

JSC Georgian Oil and Gas Corporation (GOGC)



Tender Documentation

State Procurement of Fittings required for gas pipeline Construction Works

CPV 44163200

1. Procurement Object

1.1. Procurement of Fittings (hereinafter referred to as “Goods”) required for gas pipeline Construction Works in accordance with attached technical provisions (clause 11; Technical and Qualitative Specifications of the Goods).

2. Documentation confirming the qualification requirements of the Bidder

2.1. Documentation to be presented by the Bidder in accordance with the written request of the Purchaser uploaded in the electronic system:

2.1.1. Extract from the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities;

2.1.2. Certificate issued by the respective authorized body on absence of insolvency proceedings against the Bidder;

Note:

- Non-resident entities shall submit documents confirming qualification requirements issued by authorized body/bodies of their countries complying with the content of the documents required by clauses 2.1.1. and 2.1.2. (in particular, pursuant to clauses 2.1.1. and 2.1.2. submitted documents/document shall include information on the company registration and absence of insolvency proceedings against the Bidder). Document(s) submitted shall be attached with notarized Georgian translation;
- Documents confirming qualification requirements shall be issued after the start of bids acceptance in the electronic tender; documents confirming qualification requirements for non-resident entities may be issued no later than 30 days before the start of bids acceptance in the electronic tender;
- In case a Bidder fails to submit documents confirming qualification requirements and/or a Bidder submits non-compliant document(s) confirming qualification requirements, the tender committee shall disqualify the Bidder

3. Terms and place of delivery of the Goods

3.1. Goods shall be delivered not later than 90 (ninety) calendar days after signing the contract;

3.2. Goods shall be delivered on DDP provisions (Incoterms 2010) basis, Supplier shall be responsible to unload and store Goods on its own costs;

3.3. Goods shall be delivered at the following address: GOGC's Pipe yard, Saguramo village, Mckheta region, Georgia.

4. Estimated cost of the procurement object, bid price and terms of payment

4.1. Estimated cost of the procurement object shall be GEL 1 086 305,00, excluding VAT;

4.2. In the Unified Electronic Procurement System (hereinafter referred to as “System”) the price of the bid shall be indicated in national currency (GEL) including all required expenses and taxes considered by Georgian Legislation, excluding VAT;

4.3. The price indicated by the Bidder in the respective field of the System shall be considered as the bid price;

4.4. In case the final price specified by the lowest bid price Bidder in the system is lower than the estimated cost of the object of procurement by 20% or more, within the reasonable term defined by the Purchaser (not more than 10 (ten) business days), the Bidder shall be obliged to justify the adequacy of pricing (justification may be made by expert or audit conclusion and/or contract signed by the Bidder in connection with supply of the object of procurement and/or invoice and/or waybill and/or customs declaration(s), which confirms the possibility of performance of undertaken contractual obligations at the price specified by the Bidder.

- In case the Bidder fails to submit a justification or the submitted justification is not considered satisfactory by the Purchaser, the Bidder shall be disqualified;

- Justification of adequacy of pricing submitted by the Bidder shall not be subject to clarification.

4.5. Expenses not considered in the bid price by the Bidder shall not be reimbursed;

4.6. The Purchaser shall include the amount of VAT corresponding to the bid price in the cost of the Agreement, if the Bidder by the moment of signing the Agreement is VAT payer in accordance with the requirements of the Georgian legislation;

4.7. Clerical errors made by the Bidder, such as reference to a wrong sum or multiplications, differences between verbal and digital expressions, can be adjusted by purchaser with the principle of unit price prevalence, provided it does not increase the respective bid price indicated in the System;

- 4.8. The currency of the contract signed with the awarded Bidder shall be US Dollar (USD), based on the official exchange rate of National Bank of Georgia by the date of opening of the tender. In case the Bidder is Georgian resident entity, payment shall be made in Georgian National Currency in accordance with the official exchange rate of National Bank of Georgia by the date of signature the act of acceptance. In case the Bidder is non - resident entity, payment shall be made in USD. Before signing the contract, after Purchaser's request, the Bidder shall submit the table of prices in USD based on the official exchange rate of National Bank of Georgia by the date of opening of the tender;
- 4.9. Payment to Supplier shall be effected based on actually delivered Goods in the form of cashless payment within 14 (fourteen) working days after submission of documents specified in the contract;
- 4.10. Upon Supplier's request advance payment may be effected as follows: Purchaser shall transfer advance payment in an amount not exceeding 20% of total contractual value based on unconditional and irrevocable bank guarantee issued by banking institution on the amount similar to the advance payment amount to be transferred to Supplier. Such bank guarantee shall be submitted in USD and its validity shall exceed Goods delivery deadline for at least 30 (thirty) calendar days. Guarantee shall be issued by a bank qualified B+ or higher Fitch international rating or equivalent. Bank Guarantee shall be submitted with consideration of substantial conditions defined in Annex #4 (Advance Payment bank Guarantee/draft).

