

AGREEMENT BETWEEN

THE BAKU-TBILISI-CEYHAN PIPELINE COMPANY

AND

THE GOVERNMENT OF GEORGIA

ON THE PROVISION OF SECURITY EQUIPMENT, FACILITIES

AND OPERATIONS FUNDING FOR

THE BAKU-TBILISI-CEYHAN PIPELINE PROJECT

2/3

This Agreement is entered into on the date indicated on the signature page hereof by and between:

The Baku-Tbilisi-Ceyhan Pipeline Company ("BTC Co.");

and

The Government of Georgia, represented by the official indicated on the signature page hereof, acting for and on behalf of the Government of Georgia (the "Government");

each a "Party", and together the "Parties".

Preliminary Statement

The Parties have committed that the implementation of security for the Project will be consistent with leading international human rights standards. Specifically, the Government has entered into a Government Security Protocol with the Republic of Azerbaijan and the Republic of Turkey (the "Government Security Protocol"), the Government and the operator for the BTC Project are entering into a Security Protocol (the "Security Protocol"), and the Government, the Republic of Azerbaijan and the Republic of Turkey have issued a Joint Statement with BTC Co. that contains commitments relating to security. These agreements include commitments that all security for the Project will be provided in a manner consistent with the principles included in the Universal Declaration of Human Rights, the European Convention on Human Rights, the United Nations Code of Conduct for Law Enforcement Officials, the United Nations Basic Principles on the use of Force and Firearms by Law Enforcement Officials and the Voluntary Principles on Security and Human Rights (together, the "Security Principles").

In an effort to help the Government of Georgia offset BTC Project security costs, BTC Co. has from time to time provided assistance to the Government on a voluntary basis in connection with the provision of security for the Project, including making available experts to assist in developing security measures and plans that are appropriate and proportionate to the security threats to the Project assessed by the Government, including threats in the Borjomi zone. All assistance provided by BTC Co. to date to the Government has been in accordance with agreements between the Parties relating to security and with the Security Principles. Moreover, notwithstanding the assistance provided by BTC Co., the Government acknowledges its commitments under the BTC Intergovernmental Agreement and BTC Georgian Host Government Agreement (the "BTC HGA"), specifically Article 11 (Security) including in respect of costs as described in that Article. Accordingly, this Agreement does not amend or modify the Government's obligations in any respect.

In respect of the environmental permit conditions set forth in the Continuing Activities Under the Environmental Permit for the BTC ESIA, dated 30 November 2002 (the "ESIA Continuing Activities") for the Borjomi Zone, the Government has requested and BTC Co. hereby states in good faith that, as required by the ESIA Continuing Activities, 9(f) "BTC Co. [has applied] Best Available Technology, Best Practice and multiple lines of protection and redundancy in design, construction, and operation to achieve as close to "zero risk" as possible;" and 9(j) "BTC Co. [is providing] additional design and operational measures to secure the integrity of the

pipeline in [the] event of third party intervention in a manner which will allow sufficient time for information to reach project operations staff and State security services and enable access to [the] Borjomi Area [b]ased upon risks which are foreseeable under the prevailing conditions, including risks associated with attempts to tap the pipeline, acts of vandalism, and attempts to disrupt the project by small organised groups.”

In light of shared concerns regarding the sensitivity of the Borjomi zone, BTC Co. has agreed to provide certain equipment and facilities and operations funding to the Government for the provision of security to the Project in the Borjomi zone, and to help offset associated security costs. Specifically, BTC Co. has agreed to provide to the Government’s dedicated pipeline security force, the Special State Protection Service (“SSPS”), (1) the non-lethal and non dual-use Project security equipment and facilities listed in Annex A, with an aggregate value of up to six million dollars (US \$6,000,000), and (2) ongoing operations funding of one million dollars (US \$1,000,000) annually for the Primary Term of the BTC HGA, escalating with inflation from 2011, all in a manner consistent with the Security Principles and on the basis set forth in this Agreement.

