



The True Cost of Chevron
An Alternative Annual Report
May 2011



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Cover: Lydia Aguinda, daughter of Maria Aguinda, lead plaintiff in the historic Aguinda vs. Chevron lawsuit in Ecuador, outside their home in Rumipamba, cleaning up a former Texaco waste pit/oil spill in quichua ancestral territory.

Introduction

CEO JOHN WATSON opens Chevron's 2010 Annual Report by telling the corporation's stockholders that "2010 was an outstanding year for Chevron."¹

We do not agree.

We, the communities who bear the costs of Chevron's operations, have witnessed a year in which Chevron's performance was anything but exceptional. As we have documented in this third installment of the *True Cost of Chevron: An Alternative Annual Report*, Chevron continues its long history of ravaging natural environments, violating human rights, ignoring the longstanding decisions of Indigenous communities, destroying traditional livelihoods, and converting its dollars into unjust political influence in the United States and around the world.

This report is a record of egregious corporate behavior that—in locations as diverse as California, Burma, Colombia, Ecuador, Kazakhstan, Nigeria, the Philippines and the U.S. Gulf Coast—has spanned decades and carries on today.

In the year that saw the world's largest unintentional oil spill, intensifying global concerns about the safety of the hydrocarbon industry, Chevron has failed to change its behavior.

In 2010, Chevron pursued ever-riskier and ever-deeper offshore projects in the South China Sea, the North Sea, the U.S. Gulf Coast, and the Canadian Arctic.

In 2010, Chevron intensified its investments in three controversial liquefied natural gas projects in areas of western Australia that have tremendous international conservation significance.

In 2010, Chevron announced a major expansion of its Alberta, Canada tar sands projects, which are destroying the environment and severely impacting the health, livelihood and cultural preservation of Indigenous communities living downstream from this destructive development.

In 2010, a rupture of Chevron's pipeline in Salt Lake City, Utah dumped over 33,000 gallons of oil into Red Butte Creek, exposing residents to oil fumes and unknown health impacts as the pollution flowed downstream through this densely populated streambed. After the pipeline was turned back on under Chevron's assurances of safety, a second rupture occurred within a few hundred feet of the first spill just 5 months later, dumping an additional 21,000 gallons of oil.

In 2010, Chevron continued its well-documented history of releasing toxic pollution in both Angola and Nigeria through recurrent leaks and waste discharges, and the harmful practice of gas flaring.

In 2010, the Chevron joint venture developing the super-giant Tengiz Field in Kazakhstan emitted such high levels of toxins into the air that the country's government fined the operation nearly \$64 million.

In 2010, a Chevron pipeline explosion covered part of an Indonesian village in hot crude oil, leaving two children suffering burn wounds and a community devastated.

In 2010, two extrajudicial killings by Burmese Army battalions providing security for the Yadana pipeline—owned by

a joint venture that includes Chevron—were documented by EarthRights International.

In 2010, in an effort to silence local community voices opposed to the corporation's destructive practices, Chevron disenfranchised shareholders by denying admission to its annual shareholder meeting to 17 individuals who held legal proxies.

2010 was not an outstanding year for the communities where Chevron operates.

The campaigns undertaken by communities around the world to hold Chevron accountable for its actions were outstanding. The acknowledgements of Chevron's wrongdoings by government entities in locations around the globe were outstanding. The hard fought victories achieved by citizens uniting to change the Chevron Way were outstanding.

After nearly 18 years of litigation, the indigenous people and *campesinos* of the Ecuadorian Amazon achieved a critical milestone in 2010. An Ecuadorian court ordered Chevron to pay \$9.5 billion for cleanup, clean water, health care and other reconstruction efforts for the tens of thousands of people affected by the company's widespread contamination in the region.

Environment Texas, the Sierra Club and the National Environmental Law Center reached a settlement in 2010 with Chevron Phillips Chemical requiring the company to pay a \$2 million penalty and implement major changes at its chemical plant in Baytown, Texas. The plant had violated its clean air permits hundreds of times since 2003, leading to more than one million pounds of illegal emissions.

In an unprecedented victory for the community of Richmond, California, in 2010 the State Court of Appeals upheld the majority of findings in a lower court decision that the Environmental Impact Report for the expansion of Chevron's Richmond refinery violated state environmental law.

After decades of campaigning against Chevron's highly polluting coal operations, communities in Alabama, New Mexico and Wyoming welcomed—with cautious optimism—Chevron's announcement that 2010 would be the year the corporation would exit the coal industry.

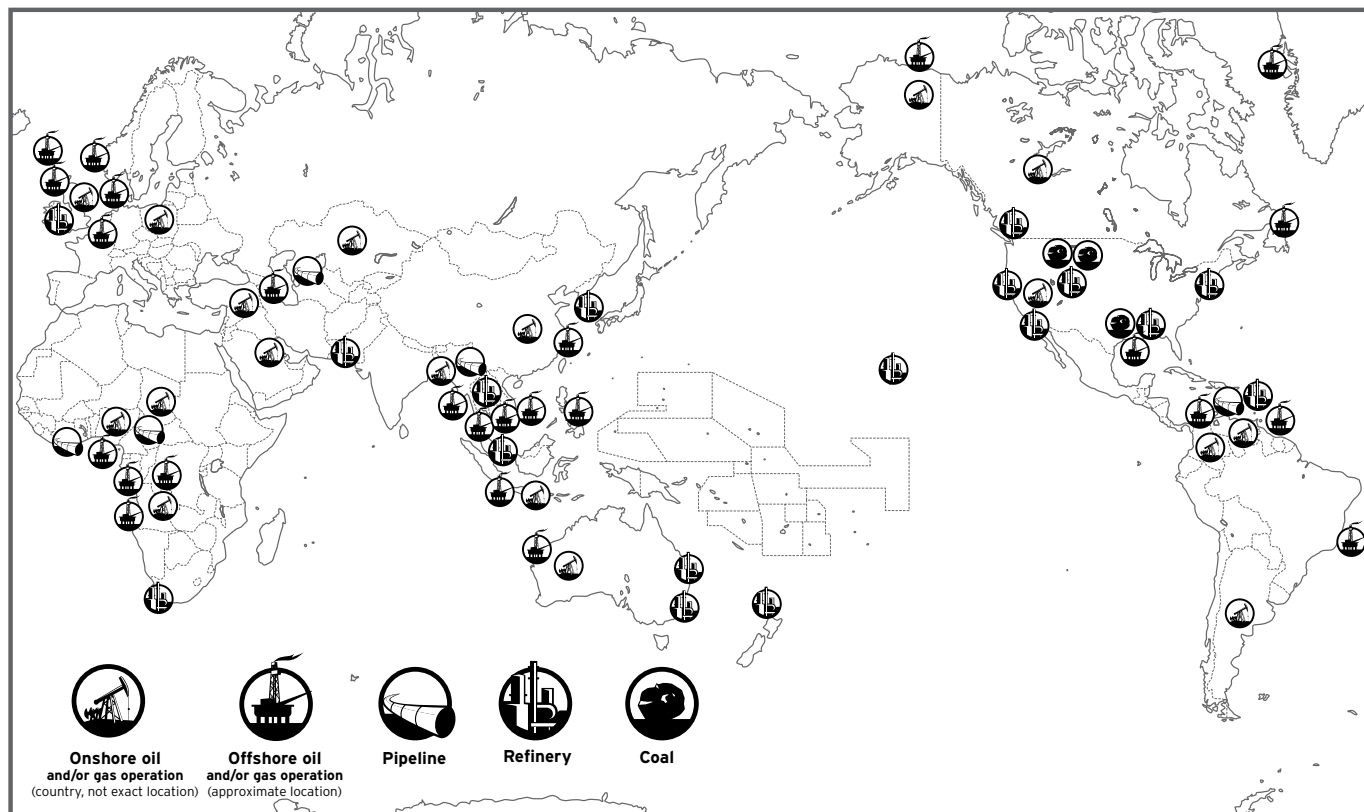
We celebrate these triumphs and the many courageous individuals whose refusal to be silenced has been instrumental in bringing Chevron's egregious actions to light.

Even so, there is much work to be done. Chevron is vigorously contesting the landmark verdict in the Ecuador case and is continuing flagrant violations of environmental and human rights around the globe. As Luis Yanza, coordinator for the Affected People's Assembly in Ecuador, writes, "the struggle will continue today stronger than before . . . to ensure that justice triumphs over impunity."

We invite you to read our report of the true cost of Chevron's operations in communities from Alaska to Thailand, to decide for yourself if Chevron displayed an outstanding record in 2010, and to join with the growing international movement to hold Chevron accountable for its abuses around the globe.

I. Chevron Corporate, Political and Economic Overview

MAP OF CHEVRON GLOBAL OPERATIONS



CHEVRON CORPORATION BASICS

Chevron: 2nd largest U.S. oil company² & 3rd largest U.S. corporation.³ In 2010, 6th largest global oil company,⁴ 11th largest global corporation⁵ and 45th largest global economy (by revenue).⁶

World Headquarters: San Ramon, California, USA

CEO: John Watson, former vice chairman, term began January 1, 2010. At \$16.3 million, 2010 compensation represents an 85% increase over 2009.⁷

Corporate Website: www.chevron.com

Profits: According to its annual shareholder reports, Chevron received \$19 billion in 2010 profits, its highest since 2008 and an 81% increase from the previous year. Profits had been increasing every year from 2002, with a dip in 2009. Overall profits have increased 1581% from 2002 to 2010.

Oil Reserves & Production: Chevron holds 6.9 billion (behind Exxon's 9.2 billion and ahead of BP's 5.6 billion) in reserves. It produces approximately 2.8 million barrels of oil per day.⁸ Together, Chevron, ExxonMobil, BP, ConocoPhillips, Shell, and Marathon produce more oil per day than does Saudi Arabia.⁹

Operations: Chevron operates in 180 countries. It explores for, produces, refines, transports and markets oil, natural gas, and gasoline. Major operations also include chemical, coal mining and power generation companies.

