

PROTOCOL

BETWEEN

THE GOVERNMENT OF GEORGIA

AND

BP EXPLORATION (CASPIAN SEA) LIMITED

ON THE PROVISION OF SECURITY FOR

**THE BAKU-TBILISI-CEYHAN PIPELINE PROJECT, THE SOUTH CAUCASUS
PIPELINE PROJECT AND THE WESTERN ROUTE EXPORT PIPELINE AND
RELATED INSTALLATIONS LOCATED AT THE SUPSA TERMINAL**

THIS PROTOCOL is made and entered into in the city of Tbilisi, Georgia as of the date appearing on the signature page hereof (the "Effective Date"), between:

The Government of Georgia (the "Government"); and

BP Exploration (Caspian Sea) Limited ("BP", or the "Operator", hereinafter referred to together with the Government as the "Parties" and individually as a "Party");

WITNESSETH:

WHEREAS, in furtherance of the goal of promoting and establishing the BTC Project the Governments of the Republic of Azerbaijan, Georgia and the Republic of Turkey have entered into an Intergovernmental Agreement on 18 November 1999 (the "BTC IGA") and associated Host Government Agreements in October of 2000 (the "BTC HGAs"), in furtherance of the goal of promoting and establishing the SCP Project, the Republic of Azerbaijan and Georgia have entered into an Intergovernmental Agreement on September 29, 2001 (the "SCP IGA") and associated Host Government Agreements in March of 2002 (the "SCP HGAs"), and in furtherance of the goal of developing and refurbishing the WREP, the Republic of Azerbaijan and Georgia have entered into an Intergovernmental Agreement on March 8, 1996 (the "WREP IGA"), each containing certain obligations regarding compliance with international law and Government Security (together, the "Project Documents");

WHEREAS, in order to promote and strengthen existing cooperation relating to the provision of Government Security to the BTC and SCP Projects and the WREP and in furtherance of the goal of promoting respect for and compliance with internationally-recognized human rights principles, as these principles evolve from time to time, particularly the principles set forth 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"), human rights law and the principles set forth in national legislation of each country, as applicable, the Governments have entered into the Protocol Among the Azerbaijan Republic, Georgia and the Republic of Turkey Relating to the Provision of Security on 23 July 2003 (the "Government Security Protocol"), which was contemplated by the Agreement on Combating Terrorism, Organized-Crime, Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, Trafficking in Human Beings and Arms Smuggling and Other Major Crimes entered into by the Governments on April 30, 2002 (the "Trabzon Agreement");

WHEREAS, the Government of Georgia is responsible for the provision of Government Security in a manner consistent with the Security Principles;

WHEREAS, BP is the Operator of the BTC and SCP Projects and the WREP and associated terminal at Supsa and desires to interface with the Government in the provision of Government Security by the Government to the BTC and SCP Projects and the WREP;

WHEREAS, together the Parties affirm the need for transparency and the sharing of information and experiences in performing Government Security obligations while recognizing confidentiality considerations; and

WHEREAS, the Parties desire to implement and make operational the security-related human rights standards that have been committed to in the aforementioned Project Documents, including the standards set forth in the Security Principles.

The Parties have therefore agreed to the following:

CHAPTER I

DEFINITIONS

Article 1

1.1 "Government Security" shall mean those aspects of project security that the States are responsible for as provided in the BTC and SCP IGAs, the BTC and SCP HGAs, the WREP IGA, the Trabzon Agreement and the Government Security Protocol.

1.2 "Private Security" shall mean those aspects of project security that the Operator is responsible for pursuant to the various agreements entered into by the Operator and each of the BTC, SCP Projects, the WREP and the associated terminal at Supsa for the operation or management thereof.

1.3 All terms not specifically defined herein shall have the meaning set forth in the BTC, SCP and WREP IGAs.

CHAPTER II GOVERNMENT SECURITY

Article 2 Provision of Security

2.1 The Government agrees that it will take, and will procure that other governmental authorities and entities take, all actions related to Government Security in a manner consistent with the Security Principles, applicable national and international law, including human rights law, and in a manner sensitive to local culture and circumstances. The Security Principles are attached as Annexes to and form an integral part of this Protocol.

2.2 In performing the obligations set out in this Protocol and the respective BTC, SCP and WREP IGAs, the Trabzon Agreement, the Government Security Protocol and other applicable Project Documents, the Government shall endeavour to cooperate with the appropriate local authorities and consult with and involve the local communities in matters related to Government Security in a manner consistent with the Security Principles.