The purpose of this Agreement is to set out the terms on which BTC Co. will provide this additional Project security equipment and facilities and operations funding, including the Government’s commitments and obligations in respect of the use thereof to provide security for the Project in the Borjomi zone and for training of Government security personnel.

The Parties intend that the provision of the equipment and facilities specified in this Agreement and operations funding to the Government under this Agreement and any other assistance rendered to the Government in relation to Project security be on terms that fully comply with the obligations set forth in the agreements between them relating to security and the Security Principles.

In consideration of the foregoing, the Parties hereby agree as follows:

Article 1: BTC Co. to Provide Specified Equipment and Facilities to the Government; Use of Equipment and Facilities

BTC Co. hereby agrees (1) to provide in a reasonably prompt manner the equipment specified in Annex A hereto (the “Equipment”), on and subject to the terms and conditions set out in this Agreement, and (2) to construct in a reasonably prompt manner the facilities specified in Annex A hereto (the “Facilities”), on and subject to the terms and conditions set out in this Agreement, to assist in the provision of security by the Government for the BTC Project in the Borjomi zone. The aggregate cost to BTC Co. (including procurement, transportation and all other related costs) of all Equipment and Facilities to be provided by it under this Agreement shall have an aggregate value of up to SIX MILLION DOLLARS (US \$6,000,000). The cost to BTC Co. of the Equipment and Facilities being provided shall be determined by BTC Co. acting reasonably. The Government shall provide all assistance required in order for BTC Co. to import the Equipment and bring equipment and material needed for construction of the Facilities into Georgia, including clearing customs and meeting any requirements, completing any applications or other documents and providing any undertakings needed to meet export license requirements applicable to the Equipment, in accordance with the exemptions from customs procedures set out in Article 14 of

the BTC HGA. The Government shall also provide all assistance as may be necessary to identify and make available to BTC Co. such State Land as may be required in order to construct the Facilities in accordance with the grants, terms and procedures for State Land as set forth in the BTC HGA.

The Government agrees that the Equipment and Facilities will be used only by the security forces the Government has dedicated from time to time to provision of security for the Project and the South Caucasus Pipeline ("SCP") project (the Project and the SCP project together, the "Export Routes") in the Borjomi zone and shall be used solely for the purposes of providing security directly for to the Export Routes in the Borjomi zone. At no time shall the Equipment or Facilities be transferred, conveyed, loaned, sold or made available in whole or in part in any manner to personnel or forces other than the forces dedicated solely to provision of security for the BTC Project Borjomi zone. The Equipment and Facilities may not be transferred, conveyed, loaned, sold, pledged, mortgaged or made available in any manner in whole or in part to any other governmental authority or to any third party.

The Parties agree and understand that the SSPS is currently the force dedicated by the Government to provide pipeline security as contemplated by Article 11 of the BTC HGA. In the event that the Government elects to provide security through another dedicated security force in accordance with the BTC Intergovernmental Agreement and BTC HGA, the Government will consult with BTC Co. as provided in Article 11 of the BTC HGA.

BTC Co. may, but has no obligation under this Agreement to, make available from time to time experts or otherwise assist the Government in developing or refining existing security measures and plans for implementation of Project security, including additional measures and plans relating to use of the Equipment and Facilities.

Article 2: Terms of Transfer; Loan Equipment and Loan Facilities

BTC Co. will transfer ownership of all the Equipment and Facilities to the Government at the time of delivery, except for the Equipment and Facilities indicated in Annex A as being provided as a loan to the Government ("Loan Equipment" and "Loan Facilities") on the terms set forth in this Agreement. BTC Co. shall retain ownership of all Loan Equipment and Loan Facilities and the loan shall comprise only a license to use the Loan Equipment and Loan Facilities. The Government shall not be required to make any rental or similar payment to BTC Co. in respect of the Loan Equipment or Loan Facilities, but shall be required to comply with the obligations set out herein as consideration for the loan.