History & Mergers: In 1876, Star Oil Works struck oil in southern California. The Pacific Coast Oil Company acquired Star Oil a few years later, followed by John D. Rockefeller's Standard Oil Company in 1900—naming it the Standard Oil Company of California (SoCal) in 1906. In 1911, the U.S. Supreme Court ordered the break-up of Standard Oil; SoCal was the third largest post-breakup company. In 1985, SoCal bought Gulf Oil—the largest merger in U.S. history at that time—and changed its name to "Chevron." In 2001, Chevron bought Texaco (which had purchased the giant Getty Oil in 1984). Briefly called "ChevronTexaco," it went back to "Chevron" in 2005, the same year it purchased the Union Oil Company of California (Unocal). In 2011, Chevron paid \$4.3 billion to acquire Atlas Energy and its extensive holdings in Pennsylvania's Marcellus Shale.¹⁰

The State of Chevron

Antonia Juhasz, Global Exchange

DO NOT BE CONFUSED, CHEVRON IS NOW AND always has been just one thing: an oil company.

In 2010, a full 95% of Chevron's nearly \$200 billion in revenues were derived exclusively from its oil and gasoline businesses. As the company reports, "The single biggest factor that affects the results of operations for both [up and downstream] is movement in the price of crude oil."¹¹

In other words, as goes the price of oil, so goes Chevron's economic fate. In 2010, as oil and gas prices bounced back from their 2009 lows, so too did Chevron's rewards. Chevron's 2010 profits were nearly double those in 2009: \$19 billion compared to \$10.5 billion. Its revenues nearly topped \$200 billion, an increase of more than \$30 billion over 2009, moving Chevron up one slot to become the world's 45th largest global economy.¹²

In the coming year, Chevron plans to spend the bulk of its money not—as its advertisements would have us believe—on alternative energy, social services or human rights protection—but rather on exploring for and producing oil.

The World's 45th Largest Economy

In 2008, the world experienced a massive economic collapse due to, among other things, oil surpassing \$100 a barrel and unregulated derivatives trading in oil futures markets. Nonetheless, there have been essentially no changes to the underlying rules "regulating" these markets. Thus, as energy traders working for banks, hedge funds and oil companies—including Chevron—reentered the largely unregulated oil futures market in late 2009 and 2010, oil prices began to rise.¹³

The rising price of both oil and gasoline throughout 2010 carried Chevron from the 46th to the 45th largest global economy, with revenues larger than the GDPs of 138 nations and most of the world's corporations.¹⁴

Based on its 2010 revenues, Fortune ranks Chevron as the third largest corporation in the United States and the nation's second largest oil company—positions Chevron has held every one of the last four years.

Comparable global data is not yet available. But in 2010, Fortune reported that Chevron paid the price for its poor economic showing in 2009, falling from the fourth largest global oil corporation in 2009 (based on 2008 revenues) to the sixth in 2010 (based on 2009 revenues). The largest companies were, in order, Royal Dutch Shell, Exxon Mobil, BP, Sinopec, China National Petroleum and Chevron. Increased revenues for companies such as Toyota Motors, Japan Post Holdings and State Grid of China led Chevron to fall from the fifth largest global company in 2009 down to just the eleventh in 2010.¹⁵

Just as in 2009, however, oil companies ended 2010 as the world's most profitable industry.¹⁶

Buying Less Gas

Demand for gasoline peaked in the U.S. in 2007 and has not rebounded since.¹⁷ At the same time, U.S. domestic oil produc-

tion began climbing in 2004 and has continued unabated ever since, such that, from the perspective of the oil industry, the nation is awash in "excess" supply.¹⁸ In response, producers have been increasingly shipping supply out of the country.¹⁹ A similar situation exists globally.

For example, Chevron has spent the last two years reducing its own "excess" refining and gasoline supplies. It sold its Pembroke refinery in Wales, and discontinued sales of Chevron- and Texaco-branded motor fuels in the District of Columbia, Delaware, Indiana, Kentucky, North Carolina, New Jersey, Maryland, Ohio, Pennsylvania, South Carolina, Virginia, West Virginia and parts of Tennessee. Chevron is also selling fuels-marketing businesses across Africa, the Caribbean and Central America as demand for gasoline remains depressed in these locales as well.

Producing More Oil

Chevron is instead focusing on its bread-and-butter: exploring for and producing oil. Chevron reports that in 2011, its capital and exploratory expenditures will increase from \$21.8 billion to \$26.0 billion, approximately 85% of which is budgeted exclusively for exploration and production, "primarily focused on major development projects in Angola, Australia, Brazil, Canada, China, Nigeria, Thailand, the United Kingdom and the U.S. Gulf of Mexico."²⁰ Meanwhile, Chevron has reduced its alternative energy investments.

As Chevron reasserts itself as a company focused on exploration and production, its operations are moving ever-more aggressively into the world's most environmentally and politically volatile regions. It is an open question as to whether Chevron executives, board members and shareholders will force the company to finally adhere to its own written policies on human rights and the environment as it does so.

Executive Excess

As the United States continued to slog through an economic recession and Chevron continued to shrink its number of employees and holdings, Chevron's CEO John Watson received a massive pay raise.

At \$16.3 million,²¹ Watson's 2010 compensation was 85% larger than in 2009, when he was vice-chairman. Watson's package includes a base salary of \$1.5 million, a 50% increase over 2009,²² cash bonuses totaling \$3 million, more than double the previous year, and stock awards worth \$3.8 million, a 57% increase. He exercised options to gain \$5.5 million, and the value of his pension in 2010 was around \$2.3 million. Watson was further enriched through perks in the form of use of the company aircraft, life insurance and home security, valued at \$220,496.²³

Vice Chairman of the Board George Kirkland enjoyed a base salary increase of 20% over 2009 levels to \$1.2 million.²⁴

Chevron Banks on a Profitable Political Agenda

Tyson Slocum, Public Citizen

WITH 43 LOBBYISTS AND A federal influence-peddling budget of at least \$35 million this past election cycle,²⁵ Chevron must have an ambitious agenda for the politicians in Washington, DC. The company just paid \$4.3 billion to acquire Atlas Energy and its extensive holdings in Pennsylvania's Marcellus Shale,²⁶ so first and foremost on the company's agenda will be fighting any efforts to have the federal government regulate hydraulic fracturing. Second, Chevron produced 260,000 barrels of oil and natural gas per day from the Gulf of Mexico,²⁷ so preventing Congress from reforming offshore drilling rules in the wake of the BP disaster will be key. Third, Chevron will join forces with the U.S. Chamber of Commerce and others to demonize pending Environmental Protection Agency (EPA) rules limiting greenhouse gas emissions, and continue opposing efforts for the U.S. to lead the way in battling climate change. Fourth, look to Chevron to help lead the chant of "Drill Baby Drill!" as the company seeks to exploit the Presidential race to open new areas to oil and natural gas drilling. Fifth, expect the company to take evasive action against efforts to revoke billions of dollars in oil company tax breaks and royalty relief. Finally, Chevron will probably seek to protect investments overseas from meddlesome foreign government actions on prioritizing the environment and workers' rights by getting the U.S. to enact favorable trade agreements.

Chevron's lobbyists are a *Who's Who* of former government officials. DC's rule of thumb: corporations ensure better access to lawmakers when they put their former colleagues from government on their payroll. Chevron pays the Breaux Lott Leadership Group of the law firm Patton Boggs \$135,000 every three months to lobby members of Congress.²⁸ That means former Senators John Breaux and Trent Lott hobnob with their Senate contemporaries, and ask whatever Chevron tells them to ask for. Chevron has lobbyist Richard Hohlt on retainer,²⁹ close friend of Karl Rove, and the kingmaker of a monthly gathering of GOP leaders inside DC called the "Off the Record Club."³⁰ Chevron pays the law firm Akin Gump \$90,000 every three months to take advantage of the firm's Democratic stars, including Al From, and former top staffers to Senator Max Baucus and Rahm Emanuel.³¹ Chevron hires the bipartisan Dow Lohnes Government Strategies for \$80,000 every quarter, with Stephen Sayle (former Counsel to Representative Joe Barton) and Rick Kessler (former chief of staff to Representative John Dingell) the revolving door highlights.³² The lobbying firm TwinLogic Strategies is retained at a price of \$40,000 every



three months to take advantage of two former senior staff members for Representative Bob Goodlatte and former Representative Rich Boucher.³³ Timothy J. Keeler—Chief of Staff in the office of U.S. Trade Representative under President George W. Bush and now a lobbyist with the law firm Mayer Brown—is paid by Chevron to work on trade agreements.³⁴ The lobbying firm Ogilvy Government Relations features GOP heavyweight Wayne Berman, former Tom DeLay staffer Drew Maloney, and former Dick Gephardt staffer Moses Mercado.³⁵

Chevron was the fourth largest federal campaign contributor from the oil and gas sector during 2009-10, giving 82% of its nearly \$940,000 in contributions to Republican candidates.³⁶

In addition to direct contributions to politicians, Chevron funds groups empowered by the *Citizens United* Supreme Court decision (see democracyisforpeople.org) to spend unlimited amounts of money on federal elections. In 2010, Chevron gave \$500,000 to the U.S. Chamber of Commerce,³⁷ which is leading the fight to demonize pending EPA rules to reduce greenhouse gas emissions.³⁸

So why does Chevron bother spending this kind of money on the political system? Because, dollar for dollar, nothing provides a better financial return than investing in politicians. With environmentalists pushing to hold oil companies accountable for their pollution, corporations like Chevron would be forced to spend millions of dollars to make their oil and natural gas drilling operations and oil refineries cleaner and safer. Sure, doing so would improve the standard of living for millions of Americans and help ensure we all have access to cleaner air and water—but Chevron's political activities clearly show the company's priority is profit—not saving the planet.

Silencing Local Communities, Disenfranchising Shareholders

Paul Donowitz, EarthRights International

History of Chevron's Annual Meetings

Chevron's annual shareholder meetings are an opportunity for shareholders and their designated representatives to engage directly with the company's executives, whose decision-making deeply impacts their communities and environments. Over the past several years, the meetings have been held at the company's global headquarters in San Ramon, California, and have been the scene of noisy street protests and negative media coverage. Affected community members have entered the meetings to speak directly to the company about the devastating consequences of its operations for communities around the globe.

