of subsoil use contracts are also subject to the following obligatory expertise: legal, environmental, economic.

Examination is carried out for compliance with the provisions of the contract requirements of the legislation of the Republic of Kazakhstan. The subject of economic expertise is also checked that the terms of the contract bid submitted on the basis of which won the competition, or the conditions of direct negotiations, assessing the economic feasibility and social value of the project.

Expert advice provided by relevant government agencies within their jurisdiction in accordance with the laws of the Republic of Kazakhstan, within thirty calendar days, and environmental review not later than three months since the transfer of state bodies responsible for public examination, a full package of documents necessary for the implementation of appropriate expertise.

The examination results are issued to expert opinion, which can be negative or positive.

Person claiming to conclude a contract on subsoil use, modify the draft contract in order to eliminate the comments of state authority set forth in the expert opinion.

In the case of elimination of these comments the public agency shall re-examination. Re-state examination is conducted as in cases of inclusion in the project and other documentation of changes after receiving a positive opinion of the state examination.

If you disagree with the comments of the legal and (or) economic assessment of the person claiming to conclude a contract on subsoil use, the right to send its reasoned objection to the competent authority or the local executive body of the area, the city of republican status, capital for their consideration at a conciliation commission.

The competent authority or the local executive body area, the city of republican status, capital, within ten days form a conciliation commission to consider the objections. The composition of the conciliation commission shall include representatives of the competent authority or the local executive body area, the city of republican status, capital, government officials, submitting comments, and the person applying for the contract. According to the results of the meeting conciliation commission makes recommendations that are measured in minutes. Based on the recommendations of the conciliation commission contract is sent for re-examination.

4. A person who claims to be the conclusion of the contract, is entitled to send the draft contract and work program for approval to the competent authority or the local executive body of the area, the city of republican status, capital projects prior to approval of the contract and work program of the authorized body for the study and utilization of mineral resources and products necessary expertise, but not before the duly approved design documents.

The competent authority or the local executive body area, the city of republican status, capital is negotiating a draft contract to the work program within one month from the date of their receipt.

5. After agreeing on a draft of the contract and work program with the competent authority on the study and utilization of mineral resources, the necessary expertise and eliminate the person applying for the conclusion of the contract, all of the comments referred to in expert reports, a draft contract with the working program, with all of the approved project documents, with results of examinations and approvals submitted by a person claiming to enter into a contract for final approval to the competent authority or the local executive body of the area, the city of republican status, capital.

The competent authority or the local executive body area, the city of republican status, capital produces alignment of the final text of the contract and work program no later than two months from the date of submission of documents a person who claims to be the conclusion of the contract.

Article 63. Work Program

1. The work program is a mandatory part (application) of the contract shall be made on the basis of developed and duly approved design documents and must be consistent with the authorized body for the study and utilization of mineral resources.

Harmonization work program with the competent authority on the study and utilization of mineral resources is carried out concurrently with the examination of the draft contract. Term of approval of the work program is no more than one month from the date of receipt of the work program to the authority on the study and utilization of mineral resources.

2. When you change the parameters of the project documents, which vary parameters of the work program, in the work program should be amended accordingly.

Reconciliation of changes in the work program due to changes in the design documents produced simultaneously with the approval of the project document by the authorized body for the study and utilization of mineral resources. These changes in the work program are made by signing an additional agreement to the contract between the subsurface and the competent authority or the local executive body area, the city of republican status, capital no later than thirty calendar days from the date of approval of the work program authorized body

for the study and utilization of mineral resources.

Article 64. Draft prospecting

1. Prior to the signing and registration of the contract for exploration, combined exploration and production of the winner or the person with whom the contract is concluded through direct negotiations, drafting exploration.

Draft prospecting should contain the most effective and intensive program of research areas include modern and high-precision methods of prospecting and laboratory and analytical studies to provide an effective and comprehensive study of subsurface area and cover the whole territory provided for the use of subsoil.

Draft prospecting should include the financial part to reflect the costs of work on search and discovery of deposits for the duration of the stage of exploration.

2. Draft prospecting necessarily subject to the following mandatory examinations:

- 1) State Environmental;
- 2) in the field of industrial safety;
- 3) epidemiological.

3. Term development and approval of project exploration works should not exceed six months from the date of signing the protocol of direct negotiations for the person to whom the contract is through direct negotiations, or the date of announcement of the competition - for the person deemed the winner. For persons engaged in procurement of design work in accordance with Kazakhstan legislation on public procurement, or in accordance with the procedure of procurement referred to National Holding and entities, fifty percent or more of the voting shares (equity), directly or indirectly owned by the National management holding, the period of development and approval of project documents for works on production may be extended by a decision of the competent authority or the local executive body of the area, the city of republican status, capital, taking into account the mandatory procedures established by the Republic of Kazakhstan law on public procurement procedures or procurement, provided for the National Holding and entities, fifty percent or more of the voting shares (equity), directly or indirectly owned by National Holding.

Draft prospecting designed for up to six years.

Duration of the project exploration works is due for renewal in case of renewal the competent authority of the contract for exploration, combined exploration and production at oil operations at sea in accordance with paragraph 1 of Article 69 of this Law.

4. On minerals, except for common minerals, prospecting project is considered by the Central Commission within one month from the date of the

project to the central committee and approved by the competent authority on the study and utilization of mineral resources within fifteen working days of receipt of proposals from the central committee.

According to widespread mineral prospecting project is considered an interregional Commission within one month from the date of the project in inter-regional committee and approved by the territorial division of the authorized body for the study and utilization of mineral resources within fifteen working days of receipt of proposals from the inter-regional committee.

5. If necessary, amendments and (or) amendments to the terms and scope of work defined by the approved project exploration works, by a draft of changes and (or) amendments to the draft exploratory work, which reviewed and approved by authorities, as defined by paragraph 4 of this article.

Subsoil user may be denied such changes and (or) additions to the project exploration works, if you have a negative opinion of one of the examinations referred to in paragraph 2 of this article.

Time for consideration and approval of changes and (or) additions to the project appraisal work should not exceed one month from the date of receipt of the central committee or commission of an interregional project related changes and (or) amendments to the draft exploration.

6. Approved project prospecting is the basis for drafting and conclusion of the contract.

Prohibited from carrying out work on the search fields without duly approved project search operations, as well as in violation of the requirements of the project prospecting.

Article 65. Project of appraisal work

1. In case of deposit subsoil user shall notify the competent authority or the local executive body of the area, the city of republican status, capital, within thirty days.

The competent authority or the local executive body area, the city of republican status, capital, within one month, gives permission for the transition to a phase of evaluation work. In the transition to the stage of evaluation works without fail whenever a change in the work program contract.

Confirmation of detection and the timing of its assessment shall be established by the competent authority or the local executive body area, the city of republican status, capital of the conclusion of the authorized body for the study and utilization of mineral resources. Commercial discovery is declared subsoil.

2. Project appraisal work on a mandatory basis subject to the following mandatory examinations:

- 1) State Environmental;
- 2) in the field of industrial safety;

3) epidemiological.

3. Project appraisal work prepared for the period necessary for complete and comprehensive evaluation and calculation of reserves, as well as the definition of mining and geological conditions of occurrence of deposits, technological parameters extraction of minerals and economic feasibility of its development.

Project appraisal work should contain the financial part to reflect the costs of the study and evaluation of the deposit for the duration of the stage of evaluation works.

4. Evaluation work on the firm and common minerals may include project development and industrial production.

Experimental-industrial production may also be in the process of mining for the timing and amounts specified in project documents.

Size and timing of development of industrial production are determined by the results of the preliminary examination of the subsoil.

Evaluation work on hydrocarbon raw materials may include project trial operation.

The project trial operation provides for temporary operation drilled exploratory wells.

Suggestions on the necessity and timing of the trial operation of the central committee sent to the authority on the study and utilization of mineral resources.

5. On minerals, except for common minerals, the project appraisal work and the project of experimental-industrial production are considered central to the Commission within one month from the date of receipt of the project to the central committee and approved by the competent authority on the study and utilization of mineral resources within fifteen working days from the date of receipt of proposals from the central committee.

The project trial operation is considered the central committee within three months from the date of the project to the central committee and approved by the competent authority on the study and utilization of mineral resources within fifteen working days from receipt of proposals from the central committee.

According to widespread mineral project appraisal work and the project of experimental-industrial production are considered inter-regional committee within one month from the date of receipt of the appropriate project in inter-regional committee and approved by the territorial divisions of the authorized body for the study and utilization of mineral resources within fifteen working days from receipt of proposals from the inter-regional Commission.

6. Term development and approval of project appraisal work should not exceed five months from the date of the decision to move to the stage of evaluation work.

7. If necessary, amendments and (or) amendments to the terms and scope of work defined by the approved projects, prepared draft amendments and (or) amendments to approved projects are reviewed and approved by authorities, as defined by paragraph 5 of this article.

Subsoil user may be denied such changes and (or) amendments, if there is a negative opinion of one of the examinations referred to in paragraph 2 of this article.

Time for consideration and approval of changes and (or) additions to the project should not exceed one month from the date of receipt of the central committee or commission of an interregional project related changes and (or) additions.

8. Prohibited from carrying out work on the evaluation of deposits without duly approved the project appraisal work, as well as in violation of the requirements of the project appraisal work.

Article 66. Project of documents for works on mining

1. Prior to the signing and registration of contract for production of the winner or the person with whom the contract is concluded through direct negotiations, shall ensure the development set out in this article, the project documents.

2. Solid and common minerals and groundwaters are developed:

1) a draft industrial development of the field, which should include: schedule of mining and mining and engineering solutions, which provide the required performance, and other mining related manufacturing operations, measures to ensure compliance with requirements for sustainable and integrated management of mineral resources, security staff, protection environment, measures for the remediation of disturbed lands, as well as information on the financing of the planned activities by year;

2) a feasibility study.

3. On hydrocarbon raw materials are developed:

1) the project of experimental-industrial development, which is made for the commissioning of individual deposits or deposits with the aim of testing new or previously known techniques that require testing in geological and physical conditions of the field and in the case of positive testing of the application of its technology in general on the field, the timing and volumes of experimental-industrial development are determined by the decision of the authorized body for the study and utilization of mineral resources;

2) development plan;

3) industrial development project;

4) a feasibility study.

The project of industrial development should have a section on processing and (or) utilization of associated gas. Feasibility study should include a justification for the use of associated gas.

4. Project documents provided in this article, designed for up to a full mining of mineral reserves at the deposit, which shall not exceed twenty-five years, and for fields with large and unique reserves of minerals - forty-five years. Validity

of design documents for works on production may be extended by the authorized body for the study and utilization of mineral resources in coordination with the central committee, depending on the amount of approved mineral reserves.