Article 3 Procedures for Use of Force

3.1 The Government agrees to (i) take all appropriate action to ensure that Government Security personnel use force only where strictly necessary, in a manner proportionate to the threat responded to and in a manner consistent with national legislation and the specific guidelines set out in the Security Principles; (ii) keep ethical issues associated with the use of force and firearms in the performance of Government Security under review; (iii) provide for warnings to be given, if appropriate, when firearms are to be discharged in accordance with the UN Basic Principles on the use of Force and Firearms by Law Enforcement Officials; (iv) keep written records in respect of all instances where firearms have been discharged in connection with Government Security; and (v) where appropriate, equip security personnel involved in Government Security with non-lethal incapacitating weapons and self-defensive equipment.

3.2 The Government further agrees to provide medical aid to injured persons, including to offenders, where force is used in connection with Government Security.

Article 4 Procedures for Hiring Security Personnel

4.1 The Government agrees to take all appropriate action in accordance with national legislation and the standards set forth in the Security Principles and the Project Documents to ensure that individuals who have been credibly implicated in human rights abuses or criminal activities do not participate in Government Security services.

4.2 Consistent with the Security Principles, the Operator agrees that, to the extent it provides Private Security directly, it will, and it will require contractors to, (1) institute appropriate screening of security personnel and (2) not employ persons to provide security services who have been credibly implicated in human rights abuses or serious criminal activities.

Article 5

Training of Security Personnel

5.1 The Government recognises and confirms that the deployment and training of Government Security is the responsibility of the Government of Georgia and shall develop a system of standards defining the core competencies of Government Security that are consistent with the Security Principles (the "Security Standards") and a system of certification by which such competencies can be objectively measured at regular intervals.

5.2 The Government agrees that it shall take all necessary action to select and train the Government Security personnel in an appropriate manner with the aim that security is provided in a manner that is compatible with the Security Principles and sensitive to local culture and circumstances.

5.3 The Government agrees that Government security personnel who fail to satisfy the basic requirements laid out in the Security Standards will not be assigned to operational duties until such date as they demonstrate that they once more meet those standards.

Article 6

Representations and Warranties

6.1 The Government hereby represents and warrants that the terms and conditions of this Protocol and the undertakings hereunder are in conformity with the Constitution of Georgia to the best of its knowledge, and that the entry into this agreement and performance of the obligations set forth herein will not constitute or result in a breach or violation of any applicable law to which it is subject.

6.2 The Government hereby represents and warrants that it is not a party to any domestic or international agreement or commitment or lawfully bound to observe or enforce any domestic law or regulation, or international agreement or treaty, which may conflict with, impair or interfere with this Protocol or limit, abridge or adversely affect its ability to implement this Protocol.

6.3 The Government hereby represents and warrants that it is duly authorized under Georgian Law to execute this Protocol and to bind, commit and impose obligations on itself, the Government and all governmental authorities and entities hereunder.

6.4 The Government hereby represents and warrants that in the event that a State Entity is engaged by the Operator to provide Private Security to the BTC and SCP Projects

and the WREP and associated facilities at Supsa, the terms and conditions of the contract creating the engagement shall govern in every respect (subject to the Project Documents) the nature of the relationship between the Operator and that State Entity. For the avoidance of doubt, any State Entity engaged by the Operator to provide Private Security shall remain outside of the Government's command or control with respect to provision of such services.

CHAPTER II INTERACTIONS BETWEEN THE OPERATOR AND SSPS

Article 7 Training Security Personnel

7.1 If the Government deems appropriate, the Government may request that the Operator assist it in its efforts to discharge the obligations set forth in Article 5 of this 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 as provided in the BTC and SCP IGAs, the BTC and the SCP HGAs and the WREP IGA 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.

7.2 The Operator recognises and confirms that the deployment and training of Private Security is the responsibility of the Operator and shall develop a system of standards defining the core competencies of Private Security and a system by which such competencies can be measured at regular intervals. Any security personnel providing Private Security who fail to satisfy the standards set forth in the foregoing core competencies will not be assigned to operational duties until such date as they demonstrate that they once more meet those standards.

Article 8 Consultations

8.1 The Parties will consult regularly between themselves regarding Government Security as provided for in the BTC and SCP IGAs, the BTC and the SCP HGAs and the WREP IGA, and regarding compliance with the Security Principles and any human rights issues arising from the provision of Government Security (including such issues that arise in relation to the Parties' consultations with local communities).

Article 9 Information Exchange

9.1 The Parties, in accordance with national legislation and the guidelines set out in the Security Principles, agree to: (i) report any credible allegations of human rights or ethical abuse by Government Security or Private Security personnel and any use of physical force by Government Security personnel to the appropriate authorities in the States and the

Implementation Commissions established by the BTC and the SCP IGAs; (ii) investigate and record any credible allegations of human rights or ethical abuse by Government Security or Private Security personnel and any use of deadly force by Government Security personnel; (iii) exchange information and documents related to credible allegations of human rights or ethical abuse by Government Security or Private Security personnel, including the results of any investigation, with each other, the Governments, the appropriate representatives of each of the Project companies and the working group; and (iv) make such information reasonably available to the public, unless public disclosure would be inconsistent with national legislation, the Security Principles, or the Project Agreements or could reasonably be expected to result in material risk to persons or property. The Parties further agree to take appropriate measures to protect the identities of individuals raising security-related human rights allegations.