The 2010 Annual Meeting in Houston, Texas

On May 26, 2010, members of communities impacted by Chevron's activities gathered outside the company's Houston offices, prepared to enter the annual meeting of shareholders to speak directly to the company's new Chief Executive Officer, John Watson; the Board of Directors; Chevron employees; and shareholders. They gathered not only for themselves and the shareholders they represented, but as spokespeople for their communities in places as far away as Angola, the Kimberley of Australia, the Ecuadorian and Colombian Amazon, Burma, Nigeria, Kazakhstan, the Philippines, Alaska and the First Nation Territories of Canada, as well as representatives from Chevron's own backyards in Richmond, California and Houston, Texas.

For Indigenous and First Nation peoples and local community members, the chance to speak truth to power was one they had spent many months and years waiting for, and the

opportunity did not come cheaply. Many communities pooled resources, and organizations stepped forward to help their colleagues because the chance to confront the company that, in many cases, is destroying your community is a chance worth taking and a cause worth investing in. Chevron's own shareholders agreed, voluntarily executing legal proxies so that their shares could be represented at the annual meeting by community members and their supporters.

However, Chevron tried to limit access to the meeting and silence these voices by denying admission to 17 individuals presenting legal proxies representing beneficial shareowners. Chevron appears to have targeted these individuals based on their past history of opposing Chevron's impacts, and a perceived likelihood of expressing similar concerns at the 2010 shareholder meeting. Chevron then threatened these Indigenous and First Nation people and their supporters with arrest.

Believing they had a legal right to enter the annual meeting by virtue of valid proxies executed to them by Chevron shareholders, four members of the True Cost of Chevron Network refused orders by the Houston police department on the demand of Chevron to exit Chevron property and were arrested for trespassing. Antonia Juhasz, a Chevron shareholder, was allowed entry into the meeting only to be arrested for trespassing and disturbing the meeting, and was dragged out for refusing to be silenced by the company. Charges against Ms. Juhasz were eventually dropped.

Despite their best efforts, Chevron was not able to shut out all those who came to confront its new CEO John Watson and



Photo by Jonathan McIntosh / Rainforest Action Network

Community members blocked from the Chevron Shareholder meeting in Houston, TX.

Back Row left to right: Debora Barros Fince, Colombia; Joshua Coates, Australia; Tom Evans, Alaska; Naing Htoo, Burma; Dr. Henry Clark, California; Omoyele Soware, Nigeria; Emem Okon, Nigeria; Abby Rubinson, California. Front Row left to right: Guillermo Grefa, Ecuador; Paul Donowitz, Washington DC; Neil McKenzie, Australia; Thomas J. Buonomo, California.

speaking about the harmful impacts the oil giant has on communities around the globe. True Cost of Chevron Network members representing Angola, Ecuador, Kazakhstan, the Philippines and Turkmenistan entered the meeting with legal proxies and addressed Chevron's leadership directly with their concerns and demands. Mariana Jimenez, a campesino settler from the Amazon region polluted by Chevron/Texaco, spoke in the meeting of how oil contamination is destroying her community in the Amazon rainforest. "In 1976, I lost two young children. People are still getting sick every day. There are children born with birth defects." She called on Chevron's CEO to "take responsibility for the crime that his company committed in my country."

Shelley Alpern, Vice-President at Trillium Asset Management Corporation, a socially responsible investor and Chevron shareholder who has attended countless annual meetings, told the Environmental News Service:

I have never seen a company deny entry to legal proxy holders. This is outrageous and reflects very poorly on our company's respect for the laws that govern our proxy process. The shareholders in attendance today should stand forewarned not to say anything critical or it could be you next year.

Those Arrested on Orders of Chevron:

Juan Parras, *Texas Environmental Justice Advocacy Services (TEJAS)*

Mr. Parras was to speak about Chevron's Phillips chemical facility in Houston, which is spewing toxic waste and harming local communities, and about the dangers of Chevron's offshore operations, which threaten the Gulf of Mexico. TEJAS provides toxic tours of Chevron's facilities in the Houston area.

Reverend Ken Davis, *Communities for a Better Environment (CBE)*

Reverend Davis was to speak against Chevron's Richmond refinery expansion plan and explain the extensive health effects that plague his community downwind of the refinery. Reverend Davis has been a consistent critic of Chevron's activities in

Richmond, speaking inside the 2009 Chevron annual meeting in San Ramon.

Mitchell Anderson and Han Shan, *Amazon Watch*

Mr. Anderson and Mr. Shan are consistent, vocal critics of Chevron's activities in Ecuador, leading the environmental group Amazon Watch's efforts to raise local Indigenous Ecuadorian voices and seek justice for the destructive impacts of Texaco (Chevron's) operations in the Amazon.

Antonia Juhasz, *Editor 2010 and 2009 Chevron Alternative Annual Report*

Ms. Juhasz is the Director of the Energy Program at Global Exchange, and the author of *Tyranny of Oil: The World's Most Powerful Industry—And What We Must Do To Stop It*, and the recently released *Black Tide: the Devastating Impact of the Gulf Oil Spill*.

Can Chevron Continue to Silence its Critics?

Chevron's actions denying entry to holders of legal proxies is a matter of state law and may be a violation under Delaware law, where Chevron is incorporated; additionally, its proxy requirements for entry to the meeting may be a violation of federal securities law.

Chevron's brazen attempt to silence the voices of local, traditional and Indigenous communities and their supporters concerned over the oil giant's destructive global practices is consistent with a company more concerned with profits and expensive public relations campaigns than responsible practices.

Speaking directly to Chevron's management is critical in both empowering local communities, and ensuring that Chevron and its shareholders understand the impacts of their operations on people and the planet. Again in 2011, Indigenous and First Nation peoples, and community representatives and their supporters will gather at Chevron's annual meeting, at its headquarters in San Ramon, California, and again seek entry into the annual shareholders meeting.

We think Chevron must listen to the people whose lives are impacted by the company—Chevron, Do You Agree?

Resisting Transparency: An Industry Leader

Isabel Munilla, *Publish What You Pay United States*; Paul Donowitz, *EarthRights International*

Chevron has systematically worked to prevent the passage of oil sector transparency legislation in 2010 and the enactment of strong oil sector transparency regulations by the Securities and Exchange Commission (SEC) in 2011. As a member of the American Petroleum Institute (API), Chevron supported an API letter to all of the members of the Senate Banking Committee, calling for them to prevent the passage of an amendment that would promote transparency in the oil sector. Once the law was passed as Section 1504 of the Dodd-Frank Financial Reform and Consumer Protection Act, Chevron worked with the API to lobby the SEC to weaken its regulations in ways that would allow for secrecy in payments to foreign governments.⁴³

In their lobbying efforts and comments to the SEC, Chevron and its allies argued that the Extractive Industries Transparency Initiative (EITI) is the only legitimate initiative for promoting transparency.⁴⁴ It did not, however, describe how Chevron believes transparency should be promoted in countries where it has operations, like Libya and Burma, which are unlikely ever to sign up to the EITI. These countries would benefit greatly from the legislation that Chevron worked to prevent, and whose regulations Chevron is now working to weaken. Chevron, as an EITI Supporting Company, is obliged to promote the EITI and transparency in the countries in which it has operations. However, there is no evidence of these efforts in non-EITI countries, like Libya and Burma, and Chevron has yet to provide

a convincing public explanation of its rationale to support the status quo in secrecy of payments to these governments.

Chevron has also opposed efforts to increase transparency in their payments to governments on a country-by-country basis by opposing Stockholder Proposal Item 6, proposed by shareholder Oxfam America and voted on during the 2010 Annual Shareholder Meeting. Chevron opposed this proposal, claiming it would, "threaten the sanctity of existing contracts where such disclosures may be currently prohibited and could undermine the efforts of more productive disclosure initiatives, and could put Chevron at a competitive disadvantage." The proposal gained 7.1% support and is therefore eligible for re-submission.

Chevron's Ever-Declining Alternative Energy Commitment

Antonia Juhasz, Global Exchange

Less than 1.4%

Chevron spent less on green energy in 2010 than in any year since at least 2006. Its green energy investments fell to just 1.37% of its total capital and exploratory budget, compared to approximately 1.8% in 2009, 2.8% in 2008, 3.8% in 2007 and 2.4% in 2006, based on my analysis of Chevron's public filings.

Nonetheless, Chevron spent 2010 once again touting its "green energy" image.

Chevron began its new "We Agree" ad campaign in 2010. One of the advertisements reads, "It's time oil companies get behind the development of renewable energy," followed by "we agree," indicating that the company agrees with this popular sentiment.

In a TV commercial, Chevron asserts that it is spending "millions in solar and biofuel technologies." It is possible that it spent this much, but impossible to verify. Regardless, we must ask, what does millions really mean to Chevron? The answer? Not only does it mean very little, it represents an ongoing downward financial trend in Chevron's commitments to renewable energy.

By the Numbers

Let's look at the numbers. But first, a note: Chevron hides these numbers from the public. Nowhere is an actual financial breakdown for Chevron's alternative energy investments provided beyond the vague reference to "millions" in the television ad. The closest we can get is by estimating numbers provided in broad categories in Chevron's Annual Report Supplement and its 10-K filing with the U.S. Securities and Exchange Commission (SEC).

These documents provide a breakdown of Chevron's total "capital and exploratory" expenditures. These expenditures totaled \$21.755 billion in 2010, over 97% of which, or \$21.123 billion, was spent exploring for, producing, refining, selling and transporting oil, natural gas and gasoline.⁴⁵

The remaining 3% was split between Chevron's chemical business—\$333 million—and a catch-all "all other" category, the total expenditure for which was \$299 million.

"All other" assets "includes mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels and technology companies, and the company's investment in Dynegey Inc. prior to its sale in May 2007."⁴⁶

Of this list, only Chevron's power generation, certain alternative fuels, and some of its technology company investments can be included in a green renewable energy category.

