AGREEMENT
BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION, THE GOVERNMENT OF THE REPUBLIC OF BULGARIA AND THE GOVERNMENT OF THE HELLENIC REPUBLIC RELATING TO THE COOPERATION IN THE CONSTRUCTION AND THE OPERATION OF THE "BURGAS - ALEXANDROUPOLIS" OIL PIPELINE

(Athens, 15.III.2007)

The Government of the Russian Federation, the Government of the Republic of Bulgaria and the Government of the Hellenic Republic (hereinafter referred to as the "Parties")

noting the key importance of the energy sector for the successful development of their countries' economies, desiring to develop their cooperation in this sector on the basis of equality of rights and mutual benefit, and aiming at promoting the integration processes and good neighborly relations between countries,

striving to create a reliable and efficient route for oil transportation designed to enhance the energy security of the European countries and to reduce environmental risks inherent to the increasing pressure placed on traditional routes of transportation of hydrocarbons and other energy resources in the region,

guided by the Declaration on the Cooperation in the energy sector adopted by the President of the Russian Federation, the President of the Republic of Bulgaria and the Prime Minister of the Hellenic Republic at their meeting held on September 4, 2006 in Athens,

pursuing the provisions of the Memorandum on Cooperation in Implementing the "Burgas - Alexandroupolis" Oil Pipeline Project, signed on April 12, 2005 in Sofia between the Government of the Russian Federation, the Government of the Republic of Bulgaria and the Government of the Hellenic Republic,

have agreed as follows:

Article 1

The purpose of this Agreement shall be to define the modalities of cooperation between the Parties in the construction and operation of the "Burgas - Alexandroupolis" Oil Pipeline, with initial throughput of 35 million tons of oil per year and the potential expansion to up to 50 million tons of oil per year (hereinafter referred to as the "Oil Pipeline"), which consists of:

oil loading terminal in the city of Burgas (Republic of Bulgaria),

oil loading terminal in the city of Alexandroupolis (Hellenic Republic),

trunk oil pipeline connecting the two aforementioned oil loading terminals with the oil pumping stations, oil storage tanks for petrol and all other necessary infrastructure.

All the mentioned facilities and the land on which they are located constitute integral parts of one and indivisible system of transportation.

The Parties shall undertake every effort to ensure the uninterrupted transportation of oil through the Oil Pipeline, making full use of its technical capacity.

Article 2

The Parties shall assist in establishing the International Project Company which shall be the owner of the Oil Pipeline.

The International Project Company shall be established by economic entities (hereinafter referred to as "Project Participants") with the following shares in the initial (shareholders') capital of the International Project Company:

51% - the Russian Participant: Pipeline Consortium "Burgas - Alexandroupolis" Limited;

24.5% - the Bulgarian Participant: Joint Stock Company "Pipeline Burgas - Alexandroupolis - BG Project Company";

24.5% - the Hellenic Participants: Joint Venture "HELPE S.A. - THRAKI S.A." (23,5%), and the Greek State (1%).

Following the establishment of the International Project Company, the share of each Project Participant may be fully or partially transferred to oil producing companies interested in participating in the International Project Company. The aforementioned right of the Project Participants to transfer their shares cannot be abolished by the International Project Company constituent documents.

The Parties shall take into account that such transfer by the Russian, Hellenic or Bulgarian Project Participant shall be accomplished upon a written consent of the Russian, Hellenic or Bulgarian Party, respectively.

The International Project Company shall establish relevant branches on the territories of the Republic of Bulgaria and the Hellenic Republic, as well as subcontract Bulgarian and Hellenic companies, not excluding the International Project Company shareholders, taking into account the economic efficiency, with the aim to ensure the technical operation of the Oil Pipeline.

Article 3

In implementing this Agreement, the Parties shall be guided by the following:

the place of registration of the International Project Company shall be determined by the Project Participants. The place of registration of the International Project Company shall be in one of the European Union Member States,

the International Project Company constituent documents shall provide for the relevant rights of its minority shareholders, including those related to the changes in the International Project Company shareholders' capital, in accordance with the national legislation of the country where the International Project Company is registered,

the most effective modality of financing the construction of the Oil Pipeline is the principle of "project financing" which is recommended by the Parties to be used by the International Project Company, in accordance with the international practice.

Article 4

For the period of designing, construction and operation of the Oil Pipeline, the Parties shall conclude a Transit Agreement with the International Project Company, outlining the terms of cooperation between the International Project Company and the States of the Parties, including (but not limited to) the following:

provision by the Republic of Bulgaria and the Hellenic Republic of plots of land to the International Project Company, which would meet the objectives and the terms of the construction of the Oil Pipeline, and irrevocable granting to the International Project Company of land-use rights in respect of such plots, that would ensure the unimpeded construction and operation of the Oil Pipeline, including all its facilities referred to in Article 1 of this Agreement,

establishing all tax and non-tax payments, duties and compensations payable to the Republic of Bulgaria and the Hellenic Republic, associated with the necessary quantity of oil transported via their territories to achieve the economic efficiency of the project,

connection to the energy production systems, as well as steady energy supply of the Oil Pipeline,

ensuring free transit of oil, without any delays and obstacles, after the Oil Pipeline is put into operation,

provision of a favourable customs treatment,

solving environmental protection issues, as well as other issues.