If at any time any of the Termination Conditions set forth below occurs, BTC Co. shall be entitled by notice to the Government (a "Termination Notice") to terminate the loan of all or part of the Equipment and Facilities under this Agreement and/or to cease providing Operational Expense Funds (as defined in Article 3 below). Upon receipt of a Termination Notice from BTC Co., the Government shall promptly return all Loan Equipment and unspent Operational Expense Funds to BTC Co. and promptly vacate all Loan Facilities covered by the Termination Notice, and BTC Co. shall have no further obligation to provide any Equipment or Facilities or Operational Expense Funds under this Agreement. If no Termination Notice has been sent to the Government on or prior to the date that is five years from the date of this Agreement,

then ownership of all Loan Equipment and Loan Facilities shall be transferred “as is, where is” to the Government without further action by the Parties hereunder.

Each of the following shall constitute a “Termination Condition”:

- (1) At any time, the Government does not comply with the terms of this Agreement or has repudiated its obligations under this Agreement;
- (2) At any time, the Government materially breaches any of its obligations under the Government Security Protocol or the Security Protocol or materially breaches the BTC HGA; and
- (3) At any time the loan of Equipment or Facilities or provision of Operational Expense Funds pursuant to this Agreement is prohibited under any law or regulation applicable to BTC Co. or any Project Participant.

The obligation of BTC Co. to provide Equipment or Facilities (including any technical information relating thereto) or Operational Expense Funds under this Agreement shall be subject to the limitations and requirements of all applicable laws and regulations, including the applicable export and foreign trade control laws of the United Kingdom, the European Union and the United States. BTC Co. shall have no obligation to provide Equipment, Facilities or related technical information or Operational Expense Funds where that would be prohibited by or contrary to such laws, or where there is a risk, in the reasonable judgment of BTC Co., of diversion or disclosure to persons, entities or uses contrary to such laws, irrespective of whether the relevant Equipment or Facilities appear in Annex A. In particular, the Government agrees that BTC Co. has no obligation under this Agreement to provide Equipment, Facilities or related technical information if at any time such Equipment, Facilities or related technical information constitute (1) military or defence articles or services as designated on the UK National Military List, the UK Explosive-Related Goods and Technology List, or the U.S. Munitions List of the U.S. International Traffic in Arms Regulations; or (2) dual-use items designated on the UK National Dual-Use List, the EU Annex I Dual-Use List or the U.S. Commerce Control List of the U.S. Export Administration Regulations, irrespective of whether such Equipment or Facilities appear in Annex A.

The Government agrees that it will not divert or transfer Equipment, Facilities or Operational Expense Funds or disclose technical information provided hereunder to any person or entity, or for any use, contrary to applicable law, including the foreign trade control laws and regulations of the United Kingdom, the European Union, or the United States, and that any such diversion or disclosure contrary to applicable law or license shall be a Termination Condition.

No Operational Expense Funds shall be used by the Government in a manner that violates Georgian law, is inconsistent with the principles contained in the United States Foreign Corrupt Practices Act, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the United Nations Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, or is inconsistent with the Joint Statement on the BTC Pipeline Project.