There is one other area that could also include investment in green renewable energy. But for this, we must now turn to Chevron's 10-K filing with the SEC. Here we find Chevron's Technology Ventures Company includes Chevron's total research and development expenses. These were, for the entire corporation, \$526 million in 2010, at least some portion of which probably went to research on alternative energy.⁴⁷

These, then, are all the potential resources going to Chevron's geothermal, wind, solar, biofuel, efficiency and conservation investments.

So, let's be *extremely* generous for ease of calculations since we cannot break down the individual investments and simply credit Chevron with the *entire* "all other" category to the green column: \$299 million.

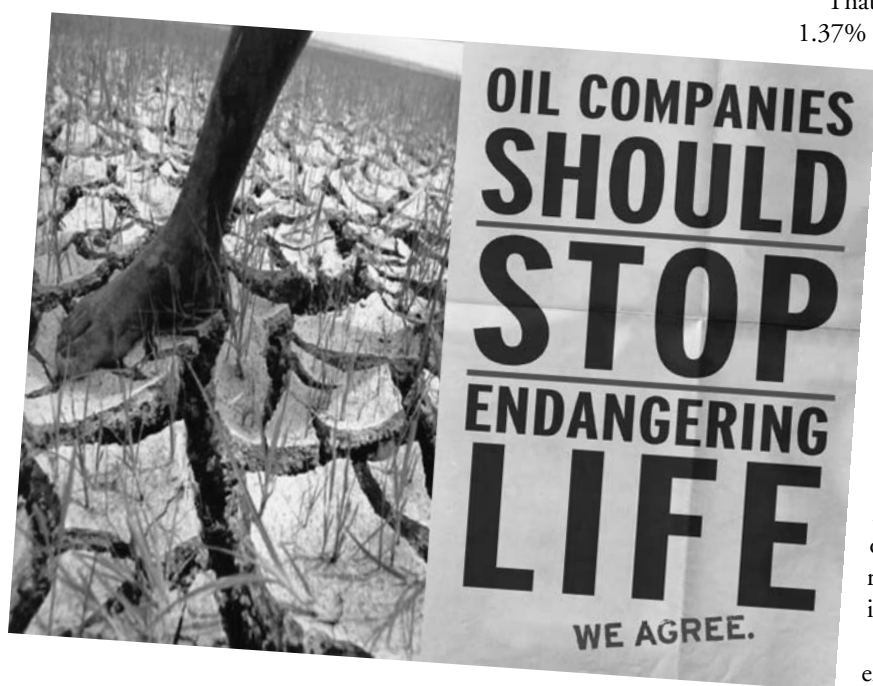
That is not only extremely generous—it's also only a mere 1.37% of its total capital and exploratory budget. Not only

that, but it is less than Chevron has spent on this category in every year since 2006, when I began calculating. While millions are real dollars, they are a mere drop in the bucket for Chevron, and hardly qualify it as a "green energy" company that "gets it."

You may ask why Chevron is not spending more on green alternative energy. The answer is simple: Chevron loses money on these investments every single year. Meanwhile, its profits from one resource in particular—oil—are soaring.

Thus, Chevron is expanding its investments in the world's most environmentally destructive methods of fossil fuels production: tar sand production in both Canada and Venezuela; digging deeper into offshore fields the world over; expanding its shale oil production; and attempting to retool ever-more refineries to burn heavier and more greenhouse gas intensive oils.

Don't believe the hype. Chevron is no green energy company.



II. The United States

Chevron's Coal Company

Antonia Juhasz, Global Exchange

ON JANUARY 28, 2011, CHEVRON ANNOUNCED THAT by the end of the year, it would be exiting the coal industry after more than 120 years in the business.⁴⁸ The True Cost of Chevron Network heralded the announcement. For the last two years, we have highlighted not only the harms caused by Chevron's coal operations, but the company's hypocrisy in touting itself as a "green" energy company while simultaneously producing 10 million tons of the world's most carbon-intensive and polluting fossil fuel a year.⁴⁹

In 2010, those communities on the front lines of Chevron's current and planned coal operations told their own stories in our Alternative Annual Report.

John Kinney of Black Warrior Riverkeeper in Alabama described Chevron's North River Coal Mine in Berry, and its constant toxic waste polluting local ground and surface waters.⁵⁰

Brad Mohrmann of Powder River Basin Sierra Club in Wyoming warned of Chevron's plans to develop the first new coal mine in the Powder River Basin area in at least a decade. The mine would sit along the Tongue River, an area of both environmental and cultural importance to the Northern Cheyenne Native American community.⁵¹

Chevron already operates the giant Kemmerer Coal Mine in Wyoming, the largest open pit coal mine in the United States. The mine was determined to be one of the most dangerous mines in the nation by Congressman George Miller.⁵²

Elouise Brown of Dooda Desert Rock in New Mexico wrote of Chevron's McKinley Mine near Window Rock, 60% of which sits on Navajo land. After 40 years of constant production, the mine is now just about tapped out and concerns now abound as to how the land will be made safe from the deadly contaminants that have been polluting the community for decades.⁵³

Chevron Mining Inc. is one of the oldest continuously operating mining companies in the United States.⁵⁴ But, we demanded that Chevron drop its dirty coal operations—and it has pledged to do so.

Unfortunately, Chevron is not shuttering its coal operations; it is selling them. It announced its plans to sell in January, and in March 2011, Chevron signed a purchase and sale agreement for the sale of the North River Mine and other coal-related assets in Alabama⁵⁵ with Tampa, Florida-based Walter Energy.⁵⁶

However, Shannon Anderson of the Powder River Basin Resource Council in Wyoming is hopeful that Chevron's sale of its stake in Youngs Creek will ultimately kill the project. "Our organization and our members who would be living next door to the proposed Youngs Creek Mine are very pleased that Chevron has decided to pull out of coal mining," Ms. Anderson said. "With Chevron's divestment in the mine, the project is in limbo. While we are still monitoring the proposal by the Youngs Creek Mining Company, it seems that without Chevron's influence behind it, the mine is unlikely to succeed."⁵⁷

One reason Chevron cited for the decision to sell its coal operations is its determination that new coal technologies—including coal-to-liquids, in which coal is processed into diesel, gasoline or other fuels—were developing too slowly to make staying in the industry a good strategy.⁵⁸

"Not only is using coal to power automobiles and trucks not profitable, the climate pollution created by such fuels is horrific," argues Brian Smith of EarthJustice. "On average, liquid coal CO₂ emissions are twice as high as emissions from conventional petroleum-derived fuels. As environmentalists are fond of saying, 'Liquid coal can turn any hybrid Prius into a Hummer.'"⁵⁹

We strongly support Chevron's decision to turn away from coal and coal-to-liquids. We will continue to watch to ensure it fulfills this pledge and to ensure that any company that steps in to take its place will face the same pressure to withdraw.



PAUL SHIVELY

Chevron had plans to open its new coal mine in Powder River Basin, home to Arch Coal's Black Thunder Coal Mine, the largest producing mine in the U.S.

Chevron in Alaska

Bob Shavelson and Tom Evans, Cook Inletkeeper



Bob Shavelson

Chevron enjoys a unique subsidy in Alaska's Cook Inlet: It's the only waterbody in the nation where industry can dump billions of gallons of toxic drilling and production wastes into rich coastal fisheries each year.

Chevron's History in Alaska

Cook Inlet is the birthplace of commercial oil and gas development in Alaska, with production starting in the 1960s and continuing today. Because development preceded many of the modern day environmental statutes, Cook Inlet production embraced a frontier mentality, with few rules in place to govern waste disposal. Today, that frontier mentality persists, and Chevron continues to reap the benefits of a lax regulatory atmosphere that forces citizens and the fisheries that support them to bear the costs of toxic oil and gas production. In 2010, after reaping substantial profits from Cook Inlet reserves—and after dumping billions of gallons of toxic waste into pristine Alaskan waters—Chevron put all its Cook Inlet assets on the sales block.

Chevron was an early player in Cook Inlet oil production, establishing a refinery in Nikiski in 1963, which operated until 1991; soon after, regulators discovered a contaminated groundwater plume leaching from the site into Cook Inlet, where set net fishermen fish for salmon.⁶⁰ Instead of properly cleaning

up the site, Chevron opted for a rudimentary pump-and-treat remediation system, and local fishermen complain of leaks and contamination continuing to this day. More recently, in 2005, Chevron merged with Unocal, and took control of Unocal's 10 offshore oil and gas platforms, associated pipelines and processing facilities. In early 2010, federal agents raided Chevron's Trading Bay facility on the west side of Cook Inlet, serving warrants and confiscating documents in a case alleging gross and potentially intentional under-reporting of toxic air emissions.⁶¹

The Problem

Toxic Dumping: Since the 1960s, oil and gas production facilities have been dumping toxic pollutants into the rich salmon, halibut and other fisheries of Cook Inlet. These fisheries support countless Alaskans, and drive over \$1 billion a year in economic activity from sport, commercial, subsistence and personal use fishing. Most of the pollution comes from water naturally occurring in the oil formations and from millions of gallons of seawater that are injected into the subterranean oil

reservoir to maintain pressure. As oil and gas are pumped to the surface, they are separated from the water produced from the reservoir (i.e., produced water), which leaves a toxic mixture of oil, grease, heavy metals and other pollutants. In 1996, the U.S. Environmental Protection Agency (EPA) established national rules requiring coastal oil and gas operators to re-inject this toxic soup back into the reservoir, achieving “zero discharge” of pollution. However, due to strong currents and aging infrastructure in Cook Inlet, industry successfully argued a toxic exemption. Today, Cook Inlet is the only coastal waterbody where industry legally dumps billions of gallons of toxic waste into rich coastal fish habitats each year, and Chevron is responsible for over 95% of this pollution.⁶²

In 2005, the EPA moved to renew the Clean Water Act permit covering toxic discharges from Chevron and other facilities in Cook Inlet. At a time of record profits, Chevron argued it need not deploy available technology to re-inject these toxic wastes to keep them out of local fisheries.⁶³ Chevron also argued it should not be required to monitor the impacts of discharges to surrounding waters and habitats, despite the fact that such monitoring had never been done.⁶⁴ In June 2007, the EPA reissued the Clean Water Act permit for oil company discharges into Cook Inlet, granting Chevron and other facility operators most of what they sought, including the right to increase their discharges of toxic produced water into Cook Inlet’s rich and productive fisheries. During the life of this permit, toxic produced water dumped into Cook Inlet is projected to grow to nearly 10 million gallons per day.⁶⁵

Secrecy & Threatened Fisheries: When Chevron acquired Unocal’s Cook Inlet assets in 2005, it took control of the Drift River Oil Terminal (DROT) on the west side of Cook Inlet. DROT is the gathering point for oil produced from offshore and onshore wells, and it includes an oil storage tank farm and an offshore loading platform to fill marine tanker vessels that take the oil to a local refinery. While such facilities are routine elsewhere, the DROT in Cook Inlet is unique in all the world: it sits at the base of an active volcano.