5. Contract Performance Bank Guarantee:

- 5.1. In case, the total price (Including VAT) of the contract equals to or exceeds 200 000.00 (two hundred thousand) GEL, the winning Bidder shall submit unconditional and irrevocable bank guarantee in an amount of 5% of Contract price issued by banking institution for the purpose of contract performance securing, guarantee currency shall be USD. Such bank guarantee shall be submitted before signing the contract and its validity shall exceed Goods delivery deadline for at least 30 (thirty) calendar days. Bank Guarantee shall be issued by a bank qualified B+ or higher Fitch international rating or equivalent. Bank Guarantee shall be submitted with consideration of substantial conditions defined in Annex #5 (Contract Performance Bank Guarantee /draft).
- 5.2. In case, the final price specified in the system by the Bidder declared as a winner as a result of electronic tender is less than the estimated cost of the object of procurement by more than 20%, the winning Bidder shall submit an unconditional and irrevocable bank guarantee issued by a banking institution in the amount of 10% of the contractual price for the purpose of ensuring performance of the contract.

6. The warranty terms of the Goods

- 6.1. Warranty period shall be not less than 12 months after Goods installation completion or not less than 18 months after Goods delivery (after signature of the act of acceptance).

7. General provisions

- 7.1. Bidder shall not be entitled to submit alternative proposal;
- 7.2. Each document/information created by Bidder and uploaded in the System shall be stamped (if applicable) and signed by the authorized person (if applicable, authorization confirmation document shall be uploaded along with);
- 7.3. The State Procurement contract draft is provided in Annex #3 of the tender documentation. The terms and conditions may be adjusted in accordance of the bid by the time of signing the contract;
- 7.4. For the goods to be purchased defined in the tender documentation where a certain trademark, model, source of origin or manufacturer (if any) are indicated, it is meant "similar", "analogous", or "equivalent";
- 7.5. Tender Documentation is completed in two copies in Georgian and English languages. In case of discrepancy between the Georgian and English versions, version in Georgian language shall prevail.
- 7.6. Technical Documentation/Information requested by tender documentation (clause 10) to be uploaded in the Unified Electronic System shall be submitted in Georgian and/or English languages. In case the documents are submitted in other language(s), it shall be accompanied by a notarially confirmed Georgian and/or English translation.

8. Information for Bidders

- 8.1. The purchasing organization shall be obliged to make respective clarification/explanation in connection with the Bidding Proposal and Documentation in a manner established by legislation, by means of Q/A module of the unified electronic system, upon the request of the Bidder;
- 8.2. Any correspondence/notifications between the purchasing organization and the Bidder are sent by means of a respective module of the system and correspondence/notifications without using the system are not mandatory. Correspondence/notifications shall be considered received upon their upload in the system;
- 8.3. Bidder shall get explanations with respect to tender documentation in the apparatus of tender committee: 21, Kakheti Highway, second floor, room 200, Tbilisi, Georgia, contact person: Mr. Jaba Guraspishvili (tel.+995 (32) 224-40-40 (extension – 220).

9. Requirements imposed on Bidders:

- 9.1. For the Goods envisaged by clause 11 (Technical and Qualitative Specifications of the Goods) of the tender documentation, a Bidder shall submit certificates verifying production standards of the offered Goods' manufacturer factory(s) (within the frames of the tender, certificate(s) shall be valid on the date of their submission) and/or a Bidder instead of certificates verifying production standards of the offered Goods' manufacturer factory(s) may submit document(s) issued and/or verified by the third party, which shall confirm manufacturing factory's ability to manufacture Goods according to the standard(s) offered by the Bidder;
- 9.2. For the Goods envisaged by 2 – 25 and 28 – 38 positions of the clause 11 (Technical and Qualitative Specifications of the Goods) of the tender documentation, a Bidder shall submit certificates verifying coating standards of the offered Goods' coating factory(s) (within the frames of the tender, certificate(s) shall be valid on the date of their submission);
- 9.3. Bidder shall submit quality management certificates ISO 9001 issued to them (within the frames of the tender, certificate(s) shall be valid on the date of their submission);
- 9.4. If the offered goods (including coating) are not produced by the Bidder, the cooperation contract(s) with the specific manufacturer(s) of the offered Goods (including coating) or any other document(s) shall be submitted by the Bidder, confirming ability to supply Goods within the frames of this tender;
- 9.5. In case, the Bidder offers Goods (including coating) manufactured based on other similar standards and/or technical specifications than it is defined in the tender documentation, the Bidder shall attach the information about the exact version of manufacturing standard(s) and/or technical specification(s) that is used during the manufacturing of the Goods (including coating).