In estimating the amounts of tax and non-tax payments, duties and compensations, the Bulgarian and the Hellenic Parties to the Transit Agreement shall take into account the feasibility study results, as well as bear in mind that the terms of the oil transit through the Oil Pipeline must be competitive as compared with other oil transit routes in the region.

Article 5

The Parties have agreed that the International Project Company, in order to ensure the transit of oil through the Oil Pipeline, shall conclude relevant agreement(-s) (contracts) with the Joint Stock Company "Transneft" which shall perform, inter alia, the following functions:

shall enter into oil transporting services agreements (contracts) with the oil consignors (oil owners) on the transportation of oil from production areas to the port of Alexandroupolis,

shall form the oil flows along the entire transit route,

shall manage the dispatcher services,

shall elaborate and implement the schedules of supply and loading (unloading) of oil tankers at oil loading terminals, as well as schedules of oil transit through the system of the oil trunk pipelines.

The Russian Party, in accordance with the request of oil consignors - oil-producing companies, shall ensure that the oil shipment volumes transported through the Oil Pipeline are included in the schedules of oil transit through the system of the oil trunk pipelines, approved in accordance with the procedure established by the Russian Party.

The right of ownership to the oil transported through the Oil Pipeline shall be retained by the oil consignors, in accordance with the provisions of the relevant commercial agreements (contracts).

Article 6

The tariffs for the Oil Pipeline transit services, including the loading and unloading services, shall be set by the International Project Company as part of its exclusive competence.

Article 7

The choice of contractor(-s) for the construction, as well as of suppliers of materials and technologies, and organizations, providing services required for the construction and operation of the Oil Pipeline shall be made by the International Project Company on a tender basis, preferably among the economic entities of the Parties, subject to the competitiveness of the goods, works and services provided, including sea transports.

The Parties shall instruct the relevant state authorities to ensure a simplified transit regime over the borders of the States of the Parties for specialists, materials, construction and technological machines and equipment essential for the construction and operation of the Oil Pipeline, including all its facilities referred to in Article 1 of this Agreement.

Article 8

The Parties shall ensure the necessary conditions for a smooth construction and operation of the Oil Pipeline, issuing all the necessary permits to the International Project Company, including granting land-use rights (allotment of land), as well as the attraction of financing and credits, and the securing of guarantees for the creditors.

Article 9

For achieving better economic efficiency during the construction and operation of the Oil Pipeline, the Republic of Bulgaria and the Hellenic Republic shall undertake to grant the most favourable tax regime to the International Project Company, in accordance with the legislation of these States, providing, in particular, for:

exemption from the payment of VAT (Value Added Tax), when importing equipment and components necessary for the implementation of the works related with the construction and operation of the Oil Pipeline, subject to their subsequent exportation in the future,

acceleration of VAT refund procedures in respect of materials, services and works that are necessary for the construction and the operation of the Oil Pipeline.

Article 10

New legislative and other regulatory acts adopted by the States of the Parties following the entry into force of this Agreement, implying an increase in the levels of any tax, fee, duty or other similar payment by the International Project Company, as well as by the contractors performing the construction and operation of the Oil Pipeline, as compared with the levels of any tax, fee, duty or other similar payment, calculated at the date of entry into force of this Agreement, shall not apply to the International Project Company and the aforementioned contractors during the period of construction and commissioning of the Oil Pipeline, and throughout its cost recovery period, envisaged in the Oil Pipeline construction plan.

The provisions of this Article shall apply to the income and transactions related to the implementation of works (services) during the construction and operation of the Oil Pipeline performed by the International Project Company and the aforementioned contractors.

Article 11

The provisions of this Agreement shall not prejudice the rights and obligations of any of the Parties under other international agreements to which their respective States are parties.

The Parties shall not be liable for the obligations of the Project Participants arising from their participation in the construction and operation of the Oil Pipeline. Meanwhile, the

Parties shall take all reasonable and acceptable measures so that the Participants fulfill their obligations related to the Oil Pipeline construction and operation.

Article 12

The Parties shall designate the following authorized bodies to coordinate and monitor the implementation of this Agreement and of the Transit Agreement referred to in Article 4 of this Agreement:

from the Russian Side - the Ministry of Industry and Energy of the Russian Federation;

from the Bulgarian Side - the Ministry of Regional Development and Public Works of the Republic of Bulgaria;

from the Hellenic Side - the Ministry of Development of the Hellenic Republic.

In case of change of the authorized bodies the Parties shall inform each other through diplomatic channels.

Article 13

Disputes regarding the interpretation and the application of the provisions of this Agreement, which cannot be settled through consultations between the authorized bodies, shall be resolved through negotiations between the Parties and shall be appropriately documented.

Article 14

This Agreement is concluded for an unlimited period of time. Each Party can withdraw from this Agreement after the end of the Oil Pipeline cost recovery period.

This Agreement shall be subject to ratification and shall enter into force on the date of the deposit of the last instrument of ratification.

The provisions of Articles 1 - 5, 12, 13 of this Agreement shall be applied on a temporary basis, following the signing of the Agreement.

The Government of the Russian Federation shall serve as the Depository of this Agreement.

Done at Athens, on March 15, 2007 in three original copies, each in the Russian, Bulgarian, Hellenic and the English languages, all texts being equally authentic.

In case of any dispute as to the interpretation of the provisions of the Agreement, the English text shall prevail.