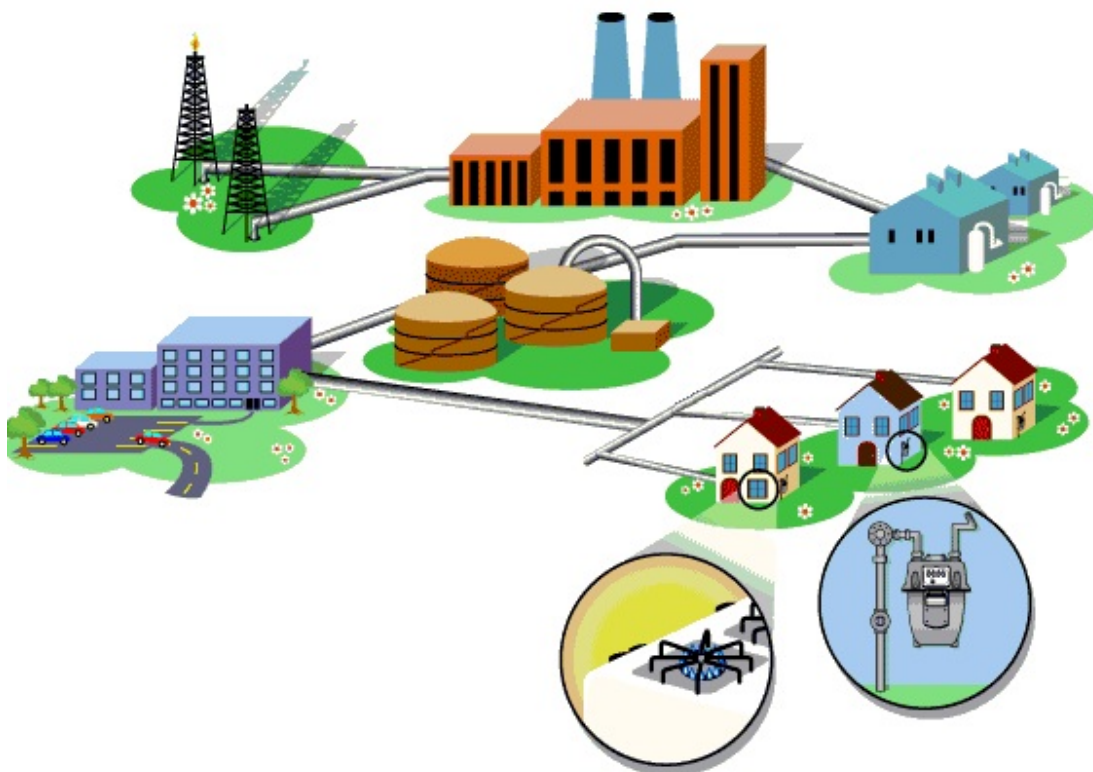




Georgian Oil & Gas Corporation

Executive Phase

Receiving, Handling and Storage of Pipes, Bends, Valves and other Fittings



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1. Purpose

The purpose of this procedure is to describe and define the methods used to receive, handle & store line-pipes, bends, valves and other fittings, supplied by MCG for NSGP Project, at Lilo PipeYard.

This Procedure is a guide to GOGC and Contractor personnel on how to carry out the work safely and in accordance with statutory and environmental requirements.

This procedure to be read in conjunction with documents listed in Para 3.0 of this procedure.

2. Scope

The scope of work involves the receiving, handling and loading of the 42” & 46” line-pipes, fittings, bends, valves, supplied by Company, from ship at Batumi or Poti Port and transportation to destination pipe yard close to the pipeline route.

3. Applicable Documents

HS Management Plan	GOGC001-RE-HS-PRO-00001
Health and Safety Manual	GOGC001-RE-HS-PLN-00001
GOGC Pollution Prevention Management Plan	GOGC001-RE00-EV-PLN-00003
Emergency Response Management Plan	GOGC001-RE00-EV-PLN-00004
Waste Management Plan	GOGC001-RE00-EV-PLN-00005
American Petroleum Institute	API 5L Specification for Line Pipe
Linepipe Receipt Inspection Procedure	GOGC001-RE00-QC-PRO-00001

4. Safety

General

All work shall be carried out in accordance with the GOGC’s approved document as listed in Para 3.0.

Site personnel shall adhere to the site safety policies at all times with emphasis on wearing correct safety clothing and equipment relative to the type of operation being performed.