10. Technical Documentation/Information to be Uploaded in the System by the Bidder

- 10.1. Table of Prices – according to Annex #1;
- 10.2. Form of Requisites – according to Annex #2;
- 10.3. Certificates and/or documents verifying production standards of the offered Goods' manufacturer factory(s) (according to clause 9.1.);
- 10.4. Certificates verifying coating standards of the offered Goods' coating factory(s) (according to clause 9.2.);
- 10.5. Quality management certificate ISO 9001 (according to clause 9.3.);
- 10.6. The cooperation contract(s) with the offered Goods (including coating) manufacturer(s) or any other document(s) (if applicable; according to clause 9.4.);
- 10.7. Information about other similar standards and/or technical specifications (including coating) that is used during the manufacturing of the offered Goods (if applicable; according to clause 9.5.);

11. Technical and Qualitative Specifications of the Goods

№	Title & Specifications	Standard	Unit	Quantity	Note
DN 1200 Bends without Coating, Steel X65M PSL2, Wall Thickness 17,5 mm, Ends to be Welded 15,9 mm, ANSI Class 600					
1	Bend 90° OD 1219; R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	4	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-1, ISO 15590-1). GOGC. Inspection according EN 10204:2004 (3.2)
DN 1200 Bends with Factory Coating, Steel X65M PSL2, Wall Thickness 17,5 mm, Ends to be Welded 15,9 mm, ANSI Class 600					
2	Bend 90° OD 1219; R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	2	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-1, ISO15590-1). External Coating - Fusion-bonded epoxy (EN 21809-2, FBE) minimum 500 µm or polyurethane (EN 10290, PUR, classB, Type 1) minimum 1000 µm or other standard acceptable for GOGC. Inspection according EN 10204:2004 (3.2)
3	Bend 45° OD 1219; R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	2	
4	Bend 15° OD 1219 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	4	
DN700 Bends with Factory Coating, Steel X60M PSL2, Wall Thickness 10.3 mm, Ends to be Welded 8.7 mm, ANSI Class 600					
5	Bend 15° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	2	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-1, ISO15590-1). External Coating - Fusion-bonded epoxy (EN 21809-2, FBE) minimum 500 µm or polyurethane (EN 10290, PUR, classB, Type 1) minimum 1000 µm or other standard acceptable for GOGC. Inspection according EN 10204:2004 (3.2)
6	Bend 17° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
7	Bend 18° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	2	
8	Bend 22° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
9	Bend 25° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
10	Bend 27° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
11	Bend 32° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
12	Bend 38° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	2	
13	Bend 42° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
14	Bend 45° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	3	
15	Bend 50° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	2	
16	Bend 53° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
17	Bend 54° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	2	
18	Bend 56° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	2	
19	Bend 57° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
20	Bend 63° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
21	Bend 83° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
22	Bend 84° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
23	Bend 86° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
24	Bend 88° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	1	
25	Bend 90° OD 711.2 R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	3	
DN500 Bends without Coating, Steel X52M PSL2, Wall Thickness 14.3 mm, Ends to be Welded 11,9 mm, ANSI Class 600					
26	Bend 90° OD 508; R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	16	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-1, ISO 15590-1). GOGC. Inspection according EN 10204:2004 (3.2)
27	Bend 45° OD 508; R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	6	
DN500 Bends with Factory Coating, Steel X52M PSL2, Wall Thickness 14.3 mm, Ends to be Welded 11,9 mm, ANSI Class 600					
28	Bend 45° OD 508; R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	6	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-1, ISO15590-1). External Coating - Fusion-bonded epoxy (EN 21809-2, FBE) minimum 500 µm or polyurethane (EN 10290, PUR, classB, Type 1) minimum 1000 µm or other standard acceptable for GOGC. Inspection according EN 10204:2004 (3.2)

№	Title & Specifications	Standard	Unit	Quantity	Note
DN500 Bends with Factory Coating, Steel X52M PSL2, Wall Thickness 10.3 mm, Ends to be Welded 8.7 mm, ANSI Class 600					
29	Bend 90° OD 508; R=5DN; T.L = 650 mm	ASME/ANSI B16.49	Pcs	3	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-1, ISO15590-1). External Coating - Fusion-bonded epoxy (EN 21809-2, FBE) minimum 500 μm or polyurethane (EN 10290, PUR, classB, Type 1) minimum 1000 μm or other standard acceptable for GOGC. Inspection according EN 10204:2004 (3.2)
DN300 Bends with Factory Coating, Steel X52M PSL2, Wall Thickness 8,4 mm, Ends to be Welded 7,1 mm, ANSI Class 600					
30	Bend 90° OD 323,9; R=1,5D	ASME B16.9 / MSS SP-75	Pcs	8	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-2, ISO15590-2). External Coating - Fusion-bonded epoxy (EN 21809-2, FBE) minimum 500 μm or polyurethane (EN 10290, PUR, classB, Type 1) minimum 1000 μm or other standard acceptable for GOGC. Inspection according EN 10204:2004 (3.2)
DN150 Bends with Factory Coating, Steel X52 PSL2, Wall Thickness 7.1 mm, Ends to be Welded 5.6 mm, ANSI Class 600					
31	Bend 90° OD 168,3; R=1,5D	ASME B16.9 / MSS SP-75	Pcs	2	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-2, ISO 15590-2). External Coating - Fusion-bonded epoxy (EN 21809-2, FBE) minimum 500 μm or polyurethane (EN 10290, PUR, classB, Type 1) minimum 1000 μm or other standard acceptable for GOGC. Inspection according EN 10204:2004 (3.2)
Tees with Factory Coating, ANSI Class 600					
32	Equal Tee 1219 (w.t. 15.9) X65M PSL2	ASME B16.9 / MSS SP-75	Pcs	2	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example Газ TY 102-488/2-05, EN 14870-2, ISO15590-2). External Coating - Fusion-bonded epoxy (EN 21809-2, FBE) minimum 500 μm or polyurethane (EN 10290, PUR, classB, Type 1) minimum 1000 μm or other standard acceptable for GOGC. Inspection according EN 10204:2004 (3.2)
33	Reducing Tee (Barred) 1219 (w.t. 15.9) X65M PSL2 - 323,9 (w.t.7,1) X52M PSL2	ASME B16.9 / MSS SP-75	Pcs	6	
34	Reducing Tee (Barred) 711.2 (w.t.11,9) X60M PSL2 – 508 (w.t.11.1) X52M PSL2	ASME B16.9 / MSS SP-75	Pcs	3	
35	Reducing Tee 530 (w.t.11) X52M PSL2 – 508 (w.t. 11.1) X52M PSL2	ASME B16.9 / MSS SP-75	Pcs	1	
36	Reducing Tee 508 (w.t.11.1) X52M PSL2 - 168.3 (w.t. 6.4) X52M PSL2	ASME B16.9 / MSS SP-75	Pcs	2	
37	Equal Tee 323,9 (w.t.12) X52M PSL2	ASME B16.9 / MSS SP-75	Pcs	2	
38	Equal Tee 168.3 (w.t.7,1) X52M PSL2	ASME B16.9 / MSS SP-75	Pcs	2	
End cap, Steel X60 PSL2, ANSI Class 600					
39	End cap 1219	ASME B16.9 / MSS SP-75	Pcs	4	Can be produced based on similar standards or technical conditions acceptable to GOGC (for example EN 14870-2, ISO 15590-2). Inspection according EN 10204:2004 (3.2)
40	End cap 323,9	ASME B16.9 / MSS SP-75	Pcs	6	