Article 3: Operations Funding; Responsibility for Equipment and Facilities

BTC Co. will provide to the Government within forty five (45) days of the start of each calendar year beginning in 2005, and running through the end of the forty-year Primary Term of the BTC HGA (or, if earlier, the date that the BTC HGA is terminated in accordance with its terms), ONE MILLION DOLLARS (US \$1,000,000) (such funds, "Operational Expense Funds") in each of the years 2005 through 2010 inclusive and, commencing in 2011, ONE MILLION DOLLARS (US \$1,000,000) each year to be escalated annually in accordance with US Consumer Price Index for All Urban Consumers as published by the Bureau of Labor Statistics of the United States Department of Labor or any successor index thereto, as appropriately adjusted and with the base year of 2010, all to be used solely for (1) operational expenses for security personnel providing security to the BTC Project in the Borjomi zone, including heating, fuel, food, office materials and similar supplies, (2) repair, maintenance, upkeep, replacement or supplement if necessary of the Equipment and Facilities, (3) conduct of a training program for Project security personnel on the Security Principles, to be carried out in a manner consistent with the Security Principles, and (4) management, procurement and logistical assistance specifically for Project security. Under no circumstances shall the Operational Expense Funds be used: (x) for purchase of any lethal or dual-use equipment; (y) for any Government military functions or personnel other than dedicated Export Route pipeline security forces; or (z) for any other use inconsistent with the Security Principles. Operational Expense Funds shall be paid directly to a special dollar-denominated interest-bearing account established by the Government at the National Bank of Georgia exclusively for this purpose (the "Operational Expense Funds Account"). No funds shall be commingled with the Operational Expense Funds in the Operational Expense Funds Account. The Operational Expense Funds Account and the funds standing to its credit may not be pledged, mortgaged or otherwise used or invested except for the purposes described above. Any Operational Expense Funds not spent in a calendar year may be retained in the Operational Expense Funds Account and used for the purposes specified in this paragraph in future periods.

The Government is responsible for repair, maintenance, and upkeep of the Equipment and Facilities and shall maintain and keep all Equipment in good working order and all Facilities in good condition. BTC Co. shall have no further obligation and bear no further liability for repair, maintenance, upkeep or replacement of the Equipment or Facilities. The Government will keep reasonably detailed records of all expenditures associated with the Operational Expense Funds. The Government will also keep reasonably detailed repair and maintenance records for the Equipment and Facilities. The Government shall make all such records of expenditure, repair or maintenance available to BTC Co. for inspection upon request. Upon the withdrawal of any Equipment or Facilities from use or the giving of a Termination Notice, the Government shall return such Equipment and Facilities to BTC Co. for decommissioning.

Article 4: Training

The Government is responsible for training and equipping its Export Route security forces in a manner consistent with the Security Principles. The Government agrees that it will conduct on a regular basis a training program for Export Route security personnel on the Security Principles, and will report to BTC Co. on implementation of this training. This training will be funded by the Government from the Operational Expense Funds. The Government will consult with BTC Co. and its designated representatives over the structure and timing for the security training and BTC Co.

and its designated representatives shall be entitled to monitor, inspect and review all training activities. If the Government deems appropriate, the Government may request that the Project operator assist it in its efforts to discharge the obligations set forth in Article 7 of the Security Protocol through the provision of security training based on the Security Principles, which the operator at its discretion may agree to provide. For the avoidance of doubt, the Parties agree that the Government is solely responsible for the provision of Government security and the operator shall not have the obligation to provide security training or the right to direct or control the activities of the Government or Government security personnel.

If the Government is not implementing such training, or not implementing training that BTC Co. or its designated representatives consider in their sole discretion to be adequate, BTC Co. in its discretion may withhold a portion of the Operational Expense Funds and procure such training directly. With respect to Equipment, BTC Co. agrees to assist the Government by providing any training as BTC Co. in its sole discretion considers reasonable and appropriate for Government security personnel on use of and safety procedures for the Equipment.

Article 5: Security Principles

The Government agrees that all Equipment, Facilities and Operational Expense Funds shall be used, and security will be provided by the Government to the BTC Project in the Borjomi zone and security activities and training carried out by the Government, in a manner that complies and is consistent in all respects with the Security Principles. In addition, to the extent BTC Co. has assisted or in the future assists the Government in developing additional security measures and plans for implementation of Project security, those security measures and plans will be implemented in a manner that complies and is consistent in all respects with the Security Principles.