Chevron knew the DROT sat in harm’s way. An eruption of the nearby Mt. Redoubt volcano in 1989 sent massive floods of ice, boulders and debris into the facility, forcing an emergency evacuation and facility shutdown. Although industry bolstered the diking system around the tank farm after the 1989 event, Chevron accepted the inherent risks at the DROT when it decided to keep it in operation.

In late 2008, Mt. Redoubt came to life again. At the time, Cook Inletkeeper and others asked Chevron officials how much oil remained in the oil storage tank farm. Chevron refused to divulge this crucial information, citing the Homeland Security Act.⁶⁶ Yet a few hundred miles away, at the terminus of the Trans-Alaska Pipeline at the Port of Valdez in Prince William Sound, the oil industry reveals stored oil volumes on a daily basis. Thus, Chevron chose to undermine the public’s right to know about the amount of oil stored above Cook Inlet’s valuable fisheries; had the public learned the truth, it would have discovered that Chevron lacked the oil spill response equipment needed to address a catastrophic spill.

On March 22, 2009, Mt. Redoubt erupted. Chevron abruptly evacuated the facility and finally announced it had left over six million gallons of oil at the base of a raging volcano.⁶⁷

To compound matters, Chevron dragged its feet with state and federal agencies, refusing initially to cooperate and share information.⁶⁸ As a result, it took a week after the initial volcanic eruption for the U.S. Coast Guard to coordinate the incident command structure needed to address spill prevention and response activities.

While safely draining the oil tanks was the surest way to protect Cook Inlet fisheries from a catastrophic release, it became clear that environmental protection was a secondary concern to Chevron, as it sought to re-start the facility in order to keep oil (and profits) flowing. Chevron went so far as to invent reasons why it could not drain the tanks,⁶⁹ but those reasons fell by the wayside after multiple volcanic eruptions—and rising public pressure—forced the company eventually to drawn down the oil tanks and shut down the facility until volcanic activity subsided.

What Chevron Says

In the most recent Clean Water Act permit for its toxic discharges to Cook Inlet fisheries, Chevron agreed to install a “diffuser”—essentially an over-sized showerhead—to dilute its pollution, rather than re-inject its wastes as other coastal oil and gas facilities are required to do. Additionally, in the wake of the Mt. Redoubt volcanic eruption above the Drift River Oil Terminal, Chevron’s poor planning forced it to shut in various wells and constrain production. Now, jobs have been cut and state revenues have been reduced because Chevron chose to roll the dice through the continued operation of DROT without adequate safeguards in place.

The Solution

Alaska Native communities and their allies have been fighting Chevron’s toxic dumping practices for years in an effort to permanently halt them. While connecting the dots between toxic industry discharges and fisheries and human health has been elusive due to the size and complexity of the Cook Inlet ecosystem, researchers have found contaminants in Cook Inlet subsistence fish and shellfish that are the same types of pollutants discharged by industry.⁷⁰ Tom Evans is a subsistence hunter and fisherman from the Native Village of Nanwalek in lower Cook Inlet. His village is still reeling from the devastation of the 1989 *Exxon Valdez* oil spill. “Our people, our culture and our way of life rely heavily on healthy fish and shellfish resources around our community,” said Evans. “Chevron’s toxic dumping is a stick in the eye for Alaska Native people, and it creates a lot of fear and uncertainty in our village.” Government-to-government consultations between Alaska Native Tribes and EPA have yielded few meaningful results; in fact, although Tribes around Cook Inlet uniformly called on EPA to halt all toxic industry discharges into Cook Inlet fisheries, EPA issued a permit that allows Chevron and others to nearly triple the amount of toxics they can dump every year. In response, citizen, fishing and Alaska Native groups were forced to sue EPA in the Ninth Circuit court of appeals to stop Chevron’s toxic dumping in Cook Inlet’s rich and productive fisheries. Unfortunately, in 2010, the court ruled, and while it pushed the permit back to the state for additional review, it refused to stop Chevron’s dumping practices.⁷¹

Chevron in California

Antonia Juhasz, Global Exchange

CHEVRON HAS BEEN IN CALIFORNIA FOR 130 YEARS. It is far and away the largest company in the state, taking in \$70 billion more in revenue in 2010 than Hewlett-Packard, the second largest California company.⁷² Since 2006, Chevron's profits had regularly been two to three times greater than those of its closest California rivals. Its profits dipped briefly below those of Wells Fargo in 2009, but were once again the highest of all California companies in 2010. Apple's 2010 profits were the closest at just \$14 billion compared to Chevron's \$19 billion.⁷³

Due in part to the Supreme Court ruling in *Citizens United v Federal Election Commission* in January 2008 that eliminated restrictions on how much corporations can spend on elections, in the 2009-2010 season, Chevron spent a whopping nearly \$10 million influencing state initiatives and state and local elections. That amount is more than *double* what it spent in the previous term (just over \$4.6 million).⁷⁴

In addition, during the 2009-2010 legislative session, Chevron spent an additional nearly \$3.8 million lobbying Sacramento—more than 20% greater than in the previous session. It employed seven firms in addition to its own lobbyists.⁷⁵

Also in the 2009-2010 session, Chevron contributed \$750,000 to the state Republican Party, five times the amount it contributed to the Democratic Party (approximately \$150,000). In Richmond, Chevron spent more than \$1 million to influence local city council elections and another \$250,000 for "Richmond utility tax reform." It spent \$3.75 million on state Propositions 25 and 26: opposing passage of a state budget by simple majority and supporting a two-thirds supermajority requirement for levying fees on polluting industries.⁷⁶ Another \$1 million was given to JOBS PAC,⁷⁷ a corporate political action committee.⁷⁸

Chevron's lobbying paid off. As California faces a crippling \$27 billion budgetary shortfall in 2011, new taxes on corporations and an oil severance tax remain off of the table, while massive cuts in Medicare, education and social services are already devastating the state.

Blocking California Oil Severance Tax

Chevron makes billions of dollars from its California oil. Yet, for years it has blocked every effort by Californians to get a financial benefit in return.

California sits on the fourth largest proven oil reserves in the nation. Chevron is the state's largest oil producer, with fields throughout the San Joaquin Valley. In 2010, Chevron produced 178,000 barrels of crude oil per day from the San Joaquin Valley.⁷⁹

California is the only state that fails to impose a tax when its oil is removed from the ground, an "oil severance tax." State fees range from 2% to as much as 12.25% in Alaska on the value of a barrel of oil.⁸⁰

California oil companies, in fact, pay the lowest amount of overall taxes on oil in the country by a substantial margin

due to, among other things, the lack of an oil severance tax; the comparatively small cost paid in sales tax on equipment; the apportioning of corporate taxes with an effective corporate rate on oil companies of about 3%; and property taxes paid by oil companies being kept low under the state's Proposition 13.⁸¹

Nonetheless, every attempt for years to try to impose an oil severance tax in the state has been beaten back.

In June 2010, Assembly member Alberto Torrico, (D-Fremont), authored his own oil severance tax, saying, "While California is struggling with record deficits and education funding is being gutted, big oil is enjoying historic profits."⁸² The bill, AB 656, would generate an estimated \$1.3 billion annually for community colleges, state universities and University of California campuses by imposing a 12.5% oil and natural gas severance tax.⁸³

Chevron lobbied against AB 656.⁸⁴ Chevron's Steve Burns told the *Capitol Weekly* in July that the oil severance tax is "punitive" and unfairly penalizes companies producing oil in California.⁸⁵ Nonetheless, even Governor Schwarzenegger proposed a 9.9% oil severance tax in early 2009. But, "under heavy industry lobbying," it was stripped from the governor's budget.⁸⁶

As debate on the measure continued, so too did Chevron's political contributions. A \$250,000 contribution to the governor's California Dream Team in May 2009 prompted the advocacy group Consumer Watchdog to dispatch a letter to the Legislature, saying Chevron is "seeking protection" from the oil severance tax and "Chevron's political contributions cannot be allowed to overrule a logical response to the budget crisis."⁸⁷

The 2011 budget negotiations have followed the same pattern. Democrats have proposed revenue increases, such as taxes on corporations and imposing an oil severance tax. But Republicans in the Legislature—backed by Chevron—have adamantly opposed all measures to raise revenues.