a) Induction Bends. Typical steel bend for main gas and oil pipelines:

- Actual thickness of bend walls on the outer arc of the bended area – no less than required;
- Climatic conditions – minimum temperature of pipeline wall during the operation -20°C.

b) Tees. Typical stamp welded steel tee for main gas and oil pipelines:

- Climatic conditions – minimum temperature of pipeline wall during the operation -20°C

c) End cap. Typical stamp welded ellipse steel end-cap for main gas and oil pipelines:

- Climatic conditions – minimum temperature of pipeline wall during the operation -20°C

Note:

- 1. Inspection according EN 10204:2004 3.2. Document prepared by both the manufacturer's authorized inspection representative, independent of the manufacturing department and inspector designated by the official regulations and in which they declare that the Goods are in compliance with the requirements of the order and in which test results are supplied.*
- 2. In case, the bidder offers Goods manufactured based on other similar standards and/or technical specifications than it is defined in the tender documentation, the bidder shall submit information about the exact version of the standard(s) and/or technical specification(s) that is used during the manufacturing of the Goods (including coating).*

Annex #1 - Table of Prices

Please see separately attached file

Annex #2 -Requisites:

Legal form and name of Applicant:

Name and Surname of manager:

Legal and/of actual address of Applicant:

Identification code:

Applicant's telephone number:

E-mail address:

Service bank Name:

Bank Code:

Account Number:

Signature, Stamp ----- Date -----

Annex #3 - Draft State Procurement Contract

(The terms and conditions of the State Procurement Contract may be adjusted by the time of signing the contract, based on the negotiations between parties)

Tbilisi

_____ **2016**

JSC “Georgian Oil and Gas Corporation” (hereinafter referred to as “Purchaser”) represented by its Technical Director, Mr. Zaqaria Avaliani, on the one hand and

on the other hand [_____] (hereinafter referred to as “Supplier”)

Whereas, _____ is announced to be the successful bidder with the price of GEL _____ excluding VAT in the tender announced by Purchaser for the year 2016 in accordance with paragraph “__” of article __ of the Law of Georgia on “State Purchases”,

The Contract shall be signed in USD , in accordance with the exchange rate of GEL at the level of USD established by the National Bank of Georgia on the date of electronic trading (1 USD ----- GEL)

we agree on the following:

1. Subject of the Contract

1.1. The subject of this Contract is Purchase of materials and equipment (hereinafter referred to as “Goods”) required for rehabilitation works.(CPV44163200).

1.2.Goods description, technical parameters, specifications, quantity and price per unit are specified in Annex No-- (Table of Prices) of this Contract, attached hereto and representing its integral part.

2. Obligations of Parties

2.1.In accordance with the Contract Supplier is obligated to supply timely and completely flawless goods and accompanied documentation to the Purchaser under the Contract provisions and Purchaser shall be responsible timely and completely to pay Supplier amount specified under this Contract and to accept the Goods.

3. Provisions of Goods Delivery

3.1.Supplier shall supply goods on DDP (Incoterms 2010) provisions excluding VAT.