Project documents provided in this article are being developed with compulsory on the basis of the contract the project organization with the necessary licenses for the design. Contract with the project organization should provide for obligations of the project organization for supervision.

Classification for deposits made in the manner determined by the authorized body for the study and utilization of mineral resources.

5. Project documents for works on mining subject to the following mandatory examinations:

- 1) State Environmental;
- 2) in the field of industrial safety;
- 3) epidemiological;
- 4) in the field of sustainable and integrated use of mineral resources.

Feasibility study of a mandatory subject of economic expertise.

6. Term development and approval of project documents should not exceed eighteen months from the date of signing the protocol of direct negotiations for the person with whom the contract is concluded through direct negotiations, or the date of announcement of the competition - for the person deemed the winner.

For persons engaged in procurement of design work in accordance with Kazakhstan legislation on public procurement, or in accordance with the procedure of procurement referred to National Holding and entities, fifty percent or more of the voting shares (equity), directly or indirectly owned National Holding, the term of the development and approval of project documents for works on production may be extended by a decision of the competent authority or the local executive body of the area, the city of republican status, capital, taking into account the mandatory procedures established by the Republic of Kazakhstan law on public procurement, or in accordance with the procedure of procurement referred to National Holding and entities, fifty percent or more of the voting shares (equity), directly or indirectly owned by National Holding.

7. Project to develop mineral deposits is considered by the Central Commission within one month from the date of receipt of the project to the central committee and approved by the competent authority on the study and utilization of mineral resources within fifteen working days of receipt of proposals from the central committee.

Flowsheet development and pilot projects and commercial development of hydrocarbon resources are considered central to the commission within three months from the date of receipt of the technological scheme or project of experimental-industrial and commercial development of hydrocarbon resources in the central committee and approved by the competent authority on the study and utilization of mineral resources within fifteen days from the date of receipt

of proposals from the central committee.

Project documents for the development of deposits of common minerals provided in this article, we consider inter-regional committee within one month from the date of receipt of the appropriate project in inter-regional committee and approved by the territorial divisions of the authorized body for the study and utilization of mineral resources within fifteen working days from receipt of proposals from inter-regional committee.

Projects for the development of groundwater deposits in the volume production of over two thousand cubic meters per day, as well as for injection into the reservoir in accordance with the technological scheme of mining are considered in the central committee within one month from the date of receipt of the project to the central committee and approved by the authorized authority on the study and utilization of mineral resources within fifteen working days from receipt of proposals from the central committee.

8. If necessary, amendments and (or) amendments to the terms and scope of work defined by the approved projects, prepared draft amendments and (or) amendments to approved projects are reviewed and approved by authorities, as defined by paragraph 7 of this article.

Subsoil user may be denied amendments and (or) amendments to project documents for works on production, if:

1) the proposed changes and (or) additions do not comply with good practice mining;

2) the proposed changes and (or) additions do not meet the requirements for sustainable and integrated management of mineral resources;

3) a negative opinion of one of the examinations referred to in paragraph 5 of this article.

Time for consideration and approval of changes and (or) additions to the project should not exceed one month from the date of receipt of the central committee or commission of an interregional project related changes and (or) additions.

9. Approval of project documents for works on mining are the basis for drawing up and concluding the contract of production.

10. Prohibited from conducting activities for mining without a duly approved design documents for works on mining, as well as in violation of the requirements of project documents.

Article 67. Terms of payment of a signing bonus

1. The winner of the contest for the right of subsoil use, the person with whom the contract is based on direct negotiations as well as the person who has entered into a contract, pay a signing bonus in accordance with the laws of the Republic of Kazakhstan. In this contract, in which the company acts as national subsoil, paying a signing bonus in favor of the Republic of Kazakhstan is its

strategic partner, unless the contract of joint activity with a partner provides otherwise.

2. Monitoring the timely and complete payment of signature bonus shall be in accordance with the laws of the Republic of Kazakhstan.

3. In the case of a person declared the winner, will not produce in a timely payment of fifty percent of the amount of signing bonus, commission for conducting tenders for the right of subsoil use (competition commission for granting the right of subsoil use for exploration or production of common minerals) entitled to cancel the decision on recognition such person is the winner.

If the person with whom the contract is concluded through direct negotiations, will not produce in a timely payment of fifty percent of the amount of signing bonus, the competent authority (the local executive body of the area, the city of republican status, capital) shall be entitled to cancel the decision to enter into a contract with such person through direct negotiations.

4. In case of cancellation by the Commission to conduct competitions for the right of subsoil use (competition commission for granting the right of subsoil use for exploration or production of common minerals) decision to declare the winner of persons who have not complied with the obligation to pay fifty percent of the amount of signing bonus, or cancellation by the competent authority (local executive body of the area, the city of republican status, capital) award of the contract through direct negotiations with the person who had not fulfilled the obligation to pay fifty percent of the amount of signing bonus, that person loses the right to enter into a contract.

5. In case of failure to conclude a contract on time through the fault of the winner or the person with whom the contract is concluded through direct negotiations, signing bonus paid is not refundable.

The competent authority shall notify the state agency exercising leadership in the provision of income taxes and other mandatory payments to the budget, the fact of loss of contracts through the fault of the winner or the person with whom the contract is concluded through direct negotiations.

Article 68. Conclusion and registration of contract

1. The contract of the subsoil use is made after final approval of the competent authority of the contract, the work program on the basis of duly approved design documents, as well as the results of mandatory examinations, enabling contract. . P100100

2. The term of the contract for exploration should not exceed eighteen months from the date of the decision by the competent authority has signed a contract and signing the protocol of direct negotiations for the person to whom the contract is through direct negotiations, or the date of announcement of the competition - for the person recognized as the winner .

The term of the contract for production shall not exceed twenty-four months from the date of the decision by the competent authority has signed a contract and signing the protocol of direct negotiations for the person to whom the contract is through direct negotiations, or the date of announcement of the competition - for the person recognized as the winner competition.

The term of the contract may be extended by the competent authority, if the winner or the person with whom the contract is based on direct negotiations apply to the competent authority an application for renewal of the contract and the reasons for such extension.

If the contract is not concluded in time to the fault of the person applying for the contract, such a person loses his right to conclude a contract, and the costs incurred by such person for the acquisition of geological information, development and coordination of project documents, work programs and project contract will not be refundable. The competent authority may set the appropriate section of the subsoil of the contest in the manner prescribed by this Law.

3. The contract shall be registered with the competent authority and shall enter into force upon registration.

The competent authority shall maintain a register of state registration of contracts and maintain a contract.

Changes and additions to the contract are also subject to mandatory registration with the competent authority by making appropriate entries in the register of state registration of contracts. Changes and (or) amendments to the contract has come into force upon their registration.

4. A copy of the contract after it was registered by the competent authority is compulsory to the authority on the study and utilization of mineral resources, the authority in the field of environmental protection and the central authority for budget execution.

5. Signing the contract is the basis for registration of land by the local executive body of the area, the city of republican status, capital, within thirty days of the date of subsoil, except in cases of forced removal of land (land use rights) for public use in accordance with the land laws of the Republic of Kazakhstan.

Provision of land, owned or use of third parties, in accordance with land legislation of the Republic of Kazakhstan. In this case, spatial boundaries are limited to legalize the land area actually used subsurface, in violation of the earth's surface within the period of actual use of land.

6. Conclusion and registration of contracts for exploration or extraction of commonly occurring minerals are implemented by local executive bodies of the area, the city of republican status, capital.

Article 69. Duration of contract

1. Exploration contract is for up to six years.

The term of the contract for exploration for oil operations at sea may be extended by the competent authority for up to two years if the subsoil user does not later than six months before the expiry of the contract apply to the competent authority an application for renewal of the contract and the reasons for such extension.

In case of deposit subsoil user has the right to extend the term of the contract for exploration for the period necessary for its evaluation.

Renewal of the contract for the evaluation of detection should be considered no later than one month from the date of its receipt by the competent authority or the local executive body of the area, the city of republican status, capital.

2. Contract for the production is a term defined by the project for works on mining.

Term of the contract to produce extended by the competent authority or the local executive body area, the city of republican status, capital in the absence of violations of subsurface contractual obligations, if the subsoil user does not later than six months prior to the completion of the work appeal to the competent authority or the local executive body of the area, the city of republican values, the capital of the request for renewal of the contract and the reasons for such extension. Renewal of the contract should be reviewed not later than two months from the date of its receipt by the competent authority.

3. When you change the contract term in a contract to make appropriate changes and (or) additions.

Article 70. The territorial scope of the contract

1. Within the contract area may be one site or multiple depths of subsoil as related or separate. Allocated within the contract area plot subsurface (subsoil) may (can) be limited to a certain depth.

2. In the case of within a contract area of mining operations by two or more mining companies under different contracts conduct of business within the contract area is determined by agreement between such mining companies.

If the subsoil, conducts within a contract area of mining operations under different contracts, cannot come to an agreement on this issue, the right to establish procedures for conducting work on the contract area has a subsoil user performing the operation for exploration or mining operations on contract with the competent authority.

Subsoil user is performing operations for the exploration or extraction of common minerals on a contract with the local executive body area, the city of republican status, capital, is obliged to comply with the order of reference works on the contract area, installed subsurface, carrying out operations for the exploration or mining under the contract, concluded with the competent authority.

In the case of within a contract area of mining operations by two or more

mining companies in various contracts entered into with the competent authority, the right to establish procedures for conducting work on the contract area has a subsoil user with whom a contract signed earlier.

Subsoil users, with whom contract is later obliged to comply with the order of reference works on the contract area, set subsoil, which contract was concluded earlier.

Procedure for within a contract area of mining operations as determined in accordance with this paragraph must be consistent with the authorized body for the study and utilization of mineral resources.

3. If an on site subsurface mining operations impossible or difficult or might lead to excessive costs subsoil without granting him an easement on adjacent land or other mineral resources, the person interested in obtaining an easement (the applicant for an easement) may apply to the subsoil user, the site of mineral resources which must be installed easement, with a proposal to conclude an agreement on the establishment of an easement.

If no agreement between the applicant for obtaining an easement and subsurface of the possibility of establishing an easement or on a contract basis to establish an easement interested person may apply to the court.

Easement shall be registered with the competent authority, and if the area of mineral resources is intended to carry out operations on the exploration and extraction of common minerals - in the local executive bodies, the city of republican status, capital.

Prohibited the establishment of an easement, if such a setting poses a threat to human life or health or the environment, as well as entail the impossibility of conducting on site subsurface exploration and (or) extraction.

When establishing an easement on the land subsurface easement holder must reimburse the subsoil user losses associated with the easement, unless otherwise stipulated by the agreement on the establishment of an easement or the laws of the Republic of Kazakhstan.

Treaty on the establishment of an easement or a court decision may provide for payment for the easement, an easement holder paid the subsoil user.