Unable to get traction in the Legislature, in March 2011, education advocates proposed a ballot initiative to impose a 15% severance tax on each barrel of oil extracted from California, raising \$3.6 billion a year. "I don't know that there's anything we could do legislatively, but I think that would be a natural, spontaneous response from the voting public," said Senator Mark Leno, (D-San Francisco). "Not a day goes by that I don't hear from a constituent saying, 'Why aren't you asking for a severance tax...?'"⁸⁸

California's Single Largest Stationary Greenhouse Gas Emitter

As it was last year, Chevron remains by a large margin the single largest stationary emitter of greenhouse gases (GHGs) in the state of California.⁸⁹

Chevron's Richmond refinery, the single largest stationary source of GHGs in the state, did lower its emissions in 2009 over 2008 levels. Nonetheless, it continued to emit more than 4.5 million metric tons of CO₂ in 2009. Chevron's El Segundo

facility, again the state's fourth largest emitter, released over 3.2 million tons.⁹⁰

Chevron's GHG footprint extends to its gasoline: Chevron boasts that it fuels "about one in every five vehicles on California roads" from its more than 1,500 gasoline service stations.⁹¹ In California, as in the nation as a whole, transportation fueled by gasoline is hands down the single largest overall contributor to GHG emissions.⁹²

Meanwhile, Chevron may yet increase its GHG emissions if it retools its Richmond refinery to burn heavier and higher-sulfur oil (as recently done at its El Segundo facility).⁹³ Greg Karras, senior scientist at Oakland's Communities for a Better Environment, has found, "lower-quality oil requires more intensive processing and more energy" and a switch to heavy oil "could double or triple greenhouse gas emissions from U.S. oil refineries."⁹⁴

CHEVRON'S RICHMOND REFINERY

Chevron's Richmond Refinery in Richmond, California is the company's second largest refinery and one of the oldest and largest refineries in the United States. It is the single largest stationary source of greenhouse gas emissions in California.⁹⁵

More than 25,000 people, including those in two public housing projects, live within just three miles of the refinery. More than a quarter of the residents live below the federal poverty line, and more than 85% of the residents are listed as "minorities" by the U.S. census.⁹⁶ Within one mile of and abutting the refinery are businesses, houses, an elementary school and playgrounds.

Pollution

Built in 1902, the refinery shows its age. Sitting on nearly 3,000 acres of land, to refine its capacity of 87.6 million barrels of crude oil per year—243,000 barrels per day⁹⁷—the refinery produces nearly two million pounds of waste per year.⁹⁸

The U.S. Environmental Protection Agency (EPA) reported the release or disposal of more than 600,000 pounds of toxic waste from the site in 2009, including at least 36 toxic substances, including more than 3,800 pounds of benzene, a known human carcinogen, and over 235,000 pounds of ammonia, repeated exposure to which can cause an asthma-like allergy and lead to lung damage.⁹⁹ An estimated 2,800 pounds

of the ammonia was released into the San Pablo Bay last year, a significant increase over the previous year's 1,600 pounds.¹⁰⁰

The refinery is now, and has been, in "high priority violation" (HPV) of Clean Air Act compliance standards every year since at least 2006.¹⁰¹ HPV is the most serious level of violation noted by the EPA.

Under constant pressure from community organizations, in the last five years, Chevron has been assessed \$210,850 in penalties for repeated violation of the Clean Air Act.¹⁰²

For example, in April 2009, Chevron agreed to pay the EPA \$6,000 in penalties for reporting violations and for exceeding limitations on released selenium, acute exposure to which can result in harms such as nosebleeds, bronchitis, pneumonia and vomiting.¹⁰³

Public Health

A 2008 Brown University toxics exposure study concluded that the air inside the homes of Richmond residents is more toxic than that outside due to harmful pollutants from the refinery being trapped indoors.¹⁰⁴ Inside levels of particulate matter, which can cause respiratory diseases linked to premature death, in Richmond homes and known to come from oil refining, exceeded both outside levels and California's air quality standards. Levels of other chemicals known to come from oil refineries, including sulfates and vanadium, a heavy metal known to cause cancer and respiratory problems, were also found.

In fact, Richmond had the third highest number of deaths from cancer between 2003 and 2007 of any city in Contra Costa County.¹⁰⁵

Chevron is one of four refineries in Contra Costa County. Health reports confirm that death rates from cardiovascular and respiratory diseases are higher in Contra Costa County than statewide rates and are rising. Among the 15 most populous counties in California, Contra Costa ranked second in incidence rates for breast, ovarian and prostate cancers. Richmond's rate of hospitalization for female reproductive cancers is more than double the county's overall rate.¹⁰⁶

An October 2010 County Asthma Profile found that Contra Costa residents, as compared to all Californians, are hospitalized for asthma at higher rates; have higher death rates due to asthma, particularly among adults ages 65 and older; and have higher rates of visits to the emergency doctor, particularly for children aged 0 to 4 years.¹⁰⁷

Chevron Doesn't Give Up; Neither Does the Community of Richmond

Nile Malloy & Jessica Tovar, Communities for a Better Environment

IN APRIL 2005, CHEVRON APPLIED to the City of Richmond for permits to expand its oil refining capacity under the guise of a refinery upgrade. Chevron failed in its Environmental Impact Report (EIR) to inform nearby communities that it planned on refining a different, more polluting kind of crude oil that, when refined, would blanket the people nearby in unhealthy chemicals. The refining of heavier crude oil could release even more pollution and toxic chemicals into the air, such as mercury and selenium, and increase the risk of catastrophic spills, fires and explosions. Children in Richmond are already hospitalized for asthma at almost twice the rate of children in the rest of Contra Costa County.

In July 2008, the Richmond City Council approved the project on a 5-4 vote, after a strong community mobilizing effort by Communities for a Better Environment (CBE), Asian Pacific Environmental Network (APEN), West County Toxics Coalition (WCTC) and allies. Months after it received the permits, Chevron scaled back the project by dropping replacement boilers and other potential pollution control measures.

The community was not only concerned about dirty crude being refined locally, but alarmed that land-use permits were issued without analyzing greenhouse gas emissions data and mitigation measures. In the summer of 2009, Contra Costa County Superior Court ruled in favor of the community and issued an injunction to stop the construction of the refinery expansion. The Court held that, "The [Final Environmental Impact Report] project description is unclear and inconsistent as to whether [the] project will or will not enable Chevron to process a heavier crude slate than it is currently processing."¹⁰⁸ This was an unprecedented victory for the environmental justice movement on issues of oil.

Chevron desperately applied for an "expedited appeal" to the higher Court of Appeals. In the meantime, CBE and allies negotiated with Chevron for months on a compromise proposed by the Attorney General's office. CBE actively engaged community members, the City of Richmond, labor unions, state and federal officials and Chevron in attempts to reach a negotiated resolution that would protect environmental health and restore jobs.

By February 2010, Chevron, CBE and environmental justice groups had not reached a settlement in negotiations. At



Richmond students support clean air, not pollution.

the same time, APEN, CBE, WCTC and allies mobilized community members to pack the Court of Appeals in San Francisco and an overflow room in order to witness oral arguments. On April 26, 2010, the Court of Appeals in San Francisco unanimously ruled in favor of the Richmond community.¹⁰⁹ Chevron's simple refusal to tell the residents of Richmond the same story about its refinery project that it disclosed to its investors put the local community's health at risk and has needlessly jeopardized hundreds of jobs promised by the project. The community held a large celebration at Nichol Park in Central Richmond where members from CBE, APEN, WCTC, residents and allies came to celebrate the victory with a BBQ cookout, live music and dancing.

Despite additional settlement talks over the summer of 2010, Chevron began its own attempts at seeking a State exemption to the California Environmental Quality Act (CEQA). APEN, CBE, WCTC and over 150 leading environmental and social justice organizations responded by, among other things,

Richmond Achieves a Victory on Fair Taxation

Marilyn Langlois, Richmond Progressive Alliance

2010 saw a major milestone in Richmond's ongoing struggle for fair taxation from Chevron, which operates its flagship refinery here.

The struggle pitted Richmond's community organizing and people power at the ballot box against Chevron's highly paid lawyers and strategists. Richmond voters, under the leadership of the Richmond Progressive Alliance and numerous community partners, had demonstrated that they were willing to impose higher local taxes on Chevron. Chevron fought back with lawsuits and the threat of a counter-ballot measure.

The power of the grassroots movement brought Chevron to the negotiating

table and scored a victory. In May 2010, the City of Richmond and Chevron agreed to a significant tax settlement that put an end to all the lawsuits and ballot measures, and guaranteed additional tax payments of \$114 million over the next 15 years from Chevron to the City.¹¹⁶

Richmond's tax settlement agreement put to rest the question of Chevron's local City taxes for the next 15 years. Chevron, however, in spite of its billions of dollars in profits, continues to claim that it has been charged excessive property taxes in Contra Costa County and is insisting on a partial refund. The corporation's appeal for the years 2007-2009 is currently under ne-

gotiation.¹¹⁷ Property taxes are used for a variety of purposes, including county services, schools and city services, all of which are suffering severely from the economic recession. County staff and Richmond City attorneys are vigorously countering Chevron's claim for a refund.

Chevron continues to cultivate its image through relatively paltry donations to local non-profits, as the many well-informed residents who understand the need for a fundamental shift in how resources are allocated continue efforts to achieve fairness and true democracy.

sending a letter to state legislatures to oppose any attempt by Chevron to seek a legislative exemption from the CEQA. By end of the legislative session, Chevron had not received an exemption and was once again stopped by environmental justice groups and allies.

In the fall of 2010, Chevron spent over a million dollars supporting two city council members who were up for reelection and a mayoral candidate.¹¹⁰ After a century of being politically and economically dominated by Chevron, the people of Richmond voted for a progressive vision, re-electing Green Party Mayor Gayle McLaughlin and two new progressive city council members. For the first time in Richmond's history, there was a progressive majority voice.

On March 1, 2011, the City Council unanimously passed a resolution encouraging City staff and Chevron to work together and submit a new EIR on its "Renewal" project in an effort to create jobs and replace old equipment to conserve energy and improve air quality, potentially creating a project that Chevron first pitched to the community as "upgrades" of old equipment.¹¹¹

On March 17, 2011, Richmond's Planning Commission voted unanimously to require an emission-cutting dome on a new hot oil storage tank at the refinery. Our community presence ensured that Chevron's latest project will both reduce pollution and create jobs.

Chevron proposed replacing five old storage tanks with new tanks to hold gasoline, tetramer (a diesel-like hydrocarbon), cutter oil and recovered oil at the refinery, and building one new water tank for firefighting.¹¹² The new tanks are bigger than those they replace. CBE staff scientist Greg Karras recommended that the Commission understand that there is best available control technology that could reduce potential

pollution from the project. The Commission agreed with the recommendations and approved the project.¹¹³ This condition was another victory for the local community and, to date, there has been no expansion of the Richmond Chevron refinery.