3.2. Supplier shall be responsible to:

3.2.1. Ensure customs clearance of goods on its own expenses on the name of Purchaser in accordance with the Legislation of Georgia, in case the Supplier is non - resident entity;

3.2.2. To unload goods and store on its own expenses on the following address: GOGC’s Pipe yard, Saguramo village, Mckheta region, Georgia. All Goods shall be delivered not later than 90 (ninety) calendar days after contract signature.

3.2.3. Supply the goods to the Purchaser packed according to the Contract and/or its specifications and with the following data printed on or with respective documentation attached:

a)Identification number;

b)Diameter;

c)Length;

d)Degree;

e)Wall thickness;

f)Steel quality;

g) Other technical and qualitative specifications of the Goods considered under the clause 11 of the bidding documentation and other normative requirements.

3.2.4.The Goods to be delivered shall have the Certificates of Origin and Quality.

3.3. In case the Supplier is non - resident entity, prior to goods customs clearance, the Purchaser shall grant authority to the customs officer named by Supplier for goods customs clearance on the Purchaser's name.

3.4. The Supplier shall deliver Goods to the Address as defined in the clause 3.2.2. from 9:00 until 19:00. Due to the Safety requirements, the purchaser reserves the right to refuse the receipt of Goods, if the Supplier delivers the Goods after 19:00.

3.5.After Acceptance Certificate is signed and stamped, security of goods, at the store shall be at Purchaser's responsibility and account.

4. Goods Quality

4.1.Goods quality shall meet the requirements and standards specified in the clause 11 of the bidding documentation and Annex N-- of the Contract.

5. Supplier's Warranties

5.1.Supplier shall warrant that Goods supplied to Purchaser are flawless and corresponds the quality, technical specifications and requirements specified under clause 4.1. of the Contract.

5.2. Provisions of claim arisen due to goods flaw/defect shall be regulated under this Contract and Legislation of Georgia.

5.3.In case of any flaw/defect whatsoever Supplier shall on its expenses and under its responsibility ensure its elimination within reasonable timeframe defined in written notification (about flaw/defect revealing) received from Purchaser. Flaw/defect shall be corrected in accordance with Purchaser's request through goods replacement with the new one or through repair/correction.

5.4.Warranty period on the goods delivered to Purchaser by Supplier shall be 12 months after goods installation completion or 18 months after goods delivery, which comes earlier

5.5.Supplier warrants/guarantees that it shall protect Purchaser from any claim arisen by any third party and/or reimburse Purchaser any expense (including costs incurred due to sanction imposed by State Competent Authority) that may be incurred due to breach or improper performance of contract provisions by Supplier.

6. Delivery-Acceptance of the Goods

6.1.Acceptance Certificate shall be executed between Supplier and Purchaser upon goods delivery to Purchaser that shall be signed by authorized persons of the parties. Acceptance Certificate shall be signed and stamped within 30 days after each partial delivery of the goods to the warehouse, provided that the delivered Goods are in accordance with the requirements undertaken by the Supplier in the Agreement.

6.2.Purchaser shall be entitled to reject low quality goods acceptance or acceptance of the goods rejected by Purchaser's inspection group, that don't correspond to the requirements specified under the Contract.

6.3. Until Acceptance Certificate is signed and stamped the Supplier shall be fully responsible for the damaged or destroyed goods.

6.4. After Acceptance Certificate is signed and stamped, any damage of the goods that might occur due to the security of the warehouse store shall be at Purchaser's responsibility and account.

6.5. In case of any delay of signing the Act of Acceptance by the Purchaser, resulting by the latter's fault, the responsibility of subsequent damage shall transfer to the Purchaser.

7. Contract Price and Payment

7.1. According to the provisions stipulated by the Contract the total price of the Goods shall constitute USD excluding VAT.

7.2. Payment to Supplier shall be made based on actually delivered goods in non cash form via bank transfer.

a) In case of Supplier being a Georgian resident company, payment shall be made in Georgian National Currency in accordance with the official exchange rate of National Bank of Georgia by the date of signature the act of acceptance.

b) In case of Supplier being a non-resident company, payment shall be made in US dollar.

7.3. For the payment purposes, Supplier along with the goods shall deliver the following documentation to the Purchaser:

- a) Invoice;
- b) Waybill (packing list);
- c) Acceptance Certificate;
- d) Goods Quality Certificates;
- e) Goods Inspection certificates 3.2 "type 3.2" (according to the clause 13.1.1. of the contract);
- f) Goods Certificate of Origin;
- g) Goods Warranty Certificates;
- h) Customs declarations of goods clearance in import mode.

7.4. Payment shall be made within 14 business days after submission to Purchaser of the Goods and documentation specified in clause 7.3.

7.5. If Supplier in accordance with clause 4.10. of tender documentation requests advance payment, Purchaser shall transfer such payment in an amount not exceeding 20% of total contractual value within 5 business days once respective bank guarantee specified in article 8 of this Contract is submitted by Supplier to Purchaser. In case of Supplier being a Georgian resident company, advance payment Bank Guarantee shall consider the provisions of the 8.8th paragraph of this contract.

7.6 In case of Supplier being a Georgian resident company, advance payment shall be made in Georgian National Currency in accordance with the official exchange rate of National Bank of Georgia by the date of the payment.

