



BP GEORGIA NEWSLETTER

Issue 1, March, 2008

INVESTING IN GEORGIA'S FUTURE

BP and its partners have invested in excess of \$1.5 billion in Georgia to establish the oil and gas transport corridor from the Caspian Sea. We remain a major investor and employer in the country and are focused on operating the three pipelines safely and efficiently. We reliably supply contracted gas volumes from the Shah Deniz gas field to Georgia each day and remain committed to a range of social investment programmes.

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MANAGING CHANGE

Matt Taylor - Profile

"You have to listen carefully" – says Matt Taylor when he talks about good management. "This is easier said than done in today's business world when there is so much information circulating and a real and perceived lack of time". Listening is extremely important for him now he's in Georgia, where he came eight months ago to manage the company's PR, social responsibility and community relations teams.

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Our investments in Georgia

Business update

Safety performance: 2007 – 4.4 million man hours without a 'Day Away From Work Case'

Baku-Tbilisi-Ceyhan Pipeline (BTC): 2007 is the first full year of BTC operation. Operating efficiency in the Georgian section of the pipeline reached 100% in the final four months of the year.

Throughput in 2007 – circa 212 million barrels of oil

South Caucasus Gas Pipeline (SCP): In 2007 first commercial gas was delivered into the Georgian market and continues today at contracted volumes.

Baku-Supsa Pipeline: Major maintenance works in Azerbaijan and Georgia have been completed. Preparations for restarting the pipeline are underway.



Restored images of the hominids from Dmanisi Zevza and Mzia

DMANISI – THE ANSWER WHICH QUESTIONED THE WHOLE HISTORY OF HUMANITY

"We hit the jackpot" – says David Lordkipanidze when he talks about Dmanisi discoveries. He is the Director of the Georgian National Museum who led the excavation team in Dmanisi. National Geographic Magazine has written after the discovery: "Lordkipanidze and his colleagues hit it in a very unexpected place: not in Africa, home to famous fossils like Lucy and famous sites like Tanzania's Olduvai Gorge, but well to the north, in Georgia, where Europe ends and Asia begins."

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Energy

During this very cold winter BP, on behalf of its partners, has been delivering its contracted volume of gas to Georgia (1 million cubic meters per day). The gas is delivered through a new 12 km pipeline that goes from the main outlet of the SCP near Gardabani to the Georgian gas transmission system.



We are continuing to play a part in upgrading the existing North-South Gas Pipeline in Georgia. \$1.1 million was provided to fund an initial survey of the pipeline and to build capacity for its refurbishment.



Education

73 students have been admitted in the International School of Economics in Tbilisi (ISET) since its establishment in 2006. ISET is a regional school. BP is one of the supporting donors of ISET. Company has contributed \$2 million for its establishment.



A solar powered computer lab in Bakuriani is helping children study with the use of modern technologies. This is one of the projects implemented under our Community Investment Programme.



Cultural heritage

The Tadzrisi complex is located outside of the pipeline corridor and was not affected by the construction. But considering its importance Baku-Tbilisi-Ceyhan Pipeline Company funded the conservation and restoration of the St. George's and St. Mary's Churches.



Environment

Eco-tourism was the winning theme of our sixth biodiversity competition this year. This is an annual award held by BP on behalf of its co-venturers. The main prize was awarded to the project "Eco trail and green gate of Mt. Mkinvartsveri" submitted by the non-governmental organization Kazbegi Mountain Tourism House. Promotion of eco-tourism, preservation of the environment and bringing economic benefits to the local people are the main attributes of the winning project.



Matt Taylor - Profile

“You have to listen carefully” – says Matt Taylor when he talks about good management. “This is easier said than done in today’s business world when there is so much information circulating and a real and perceived lack of time”. Listening is extremely important for him now he’s in Georgia, where he came eight months ago to manage the company’s PR, social responsibility and community relations teams.

Different culture, different language, different pace of life, different weather and different characters of people, there are so many different things to what he has been used to in London. But he feels comfortable in this environment. Apparently he always had an interest in the world. He studied Geography at university in the UK and got a Masters degree in environment and development. “I joined BP with the express purpose of working internationally, helping to manage the business’s relationships with host communities and other stakeholders, as well as develop the local team.” - he claims.

Matt joined BP in 2004, in part to coordinate relations with international NGOs which were campaigning against Baku-Tbilisi-Ceyhan Pipeline at that time. Interesting coincidence! “I suppose that was my first insight into what Georgia would be like. In the sense that it has a strong civil society and people who speak their mind, also the natural beauty of the country and the hostile reception to the fact that there were major oil and gas pipelines passing through an area of outstanding beauty.”