Currently, CBE members and allies are sinking their teeth in the City of Richmond's General Plan (GP) and the Energy and Climate Action Plan Element. These plans will guide the city's land use planning, housing, climate change and economic strategies for decades. We are pushing for strong public health, environmental and climate justice policies within these plans that can prompt decision-makers in Richmond to ensure that the most vulnerable communities, those in close proximity to pollution sources, will receive increased financial and resource benefits, and that the quality of life for all Richmond residents will improve. CBE is also working on the Green Zone¹¹⁴ economic and sustainability initiative as a member of the California Environmental Justice Alliance (CEJA),¹¹⁵ which will create a designation for neighborhoods or clusters of neighborhoods that are grappling with the cumulative impacts of environmental, health, social, political and economic vulnerability.

The City of Richmond is a microcosm of what is happening on the city, regional, state and federal level in terms of the need for "real" climate justice policy solutions that are less fossil fuel reliant and will create a cleaner, healthier and greener society. Low-income, working class communities are continually hit with toxic air pollution and will be the first and worst hit by climate change. With the current leadership in the City of Richmond, there is a window of opportunity to address climate change and public health impacts by creating green economic opportunities to reduce Chevron's impacts and diversify the economy to be cleaner and healthier.

Chevron's El Segundo Refinery

Jesse N. Marquez, Coalition For A Safe Environment

IN 1911, CHEVRON (then Standard Oil of California) built "El Segundo," its second refinery. Today it is Chevron's second largest refinery, able to produce 285,000 barrels of crude oil per day.¹¹⁸ It occupies approximately 1,000 acres in El Segundo (named for the refinery), in Los Angeles County's South Bay. The 3.2 million tons of greenhouse gas (GHG) emissions it released in 2009 once again made El Segundo California's fourth largest stationary source of GHGs.¹¹⁹

The U.S. Environmental Protection Agency (EPA) publishes an annual Toxic Release Inventory (TRI) using data self-reported by polluters. On its website, Chevron reports that since 1991 it has cut its air emissions at El Segundo in half.¹²⁰ Chevron fails to mention that in 2009 the refinery released more than 225,000 pounds of toxic chemicals into the air, a 47% increase over 2007 levels.¹²¹ Chevron has not notified the public of this significant increase, the reasons for it, nor the public health consequences. The public does not realize that these toxic releases can significantly impact their families' health, the environment and global warming.

Chevron Reports Less Toxic Release Data To Local Air Quality Regulatory Agency

Chevron reported fewer toxic chemical releases to the local South Coast Air Quality Management District (SCAQMD) than to the EPA. Chevron reported to the EPA that it released 2,835 pounds of benzene, 611 pounds of naphalene, 2,921 pounds of hexane, and 7,617 pounds of toluene in 2008.¹²² It reported to the SCAQMD that it released 2,291 pounds of benzene, 404 pounds of naphalene and reported no data on hexane and toluene.¹²³ In 2008 Chevron reported data on 36 different chemicals to the EPA and only 14 chemicals to the SCAQMD.¹²⁴ My review of the past nine years of reporting to the SCAQMD reveals that Chevron has reported as high as 39 chemicals in one year (2002) and fewer in all other years.¹²⁵ Chevron is required to report all chemicals released each year.

Chevron's Failure To Disclose Public Health Impacts of Most Toxic Chemicals

I could not find any information that Chevron distributes to the public explaining the specific public health exposure dangers of chemicals it releases daily into the atmosphere.

Benzene is a known human carcinogen. Drinking alcohol while being exposed to benzene vapors can increase benzene toxicity.¹²⁶ Toluene exposure can cause nausea, fatigue, impaired speech, tremors, depression, cerebral atrophy resulting in a decrease of the functions that the brain controls, liver and kidney damage, cardiac arrhythmia and death.¹²⁷ Hexane exposure can cause dizziness, nausea, headaches, depression, dermatitis, and sensorimotor polyneuropathy (damage to the nerve cells, nerve fibers and coverings, which can cause numbness in the arms and legs, blurred vision, difficulty swallowing and death).¹²⁸

The black smoke (also known as "black carbon") and particulate matter (PM) often seen billowing out of Chevron's

smoke stacks is a known carcinogen.¹²⁹

Until 2010, flaring incidents at Chevron El Segundo had been increasing every year since 2007.¹³⁰ In 2007 there were nine incidents, in 2008 there were 14,



and 24 incidents were reported in 2009. In 2010, the trend was broken and there were just eight. However, by April 2011, there have already been five flaring incidents this year.¹³¹

The majority of flaring incidents occur as a result of equipment breakdowns and malfunctions. But, why are there so many equipment and parts failures by one of the wealthiest corporations on earth? Chevron fails to inform the public that flaring has been increasing and can be prevented by the installation of a vapor recovery system.

Coalition For A Safe Environment Title V Permit and Public Health Mitigation Demands

The Coalition For A Safe Environment (CFASE) is an environmental justice, public health and public safety advocacy organization in the city of Los Angeles' community of Wilmington. CFASE submitted public comments to the SCAQMD proposed Clean Air Act Title V Permit for Chevron, requesting that the permit be denied for its non-compliance to Title V Permit requirements. The Coalition is demanding that SCAQMD require Chevron to establish a schedule for reducing its toxic emissions to less than significant, establish a Flare Minimization Plan, accurately report all of its emissions, and incorporate off-the-shelf Maximum Achievable Pollution Control Technologies that will eliminate and minimize air emissions. In addition, CFASE is demanding that new fence-line emissions monitoring equipment be required to record all chemical emissions, an independent third party monitor the data being reported, that Chevron conduct a Health Impact Assessment and Public Health Survey and that it establish an annual \$100 million public health care and research trust fund.

Chevron's Pascagoula Refinery

Steve Shepard, Gulf Coast Sierra Club

PASCAGOULA, LOCATED ON MISSISSIPPI'S GULF Coast, is home to Chevron's largest refinery—the 10th largest in the nation. Chevron's facility, situated on over 3,000 acres adjacent to the Mississippi Sound, began operations in 1963. In addition to processing 330,000 barrels of crude oil per day, it is part of Chevron's chemical business. Here Chevron produces benzene, a known carcinogen, and paraxylene, short-term exposure to which can cause eye, nose or throat irritation in humans, while chronic exposure can affect the central nervous system and may cause death.

Pollution and Illness

The U.S. Environmental Protection Agency (EPA) reported the release of more than 1.1 million pounds of toxic waste from the site in 2009.¹³² Releases included 62 different toxic substances, including benzene (more than 46,000 pounds) and ammonia (186,000 pounds), repeated exposure to which can cause an asthma-like allergy and lead to lung damage.¹³³

Chevron is not alone in Jackson County; among its closest neighbors is the highly polluting DuPont chemical facility. The combined production pushed Jackson County into the top 10% of U.S. counties with the highest amount of toxic chemical releases.¹³⁴ In 2009 more than 27 pounds of toxic chemicals were released per person, or 3.6 million pounds.¹³⁵ Out of a total population of just 132,922, Jackson County, with a 13.3% poverty rate, had 728 incidents of cancer and 238 cancer deaths in 2009.¹³⁶

Expansion

Against the firm opposition of local environmental groups—the Gulf Coast Sierra Club and Protect Our Coast, Inc.—Chevron plans to undertake a major expansion at the refinery. It will build a new lubricants manufacturing facility by 2013 with an output of 25,000 barrels per day of base oil, and construct a new berth allowing for nine ships to dock in Pascagoula by filling-in over 72 acres of wetland, and dredging another 12 acres of water bottoms.¹³⁷

The Mississippi Department of Environmental Quality (DEQ) permitted the expansion even though it determined that it “will constitute a major modification due to emissions increases of nitrogen oxides (NOx) and carbon monoxide (CO) exceeding the significant emission rates designated in the regulations.”¹³⁸

Community Response

As long as Chevron continues to produce a toxic release inventory including dozens of toxic chemicals—even before any expansion—and as long as the DEQ in our state is dedicated to turning a blind eye to pollution production, our group cannot support larger and obviously more expansive pollution production considering the high cancer rate in the vicinity of this refinery and the other chemical companies clustered there.

However, short of millions of dollars and support from thousands of fellow citizens, we could not have stopped this project. Unfortunately, the fact is, our citizens and politicians gladly accept more cancer and death in exchange for a handful of permanent jobs. Our group could not stand up to this kind of blind and boundless support.

Our former Group Chair, Becky Gillette, fought well against every Chevron expansion. We even got a few miniscule concessions as a result. I, as current group chair, chose not to wage battle against the expansion because our resources were too limited to achieve much if anything. I have to live with that decision and do not feel good about it. But we are at war fighting oil spills, sewage pollution, canal dredging on an unprecedented scale, coal fired power plants, a state without net metering and innumerable small battles all over our region. As such, I chose to retreat when confronted with the odds of our few hundred members against one of the richest corporations in the world and one that gave more money to the Chamber of Commerce than any other.

In his comments submitted to the DEQ permit hearing for Chevron's expansion in December 2010, our friend, Robert Hardy of Protect Our Coast, said, “Over the past five years, my wife attended these DEQ meetings with me. On October 3rd 2009, she died of cancer. She was the ninth member of my direct family to die of cancer or who are fighting cancer today here in Jackson County. My mother, father, father-in-law, mother-in-law, my wife's sister, my brother, his daughter, his mother-in-law and three of her daughters have all died of cancer or they are fighting it today. Every day and a half someone dies of cancer in Jackson County. It's time for the DEQ to stand up to Chevron.”

We have not given up. But we need the support of those outside of our community to add to our numbers, our resources, and to help shine a bright spotlight on the crimes being committed here every day.



Fire burning at the Chevron refinery in Pascagoula, Mississippi.

Photo by Christy Pritchett ran on August 17, 2007. Courtesy of the Press-Register 2007 © All rights reserved. Reprinted with permission.

Voices from Texas

Victory Against Chevron in Texas!

