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Hughes Hubbard Helps Turkish Company Settle Oil Dispute With Kazakhstan

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Hughes Hubbard & Reed assisted firm client Türkiye Petrolleri Anonim Ortaklığı (TPAO) in bringing to a successful resolution its dispute with the Republic of Kazakhstan over hundreds of millions of dollars of investments TPAO has made in the oil and gas sector of Kazakhstan since 1993.

In early July 2014, Hughes Hubbard aided in negotiations that resulted in the termination of proceedings brought by TPAO before the International Centre for Settlement of Investment Disputes. The firm had initially filed TPAO's claims against Kazakhstan in December 2010. Terms of the settlement are confidential.

A hearing on jurisdiction and the merits had been scheduled for the second week of July.

TPAO, the leading Turkish company for oil exploration and development, brought its claims in 2011 under the Energy Charter Treaty and the Turkey-Kazakhstan bilateral investment treaty. TPAO owns a 49 percent stake in KazakhTurkMunai, a joint venture with Kazakh state entity KazMunaiGas. KazakhTurkMunai was the first joint petroleum company to be registered in Kazakhstan since it gained independence. It has supported various social projects in the region such as schools, theatres, cultural centers and mosques, since it discovered its first commercial oil in 1996.

KazakhTurkMunai has exploration and production activities in seven oil fields in western Kazakhstan. According to a story on the settlement by Global Arbitration Review, KazMunaiGas paid \$70 million to acquire the other 51 percent stake in the joint venture in 2010 as part of a consolidation of state energy assets.

Steve Hammond led the Hughes Hubbard team, which included Jim Boykin, Malik Havalic, Andreas Baum and Vitaly Morozov.

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James H. Boykin



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