All personnel working on this activity shall be equipped with suitable personal protective equipment (PPE).

All personnel, including Third Parties and Subcontractors, if any, shall receive required HSE training module relevant to the individual’s occupation prior to entry on site.

A person in possession of a valid HSE passport shall accompany visitors at all times. Visitors shall receive basic site-specific induction prior to entering work area at any location.

Safety precautions shall be of paramount importance at all times to prevent any danger to the public and any operations carried out adjacent to public access or thoroughfare shall be closely monitored by the Contractor.

Safety Meeting

On a daily basis, Supervisor shall conduct toolbox talks with the assistance of the Safety Department. These talks will be held for each work crew. The Risk Assessment will be the basis of the agenda for the toolbox talks.

5. Working under High Voltage Power Lines

For working under or parallel to overhead HV Power Line specific Method Statement and Risk Assessment will be developed.

Below is general rules for working under or parallel to high voltage power lines:

- Before any work takes place beneath overhead cables the foreman/supervisor must be familiar with applicable method statement and risk assessment. The foreman/supervisor must ensure that requirements of method statement and risk assessment are communicated and understood by working crew. Toolbox talks attendance record shall be sign by each crewmember.
- For all operations under or parallel to overhead power lines all machines must be controlled by a banks man.
- Demarcation bunting poles shall be installed, on both sides and parallel to overhead power lines at each location, with one single plain rope with red and white bunting flags attached.
- Warning signs shall be erected either side of hazard on bunting poles
- Operating arms of machines must be kept as low as possible.
- Materials are not to be stacked between bunting poles.
- Equipment shall not park in between bunting poles
- Where possible power-lines shall be isolated and/or shrouded by the service provider.
- Topsoil shall be pushed by bulldozer towards the fence line outside of the hazard area.
- Machines must not work in close proximity to OHL's when it is raining, snowing or in foggy conditions.
- Personnel working with surveying staffs or other hand held posts/poles etc. must not raise the post/staff/pole etc. beneath or close to overhead cables.

6. Visual Inspection

6.1 On the PipeYard

When GOGC receive line-pipe, bends, valves and other fitting, a visual inspection of supplied items shall be carried out. If it appears than numerous defects are visible, off loading/loading will be slowed down to allow a better evaluation of defective items with a more detailed inspection.

The first visual inspection will ascertain the quantities of items, per wall thickness on each shipment and the quality aspect of all bevels, coating aspect, markings and recording potential / existing

defects at the time of hand over. A written report will be issued to record the number of items on each ship and to ensure compliance with the agreed and contractual schedule. GOGC001-RE00-QC-PRO-00001 Pipeline Receipt Inspection Procedure.

The inspection will be carried out at the time of off-loading pipes, bends, valves and other fittings from Contractor's trucks or rail wagon, at pipe yard(s). Quality Control department shall carry out the inspection of the MCG supplied items.

The following actions shall be performed:

- Check and record items identification numbers
- Check visually pipes coating to record eventual defects (dents, etc...)
- Check the Quality aspect of all bevel
- Take digital photos of major item's damage, if possible

In case there are items which do not comply with quality requirements and/or which could not be identified, the hand over/receiving parties will segregate and mark such items. Those items will be quarantined, until disposition is made and approved by the GOGC. Only after disposition of the defective items is approved can they be released from quarantine.

A written verification (Materials Receipt/Load out Inspection Report or Over, Short and Damage Report refer to attachments for an example of those forms) shall be submitted to the GOGC QA/QC Department. In case any non-conformity has been disclosed during the inspections, the non-conformity shall be identified recorded on Over, Short and Damage Report.

At the time of materials reconciliation, all the QA/QC documents will be compiled and any discrepancies found with original tally lists and the final list will be reported to GOGC.

7. Responsibilities

Project Manager Responsible for:

- Implementation of the Project Management Plan.
- Ensuring good communication / liaison with relevant client representative.

Construction Manager Responsible to the Project Manager for:

- Implementation of this procedure
- Planning and acquisition of the labor resources.
- Determining plant/equipment to be used.
- Ensuring plant/equipment is in suitable safety working order and certificated/calibrated as necessary.
- Ensuring all activities are carried out to schedule, and in accordance with quality and safety requirements.
- Ensuring that the works are undertaken in accordance with the Method Statement and Risk Assessment.

Q.C. Representative responsible to the Project QA Manager for:

- Ensuring that all materials are handled and stored in accordance with Quality Plans and Method Statements.