7.7 For the purposes of advance recovery the amount of advance paid will be deducted from invoices submitted until it is fully liquidated.

7.8 While paying advanced payment the price of goods in Georgian National Currency, shall be calculated in the following manner:

- a) Until the amount of advance paid will be fully liquidated/deducted from the submitted invoices the price of goods in Georgian National Currency shall be calculated in accordance with an official exchange rate of the National Bank of Georgia by the date of advance payment(s).
- b) After the total amount of advance payment is fully liquidated the price of the goods in Georgian National Currency shall be calculated in accordance with an official exchange rate of the National Bank of Georgia by the date of signature act of acceptance.

8. Advance Payment Bank Guarantee (if applicable)

8.1. For the purpose of advance payment acceptance Supplier shall submit to Purchaser unconditional and irrevocable bank guarantee on the value of advance payment amount that shall be valid within 30 days after complete delivery of

the goods specified in this Contract. JSC “Georgian Oil and Gas Corporation” shall be indicated as Beneficiary in bank guarantee.

8.2. Bank guarantee specified in clause 8.1. here above shall be in USD and consider bank’s unconditional liability to reimburse complete amount of bank guarantee or part thereof upon Purchaser’s first request. . In case of Supplier being a Georgian resident company, advance payment Bank Guarantee shall consider the provisions of the 8.8th paragraph of this contract.

8.3. Guarantee shall be issued by a bank qualified B+ or higher Fitch international rating or equivalent.

8.4. Upon Supplier’s request, Purchaser shall return Supplier advance payment bank guarantee within 30 calendar days after goods complete delivery and final acceptance certificate execution.

8.5. Purchaser shall be entitled to apply advance payment bank guarantee specified in clause 8.1. in case if Supplier breaches provision under this Contract or fails to properly perform responsibilities imposed hereunder.

8.6. After acceptance certificate on the partial delivery of goods is executed, the Purchaser shall inform advance payment bank guarantee issuer about advance payment bank guarantee reduction with respective amount.

8.7. In case of Contract termination Purchaser shall be entitled to be reimburse unrealized advance from advance payment bank guarantee.

8.8. In case of Supplier being a Georgian resident company returnable amount of advance payment paid in Georgian National Currency instead of USD as specified in this Contract shall be reimbursed to the Purchaser in GEL in accordance with the official exchange rate of National Bank of Georgia by the date of the payment. The returnable amount shall not be less in Georgian National Currency than the amount Purchaser has transferred to the Supplier as advance payment. If the returnable amount calculated in accordance with the principle of this clause exceeds advance payment amount, it shall be deemed as additional income for Purchaser without any obligation to return.

9. Contract Performance Bank Guarantee

9.1. As a performance security Supplier shall submit to Purchaser unconditional and irrevocable bank guarantee in an amount of 5% from Contract value.

9.2. The validity of the bank guarantee provided by Supplier shall exceed Goods delivery deadline for at least 30 (thirty) calendar days.

9.3. Guarantee shall be issued by a bank qualified B+ or higher Fitch international rating or equivalent.

9.4. Purchaser shall be entitled to apply Contract performance bank guarantee specified in clause 9.1. If Supplier breaches provisions of this Contract or fails to perform properly responsibilities imposed hereunder without a need to prove or to show ground or reasons for the demand or the sum specified in the guarantee.

9.5. Payment effected under Contract performance bank guarantee shall not release Supplier from the liability to reimburse damage (loss) incurred by Purchaser due to Contract nonperformance or uncovered by guarantee amount.

9.6. If Supplier cannot manage to supply completely goods specified herein to Purchaser within 120 days following the signature of the Contract by both parties, then Supplier shall be responsible to extend Contract performance bank guarantee term within 5 calendar days in such a way that time period defined in clause 9.2 shall be secured.

9.7. JSC “Georgian Oil and Gas Corporation” (Purchaser) shall be indicated as beneficiary in Contract performance bank guarantees.

10. Nonperformance of Contract Provisions

10.1. If within reasonable period defined in written notification Supplier fails to perform procedure specified in clause 3 of article 5, Purchaser shall be entitled to impose Supplier to pay penalty in an amount of 100% of the value of

incomplete/defected/flawed goods which shall be calculated in USD and shall be paid not later than 10 calendar days after written notification receipt by Supplier about fine imposture. In case of Supplier being a Georgian resident Company payment of penalties shall be made in accordance with official exchange rate of National Bank of Georgia by the date of penalty payment. If the Supplier refuses payment of penalties, the amount shall be deducted in GEL in accordance with official exchange rate of National Bank of Georgia by the date of signature of act of acceptance (if applicable) or termination of the contract by the Purchaser. Amount of fine may be deducted by Purchaser from the submitted bank guarantees of the Supplier.

10.2. In case of goods delivery delay or incomplete delivery, Supplier shall be imposed penalty in an amount of 0.1 % of delayed or undelivered goods price per each delayed calendar day. Amount of fine may be deducted by the Purchaser from the submitted bank guarantees of the Supplier or may be subtracted from the amount to be paid in accordance with principle stated in clause 10.1 above.