Easement shall cease after the period for which it was installed, or the termination of the grounds on which it was installed, or in the event of an easement holder.

Easement cannot be an independent subject of transactions, including purchase and sale of collateral. Easement can move on to other persons only with the law, to ensure that such an easement is installed. Easement is preserved in case of transfer of subsoil use and transfer of the subsoil in the way of universal succession to the subsoil, burdened by a servitude to another person.

The establishment of an easement on the part of the subsoil the ground for an easement on land under the land laws of the Republic of Kazakhstan in the case of the need for such an easement.

4. If during the exploration or mining it is found that the geographic

boundaries of the detection or deposit (regardless of location on land or at sea) are outside the contract territory specified in the geological or mining allotment, the question of its expansion should be decided by the competent authority or local executive body of the area, the city of republican status, capital during the exploration or extraction of common minerals by changing the conditions of the contract, without competitive bidding in the manner and terms established by this Act for approval of the draft contract and its conclusion, if the area is free of subsoil .

5. Conditions and procedure for the return of the contract area defined by this law and contract.

6. Return of parts of the contract area is done by reissuing geological allotment with the exception of the returned parts of the contract territory of the relevant geological allotment.

Article 71. Entering into contract amendments and (or) additions

1. Modified and (or) addition of contract terms allowed by agreement of the parties, unless otherwise prescribed by this Act.

2. Modified and (or) addition of contract at the request of one of the parties are permitted on the grounds and in the manner prescribed by the laws of the Republic of Kazakhstan and the contract.

3. In the case of the subsoil during the mining operations in respect of subsoil areas, fields of strategic importance, lead to a change in the economic interests of the Republic of Kazakhstan, endanger national security, the competent authority may require changes and (or) amendments of the contract, including Among the previously signed contract, to restore the economic interests of the Republic of Kazakhstan.

Article 72. Termination of a contract

1. Contract terminated on its expiration, unless the parties reached an agreement to extend the term of the contract in accordance with Article 69 of this Law.

2. Early termination of the contract may be agreed by the parties, as well as in the cases stipulated by this law, at the request of either party.

3. The competent authority shall have the right to unilaterally terminate the contract in the following cases:

1) for non-elimination of the subsoil user specified in the notification of the competent authority for more than two violations of the obligations established by contract on subsoil use or project documents;

2) for the transfer of subsoil subsoil use rights and (or) objects related to subsoil use right in cases stipulated by paragraphs 1 and 3 of Article 36 of this Law without the permission of the competent authority, except in cases where

such permission is not required in accordance with paragraph 5 Article 36 of this Law.

Breach of contract, is completely eliminated subsurface within the period specified in the notice of the competent authority, is not grounds for early termination of the contract unilaterally.

4. In the case provided for in paragraph 3 of Article 71 of this Law, the competent authority is entitled to unilaterally terminate the contract if:

1) in two months from the date of receipt of notification from the competent authority to change and (or) the complement of the contract subsoil user does not confirm in writing its agreement to negotiate a change and (or) amendments of the contract, or abandon their jurisdiction;

2) a period of four months from the date of receipt of the consent of the subsoil to negotiate change and (or) amendments of the contract the parties have reached agreement on changes and (or) amendments of the contract;

3) within six months from the date of achieving a negotiated solution to restore the economic interests of Kazakhstan parties have signed the amendments and (or) amendments to the contract terms.

5. According to the decision of the Government of the Republic of Kazakhstan the authority is entitled to unilaterally terminate the contract, including any previous contract, in case of subsoil during mining operations in respect of subsoil areas, fields of strategic importance, lead to a change in the economic interests of the Republic Kazakhstan, endanger national security.

In the case of a unilateral termination of the contract at the specified grounds, the competent authority shall notify the subsoil, not later than two months.

6. Local executive body area, the city of republican status, capital is entitled to unilaterally terminate the contract for exploration or production of common minerals at non-elimination of subsurface specified in the notification of the competent authority for more than two violations of the obligations established by contract on subsoil use or project documents.

Breach of contract, is completely eliminated subsurface within the period specified in the notice of the local executive body of the area, the city of republican status, capital, is not grounds for early termination of the contract unilaterally.

7. If the actual costs of subsoil due to price changes, operating in the market, as well as other circumstances beyond the will of the subsoil, were lower than those considered in the contract, approving the work program and project documents, but the volume of commitments subsoil, provided contract, the work program and project documents, executed in full, such reduction of actual cost of the subsoil user is not a breach of contract and grounds for early termination of the contract unilaterally.

8. Subsoil user may request early termination of the contract in court or to unilaterally withdraw from the contract on the grounds specified by the contract.

9. Termination of the contract does not relieve the subsoil of the obligations to repay the state the contract area and eliminate the consequences of mining operations in accordance with the laws of the Republic of Kazakhstan.

10. Upon early termination of the competent authority of the national contract the company takes in trust management contract territory. Facilities and equipment to ensure the continuity of the process and industrial safety are to be transferred by the former subsoil into the temporary possession and use of the national company for a period prior to the transfer of property to the new subsoil user. In the absence of the former subsoil or its deviation from the transfer of assets of national competent authority acts as his agent in respect of such property.

The competent authority shall set the bowels of the contract area for the competition or to hold direct talks.

Article 73. Grounds for renewal of contract for exploration, production, combined exploration and booty

1. The competent authority shall have the right of court to reinstate the previously terminated by his initiative, the contract for exploration, production, combined exploration and production through a decision to renew the contract and the cancellation of an earlier decision to terminate the contract at the initiative of the competent authority in the following cases:

1) determine whether the decision to terminate the contract on the basis of incorrect data, which greatly influenced the decision to terminate the contract, including if the date of the decision to terminate the contract of the subsoil user for valid reasons, no documents confirming the fulfillment of contractual obligations ;

2) establish and confirm beyond the control of subsoil causes, which occurred as a result of failure or improper fulfillment of obligations under the contract, including force majeure, that is extraordinary and unavoidable under the given conditions (natural disasters, military actions and the like), had a direct impact on the non-fulfillment or improper fulfillment of obligations under the contract.

2. Basis for consideration by the competent authority of the renewal of previously terminated at the initiative of the competent authority of the contract is to address the person with whom the contract was terminated, either by itself to identify the competent authority of the grounds for renewal within six months from the date of the decision to terminate the contract at the initiative of the competent body.

3. Decision of the competent authority to renew the contract and cancellation of the earlier decision to terminate the contract at the initiative of the competent authority shall be made within one month from the date of receipt of appeals from persons with whom the contract was terminated, or to identify the

competent authority of the circumstances referred to in paragraph 1 of this article .

4. In case of acceptance on the grounds provided for in paragraph 1 of this article, decisions to renew the contract for exploration, production, combined exploration and production and the abolition of the earlier decision to terminate the contract at the initiative of the competent authority, the authority and subsoil users over three months date of the decision in the prescribed manner shall agree and conclude a supplementary agreement to the contract, which must be resolved to the resumption of the contract, including issues related to the interruption of the contract and liability issues. According to the decision of the competent authority specified in this paragraph the term for the negotiation and conclusion of a supplementary agreement to the contract may be extended.

5. Decision of the competent authority to renew a contract for exploration or production and the abolition of the earlier decision to terminate the contract at the initiative of the competent authority shall be notified to the person with whom the contract was terminated earlier, not later than ten working days from the date of its adoption and is the basis for the resumption of subsurface activities under the contract before signing an additional agreement to the contract in accordance with paragraph 4 of this article.

6. The provisions of this Article shall apply when making a local executive body of the area, the city of republican status, capital solutions to renew the contract for exploration or extraction of common minerals.

Article 74. Recognition of the contract null and void

1. The grounds for declaring the contract null and void are:

- 1) recognition of the tender for subsurface use right invalid;
- 2) the absence of mandatory contract terms established by this Act;
- 3) a provision to the competent authority or the local executive bodies, the city of republican status, capital of deliberately false information that influenced his decision to sign a contract with the person;
- 4) other grounds stipulated by the laws of the Republic of Kazakhstan.

2. Contract invalid, does not entail legal consequences, except those related to its invalidity and invalid from the moment of its conclusion.

Recognition of the contract null and void does not relieve the subsoil of the obligations to repay the state the contract area and eliminate the consequences of mining operations in accordance with the laws of the Republic of Kazakhstan.

3. Repeal of a court order or termination of the contract on which the transfer was made and re-registration of subsoil use right, shall invalidate amendments to the contract, taken in connection with such transfer of subsoil use rights, but not the contract itself.

4. Recognition of the contract null and void shall invalidate all subsequent transactions, the subject of which is the subsoil use right granted on the basis of

such a contract.

Chapter 7. Rights and responsibilities of subsoil

Chapter 7. Rights and duty of subsoil

Article 75. Rights of the subsoil

Subsoil user has the right:

- 1) self-perform actions on subsoil use within his contract area in accordance with the terms of the contract;
- 2) to use at its discretion, the results of its operations, including minerals, unless otherwise stipulated in the contract or the laws of the Republic of Kazakhstan;
- 3) build on the contract area, and if necessary on other plots of land, provided the subsoil user in the prescribed manner, production facilities and social services necessary to implement the works as well as on the basis of agreements to use facilities and public utilities as the contract area, so and outside it;
- 4) to initiate negotiations for the renewal of the contract;
- 5) engage contractors to perform certain types of work related to the mining operations;
- 6) transfer any right or part thereof to other persons subject to the conditions set forth in this Law;
- 7) to cease operations on subsoil use under the conditions specified by this law or contract.

