



Kura Basin Operating Company



Country: **Georgia**



Website



BHRRC company page

Summary

The following allegations are related to Ninotsminda oil field which is now operated by Kura Basin Operating Company:

➔ Environmental Damages and Impacts on Health and Livelihood:

In 2004, Ninotsminda was the site of a massive ecological disaster resulting from an oil well blowout. Residents said that they experienced 'oil rain' and exposure to toxic gases, followed by symptoms of poisoning. Despite this, they stated that the company did not provide proper medical assistance, and that the 'medicine' the company distributed was actually cheap sedatives and anti-allergy drugs. Residents stated that financial assistance provided by the company did not compensate for loss of livelihood.

Kura Basin Operating Company and its parent company have statements and policies on human rights and the environment at their respective websites. The company did not respond to our questionnaire of its human rights policies.

Human Rights Commitments

- ⊕ [Policy of Health, Safety and Environment](#)
- ⊕ [Statement of Human Rights, Social Responsibility, Environmental Protection and Community Development](#)
- ⊕ [Parent company webpage about the environment](#)
- ⊖ The company **did not respond** to our questionnaire of its human rights policies and commitments

Human Rights Impacts

- ⚠ Health and safety
- ⚠ Environmental and water rights
- ⚠ Right to livelihood and adequate standard of living
- ⚠ Access to information
- ⚠ Community, cultural and property rights

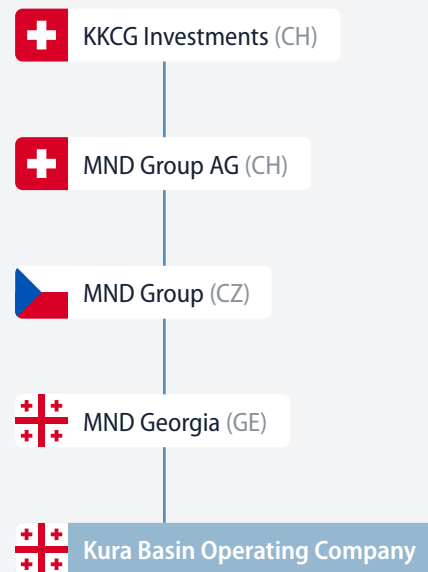
Company Information

Kura Basin Operating Company (KBOC) operates the Ninotsminda oil field. The exact chain of ownership and business relationships is unclear and somewhat confusing. Nazrevi Oil Company and Ninotsminda Oil Company hold the production sharing agreements and rights to extract oil from the Ninotsminda oil field.² KBOC provides extraction services for Nazrevi Oil Company and Ninotsminda Oil Company—which are also owned by MND Group—as well as Martkopi Oil Company which is 50% owned by MND Group.²

Via a chain of subsidiaries in Switzerland and the Netherlands (including MND), KBOC is controlled by KKCG Group.² KKCG's Karel Komárek, founder and owner, is one of the richest men in Czechia.

Ninotsminda Oil Company was previously fully owned by CanArgo Energy Corporation.² CanArgo went bankrupt, and its assets were transferred to Blake Oil and Gas. Blake then formed a joint venture agreement with MND Group. Despite a series of changes in name and ownership, the operating company continued to be known as CanArgo. Many of the same staff members and managers have stayed with the company through these changes.²

COMPANY OWNERSHIP



Human Rights Allegations

Environmental Damages and Impacts on Health and Livelihood

Although these events occur before Kura Basin Operating Company began operations at Ninotsminda oil field, such impacts are worth noting in order to ensure they do not happen again in the future.

In 2004, Ninotsminda was the site of a massive ecological disaster resulting from an oil well blowout. Over the course of four days, approximately 4,000 cubic meters of oil flowed from the well, flooding around one square kilometer of land. The oil flowed down a nearby ravine, through the forest before moving towards the villages of Tskarostavi and Ninotsminda.² Residents said that they experienced 'oil rain' and exposure to toxic gases.²

According to Oil Spill Response Limited (OSRL), CanArgo did not have a contingency plan in case of emergency: there were no trained personnel, equipment, management system nor memoranda of understanding with other companies that could help address the disaster. OSRL noted that food crops and water used for livestock and crop irrigation were potentially impacted.²

The community immediately raised concerns about significant health impacts. Many testified that they had symptoms of poisoning. Despite this, they stated that the company did not provide proper medical assistance, and that the 'medicine' the company distributed was actually cheap sedatives and anti-allergy drugs. According to residents, doctors did not provide proper diagnoses and labs did not conduct testing. In the days after the disaster, the company provided residents with 100-150GEL (\$50-75), but families said this wasn't enough to address their health issues, especially in the long-term. Only a few families were able to take children to the capital for treatment.² In the years after the disaster, residents said that the rate of death and serious illness had increased drastically and was higher than that of other nearby villages.² In particular, residents experienced high rates of breast, throat and skin cancer as well as heart and blood disease.²

Children were particularly affected by the spill; a scientific study found that the number of diseases among children increased by 10.8 times. The researchers found a significant rate of pulmonary-respiratory issues among the population.[↗]

After the disaster, CanArgo denied that the population was poisoned. The company stated: 'It is true the people inhaled certain amount of the gas which caused some symptoms and illnesses only in the people who had been suffering from heart troubles, allergy and lungs problems before. But the gas did not represent any danger for the healthy people'.[↗] The company invited experts to study the environment; however, critics note that this occurred four days after the disaster when oil and gas had already been blown away.[↗]

Residents stated that the financial assistance provided by the company did not compensate for loss of livelihood.[↗] CanArgo later provided payment for only one year of missed harvest.[↗]

Impacted residents sought remedy through the judicial system. In 2007, a judge called for an ecological examination; residents claim that this was soon forgotten and no action was taken. As a result, residents sought the suspension of CanArgo Georgia's operations.[↗] Residents' requests for compensation and expert examination were later rejected. In 2011, the Center of Environmental Law submitted a complaint to the European Court of Human Rights on behalf of 2,420 villagers. This Center requested 50,000 GEL (\$15,000) in damages per resident.

Additionally, researchers at Tbilisi State University have concluded that oil production at the Samgori-Ninotsminda oil field has contributed to increased seismic activity in the region.[↗]

Access to Information

Information about KBOC, Ninotsminda oil field and CanArgo is difficult to come by. Little data is available of this company despite it being one of the leading extractives companies in the country.

Human Rights Commitments

At its website, Kura Basin Operating Company has a number of policies and commitments related to human rights and the environment.

➔ [Policy of Health, Safety and Environment](#)

➔ [Statement of Human Rights, Social Responsibility, Environmental Protection and Community Development](#)

➔ [Parent company webpage about the environment](#)

According to KBOC, 'The company intends to conduct every aspect of business with honesty, integrity and openness, respecting the human rights of all employees and stakeholders, at all times to treat its employees, customers, contractors and those who come into contact with us equally and with fairness, to respect and protect human rights and freedoms as stipulated by the Constitution and Legislation of Georgia as well as by International Agreements.'

Parent company MND also features a [webpage on the environment](#).

Kura Basin Operating Company did not respond to our questionnaire of its human rights policies and commitments.