Article 10

Compliance Monitoring

10.1 The Parties, in accordance with the procedures to be established pursuant to Article 11 herein, shall take reasonable measures to cooperate with the Implementation Commission(s) in the conduct of periodic monitoring efforts to ensure compliance by the Parties with their obligations under this Protocol ("Compliance Monitoring"). The Implementation Commission(s) may conduct such Compliance Monitoring using qualified external security experts. The information collected through such Compliance Monitoring may be subject to confidentiality provisions consistent with national legislation or the Project Agreements. Information that could reasonably be expected to result in material risk to persons or property will not be publicly disclosed.

CHAPTER III

GENERAL PROVISIONS

Article 11

Implementation

11.1 The Parties shall take all appropriate measures to ensure the full realization of the terms of this Protocol. Each Party hereby covenants to the other that, as of the execution hereof, it shall take all actions necessary within the framework of the Project Documents, the Security Principles and national legislation to secure full support for the implementation and conduct of activities pursuant to this Protocol and, in furtherance thereof, shall cooperate to establish appropriate procedures consistent with the Project Documents, national legislation and the Security Principles for the conduct of Compliance Monitoring.

11.2 The Parties agree to initiate an independent investigation in accordance with the Security Principles and national legislation: (i) in the event of any credible allegation of human rights or ethical abuse by Government Security personnel; and (ii) in order to resolve any complications, issues, problems, or disputes that may arise in relation to the training, deployment, action, inaction or other activity related to Government Security.

11.3 The Parties agree to develop a set of binding procedures consistent with the Security Principles, national legislation, international and human rights law and in a manner sensitive to local culture and circumstances to define their mutual cooperation in response to allegations of human rights abuses whether brought against personnel engaged by the SSPS or the Operator.

Article 12

Final Provisions

12.1 The interpretation and application of the Security Principles shall be in accordance with the international agreements to which the Government is bound as a party.

12.2 This Protocol is executed in multiple counterparts in the English and Georgian languages. In the event of any conflicting interpretations of any provisions of this Protocol or any notices hereunder as between the language counterparts, the English language counterpart shall prevail.

12.2 This Protocol shall enter into force on the first day following the date of execution by all Parties.

12.3 This Protocol shall be made public, including by posting to a public internet website.

12.4 The obligation in this Protocol (i) with respect to the BTC Project shall remain in force so long as BP acts as Operator for the BTC Project; (ii) with respect to the SCP Project shall remain in force so long as BP acts as Operator for the SCP Project; and (iii) with respect to the WREP and associated facilities at Supsa shall remain in force so long as BP acts as Operator of AIOC for the WREP and the associated Supsa terminal.

12.5 This Protocol shall terminate immediately upon written notice of the Operator.

12.6 This Protocol and the rights, obligations and other provisions of this Protocol shall bind and apply to the Parties and shall continue to bind the Government, SSPS and all other state authorities notwithstanding any change in the constitution, control, nature or effect of all or any of them and notwithstanding the insolvency, liquidation, reorganisation, merger or other change in the viability, ownership or legal existence of the SSPS or any other state authority (including by total or partial privatization).

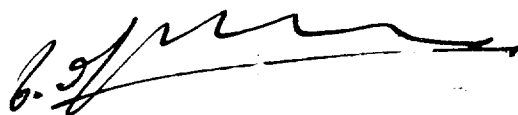
12.7 The terms of this Protocol shall be governed by and interpreted and applied in accordance with English law.

12.8 This Protocol does not amend, modify, vary, waive, terminate or prejudice any rights or obligations of the Government under the BTC IGA, SCP IGA, BTC HGAs, SCP HGAs, WREP IGA or Trabzon Agreement in any respect and the Government shall remain fully

responsible for the provision of security as set out therein. For the avoidance of doubt, the Parties confirm that the Government is solely responsible for the provision of Government Security.


This Protocol 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 BP Exploration (Caspian Sea) Limited



By: _____
Name: Michael E Townshend
Title: Chief Executive Officer



Annexes

US State Department and Foreign and Commonwealth Office's "Voluntary Principles on Security and Human Rights"

United Nations Code of Conduct for Law Enforcement Officials

United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials

The Universal Declaration of Human Rights

The European Convention on Human Rights