Article 76. Duties of the subsoil

1. Subsurface user must:

- 1) to carry out operations on subsoil use, in accordance with the contract and the laws of the Republic of Kazakhstan to observe the requirements established by the laws of the Republic of Kazakhstan to the operations on subsoil use;
- 2) ensure the safety of human life, human health and the environment during mining operations;
- 3) use the contract territory only for the purposes of the contract;
- 4) choose the most effective methods and technologies for mining operations, based on the positive practices in the use of mineral resources;
- 5) to proceed with the exploration or extraction from the registration date of the contract, unless otherwise stipulated in the contract;
- 6) comply with the terms of the Memorandum of Understanding on Transparency Initiative Extractive Industries in the Republic of Kazakhstan, except for contracts on groundwater and common minerals;
- 7) agreed to comply with the procedure established by legislation of the Republic of Kazakhstan, the provision of design documents and flow diagrams to conduct mining operations to ensure the safety of life and health of workers

and the public, rational and complex use of mineral resources and environmental protection;

8) does not prevent others to move freely within the contract area, use the facilities and communications in general use, unless it is related to the special conditions of security and such activities do not interfere with carrying out mining operations;

9) be sure to use the equipment, materials and finished products manufactured in the Republic of Kazakhstan, provided that they meet the requirements of competition and the laws of the Republic of Kazakhstan "On technical regulation;

10) necessarily involve Kazakhstani producers works and services during the mining operations, including the use of air, rail, water and other transportation modes, if these services meet the standards of price and quality characteristics of homogeneous work and services rendered to residents of the Republic of Kazakhstan;

11) for conducting mining operations preferred Kazakh personnel;

12) carried out in accordance with the contract finance training and retraining of the citizens of the Republic of Kazakhstan;

13) provide the competent authority or the local executive bodies, the city of republican status, capital information on implementing the work program;

14) provide the necessary documents, information and ensure unimpeded access to places of work to officials controlling authorities of the Republic of Kazakhstan in the performance of their duties in a timely manner and address the identified their violation;

15) represent the geological reports on the results of the contract area to the authority on the study and utilization of mineral resources;

16) timely and full payment of taxes and other obligatory payments to the budget;

17) annually no later than February 1 of the planned procurement for the year or no later than sixty days from the date of registration of the subsoil use contract to submit to the competent authority approved by the Government of the Republic of Kazakhstan in order forms and annual program of purchasing goods, works and services for the coming year;

18) annually no later than February 1 or no later than sixty days from the date of registration of the subsoil use contract to submit to the competent authority approved by the Government of the Republic of Kazakhstan, forms and procedure for medium-and long-term program of purchasing goods, works and services in the coming period;

19) on a quarterly basis no later than the fifteenth day of the month following the reporting period, submit to the competent authority approved by the Government of the Republic of Kazakhstan in order forms and records of purchased goods, works and services and the performance of obligations for the local content in frames;

20) on a quarterly basis no later than the fifteenth day of the month following the reporting period, submit to the competent authority approved by the Government of the Republic of Kazakhstan in order forms and reports on the performance of obligations by the size of expenditure allocated to education, training and retraining of workers who are nationals of the Republic of Kazakhstan, involved in the performance of the contract, or training of the citizens of the Republic of Kazakhstan to the list of specialties, in coordination with the competent authority;

21) annually no later than the fifteenth day of the month following the reporting period, submit to the competent authority a report on the implementation of commitments to local content in frames;

22) to report, confirmed by the audit report in accordance with the requirements of the Transparency Initiative Extractive Industries in the manner approved by the Government of the Republic of Kazakhstan;

23) to transmit information about the content of mining operations to third parties if the need arises, only by mutual agreement of the parties, unless otherwise stipulated by the contract, except as specified in paragraph 3 of Article 78 of this Act;

24) preserve objects of historical and cultural heritage;

25) to recover land and other natural objects, broken by conducting mining operations, to a condition suitable for further use, in accordance with the laws of the Republic of Kazakhstan;

26) predict the environmental impacts of their activities at the design stage;

27) to conclude an agreement on mandatory environmental insurance;

28) take the balance of all the previously drilled wells that are in the contract territory, to carry out monitoring on them;

29) organize the monitoring of the state of mineral resources and oversee the development of the deposit;

30) notify the competent authority of the transactions made for the disposal of subsoil use rights and other affiliated individuals as well as a stake in the authorized capital of subsoil or stake within five days from the date of the transaction;

31) register with the goods, works and services used during mining operations, and their manufacturers, except those specified in paragraph 7 of Article 77 of this Act;

32) for changes and (or) additions to the annual program of purchasing goods, works and services within five working days to provide the competent authority approved by the Government of the Republic of Kazakhstan in order forms and information about these changes and (or) additions;

33) at the request of the competent authority in the terms established by the present data, information and documentation regarding the implementation of subsurface contractual obligations;

34) keep records, including internal documents, as well as state transactions

made in writing, in Kazakh and Russian languages with an application to the appropriate translation into other languages.

2. Contract may provide and others do not contradict the legislation of the Republic of Kazakhstan duties subsoil.

Article 77. Purchases of goods and services at conducting mining operations

1. Purchases of goods and services during the mining operations, including contractors, carried out by one of the following ways:

- 1) open competition;
- 2) from one source;
- 3) E-government;
- 4) via e-procurement system;
- 5) through commodity exchanges.

2. The procedure for acquiring goods, works and services during the mining operations determined by the Government of the Republic of Kazakhstan.

3. Purchase of goods and services used during mining operations, performed in the manner prescribed in subparagraphs 1), 2), 3) and 4) of paragraph 1 of this article with a mandatory use of the roster of goods and services used in operations for subsoil and their producers, or using other subsurface systems, electronic procurement, located in the Kazakh sector of the Internet, whose work is synchronized with the Registry of goods and services used during mining operations, and their producers, in a manner approved by the Government Republic of Kazakhstan.

4. When purchasing goods, works and services in the manner prescribed in subparagraphs 1), 2), 3) and 4) of paragraph 1 of this article, announcement of the procurement protocols opening of bids, for admission to the competition, summing up the subject to compulsory placement in Register of goods and services used during mining operations, and their producers, the announcement of procurement and their outcomes - be published in periodicals, published at least three times a week and distributed on the territory of the Republic of Kazakhstan, the Kazakh and Russian.

5. Mineral developers and their contractors, as well as persons authorized to carry out mining companies supplying goods and services in conducting mining operations in Kazakhstan are required to implement the procedures associated with the acquisition of goods, works and services to any of the methods referred to in paragraph 1 of this article on the territory of the Republic of Kazakhstan.

6. Expenditure on acquisition of goods and services used during mining operations, the results of the contest, held outside the territory of the Republic of Kazakhstan, or acquired in violation of the established government of Kazakhstan about the purchase of goods, works and services during the mining operations are excluded from costs taken into account by the competent

authority as the execution of subsurface contractual obligations.

7. The requirements of this Article shall not apply to:

1) the subsoil carrying out operations for the exploration or extraction of common minerals;

2) subsoil users who purchase goods and services in accordance with Kazakhstan legislation on public procurement;

3) legal persons having the right of subsoil use, and more than fifty percent of the shares (equity), directly or indirectly owns the national management holding.

Article 78. Support producers of Kazakhstan

1. In conducting mining operations in the Republic of Kazakhstan subsoil users, as well as its contractors are required in accordance with the requirements of this Act to acquire goods, works and services from Kazakh producers when they meet the requirements of the project document and the legislation of the Republic of Kazakhstan on technical regulation.

2. Organizer of the contest to acquire goods, works and services in determining the winner conditionally reduces the cost of the tender bid competition - Kazakhstani producers to twenty percent.

3. Information relating to the performance of contractual obligations in terms of local content on the planning and conducting subsurface procurement of goods, works and services, as well as costs for training Kazakh specialists and expenditure on social and economic development of the region and develop its infrastructure is not confidential.

Article 79. The implementation of the commitments on development and use of high technologies, new and processing facilities, transmission and other pipelines, construction and sharing use of infrastructure and other facilities

Implementation of subsurface commitment to the development and use of high technology and new processing facilities, transmission and other pipelines, construction and joint use of infrastructure and other projects carried out in accordance with the provisions of the subsoil use contract.

Article 80. Duties of the subsoil at the termination mining operations

1. Upon the termination of mining operations all the facilities and the subsoil of land should be brought into the state, ensuring safety of life, health and environmental protection, and the consequences of the subsoil should be removed in accordance with the legislation of the Republic of Kazakhstan.

2. Upon the termination of exploration or mining, and construction (or) the

operation of underground facilities not related to exploration and (or) extraction, the subsoil user is obliged to donate to the authorized body for the study and utilization of mineral resources, all documents and other material carriers of geological information.

Article 81. Ownership of equipment and other subsoil property

1. Issues of transition of ownership of equipment and other property, except money, securities and non-property used for subsurface exploration or mining, are defined in the contract, unless otherwise stipulated in this Law.

2. Regardless of the transfer of ownership of equipment and other property to the Republic of Kazakhstan for subsurface remains the obligation of dismantling or removal from the contract area of such equipment and other property at his expense during the term of the contract, as well as within one year from the date of expiry of the contract except the transfer of such equipment and other property to another person in accordance with a written notice of the competent authority, or when the contract provides otherwise.

3. Dismantling and removal of equipment and other property from the contract area, regardless of the ownership of such equipment and other property shall be subsurface way safe for human life, health and the environment, in accordance with the laws of the Republic of Kazakhstan.

Chapter 8. Oil operations

Article 82. Terms of oil operations

1. Subsoil user performing petroleum operations, shall conduct petroleum operations in accordance with the laws of the Republic of Kazakhstan, and on such terms and conditions specified by the contract.

2. Subsoil user shall be guided by good practice mining and the requirements of the approved project documents during the exploration or extraction.

3. Subsoil user is performing reconnaissance, has the right to conduct test operation of the reserves.

Terms and dates of the trial operation are determined by the authorized body for the study and utilization of mineral resources.

4. Oil reserves at the field, as well as the level of recoverability of oil subject to state review and approval of mineral resources of the State Commission on Mineral Resources of the Republic of Kazakhstan.

Article 83. Prospecting and exploration of deposits hydrocarbon

1. Exploration involves the field of geological and geophysical surveys, structural drilling, drilling, sampling and testing of research and exploration

wells. Exploration conducted on the approved project search operations in which substantiates the amount, location and timing of drilling, they have solved the problem, a complex and amount of necessary research.

2. In the process of prospecting for oil and gas and oil field exploration wells is carried out in accordance with the project trial operation, approved in the manner prescribed by this Law.

3. Prohibited from conducting a test operation without duly approved the project trial operation, and in violation of the trial operation of the project.

Article 84. Industrial mining of hydrocarbon

1. The object of industrial development is recognized deposit or an accumulation of hydrocarbons, which operate in accordance with the development options considered cost-effective for the duration of its implementation.

2. Carrying out the development of hydrocarbon fields in accordance with common rules for the sustainable and integrated management of mineral resources in the exploration and mining operations approved by the Government of the Republic of Kazakhstan.

3. Entering deposits (deposits) of hydrocarbons in commercial development allowed if:

1) the work on oil exploration, if necessary, carried out exploration of deposits, or research and industrial development of representative sections of the field, and on gas fields - research and industrial exploitation;

2) carried out state expertise of hydrocarbon reserves, and they contain other associated components and supplies delivered to the state balance of mineral reserves;

3) project agreed with the competent authority in the field of industrial safety;

4) approved in the prescribed manner the project documents on industrial development.

4. Industrial development of the deposit shall be in accordance with the approved project of experimental-industrial development, development plan and projects for industrial development.

5. In the implementation of industrial development of hydrocarbon deposits, subsoil users are obliged to provide a complete, systematic and quality management of geological and surveying observations and related documentation and its preservation.

6. Shall be prohibited in industrial development, research and industrial development without duly approved the relevant project documents, as well as in violation of the requirements of project documents.