Have his views changed since he settled here? – Not much. As he says: “People are very hospitable. Georgians are famous for being open and friendly and that is true. Physically the country is more beautiful than I thought it would be. There is also so much heritage here. And this year the skiing has been really fantastic! I am enjoying my time here and the family is also settling in well.”

Matt has three young daughters who are getting involved in music, gymnastics and skiing; this makes him a happy father. It did not take much to convince the family to move to Georgia. “My wife is like me. She’s always wanted to go and spend some time overseas and learn about different culture;” - says Matt – “at the time when we decided to come to Georgia the children were four, two and one, really just learning to walk and talk so it did not take

whole lot to convince them. Actually I don’t think I mentioned it to them. For a long time my 2 year old thought we were going to her friend Georgia’s house!”

Matt Taylor has managed teams before, in the waste management and mining industries. “I have benefited in my career from moving around, working in different sectors and for different companies. This exposes you to different ways to approach



business issues and adapt to changes.” In Tbilisi he has a team of Georgian employees looking after relationships with the communities, the various investment programmes and all PR activities. Although Matt claims that he is not a great student of management theory, his own theory about a good management sounds like this: “Set some directions and give people space.”

“I like to encourage people to take decisions, to be innovative and I also feel comfortable if people are making the occasional mistake;” - he says – “my preference is to have my team learning and enjoying themselves. The more they can see the connection between what they do and the health of the business here in Georgia the more rewarding the job will be.” My first objective is to deliver on this job and to develop the team. Very shortly, in couple of years this organization will be run entirely by Georgians, which is absolutely where we need to go as quickly as we can.”

DMANISI – THE ANSWER WHICH QUESTIONED THE WHOLE HISTORY OF HUMANITY

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The fossils of three adults and a teenager discovered in Dmanisi are thought to belong to Homo erectus, the earliest known Homo species found outside Africa. Studies of 1.8 million years old skulls call into question a widely held hypothesis that the evolution of big brains propelled the exodus of early humans out of Africa. Fossils reveal that Dmanisi ancestors had unusually small brains and bodies compared with early Homo erectus fossils from Africa. They were from 1.45 to 1.66 meters tall and weighed from 40 to 50 kilograms. The new fossils also reveal apelike arms and hands.

The variation among the hominids recovered in Dmanisi makes it difficult to say who exactly these people were and if not a brain power and tool technology, what did enable them to leave Africa? There are no clear answers to these questions yet.

Another striking feature of the Dmanisi story is the uncovered skull which is totally toothless. Its bone re-growth shows that he lived for a couple of years after his teeth fell out. How could this toothless old man survive unable to chew his food? There can be a number of answers to this question, but one which sounds the most probable is about compassion. Some scientists think that other people, his companions helped him. If this is the case, the toothless jaw might testify to something like compassion, which is far too early in this age of human evolution. The approved signs of compassion among humans were identified 1.5 million years later, in the Neanderthals of the ice age Europe. Can it be considered as the first sign of altruism? The scientists are still uncertain.

Information hidden in Dmanisi fossils gives scientists many unanswered questions and also the answers which question many hypotheses they have believed before. This makes Dmanisi site very important and of high interest for the whole world. Its significance is especially immense for Georgia.



Considering its importance from the scientific, education and cultural viewpoint BP in Georgia allocated the grant, worth \$400 000 to The Georgian National Museum to promote Dmanisi as a cultural and education site, attracting visitors to the area and generating economic benefits for the region. Open Air Museum in Dmanisi will be launched in summer 2008. It will bring back to life the mystery of Dmanisi which was buried underground for millions of years and which fascinates people who come across this mystery. Like the field notes of one of the authors of National Geographic Magazine say: “The view from the plateau on which the medieval village of Dmanisi was built is spectacular. The town overlooks a strategic point along the ancient Silk Road, and it grew rich in the middle ages by taxing the caravans that passed by. Time seems lost as you look down into the valley where in past centuries so many travelers moved between the continents. The new fossils coming out of the area filled my imagination not only with Marco Polo and spice-laden camels but also with visions of lean, barely human pioneers. About 1.7 million years earlier, they had moved through this same valley, digging tubers or butchering a carcass with simple stone tools—an image I had reserved in my mind for the grasslands of East Africa.”