10.3. Either party may request reimbursement of damage incurred due to nonperformance or improper performance of responsibilities of the other party.

10.4. In case of breach of Contract provisions by Supplier, penalty payment shall not release it, except in cases specified under Civil Code, from the responsibility to perform Contract provisions.

11. Contract Termination

11.1. In case nonfulfillment by the party of Contract provisions or undertaken responsibilities, the other party shall be entitled to indicate in writing on such circumstances and to request its correction (notification thereof shall be sent to the other party). After expiration of the term specified in the notification the party shall be entitled to terminate this Contract. In cases defined under Civil Code of Georgia Party shall be entitled to terminate Contract without such notification.

11.2. Purchaser shall be entitled to terminate Contract in case if Supplier doesn't or cannot perform undertaken responsibilities hereunder, including:

- a) Supplier fails to meet requirements defined in flaw/defect elimination notification;
- b) Amount of penalty to be paid by Supplier exceeds 5% of undelivered and/or delayed goods value;
- c) Supplier fails to deliver goods to Purchaser in time;
- d) The quality of the product delivered is not in compliance with the quality mentioned in quality and conformity certificates;
- e) Other cases defined under Legislation of Georgia.

11.3. Purchaser and Supplier may terminate this Contract mutually at any stage of its implementation upon agreement.

12. Exemption From Responsibilities

12.1. Parties shall be exempted from responsibilities for complete or partial nonperformance if such nonperformance is resulted from force-majeure circumstances (earthquake, floods, insurrection and other circumstances that are not under the control of the parties, it is impossible to foresee them and are considered to be force-majeure circumstances).

12.2. Party that is under force-majeure circumstances, shall immediately but not later than within 3 (three) calendar days notify the other party in writing or by e-mail about such circumstances and estimated term of its elimination. Otherwise, party shall not be exempted from responsibility for complete or partial nonperformance under the Contract.

12.3. The parties are responsible to determine the issue of applicability of Force Majeure to the present agreement. The Party to whom force majeure applies is, to the extent possible, responsible to find alternative ways in order to fulfill its obligations

12.4. Unless otherwise agreed between the parties, in case of force-majeure circumstances responsibilities performance period shall be suspended with the period during which such circumstance lasts.

12.5. Facts specified in written notification shall be certified by competent authority. Such certification shall not be necessary if facts are publicly known.

12.6. Parties shall proceed responsibilities performance upon force-majeure circumstances elimination.

13. Provisions of Contract Inspection

13.1. Purchaser or its authorized person shall be entitled to control goods volume, quality and delivery terms, as well as inspects goods and issue respective conclusion.

13.1.1. Supplier shall perform inspection according to EN 10204:2004 3.2. Document prepared by both the manufacturer's authorized inspection representative, independent of the manufacturing department and inspector designated by the official regulations and in which they declare that the products are in compliance with the requirements of the order and in which test results are supplied.

13.1.2 Purchaser reserves the right, at any time, at his own expense to carry out inspection of the manufacturing process of the Goods. The Supplier is obliged to notify the Purchaser in advance of the start of production of the Goods to be supplied and upon Purchaser's request Supplier shall provide access for the authorized representative of the Purchaser to the respective manufacturing factory.

13.2. Inspection group established by Purchaser's organization shall perform control over State Purchases Contract and its annexes performance by supplier.

13.3. Functions of inspection group shall be:

- a) Proper control and surveillance of goods volume, quality and delivery terms with the Contract requirements and in case of Purchaser's authority assignment acceptance certificates signing;
- b) Goods inspection prior to the signature of acceptance certificate and its rejection in case of low quality;
- c) If necessary, record and storage of periodic documentation with respect to this Contract performance;
- d) Performance of other powers for the purpose of effective performance of this Contract.

13.4. Supplier shall be liable for reimbursement of any expenses related to revealed defect elimination and inspection.

14. Contract Amendments

14.1. Neither party hereto shall be entitled to alter Contract provisions unilaterally.

14.2. Amendments shall not be affected if such alteration shall increase Contract value for Purchaser or shall deteriorate Contract provisions, except cases defined under article 398 of Civil Code.

14.3. Upon occurrence of cases defined under article 398 of Civil Code of Georgia, it shall be prohibited to increase Contract total value for more than 10%.

14.4. Any amendment to the Contract shall be executed in the form of written agreement, shall be attached to the Contract and shall constitute integral part thereto.

14.5. All amendments to the Contract shall be legally binding only upon parties signing thereon.

15. Entering into Force and Term

15.1. Contract shall enter into force upon parties signing thereon and shall be valid till

15.2. Relevant provisions of the Contract shall remain valid until complete fulfillment of responsibilities undertaken by the parties.

16. Dispute Settlement, Governing Law

16.1. Any dispute arisen between the parties shall be settled through amicable negotiations.

16.2. If, within 30 days from the day when the dispute arises, settlement is not reached, all disputable issues shall be discussed in the Courts of Georgia.

16.3. Contract is executed in accordance with the Legislation of Georgia and shall be interpreted under the Legislation of Georgia.