7. Forbidden to perform work connected with industrial development, without monitoring the status of mineral resources and oversee the development

of the field.

8. The contract for the production of natural gas can be provided that the competent authority may not require, and the subsoil user does not have to begin gas production pending the conclusion of transactions for the supply of natural gas deposits discovered. The period of the contract was suspended until the conclusion of the relevant transactions for the supply of natural gas discovered natural gas deposits, if the contract provides otherwise.

In the event that the subsoil user is not signed deals to supply natural gas for one year, the authority may require a contract to supply gas subsoil with a third party on reasonable terms, including the purpose of subsequent resale of the delivered gas to domestic or foreign consumers, provided the consent of a third party to the transaction with the subsoil. In the event that the subsoil user and the third party, the competent authority can not come to agreement on this issue, they have the right to demand settlement of the dispute in court.

Article 85. Flaring and (or) natural gas

1. Prohibited from flaring of associated and (or) natural gas, except:

- 1) the threat or occurrence of emergencies, death threats to personnel or to public health and the environment;
- 2) test facilities wells, test operation of the deposit;
- 3) with technologically inevitable burning gas: commissioning of process equipment, process equipment operation, maintenance and repair of process equipment.

2. In the cases contemplated in subparagraph 1) of paragraph 1 of this article and associated with any failure (rejection) in the processing equipment throughout the complex technological activities related to the production, gathering, preparing, processing and transportation of oil and gas under the approved technical regulations, damage machinery, equipment and facilities, is allowed flaring of associated and (or) natural gas without permission. . P092231

In this case, the subsoil user shall, within ten days notify the competent authorities in the field of oil and gas, according to the study and utilization of mineral resources in the environment of such burning.

Such notice shall contain the reasons for which there was flaring, and (or) natural gas, and information on the volumes of flared gas.

3. In the cases contemplated in subparagraphs 2) and 3) of paragraph 1 of this article, flaring of associated and (or) natural gas is allowed by permit of the authority in the field of oil and gas reserves, agreed with the competent authorities for the study and utilization of mineral resources in the field of environmental environment and safety, subject to the subsurface of the project documents within the standards and volumes calculated according to the Government of the Republic of Kazakhstan technique.

The procedure for issuing permits for flaring of associated and (or) natural

gas established by the Government of the Republic of Kazakhstan.

4. Flaring test facilities wells permitted in accordance with the approved project for a period not exceeding three months for each subject well.

Flaring at the trial operation of the deposit may be allowed for a total period not exceeding three years.

5. Gas flaring in commissioning the process equipment is carried out during the period associated with commissioning.

Gas flaring in the maintenance and repair work is carried out in controlled amounts in excess of amounts technologically inevitable flaring in the operation of equipment.

6. Clause 1 of this Article shall not apply to the subsoil, carrying petroleum operations on subsoil use contracts entered into before December 1, 2004, before the end of programs for the flaring and (or) natural gas, if they were approved (agreed) a public body before December 1, 2004 or agreed with the competent authority and the authorized agency in environmental protection before July 1, 2006

Article 86. Recycling and disposal of associated and (or) natural gas

1. Prohibited commercial development of oil and gas without processing and (or) the flaring and (or) natural gas.

2. In order to ensure the environmental safety of the subsoil user performing the extraction of hydrocarbons, is obliged to carry out activities aimed at minimizing environmental damage, minimizing the amount of combustion of hydrocarbon gas, the rational and integrated use of associated gas, including its processing.

3. Unless otherwise stipulated by the contract, the associated gas is the property of the state.

4. Liabilities associated gas processing contracts entered into prior to enactment of this Act, of a separate agreement between the subsurface and the competent authority and are annexed to the contract for the production, combined exploration and production of hydrocarbons.

5. At some fields where the processing of associated gas is not practical, is allowed by the decision of the authorized oil and gas, in coordination with the competent authorities for the study and utilization of mineral resources in the field of environmental his disposal without processing through the use of the technological needs, injection into the reservoir to increase of pressure, and reinjection into the reservoir to store.

6. Project documents for the commercial development of hydrocarbon deposits on a mandatory basis should contain a section on recycling (disposal) of associated gas.

7. In order to achieve rational use of associated gas as an important strategic resource of the state subsoil, carrying out the extraction of hydrocarbons, and

authority in the field of oil and gas may carry out joint projects on the use of associated gas.

8. Subsoil users are obliged to provide program development process associated gas, subject to approval by the authorized body in the field of oil and gas agreement with the competent authorities for the study and utilization of mineral resources in the area of environmental protection, which must be renewed every three years for the rational use of associated gas and reducing adverse effects on the environment by reducing the volume of its burning or reinjection into the reservoir (recycling).

Reports on the implementation of programs should be directed subsurface annually to the competent authorities in the field of oil and gas, environmental protection and the study and use of mineral resources.

9. Clause 1 of this Article shall not apply to the subsoil, carrying petroleum operations on subsoil use contracts entered into before December 1, 2004, before the end of programs for the flaring and (or) natural gas, if they were approved (agreed) a public body before December 1, 2004 or agreed with the competent authority and the authorized agency in environmental protection before July 1, 2006.

Article 87. Measures to prevent accidents and other dangerous situations in the course of the oil operations

1. Subsoil user performing petroleum operations in accordance with this Act, shall take all necessary measures to prevent accidents and other hazards that threaten life and health and the environment, as well as the threat of destruction of property in oil operations, guided by good practice mining and laws of the Republic of Kazakhstan.

2. Subsoil user is obliged to develop the program of activities to prevent accidents and other hazards in the petroleum operations, as well as the construction and operation of pipelines and approve them as part of the project documents.

Article 88. Arrangement of hydrocarbon raw

1. Construction of necessary commercial facilities and other infrastructure needed for the production, preparation, storage and transportation of hydrocarbons from the place of production and storage to the point of reloading the main pipeline and (or) to another mode of transport is carried out in accordance with project documents approved in the prescribed manner .

2. The design and construction of facilities hydrocarbon deposits should be provided with the necessary arrangements for the safe operation of these facilities, location and minimize the consequences of possible emergency situations.

3. During the construction of facilities to be respected the order of their commissioning, set the project document, so that it did not change the design parameters adopted by the technological options for the development of the deposit and a violation of the industrial and environmental safety.

Article 89. Features of exploration and production at the border deposits

1. If a result of the exploration or extraction of subsoil users find that the field is a frontier, a subsoil user shall immediately notify the competent authority.

2. In the absence of relevant international agreements the Republic of Kazakhstan to the State on the territory or jurisdiction, which is part of the cross-border deposits, the appointing authority may require the suspension of exploration and production at the border field to reach an agreement with such State. In this case, the contract is to interrupt its action before the competent authority to authorize the resumption of exploration and production.

3. Provisions of this Law and other laws of the Republic of Kazakhstan on Subsoil and Subsoil Use are applicable to the exploration and production on the field border to the extent not contrary to international treaties to which the Republic of Kazakhstan.

The procedures for the exploration and production in frontier fields, defined in international treaties ratified by the Republic of Kazakhstan, took precedence over the provisions of this Act.

Article 90. Exploration or production at the field as single object

1. In case of deposit on which the subsoil user carries out operations for the exploration or extraction, is located within the territory of another contract of the subsoil user, such mineral resources companies are obliged by their own choice:

1) transfer its rights to conduct exploration and (or) production in compliance with the procedures for the transfer specified in the transfer of subsoil use rights, so that there was only one subsoil user who has the right to conduct exploration and (or) production at this field, or were somewhat subsoil, with the right of subsoil partly on the basis of one contract;

2) to conclude an agreement on joint exploration and production field as a whole, make the appropriate changes in the project documents, after agreeing a contract with the competent authority.

2. In the case of non-mining companies, paragraph 1 of this Article the competent authority may require the subsoil conclude an agreement on joint exploration and production on the field as a single object in court. When concluding an agreement on joint exploration and mining developed a unified work program for the entire field, which is subject to mandatory consultation

with the competent authorities for the study and utilization of mineral resources and environmental protection.

3. Subsoil users involved in joint exploration or production, are jointly and severally liable for the obligations imposed on them a contract and work program.

Article 91. Safety requirements during oil operations and transportation of oil

1. Safety in the oil operations and transportation of oil-compliance, the implementation of complex organizational and technical measures to protect human life and health and the environment, creating conditions for safe construction and operation of surface and underground facilities and equipment, as well as the elimination of possible accidents.

2. The objects of technical regulation are oil, as well as the processes of its life cycle.

3. Equipment and other property used for subsurface oil operations and transportation of oil, must meet safety requirements established by technical regulations.

4. Mode and unloading of oil, construction and operating conditions of storage and transportation should comply with fire safety requirements of technical regulations for oil and processes of its life cycle.

5. Oil delivered for processing oil refineries, must meet safety standards established by the legislation of the Republic of Kazakhstan.

6. Set of safety measures during oil operations and transportation of oil shall be provided for the relevant project documents, duly approved.

Article 92. Well Construction

1. All operations for the construction of wells and putting them into operation should be carried out in accordance with the project of construction of wells. Projects for the construction of wells to be agreed with the competent authority in the field of industrial safety.

2. Projects to build wells approved by the competent authority in the case of construction of wells:

- 1) with hydrogen sulfide content in gas for more than six percent by volume;
- 2) Land-based depth of more than five thousand feet;
- 3) at sea depth of more than four thousand meters;
- 4) with a wellhead pressure of more than thirty-five megapascals.

For other types of well construction project approved by the subsoil.

3. Construction projects well tailored to the specific requirements on the drafting of construction of wells to be approved by the competent authority.

Chapter 9. Oil operations at sea

and inland waters

Chapter 9. Sea and inland waters oil operations

Article 93. General terms of oil operations at the sea and inland waters

1. Subsoil user performing oil operations at sea, should carry them in such a way as not to interfere with or harm the maritime fishing and other legitimate activities, usually carried out at a specific site of the sea.

2. Subsoil users engaged in oil operations at sea, must be guided by best practices in environmental protection at sea.

3. Mandatory condition of the tender for subsurface use rights for oil operations at sea is a share in the subsoil as the relevant contract, the national company in an amount not less than fifty percent.

The right to use the seabed for oil operations, it is conferred by permitting the central competent authority for land management.

4. Subsoil user performing oil operations at sea, is liable for damage caused to the environment and the natural or legal persons in case of pollution of the sea, formed as a result of ongoing oil operations at sea, regardless of fault, unless he proves that the damage was caused due to an irresistible force or the intent of the victim.

5. Subsoil user performing oil operations at sea, must develop special programs for the prevention of marine pollution and approve them as part of the project documents.