Article 6: Reporting and Audit

The Government shall provide BTC Co. with a report every three months after any Equipment, Facilities or Operational Expense Funds are first provided pursuant to this Agreement until the date that all Equipment or Facilities have been decommissioned, returned to BTC Co. or permanently withdrawn from use and Operational Expense Funds used. Each report shall specify in detail (1) for Equipment, where the Equipment is located (or stored if not in use), which personnel are using the Equipment and for what purposes, and any incidents relating to use of the Equipment that may reasonably be seen to impact the human rights of persons affected, (2) for Facilities, which personnel are using the Facilities and for what purposes, and any incidents relating to the use of the Facilities that may reasonably be seen to impact the human rights of the persons affected and (3) for Operational Expense Funds, the use of such funds for repair, maintenance, upkeep or replacement of Equipment or Facilities, and for operational expenses for, or training of, security personnel as specified in Article 3 of this Agreement. The Government shall immediately notify BTC Co. if any Equipment or Facilities are used in connection with a use of force that results in injury to or the death of any person, which notification shall provide reasonable detail as to the background and nature of the incident, security personnel and other persons involved, and actions taken to assist any injured persons or affected families and communities.

BTC Co. shall be entitled, following reasonable notice, directly and/or through use of third parties nominated by BTC Co., to inspect the Equipment and Facilities to monitor compliance with the terms of this Agreement or to investigate any situations in which Equipment or Facilities are believed or alleged to have been used in an inappropriate manner. The Government of Georgia will provide all assistance reasonably required by BTC Co. in connection with any such inspection or investigation, including providing access to Equipment or Facilities and maintenance and other relevant records and to personnel using the Equipment or Facilities or allegedly involved in inappropriate use. The Government will, upon BTC Co.'s request and for purposes of any inspection or investigation, promptly inform BTC Co. where Equipment is located or stored, and which personnel are using the Equipment and Facilities. Such an inspection or investigation may be carried out directly or through the use of third parties.

BTC Co. shall be entitled to engage an independent third party firm of auditors of international reputation (the "Auditor") to review reports prepared by the Government and to verify that Operational Expense Funds are being used in compliance with the terms of this Agreement. BTC Co. will provide a copy of the terms of reference of the Auditor to the Government prior to the first audit. The Government agrees to provide all information and assistance, including access to records and individuals, to the Auditor as required for the Auditor to review and confirm each report and to verify that Operational Expense Funds are being used in compliance with the terms of this Agreement. The Auditor shall report its findings to the Parties in English promptly following the completion of each audit and, at the option of either Party, an executive summary of such report may be made publicly available.

Article 7: Taxes

The Government agrees and confirms that no Taxes of any kind shall be charged to or paid by BTC Co. or any Project Participant in connection with the entry by BTC Co. into this Agreement or the performance of its obligations hereunder.

Article 8: Representations and Warranties

Each Party represents, warrants and agrees that:

- (1) The entry into and performance by it of its obligations under this Agreement has been duly authorized in accordance with applicable law;
- (2) This Agreement is its legally binding obligation, enforceable against it in accordance with its terms, subject in the case of BTC Co. to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;
- (3) The person executing this Agreement on its behalf is entitled and authorized in accordance with applicable law to do so;
- (4) With the exception of (1) Government review of BTC Co.'s proposed temporary or permanent right of way drainage construction methodologies and other right of way stabilization construction methodologies in the Borjomi zone; (2) Government review of any secondary oil spill containment system

to be proposed by BTC Co. and aimed at surface water protection including any temporary secondary oil spill containment in the Borjomi zone to be implemented on a temporary basis for a period of one year following completion of BTC linefill and (3) the specific ongoing monitoring commitments as set out in the ESIA Continuing Activities (which items (1), (2) and (3) shall be subject to approval by the Ministry of the Environment), BTC Co. has fulfilled all of its obligations and met all of its commitments under the ESIA Continuing Activities, including without limitation Activities 9(a) through (j) of the ESIA Continuing Activities, with no requirements for further actions, studies, assessments or activities; provided, however, that nothing in this provision shall limit those environmental approval rights of the Government over on-going and future BTC Project activities not covered by the ESIA Continuing Activities and provided for in the BTC HGA; and

- (5) The entry into and performance by it of its obligations under this Agreement will not violate any applicable law or contract to which it is a party.