- Ensure that documentation generated pertained to pipes or fittings receipt / load out are submitted to Pipe Tracker Operator for entry.

Safety Officer Responsible to the Project Manager for:

- Assisting in the implementation of statutory safety requirements on site.
- Checking certification of Lifting Equipment
- Assisting in Implementing the Project Safety Manual and preparing site safety plans
- Assurance that the site induction safety course has been completed by required employees.
- Assurance that the safe practices within the Method Statements and Risk Assessments are complied with at the worksite.

Environmental Manager

- Implementing environmental requirements on site.
- Ensuring environmental control procedures are followed.
- Ensuring all personnel are aware of environmental issues.

Chief Mechanic

- Ensure that all equipment is certified.
- Ensure that daily equipment inspection checks are carried out and recorded.
- Ensure that refueling is carried out in accordance to establish procedures (refer Para 9.8 of this Procedure).

8. Personnel

8.1 Safety Supervisor

The Safety Supervisor will monitor the activities under his responsibility, and shall advise and assist the Site Construction Manager with regards to implementation of the overall Project Safety Program. He will assist with daily toolbox and safety meetings where appropriate in order to reinforce the importance of safety. He shall ensure that work is undertaken in accordance with approved Method Statement and Risk Assessment requirements.

8.2 Subcontractor coordinator

Interface between Contractor and Subcontractors in charge of control of implementation of the Socio Economic Plan (recruitment, catering etc.).

8.3 Site Supervisor

The site supervisor at Lilo Pipeyard, is responsible for the Pipe Receipt operations to ensure that work is carried out in accordance with project specifications, quality and safety requirements. The site supervisor will interface with the subcontractor's Site Manager. Before starting the site operations the site supervisor will be fully conversant with technical, quality, environmental, social and safety aspects of the project and will have carried out induction training of the site team on the same issues. In addition to the co-ordination of the work, he will be responsible for the environmental, safety and medical support staff.

8.4 Safety Officer

The Safety Officer reports to Safety Supervisor will be responsible for auditing and monitoring the daily toolbox talks and will ensure that the work is carried out in accordance with Contractor's Project Health and Safety Plan.

8.5 Environmental Officer

The Environment Officer will be responsible that work is carried out in accordance with Contractor's Environment Management Plan and the Waste Management Plan.

8.6 Crane Operator & Sideboom Operator

Are responsible for the following:

- Completion of equipment daily checks
- Ensuring that equipment is in good working order.
- Safe operation of the equipment.
- Ensuring that he is in possession of up to date copy of his certification / qualifications and HSE Passport.
- Ensure that equipment is certified.

8.7 Truck / Low loader Drivers

Truck / low loader drivers are responsible for the following:

- Ensure that equipment is assessed, certified and approved by Contractor Driving Assessor.
- Completion of equipment daily checks
- Ensuring that equipment is in good working order.
- Safe operation of the equipment.
- Ensuring that he is in possession of up to date copy of his certification / qualifications and HSE Passport.

8.8 Mechanic

The mechanic will be responsible of maintenance operations for excavators, cranes, side boom, trucks, lifting equipment and vehicles.

8.9 Nurse

He/She is responsible for providing first aid services to the construction personnel and to assist Site Supervisor in all health related matters.

Refer to Medical Plan contained in the following document:

- Project Health and Safety Plan.

9. Records

The following documentation shall be established under the responsibility of the Material Dispatcher and Quality department:

- Pipe Receipt Inspection Report (attached)

- Over, Short and Damage Report (attached)

CONTRACTOR shall maintain adequate auditable records.

10. Appendices

Appendix A - Pipe Receipt Inspection Report

Appendix B - Over, Short and Damage Report

Appendix A: Material Receipt / Load out Inspection Report

[illegible]

Appendix B: Over, Short and Damage Report

OVER, SHORT & DAMAGE REPORT						
CLIENT/PROJECT:				O.S. & D NUMBER:		
JOB No:				PREPARED BY:		
Purchase Order/ Requisition Number:	Vendor	Date Received	Transport Method			Carrier:
			Truck	Ship	Rail	
			Air	Courier	Mail	
MRN No.						
Item Number	Quantity	Report of Discrepancy			Status/ Disposition	
		Material not as ordered or damaged:-				
		Material Over:-				
		Material Short:-				
Remarks:-						
Attachments: Yes / No					Distribution:	
					Warehouse - (Orig) Client, QA/QC, Accounts - (As Appropriate)	