These programs should include measures to:

- 1) internal control over the ongoing oil operations;
- 2) Training;
- 3) to take well under control, provision of equipment and materials necessary in the event of accidents and other hazards and pollution of the sea;
- 4) involvement of other organizations that specialize in eliminating accidents at sea and their effects.

6. In the case of sea pollution, despite the preliminary steps taken by the subsurface, carrying out oil operations at sea, in accordance with a special program to prevent accidents and other hazards, such subsoil user is obliged to take all possible measures to eliminate or reduce pollution of the sea all available for this means.

7. Subsoil user performing oil operations at sea, is obliged to arrange for their transportation by government representatives to conduct inspections on marine structures, owned or use of such person, provided that such representatives of government agencies empowered to conduct these inspections in accordance with the laws of the Republic Kazakhstan. Inspections of government officials at the marine facilities shall be as determined by the Government of the Republic of Kazakhstan, and should not interfere with

normal activities of subsoil users, conducting oil operations at sea.

8. Subsoil user performing oil operations at sea, may not begin construction or placement of marine installations without the written permission of the competent authority. To obtain the authorization of the subsoil user must apply to the competent authority prior to the planned deployment of a marine construction. The application must include a description, date and location of the planned marine installations or ongoing work on the construction of the offshore facilities. The competent authority shall consider the application subsoil conducting oil operations at sea, and take appropriate action no later than thirty days from the date of application.

The physical and legal persons engaged in the performance of work and (or) services for the public geological survey of the sea, the norms established by this Article.

9. Go to oil operations in inland waters, the provisions of this Act, set for oil operations at sea.

10. Features of oil operations at sea should be provided in project documents, duly approved.

Article 94. Oil operations within safety zone

1. Subsoil user performing petroleum operations within the safety zone must hold them in such a way as to exclude or minimize pollution of the sea in the event of water level rise.

2. Subsoil user performing petroleum operations within the safety zone must develop special programs for the prevention of marine pollution and approve them as part of the project documents. These programs should include activities:

- 1) for urgent preservation of objects of exploration or production with the necessary degree of protection of the marine environment;
- 2) Removal of the flood zone is stored oil, materials, drilling fluids and other substances that can harm the environment;
- 3) to localize sources of pollution and clean water in case of marine pollution;
- 4) permitting the lawful use of the sea and the implementation of other economic activities by third parties.

Article 95. Terms of exploration and mining at the sea

1. Subsoil user, carrying out exploration at sea, the right to begin drilling exploratory and exploratory wells only when carried out all the necessary geophysical and seismic surveys of the contract area.

2. Prohibited from drilling, exploration, production well or a borehole without the written permission of the competent authority, except for drilling wells Silencing of pressure relief when leaving previously drilled wells out of

control, provided that the application of different methods of taking so well under control is impossible or is ineffective in the circumstances. In this case, the subsoil user shall notify the competent authority of the start of drilling a borehole Silencing within a reasonable time, with specific circumstances and reasons that influenced the decision to drill a hole Silencing.

3. The competent authority shall issue a permit to drill wells in the presence of subsoil or have attracted them to the appropriate contractor's license for drilling operations, the availability of compliance obligations subsoil on compulsory insurance of risks arising during the drilling of the wells, a positive conclusion of state ecological expertise on the project of drilling a borehole and permits for construction or placement of marine installations government agency. The application must be accompanied by relevant documents confirming the facts stated in such declaration.

4. Prohibited from forcing associated and natural gas to maintain pressure in-situ without the written permission of the competent authority. The competent authority may grant such permission, provided that other methods of pressure maintenance is impractical and injection has a sufficient level of safety for the environment and human life, if approved by the state ecological expertise of the project, describing such a whipping, issued by the competent authority in the field of environment.

5. Subsoil user is performing exploration and production at sea, shall be available for the construction of the sea or within a thirty-minute reach of appropriate equipment, materials and substances in a quantity required for the works to clean up the sea. Standards and requirements for materials, substances, their number and distance established by the Government of the Republic of Kazakhstan.

6. Programs to prevent accidents and other hazards at sea, approved in accordance with this Act, during the exploration and production should include measures for the immediate localization of the source of contamination and clean-up of the sea because of its pollution.

Article 96. Construction and operation of oil and gas at sea

1. Subsoil user is engaged in construction and operation of pipelines on the sea, may not begin work on the construction, installation or laying of pipelines without the written permission of the competent authority. This permit is issued to the general procedure established by Article 8, paragraph 93 of this Law.

2. During the construction and operation of pipelines on the sea must respect the requirements and standards for the safety of operations for life and human health and the environment.

3. Features of construction and operation of pipelines on the sea should be provided in project documents, duly approved.

Article 97. Prohibition of construction and operation of warehouses and reservoirs of oil at sea

1. Prohibits the construction and operation of warehouses and oil tanks at sea.
2. Prohibits storage and warehousing of oil on marine plants, except for a temporary (not more than twenty days) crude oil storage, transportation of such oil tankers directly from offshore installations.

Article 98. Artificial islands, dams, buildings and installation

1. The Government of the Republic of Kazakhstan has the right to authorize and regulate the construction, operation and use of artificial islands, dams, buildings and facilities intended for the oil operations at sea, research and other purposes, subject to the protection and preservation of the environment.

2. Around artificial islands, dams, buildings and installations are set safety zone that extends to a distance of five hundred meters from each point of their outer edge. Islands, levees, buildings and installations, as well as the surrounding security zones are located in places where they cannot become a hindrance to the normal sea lanes essential to international navigation and fishing.

3. Organizations responsible for maintenance and operation of artificial islands, dams, buildings and facilities must ensure their safety, as well as the availability of adequate funds for the Prevention of their whereabouts.

4. Artificial islands, dams, buildings and installations, if they cannot be used for commercial or other purposes shall be removed to such an extent so as not to endanger people's safety, interference with navigation or fishing.

5. Creation, operation and use of artificial islands, dams, buildings and installations, as well as other objects related to oil operations, are made in accordance with rules approved by the Government of the Republic of Kazakhstan.

Article 99. Dumping and disposal of waste during the oil operations at sea

1. Prohibit the dumping at sea and dumping of waste on the seabed during oil operations at sea.

2. Reset industrial and other waste water into the sea only with the permission and under the control of state regulatory bodies, provided they clean up the established standards.

Article 100. Marine scientific research

1. Marine scientific research may be conducted only with the permission of the competent authority. The procedure for conducting marine scientific research approved by the Government of the Republic of Kazakhstan.

2. Marine scientific research can be carried out both Kazakh and foreign individuals and legal entities, foreign government and the competent international organizations.

3. In carrying out marine scientific research subject to the following principles:

1) marine scientific research shall not unjustifiably interfere with other persons engaged in the lawful use of the sea;

2) marine scientific research is conducted with appropriate scientific methods and means of compliance with environmental protection measures;

3) All data collected in the course of marine scientific research, after processing and analysis should be transferred to the Republic of Kazakhstan and should not be freely distributed or published without the permission of the Government of the Republic of Kazakhstan.

Article 101. Measurement of produced oil

1. Measuring and weighing the produced oil in the contract area, subsurface made in accordance with rules adopted by the Government of the Republic of Kazakhstan.

2. Systematically through the subsoil user specified in the prescribed manner during his time with a representative from the competent authority, test equipment and devices used for weighing and measuring of oil.

3. If the test or inspection it turns out that the equipment or devices are defective, then the failure to establish the time period of malfunction defect is defined as half the time of the previous measurement to the establishment of the defect.

Chapter 10. Trunk Pipeline Transport

Article 102. Ownership of the main pipeline

1. Main pipeline is indivisible technological system and can be in both the public and private property.

2. Decision to build the pipelines are accepted by the Government of the Republic of Kazakhstan.

3. Transmission pipelines, as well as a stake (shares) in legal entities, which owns pipelines, a stake (shares) of individuals and entities who have the ability, directly or indirectly determine or influence the decisions of legal persons, which owns pipelines, refer to the strategic targets of socio-economic importance for the sustainable development of the Republic of Kazakhstan, the

ownership and (or) use and (or) disposal of which may have an impact on the state of the national security of the Republic of Kazakhstan.

Article 103. Operation of pipeline

1. Facility pipeline is in conformity with technical regulations, approved by the Government of the Republic of Kazakhstan.
2. Energy-supplying organizations are prohibited from conducting secure measures to limit the established limits power consumption without the consent of the owner of the pipeline.
3. Owner pipeline in coordination with the local authorities area, the city of republican status, capital and other interested organizations to establish joint measures to ensure conditions for safe operation of the pipeline, the elimination of possible accidents, emergencies and their consequences.
4. Pipeline owner is responsible for failure to comply with technical regulations.
5. Prohibited the construction of any facilities not related to the pipeline, within the minimum distance set by building codes to ensure safety.

Article 104. Relationship between the owner of the main pipeline with a local representative and executive agencies and shippers

1. Local representative and executive bodies may not interfere in the operational activities of the production pipeline operator associated with the processes of transfer, storage and distribution of oil.
2. Emergency service workers, emergency and special equipment pipeline can not be distracted by other work.
3. When the reserves bandwidth pipeline owner may not refuse the shipper to transport oil. In this case, shippers have equal right to receive transportation services to the same tariffs.

Article 105. Protection zones of main pipelines

1. In order to ensure public safety, prevention of environmental harm, as well as creating conditions for safe operation of pipelines along the routes (for any form of pads), including around the main pipelines are established buffer zones, marked on the ground with special signs in accordance with the requirements of technical regulations for the safety of pipelines. When placing multiple pipelines in one technical corridor establishes uniform for all pipeline protection zone.
2. In the security zone pipeline includes: protective forest zones, land needed to ensure safety, strength and stability of structures, devices, and other facilities, service roads, as well as land adjacent to the ROW pipeline located in the

mudflow, landslide-prone areas and locations subject to other adverse effects.

3. The boundaries of protected areas and objects of pipelines, subject to physical protection, established in accordance with the requirements of technical rules on safety of pipelines.

4. During the passage of the main pipelines in one technical corridor with utilities or their mutual intersection of the relationship of organizations that operate the pipelines and communications shall be determined in accordance with the requirements of technical regulations for the safety of pipelines.

5. In the protected zones of pipelines to carry out economic activities are prohibited without a written permit issued by the owners of the pipelines, and notifying the security organization.

Article 106. Construction, installation and operation subsea pipelines and cables

Construction, installation and operation of submarine pipelines and cables made in accordance with technical regulations in the sphere of the turnover of oil.

Chapter 11. Protection of natural resources and environment, management and comprehensive utilization of mineral resources, public safety and Staff

Article 107. Problem of mineral resources and environment, rational and integrated use subsoil

Protection of natural resources and environmental management and integrated use of mineral resources include the legal, institutional, economic, technological and other measures aimed at:

- 1) protection of life and health;
- 2) a rational and comprehensive utilization of resources of the subsoil;
- 3) preservation of natural landscapes and land reclamation, and other geomorphological structures;
- 4) that the properties of the energy state of the upper parts of the subsoil to prevent earthquakes, landslides, flooding, subsidence of soil;
- 5) ensuring the conservation of the natural state of water bodies.