BTC Co. makes no representation or warranty, express or implied, regarding the Equipment or Facilities to be provided, including as to whether the Equipment or Facilities are fit for the purposes requested. All Equipment and Facilities are provided on an "as is" basis.

Article 9: Liabilities and Indemnities

The Government is responsible for any and all liabilities arising in connection with its use of the Equipment and Facilities. BTC Co. shall have no liability (i) under this Agreement, (ii) in respect of the Equipment, Facilities, Operational Expense Funds or (iii) in respect of any assistance it has provided to the Government, including making available experts to assist in developing security measures and plans, except to provide the Equipment, Facilities and Operational Expense Funds as specifically provided herein. The Government shall indemnify and hold harmless BTC Co. and all Project Participants against any claims, losses or damages of whatsoever nature arising from or in connection with the execution and performance of this Agreement.

Article 10: Communication

The addresses set out in the BTC HGA shall be used for any communication in connection with the Agreement.

Any notice to be served on a Party shall be sent by pre-paid recorded delivery or registered post or delivered by hand to the above addresses and shall be effective once received.

Article 11: Dispute Resolution

The Parties shall endeavor to resolve any dispute, disagreement or claim (together, "disputes") that may arise between the Parties in connection with this Agreement through amicable good faith negotiations between the Parties.

Should the Parties fail to reach agreement within 60 (sixty) days following first notice by either Party of a dispute, the dispute may be referred by either Party to arbitration. The ICSID rules of arbitration shall apply in accordance with Article 17 of the BTC

HGA, which is hereby incorporated in and will apply, *mutatis mutandis*, to this Agreement. The Government hereby waives any claim to immunity in regard to any proceeding to enforce this Agreement or to enforce any interim or conservatory order or any final award rendered by an arbitral tribunal constituted pursuant to this Agreement on the terms set out in Article 17.11 of the BTC HGA, which is hereby incorporated in and will apply, *mutatis mutandis*, to this Agreement.

This Agreement shall be governed by and construed in accordance with English law.

Article 12: General

This Agreement shall take effect upon its signing by the Parties and shall remain in force until all Equipment and Facilities have been decommissioned, returned to BTC Co. or permanently withdrawn from use, unless at any time one of the Termination Conditions set forth in Article 2 occurs, in which case BTC Co. shall be entitled by notice to the Government to terminate this Agreement. This Agreement shall be made public, including by posting to a public internet website.

No amendment or addition to this Agreement shall be valid unless made in writing and executed by the Parties.

This Agreement constitutes the entire agreement between the Parties and supersedes all previous agreements, arrangements or understandings between them, whether oral or in writing, relating to the matters contained in this Agreement. This Agreement does not amend, modify, waive or affect in any respect the BTC HGA or any other Project Agreement entered into pursuant thereto. This Agreement constitutes a Project Agreement for purposes of the BTC HGA.

Capitalized terms used but not defined in this Agreement, including the Annexes hereto, have the meanings assigned in the BTC HGA.

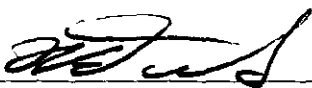
The Agreement is executed by the duly authorized representatives of the Parties in Tbilisi in two copies in the English and Georgian languages. In the event of any conflicting interpretations of any provisions of this Agreement as between the English and Georgian language versions, the English language version shall prevail.

This Agreement is executed by the undersigned on this 19th day of October, 2004.

For and on behalf of the Government of Georgia

By: 
Name: ZURAB ZHVANIA
Title: PRIME MINISTER

For and on behalf of The Baku-Tbilisi-Ceyhan Pipeline Company

By: 
Name: MICHAEL E. TOWNSHEND
Title: CHIEF EXECUTIVE OFFICER

Annex A: Equipment and Facilities

ANNEX A: EQUIPMENT AND FACILITIES

The purpose of this Annex is to identify the Facilities which BTC Co. will construct and transfer to the SSPS as the provider of Government security for the BTC Project and the Equipment which BTC Co. will procure and either transfer or loan to the SSPS as stipulated below in accordance with the terms and conditions set forth in this Agreement including the principles set forth in this Annex A.