17. Final Provisions

17.1. The contract is made in Georgian and in English languages, in 2 (two) identical specimens having equal legal capacity. In case of any controversy between English and Georgian versions, Georgian version shall prevail.

17.2. If any article, clause and/or provisions of this Contract are deemed invalid and/or void, this shall not affect validity of the remaining articles, clauses and/or provisions of the Contract.

17.3. Any communication between the parties required under the Contract shall be performed in writing via mail or through e-mail (Purchaser - public@gogc.ge; Supplier -)

17.4. Any annex and/or amendment and/or addition to this Contract represent integral part thereto.

18. Requisites of Parties

Annex #4 - Advance Payment bank Guarantee/draft

Unconditional and Irrevocable Bank Guarantee

Guarantor: name of Bank

Principal: Contractor

Beneficiary: JSC Georgian Oil and Gas Corporation

We were informed that an Agreement *(number of date of Agreement)* (hereafter "Agreement") was executed between the Principal and the Beneficiary, whereunder the Principal shall deliver/perform *(name of object of procurement)*. The terms and conditions of the above Agreement provide for advance payment in the amount of _____ % of the entire cost of the Agreement in case the Principal submits to the Beneficiary a Bank Guarantee for the amount equivalent to the requested advance payment, i.e. *(amount in numbers and words)* USD.

Considering all the above, please be informed that in case the Principal fails to fulfill its obligations under the terms and conditions of the Agreement, the Guarantor undertakes to reimburse to the Beneficiary any amount or amounts, but not more than the equivalent of *(amount in numbers and words)* GEL according to the USD/GEL exchange rate established by the Bank on the day of payment without any refusal and appeal within 5 working days upon receipt of the first written request from the Beneficiary. The amount (in national currency) to be reimbursed by the Guarantor shall in no case be less than the advance amount deposited by the Beneficiary in national currency into the Principal's bank account specified in this Guarantee on the basis of this Bank Guarantee *(in case, principal is Georgian resident)*.

This Bank Guarantee shall become valid immediately upon after the advance amount – the equivalent of *(amount in numbers and words)* USD in GEL is fully deposited by the Beneficiary into the Principal's account *(account number)* in *(name of Bank/Branch)*, according to the official exchange rate (GEL) established by the National Bank of Georgia on the day of payment *(in case, principal is Georgian resident)*.

*Validity period of the Guarantee: *(specific date)*. Accordingly, this Guarantee shall be effective until the above date (inclusive). Any requests or claims proceeding from the above shall be received by the Guarantor prior to expiration of the validity period of the Bank Guarantee at the following address: *(name of Bank/Branch, address)* _____.

Reimbursement request submitted by the Beneficiary shall be signed by the authorized person and sealed in writing, specifying the requested amount in numbers and words.

The guarantee amount shall be reduced: a) on the basis of written notification of the Guarantor by the Beneficiary, specifying the amount to be reduced under the Guarantee; b) by the amount paid by the Guarantor under the Guarantee.

The Bank Guarantee shall be automatically revoked

- when the validity period of the Bank Guarantee expires;
- in case of written waiver of the rights under the Guarantee by the Beneficiary and return of the original copy of the Bank Guarantee to the Guarantor.

Signature of Guarantors and Seal

*** Validity period of this Guarantee shall exceed the deadline of delivery of goods stipulated by the Agreement by 30 days.**

Annex #5 - Contract Performance Bank Guarantee /draft

Unconditional and Irrevocable Bank Guarantee

Guarantor:

(Name of issuer Bank)

Principal:

(Contractor)

Beneficiary: JSC Georgian Oil and Gas Corporation (Buyer)

Tender Registration Number (SPA) -----

Bank has been informed that in accordance with the bid for the tender N undertook the responsibility to submit Performance Guarantee in *Buyer's* favour, amounting up to in order to cover the due fulfillment of *Supplier's* consequent contractual obligations.

In consideration of the aforesaid, we hereby guarantee and undertake at the first request of the Buyer, the *Bank*, hereby irrevocably and unconditionally, waiving all rights of objection, without the need to obtain a court sentence or *Supplier's* consent, to pay the *Buyer* the amount not exceeding, in 5 calendar days upon receipt of *Buyer's* duly signed and stamped first written demand indicating the amount to be paid in numbers and words stating that the *Supplier* is in breach of its contractual obligations without the need the *Buyer* to prove or show the grounds for the demand.

In consideration that the amount of performance guarantee shall be submitted in USD the payment shall be made in GEL in accordance with the exchange rate of the Bank by the date of payment (*in case, principal is Georgian resident*).

Bank's liability (insert the name of the bank) under this guarantee is valid until, consequently, any demand for the payment under this guarantee must be received by the *Bank* (*insert the Address*) on before abovementioned date after which this guarantee will automatically become null and void.

The bank guarantee is automatically terminated:

- After the expiration date of this guarantee;
- If the beneficiary refuses to use the rights under this guarantee and submits the written notification to the guarantor about refusal and returns the original Guarantee.

Signature and stamp of the guarantors'

*** Validity period of this Guarantee shall exceed the deadline of delivery of goods stipulated by the Agreement by 30 days.**