Article 108. General environmental requirements

At all stages of mining, including forecasting, planning, design, a priority must comply with environmental requirements set by environmental legislation of the Republic of Kazakhstan.

Article 109. The ecological basis for mining operations

1. Ecological basis for carrying out mining operations are approved by the state environmental and sanitary-epidemiological examination of the mining contracts, project documentation and the environmental permit.

2. Subsoil user shall submit to the state ecological and sanitary-epidemiological examination of the entire design and project documentation, which should include an assessment of impacts of proposed activities on the environment and contain a section "Environmental Protection".

Article 110. Requirements for the management and integrated use of mineral resources and protection of mineral resources

1. Requirements in the field of sustainable and integrated use of mineral resources and protection of mineral resources are:

1) ensuring the completeness of advanced geological study for a reliable assessment of the magnitude and structure of mineral reserves, deposits and subsoil, provided for the mining operations, including for purposes not related to mining;

2) ensuring the sustainable and integrated use of soil resources at all stages of mining operations;

3) to ensure complete extraction of subsurface minerals, not allowing selective testing of the rich land;

4) reliable records retrieved and repaid in the bowels of the major stocks and share with them occurring minerals and associated components, including products of mineral processing and waste products in the development of deposits;

5) exclusion of adjustment of mineral reserves, registered on the public balance sheet, according to the primary processing;

6) preventing the accumulation of industrial and household waste in the catchment area and in places where groundwater used for drinking or industrial water supply;

7) protection of natural resources from the flooding, fires and other natural factors complicating the operation and development activities;

8) prevention of pollution of the subsoil, especially in the underground storage of oil, gas or other substances and materials, disposal of hazardous substances and wastes;

9) compliance with the established order of suspension and termination of mining operations, conservation and liquidation of mining;

10) ensuring environmental and sanitary requirements for the storage and disposal of waste;

11) the maximum utilization of associated gas through its processing in

order to obtain strategically important energy or raw materials for petrochemical industry and to minimize environmental damage.

2. Subsoil users when designing works related to subsoil use, the implementation of the prospecting, exploration and mineral development must ensure the requirements for sustainable and integrated management of mineral resources and protection of mineral resources as provided in paragraph 1 of this article.

Article 111. Liquidation and conservation of subsoil objects

1. Subsurface objects, which are held or conducted activities related to the state geological studies, exploration and mining, including exploration and extraction of underground water, mud treatments, prospecting for sewage, as well as construction and (or) the operation of underground facilities not related to exploration and (or) production, with the exception of technological units of subsurface objects (blocks, panels, production, oil and gas wells for different purposes), subject to liquidation or conservation of the termination of mining operations, as well as in the case of complete mining of mineral resources in accordance with project documents and work program.

2. Upon the termination of mining operations subsoil users to immediately begin implementation work on the liquidation or conservation facility subsoil. In the case of the need for urgent decisions to discontinue production of the subsoil user holds a set of measures for the conservation of production facilities prior to their removal or preservation.

3. Subsurface objects are liquidated or preserved in accordance with the liquidation or conservation project developed by the project organization, which has a license to perform work and services in the field of environmental protection, and also passed the agreement with the competent authorities in the field of environmental protection, study and utilization of mineral resources in the field of industrial safety, sanitary and epidemiological services, land administration and approved by the subsurface, is sponsoring a work on designing and implementing a project on the basis of the rules of elimination and preservation of subsurface facilities approved by the Government of the Republic of Kazakhstan.

4. Work on the liquidation and conservation of objects of subsoil shall be deemed completed after signing the acceptance of works on liquidation and conservation facility subsoil Commission established by the competent authority of the representatives of authorized agencies in the field of environmental protection, industrial safety, sanitary-epidemiological service, study and utilization of mineral resources, the Land Management and local executive bodies region, city of republican status, capital.

5. After receiving the completion certificate works for the elimination or preservation of the object mining, approved by the authorized body in the field

of environmental protection, geology, surveying and other documentation is replenished at the time of completion, and it shall be given to the storage of the authorized body for the study and utilization of mineral resources.

6. Funding for work associated with the liquidation or conservation facility is funded from the liquidation fund. Payments to the liquidation fund made subsoil into the escrow account in any bank in the Republic of Kazakhstan. The use of fund liquidation by subsoil with permission of the competent authority, consistent with the authorized body for the study and utilization of mineral resources. Terms of the Formation of liquidating the fund, the amount of deductions to fund liquidation, the frequency of such payments shall be established by contract.

Article 112. Subsoil parts of ecological, scientific, historical, cultural and recreational value

1. Subsoil areas of particular ecological, scientific, historical, cultural and recreational value, refer to the objects of the natural reserve fund to the legal regime of special protection, or with adjustable mode of economic activities designed to preserve the typical, unique and rare geological, geomorphological and hydrogeological objects .

2. Features of the protection and use of subsoil areas of particular ecological, scientific, historical, cultural and recreational value, determined by the legislation of the Republic of Kazakhstan in the sphere of protected areas.

3. Withdrawal of license areas of special ecological, scientific, historical, cultural and recreational value, for other purposes is not allowed.

4. In the case of geological, geomorphological and hydrogeological objects that have special ecological, scientific, historical, cultural and recreational value, subsoil users are required to stop work at the appropriate site and notify the authorized body for the study and utilization of mineral resources and authority in the field of environmental protection.

Article 113. Conditions of use areas of mineral fossil

1. Design and construction of settlements, industrial complexes and other commercial facilities are permitted only after obtaining the opinion of the authorized body for the study and utilization of mineral resources on the absence or insignificance of the minerals in the subsoil under the section of the forthcoming developments.

2. Building areas of mineral deposits, as well as placement in their places of underground facilities are allowed with the permission of the authorized body for the study and utilization of mineral resources and the authorized body in the field of industrial safety, provided that the possibility of extracting minerals or proof of economic feasibility of development.

3. Unauthorized construction areas of mineral resources shall be terminated without reimbursement of expenses and costs of land reclamation contract territory and the dismantling of constructed facilities.

Article 114. Oil operations at sea, inland waters, in areas of emergency ecological situation and in protected natural areas

1. The general solution of the possibility of oil operations at sea, inland waters, in areas of extreme ecological situation and Protected Areas adopted by the President of the Republic of Kazakhstan on presentation of the Government of the Republic of Kazakhstan on the basis of the state environmental expertise.

2. The order of oil operations at sea, inland waters, in areas of extreme ecological situation and Protected Areas approved by the Government of the Republic of Kazakhstan. . P970105

3. Transportation of oil in the protected area of the sea when the deposits carried by pipelines subject to the requirements set by environmental legislation of the Republic of Kazakhstan.

Article 115. Providing security for the population and Staff conditions of subsoil use

1. Subsoil should be ensured the implementation provided by the law of rules and regulations for the safe conduct of work, as well as activities to prevent and eliminate accidents, work accidents and occupational diseases.

2. Prohibited from conducting mining operations if they are a danger to human life and health.

3. State control over observance of rules and regulations on industrial safety and industrial hygiene during the mining operations carried out by the authorized body in the field of industrial safety and authorized agency for the sanitary-epidemiological supervision.

4. The main requirements for the safety of mining operations are:

1) admission to employment of persons with special training and qualifications, and to the leadership of mining operations - those with the appropriate special education;

2) to provide persons engaged in mining and drilling activities, special clothing, personal and collective protection;

3) the use of machinery, equipment and materials that meet the requirements of safety and sanitary rules and hygienic standards;

4) accounting, proper storage and expenditure of explosives and blasting agents, as well as the correct and safe use;

5) a complex of geological, survey and other observations are necessary and sufficient to ensure the technological cycle of work and predict hazardous situations, the timely identification and application to the mining plans of

hazardous zones;

6) systematic monitoring of mine atmosphere, the oxygen content in it, noxious or explosive gases and dust;

7) timely completion of technical documents and plans for emergency response data, the borders of zones of safe operation;

8) compliance with the design of systems of development of deposits of solid mineral resources, projects and technological schemes of development and construction of oil, gas and groundwater;

9) Implementation of special events on the prediction and prevention of sudden release of gas, stormwater, minerals and rocks, and rock bursts.

5. Officers of the subsoil in the event of an imminent threat to life and health workers are obliged to immediately stop work and to transport people to safety.

6. If there is an imminent threat to life and health of the population in the zone of influence of mining operations managers of the organizations are obliged to immediately inform the local executive bodies.

7. In the event of threats to life and health of the population in the zone of influence of mining operations subsoil user is obliged to suspend work and may not resume operations on subsoil use without creating a safe and healthy and living conditions and prevent the threat. If you can not take any other action to prevent threats to the subsoil user has the right to resume operations on subsoil use only after the relocation of people from dangerous areas of influence of mining operations.

8. Subsoil users are served by professional rescue services on a contractual basis in accordance with regulations adopted by the Government of the Republic of Kazakhstan.

Chapter 12. State control in the field of protection, learning and use of mineral resources

Article 116. State control in the field of mineral resources

1. State control in the field of mineral resources is carried out by the authorized body in the field of environmental protection.

2. The task of state control in the field of mineral resources is to monitor compliance with mining companies legislation of the Republic of Kazakhstan "On Subsoil and Subsoil Use in part to prevent pollution of the subsoil during the mining operations and reduce the harmful effects of mining operations on the environment.

3. State control in the field of mineral resources include:

1) State monitoring of the subsoil;

2) monitoring compliance with licensing and contractual arrangements relating to the protection of mineral resources;

- 3) control of dumping of hazardous substances, radioactive waste and effluent into the depths;
- 4) control over the preservation of mineral resources from pollution, flooding, fires and industrial processes that lead to deterioration of the deposit and other objects of the environment;
- 5) control over the conservation and liquidation of subsurface objects;
- 6) monitor the implementation of measures to prevent accidents or other hazards during mining operations;
- 7) monitoring of compliance with environmental rules and regulations for the use of mineral resources and mineral processing;
- 8) monitoring of compliance with design solutions for environmental issues in mining and mineral processing.

Article 117. State control over the study and use of subsoil

1. State control over the study and use of mineral resources is carried out by the authorized body for the study and utilization of mineral resources.
2. The task of state control over the study and use of mineral resources is to monitor compliance with mining companies legislation of the Republic of Kazakhstan "On Subsoil and Subsoil Use the search and evaluation of deposits, rational and complex utilization of mineral resources in mining, geological studies and assessment of subsoil for construction and operation of underground facilities not related to recovery.
3. State control over the study and use of mineral resources include:
 - 1) control over the exploration and use of subsoil, which provides autopsy, training and complete excavation reserves, excluding selective working rich subsoil, compliance solutions to technical projects of deposits;
 - 2) control over the reliability taking into account recoverable and repaid in the depths of mineral reserves and their loss during extraction.