1. **Principles.** The following principles will govern the types of Equipment and Facilities to be provided by BTC Co. to the Government:
 - Equipment and Facilities must be intended and designed to be used solely for purposes of directly providing security to the Export Routes;
 - Equipment and Facilities must be fit for their intended purpose, cost-effective and meet a specific need to Government security forces relating to Export Route security;
 - Equipment and Facilities must not be capable of dual use and will not be provided if there is a risk that they will be diverted or converted to other uses; and
 - Equipment and Facilities must be non-lethal in nature and function.
2. **Equipment and Facilities for the Borjomi zone** All of the following Equipment and Facilities will be provided to the SSPS as provider of Government security, either on a loan or transfer basis, as so indicated below:

- a. **Transfer Equipment for Borjomi zone** The following Equipment will be procured and transferred to the SSPS Borjomi Detachment:

<u>Item</u>	<u>Total</u>
<u>Section Equipment</u>	
Digital camera	4
Binoculars	20
First Aid Packs	16
Tents (2 man)	16
Compasses	20
<u>Command Post Equipment</u>	
PC	2
Printer	1
Desks	4
Office Chairs	12
Office Tables	4
Map-boards	4
UPS and Diesel generator	1

Personal Clothing and Equipment

Cold/Wet weather dress	200
Rucksack and belt equipment	200
Sleeping bag	200
Ground sheet	200
Torch	200
Food and drink containers and KFS	200

b. Loan Equipment for Borjomi zone

<u>Item</u>	<u>Total</u>
<u>Vehicles and Equipment</u>	
LR Defender LWB 4x4	6
LR Trailer half-ton	3
BV206 ATV	5
Truck / bus 4x4	2

All Vehicles to be equipped with the following

- Breakdown equipment
- Winch and towrope
- High power lamp
- Pipeline maps
- Logbooks
- Spare water
- Spare fuel
- First aid pack
- Fire extinguisher
- Shovel, axe and pick
- Survival blankets
- Snow chains

c. Loan Facilities for Borjomi zone

The following buildings will be required:

- i. The Tsikhisjvari Detachment Base with an operations room, offices, equipment stores, living accommodation for 130 personnel and vehicle garage for 14 vehicles;
- ii. Three Pipeline Vehicle Control Posts (VCP) at Bakuriani road junction GR756239, KP 176 and KP 193 with manually operated vehicle barriers, blockers and inspection areas, and accommodation for 4 personnel; and
- iii. Nine Winter Observation posts for 2 personnel each.

3. Modification to List of Equipment and Facilities to be Provided for the Borjomi zone.

If BTC Co. expects that the aggregate cost to BTC Co. (including procurement, transportation and other related costs) of all Equipment and Facilities being provided under this Agreement would exceed six million dollars (US \$6,000,000), BTC Co. shall be entitled in its discretion to modify or change which items of Equipment and Facilities are being provided, including by eliminating requested items at its discretion, so that the aggregate cost to BTC Co. shall not in any circumstances exceed six million dollars (US \$6,000,000).

4. Repair, Maintenance, Upkeep, Replacement or Supplement of Equipment and Facilities

As stipulated in Article 3 of this Agreement, the Government may apply monies accrued in the Operational Expense Funds Account to repair, maintain, upkeep, replace or supplement if necessary any of the Equipment and Facilities set forth in this Annex A; provided, however, that none of these funds shall be applied for purposes of procuring or repairing, maintaining, up-keeping, replacing or supplementing any Equipment or Facilities not set forth in Annex A, or for any other purpose not explicitly mandated in this Agreement.