

AGREEMENT

Between the Government of the Republic of Kazakhstan and the Government of the Kyrgyz Republic on Comprehensive Use of Water and Energy Resources of the Naryn Syr Darya Cascade Reservoirs in 1999

The Government of the Republic of Kazakhstan and the Government of the Kyrgyz Republic in order to provide efficient water releases during the growing season, prevent flooding of areas in mid- and downstream Syr Darya and for the rational use of fuel and energy resources, agreed on the following:

Article 1

1.1 Establish the following average daily water releases from the Toktogul reservoir in 1999:

| | | |
|-----------|---|-------------------------|
| April | - | 300 m ³ /sec |
| May | - | 230 m ³ /sec |
| June | - | 500 m ³ /sec |
| July | - | 650 m ³ /sec |
| August | - | 600 m ³ /sec |
| September | - | 190 m ³ /sec |

1.2 800 million m³ of water supply will be provided for the Republic of Kazakhstan through the ADostyk@ canal during the growing season.

1.3 Water releases from the Toktogul reservoir in the amount of 6.5 billion m³ shall be allocated between Kazakhstan and Uzbekistan taking into account the share of the Kyrgyz Republic.

Article 2

The Republic of Kazakhstan, in exchange for 1.1 billion kWh of power from the Kyrgyz Republic, will provide 250 million kWh of electric power to the Kyrgyz Republic in the fourth quarter and 566.7 tons of Karaganda coal for the Bishkek Thermal Power Plant according to the following terms:

| | | |
|-------------------------------|---|---------------------|
| In the second quarter of 1999 | - | 190 thousand tons |
| In the third quarter of 1999 | - | 190 thousand tons |
| In the fourth quarter of 1999 | - | 186.7 thousand tons |

The deliveries will be performed in accordance with the following terms of payment:

- The price of 850 million kWh of power from the Republic of Kazakhstan will be: US\$0.02 per 1kWh on the border of the Kyrgyz Republic;
- The FOR price of 566.7 tons of Karaganda coal will be US\$30 per 1 ton;
- The entities of the Republic of Kazakhstan and the Kyrgyz Republic will enter contracts on mutual power and coal deliveries.

Article 3

The Kazakh side will submit to the Kyrgyz Government a Refunding Schedule for the power deliveries made by KyrgyzEnergo in 1994-1997 totaling to US\$22.56 million.

Article 4

Depending on the water availability of the Syr Darya basin, the Parties can make adjustments to the schedule on mutual deliveries.

Article 5

The issue of the use of water and energy resources of the NSDC reservoirs in 2000 will be considered in August 1999 in Bishkek at the working meeting of the representatives of fuel, energy and water complexes of the Republic of Kazakhstan and the Kyrgyz Republic.

Article 6

Any disputes or disagreements connected with the Agreement will be resolved through negotiations and consultations between the Parties.

Article 7

The amendments and addenda to the Agreement will be secured, if the Parties make them in written form.

Article 8

This Agreement will be effective from the date it is signed by the Parties.

Article 9

Executed in Bishkek on May 22, 1999 in one original copy in Russian.

For the Government
of the Republic of Kazakhstan

For the Government
of the Kyrgyz Republic