Article 118. State control over the conduct mining operations.

1. State control over the conduct of mining operations carried out by state bodies within their jurisdiction in accordance with the laws of the Republic of Kazakhstan. Officials of those bodies carrying out inspection must ensure the preservation of trade secrets.
2. State control over the conduct of mining operations carried out in the form of checks and other forms.
3. Checks are carried out in accordance with the Law of the Republic of Kazakhstan "On private entrepreneurship." Other forms of state control exercised in accordance with this Law.

Chapter 13. State Fund subsoil

Article 119. Accounting for the state of the state fund of mineral resources

1. State Fund includes subsurface mineral resources of Kazakhstan.
2. To ensure rational use of state fund of mineral resources is carried out:
 - 1) State monitoring of the subsoil;
 - 2) public examination of the subsoil;
 - 3) the state storage of geological information;
 - 4) keeping the state balance of mineral reserves;
 - 5) The conduct of public inventories:
deposits and occurrences of minerals;
burial of hazardous substances, radioactive waste and sewage into the subsoil;
technogenic mineral formations.
3. Geological report on the state of the subsoil, which is based on the materials of the primary account, it seems mining companies on special forms approved by the Government of the Republic of Kazakhstan.

Article 120. State monitoring of subsurface

1. State monitoring of the subsurface is a system of observation of the subsurface in order to ensure rational use of state fund of mineral resources and early detection of changes, assess, prevent and eliminate the effects of negative processes.
2. Procedure for State monitoring of subsurface established by the Government of the Republic of Kazakhstan. . P970106

Article 121. State examination of the subsoil

1. In order to create conditions for sustainable and integrated use of mineral resources, determine the fees for use of natural resources, borders, subsoil, provided in the subsoil, mineral reserves, proven deposits, are subject to public examination.
2. Subsoil user who has the right of subsoil use in production, may start production only after a public examination of mineral reserves. Of state examination of the profitability of the development of mineral reserves is the basis for their statement on the state records.
3. State examination may be conducted at any stage of geological exploration field, provided that available at the public examination geological materials allow an objective assessment of the quality and quantity of mineral resources, their importance for the republic's economy, mining, hydrogeological, environmental and other production conditions.
4. Public examination is also subject to geological information on subsoil

plots suitable for construction and operation of underground facilities not related to exploration and (or) prey. The granting of such license areas in the subsoil use is permitted only after a public examination of geological information.

5. State examination of the subsoil by the State Commission for Mineral Reserves of the Republic of Kazakhstan and inter-regional commissions on mineral resources.

6. The organization of the State Commission on Mineral Reserves of the Republic of Kazakhstan and interregional commissions on stocks of minerals, their composition, rules of procedure and record keeping defined by the position of the State Commission on Mineral Resources of the Republic of Kazakhstan and interregional commissions on Mineral Reserves, adopted by the Government of the Republic of Kazakhstan.

Article 122. State balance of mineral fossil

1. State balance of mineral reserves is the authorized body for the study and utilization of mineral resources in order to address and status of mineral resources of Kazakhstan.

2. State balance of mineral reserves shall contain information on quantity, quality and degree of scrutiny of stock of each type of minerals of commercial discovery on their placement, the extent of industrial development, production, loss and the sustainability of industrial mineral reserves.

3. The order of inclusion of mineral resources in the state balance and take them off the state balance established by the Government of the Republic of Kazakhstan.

4. The authorized body for the study and utilization of mineral resources provides information on the state balance of mineral reserves government agencies in the manner prescribed by the Government of the Republic of Kazakhstan.

Article 123. State cadastre of fields and of minerals

1. State cadastre of deposits and occurrences of minerals is the authorized body for the study and utilization of mineral resources in order to ensure the development of industry (sector) and regional geological studies, integrated use of deposits as well as other tasks.

2. State cadastre of deposits and occurrences of minerals includes information on each field, describing the quantity and quality of basic and shared with them occurring minerals and they contain components, mining, hydrogeological, environmental and other conditions for the development of the deposit and its geological and economic assessment, as well as information on the identified manifestations of minerals.

3. The order of the state cadastre deposits and occurrences of minerals established by the Government of the Republic of Kazakhstan.

**Article 124. State inventory of burial of harmful substances, radioactive waste dumping
wastewater into the bowels**

1. State inventory of burial of hazardous substances, radioactive waste and sewage into the bowels of organizing authority in the field of environmental protection in order to provide timely information, decision-making in the field of environmental protection, routine monitoring of the state burial of hazardous substances, radioactive waste and sewage water in the subsoil.

2. State inventory of burial of hazardous substances, radioactive waste and sewage into the bowels contains information describing the type and method of disposal of substances and discharged water, indicating their quantitative and qualitative indicators, mining, special engineering-geological, hydrogeological and environmental conditions of burial and disposal.

3. The order of the state inventory of burial of hazardous substances, radioactive waste and sewage into the depths determined by the Government of the Republic of Kazakhstan. . V074885

Article 125. State cadastre of man-made mineral formations

1. State cadastre of technogenic mineral formations is the authorized body for the study and utilization of mineral resources in a manner approved by the Government of the Republic of Kazakhstan.

2. State cadastre of technogenic mineral formations contains information on the stored object, describing the type and form of man-made mineral formations, indicating the quantitative and qualitative indicators of mining and environmental storage conditions.

**Chapter 14. Responsibility for violations of the law Republic of Kazakhstan
on subsoil and subsoil use**

**Article 126. Responsibility for violations of the law Republic of Kazakhstan
on subsoil and subsoil use**

1. Violations of legislation of the Republic of Kazakhstan on Subsoil and Subsoil Use punishable by the laws of the Republic of Kazakhstan.

2. Transactions related to subsoil use, concluded in violation of the laws of the Republic of Kazakhstan, are invalid.

Persons guilty of such transactions, shall bear administrative or criminal responsibility in accordance with the laws of the Republic of Kazakhstan.

Article 127. Compensation for damage (harm) caused violation of the laws of the Republic Kazakhstan on subsoil and subsoil use

1. Face, causing injury due to violations of the laws of the Republic of Kazakhstan on Subsoil and Subsoil Use, must compensate the damage, unless they prove that the injury was caused due to force majeure or intent of the victim, the amount and manner prescribed by the legislation of the Republic of Kazakhstan.

2. The size of damage caused by violation of the requirements for the management of mineral resources shall be determined by the authorized body for the study and utilization of mineral resources in conjunction with the operators in the manner prescribed by the Government of the Republic of Kazakhstan.

3. The size of damage caused by violation of requirements in the field of mineral resources shall be determined by the authorized body in the field of environmental protection in accordance with the environmental legislation of the Republic of Kazakhstan.

Article 128. Dispute resolution

1. Disputes related to the execution, alteration or termination of the contract shall be settled through negotiations.

2. If disputes relating to the execution, alteration or termination of the contract can not be resolved in accordance with paragraph 1 of this Article, the parties may resolve their disputes in accordance with the laws of the Republic of Kazakhstan and international treaties ratified by the Republic of Kazakhstan.

Chapter 15. FINAL AND TRANSITIONAL PROVISION

Article 129. Transitional provisions

1. This Law applies to relations that arose after its entry into force, except in cases provided for in paragraph 3 of this article.

2. Subsoil users that have signed contracts for subsoil use with the competent authority in the absence of the project documents, are obliged to ensure their development and approval in the prescribed manner within a period not exceeding twelve months from the date of enactment of this Act and not later than eighteen months from the date of enactment of this Act to submit for approval to the authority on the study and utilization of mineral resources working programs to contracts for exploration and production on the basis of project documents.

3. According to previously concluded subsoil use contracts with the state authorities of the Republic of Kazakhstan Parties are obliged to follow the

requirements established by this Act in terms of standardization of terminology, providing information on local content in the frame, the local content in goods, works and services, calculated in accordance with a uniform method of calculating the organizations of local content for the procurement of goods, works and services on the planned and actually made the procurement of goods, works and services in the manner and form approved by the competent authority.

4. Licenses issued and contracts entered into before the enactment of this Act and any related acts of executive bodies of the Republic of Kazakhstan shall retain their effect.

5. Functions of the licensing authority - the Government of the Republic of Kazakhstan with regard to previously issued and valid licenses for use of mineral resources entrusted to the competent authority.

6. Subsoil users, carried out under a single contract for oil operations concluded before 1 January 2004, production at several deposits of hydrocarbons, some of which are included in the list of high-viscosity, water cut, low-yield, or a deposit approved by the Government of the Republic of Kazakhstan in accordance with tax legislation Republic of Kazakhstan, may apply to the competent authority for the conclusion with respect to this (these) field (fields) of a separate contract for the production. This contract may be concluded for the term to complete the original contract.

Article 130. The order of entry into force of this Act

1. This Act comes into force upon the expiry of ten calendar days after its first official publication, except for paragraph 3 of article 77 which entered into force on 1 October 2010.

2. Declared null and void following the laws of the Republic of Kazakhstan:

1) The Law of the Republic of Kazakhstan from June 28, 1995 "On Oil" (Supreme Council of the Republic of Kazakhstan, 1995, № 11, Art. 76, Bulletin of the Parliament of the Republic of Kazakhstan, 1997, № 11, Art. 150, 1999, № 21, Art. 787, 2003, № 6, Art. 1934; № 11, Art. 56, 2004, № 22, Art. 131; № 23, Art. 142; 2005, № 16, Art. 70, 2006, № 16, Art. 99; № 24, Art. 148; 2007, № 2, Art. 18; № 3, Art. 22; № 8, Art. 1952; № 9, Art. 67; № 19, Art. 148; 2008, № 23, Art. 114; № 24, Art. 129; 2009, № 2-3, Art. 18);

2) Law of the Republic of Kazakhstan dated 27 January 1996 "On Subsoil and Subsoil Use" (Register of the Parliament of the Republic of Kazakhstan, 1996, № 2, Art. 182; 1999, № 11, Art. 357; № 21, Art. 787, 2003, № 11, Art. 56, 2004, № 22, Art. 131; № 23, Art. 142; 2005, № 16, Art. 70, 2006, № 3, Art. 1922; № 16, art. 99; № 24, Art. 148; 2007, № 1, Art. 4; № 3, Art. 22; № 22, Art. 170, 2008, № 23, Art. 114, 2009, № 2-3, Art. 1918; № 18, Art. 1984; № 24, Art. 133, 2010, № 5, Art. 23).

The President of
Republic of Kazakhstan

Nursultan Nazarbayev