Luke Metzger, Environment Texas

Texans can all breathe a little easier because one of the state's biggest polluters is going to clean up. Two years ago, research by Environment Texas and the Sierra Club uncovered that Chevron Phillips' chemical plant in Baytown, Texas had violated its clean air permits hundreds of times since 2003, leading to more than one million pounds of illegal emissions.¹³⁹ The emissions resulted from so-called "upset" events: equipment breakdowns, malfunctions and other non-routine occurrences.

The 1,200-acre Cedar Bayou plant, located just east of Houston, is one of the largest sources of volatile organic compounds (VOCs) among the 275 industrial plants in Harris County.¹⁴⁰ VOCs emitted by industrial facilities during upset events—most notably ethylene, propylene, 1,3-butadiene, and butenes, which form the vast majority of upset emissions from the Cedar Bayou plant—have been found to play a particularly significant role in causing many high ozone days in the Houston-Galveston-Brazoria area.¹⁴¹

According to the U.S. Environmental Protection Agency, "breathing ozone can trigger a variety of health problems including chest pain, coughing, throat irritation, and congestion. It can worsen bronchitis, emphysema, and asthma. Ground-level ozone also can reduce lung function and inflame the linings of the lungs. Repeated exposure may permanently scar lung tissue."¹⁴²

On August 19, 2009 Environment Texas teamed up with the Sierra Club and the National Environmental Law Center to file a citizen suit against Chevron Phillips Chemical, a joint venture of Chevron and ConocoPhillips, to force them to clean up. On November 18, 2010 we were pleased to announce that we had reached a settlement with the company that will result in major changes at the facility.¹⁴³ The agreement requires:

- An 85% reduction in air emissions from "upset" events;
- Extensive operational upgrades;
- Enhanced monitoring of air emissions;

In addition, Chevron Phillips will pay a \$2 million penalty. This is the second-largest penalty in an environmental citizen enforcement suit in Texas history. The entire penalty payment will be used by the Baylor College of Medicine to fund a multi-year environmental health project in the Houston Ship Channel area.

Gulf Coast Communities Confront Unfortunate Realities

Bryan Parras, Texas Environmental Justice Advocacy Services (TEJAS)

In the wake of the BP oil spill, all I've got are a lot of unanswered questions. I started a non-profit in Houston called Texas Environmental Justice Advocacy Services to address environmental injustice along Houston's ship channel. I did not do this alone and much of the work has been shared with dedicated individuals and organizations across the region. While we are focused on the east end of Houston, our allies have called for help in other parts of the Gulf Coast. The strength of the environmental justice movement comes from the lasting relationships of impacted communities, from a diverse collection of people sharing stories and working together as a unified voice.

For that reason, I accepted an invitation to become an advisor to the Gulf Coast Fund for Community Renewal and Ecological Health, a grantmaking institution supporting progressive movement building in the Gulf Coast. In addition, I was honored to become a media fellow for Bridge the Gulf, a storytelling initiative promoting cultural survival, environmental justice and sustainable development. While I continue to advocate for a cleaner Houston, recent developments have compelled me to work both locally and regionally, giving me the opportunity to learn firsthand of the unfortunate realities that plague Gulf Coast communities. We aren't so different from the rest of the country, but we bear a disproportionate amount of the negative impacts from our nation's addiction to fossil fuels.

While most government entities and large businesses have tried to go on with business as usual, most people living along the Gulf Coast cannot.

The government, BP and most people in positions of power have not been straight with the people of the Gulf Coast. Folks on the ground are getting sick, high numbers of dolphins and fish are washing ashore, and folks are running out of patience and money as scores of claims are being denied. Doctors are unable or unwilling to diagnose and treat sick patients.

But countless numbers of folks are speaking out. Fishermen, clean-up workers and coastal residents are talking. These courageous new guards have come forward with harrowing stories of sickness, deceit and death. They have challenged authority at public hearings, in the media and at community gatherings. They are emblematic of the resilience of the Gulf Coast. I can't mention all of them here, but they look just like you and me. These are ordinary people faced with extraordinary times. There are countless numbers of organizations with important stories, including:

www.bridgethegulfproject.org
www.facebook.com/GulfCoastFund
<http://leanweb.org>
<http://healthygulf.org>
www.saveourgulf.org

Chevron Offshore

Antonia Juhasz, Global Exchange,
author, *Black Tide: the Devastating Impact of the Gulf Oil Disaster* (Wiley 2011)¹

Chevron is expanding aggressively into ever-deeper-water offshore operations all around the globe. Its role in the aftermath of the BP Deepwater Horizon disaster, and investigations finding systemic problems within the entire offshore industry, should give us all great concern about the safety of these new and existing Chevron operations.

ON APRIL 20, 2010, the *Deepwater Horizon* drilling rig exploded 50 miles off the coast of Louisiana, killing 11 men and igniting what would become the largest unintentional oil spill in world history.

A massive underwater blowout at BP's Macondo well 18,500 feet below the ocean surface was the immediate cause. Within weeks of the blowout, a horrifying fact was revealed. Every major oil company, including Chevron, was involved in the effort to try to contain and clean up the Macondo well oil gusher, but not a single one knew what to do, nor did government regulators. All knew that a blowout was likely, but none had developed the technology, much less the equipment, with which to address it.

Dangers Well-Known

As Chevron has written, "Navigating uncertain weather conditions, freezing water and crushing pressure, deepwater drilling is one of the most technologically challenging ways of finding and extracting oil."¹⁴⁴ Or, as Mickey Driver, a Chevron spokesman, has admitted of offshore drilling, "It's lots of money, it's lots of equipment, and it's a total crapshoot."¹⁴⁵

Moreover, deaths, fires and serious injury in the Gulf of Mexico are not limited to BP or the *Deepwater Horizon*. In the case of Chevron, a Chevron offshore worker has been killed on the job in four out of the last five years (2006, 2008, 2009, 2010) in the Gulf of Mexico. Most recently, on July 2, 2010, a diver performing underwater burning operations for Chevron was fatally injured.¹⁴⁶ In 2009 alone (the most recent year data is available), Chevron reported 15 incidents of fire and nine employee injuries at its Gulf of Mexico offshore operations.¹⁴⁷

Blowouts have been on the rise in the Gulf of Mexico. From 2005 to 2010, 28 blowouts occurred in the Gulf of Mexico, four of which took place in the 18 months preceding the blowout of the Macondo well.¹³ From 1999 to 2004, there were 20 blowouts, and from 1993 to 1998 there were just eleven.¹⁴⁸

In just the five years before the *Deepwater Horizon* exploded, federal investigators documented nearly 200 safety and environmental violations in accidents on platforms and rigs in the Gulf. All the major companies were cited. While BP led the others with at least 47 accidents or blowouts, Chevron was a very close second at 46, and Shell had 22.¹⁴⁹

Investigators found "a stunning array of hazards that resulted in few penalties," including "workers plunged dozens of feet through open unmarked holes. Welding sparked flash fires. Overloaded cranes dropped heavy loads that smashed equip-

ment and pinned workers. Oil and drilling mud fouled Gulf waters. Compressors exploded. Wells blew out."¹⁵⁰

Unprepared

Instead of preparing for a deepwater blowout, however, in the words of the President's National Oil Spill Commission, every major oil company "learned on the fly" for 87 long days. They tried to apply shallow water technology applicable to wells at 400 feet below the ocean surface or less, to a well 5,000 feet below. While they learned, 210 million gallons of oil were released into the Gulf, coating the shores of four states, killing wildlife, harming human health and destroying livelihoods.

Once the oil was released, we learned another terrible fact: No company, including Chevron, had invested any significant dollars into cleanup research or preparedness, although all were required to do so under the 1990 Oil Pollution Act. Ships to contain the oil were not ready, nor were adequate boom or skimmers to protect the shore. And while all of their applications to drill deepwater wells state their preparedness for even much larger blowouts than that at the Macondo, the companies were not prepared.

We also learned that all five of the major oil producers in the Gulf of Mexico—BP, Chevron, Exxon, ConocoPhillips and Shell—used virtually identical and tragically inadequate disaster preparedness plans, required of the companies by the Interior Department to drill in the Gulf. They also all used the same shoddy subcontractor, the Response Group, to write the plans.¹⁵¹

Three of the companies' 2009 plans listed as a consultant biologist Peter Lutz, who died in February 2005. Four companies ensured that their plans addressed the need to protect walrus, sea lions and seals, although none of these live in the Gulf, revealing that the reports were not only cut and pasted among the companies, but also originally written for Arctic operations.

Most important, the plans absolutely do not work, as their collective response to the *Deepwater Horizon* explosion made painfully clear.

At a June 15, 2010 hearing, House Energy and Commerce chairman Henry Waxman (D-California) said that the "cookie-cutter" plans show that "none of the five oil companies has an adequate response plan." Congressman Bart Stupak (D-Michigan) said, "It could be said that BP is the one bad apple in the bunch. But unfortunately they appear to have plenty of company. Exxon and the other oil companies are just as unprepared to respond to a major oil spill in the Gulf as BP."¹⁵²

¹ This entire section is drawn from *Black Tide*. Please see the book for full endnotes and citations.

Massive Gulf Science Experiment

The companies applied the same failed technology that had recovered just 14% of the oil spilled in the Exxon Valdez disaster over 20 years earlier to the Macondo well gusher, including the chemical toxin Corexit.

In a case of the cure being, in many ways, worse than the disease, more than 1.8 million gallons of toxic chemical dispersants called Corexit were simultaneously mixed into the water and sprayed from the air in what Congressman Edward Markey (D-Massachusetts) referred to as “a massive science experiment in the Gulf.”

In addition, at least 410 fires were ignited on the water’s surface to burn the oil away because adequate containment ships were not ready to hold the oil. The impact of the oil, chemical dispersants and fires on those living in, on and from the water is profound, ongoing and deeply interrelated.

Industry-Wide Disaster

The failures that led to the explosion, moreover, were in no way limited to just BP.

While BP was the leasee of the *Deepwater Horizon*, Transocean was the owner and operator. The many investigations into the disaster are likely to conclude that Transocean’s poor operations bear at least as much responsibility for the explosion of the *Deepwater Horizon* as BP’s failed management.

Transocean is the largest owner and operator of deepwater rigs in the world. In the Gulf of Mexico, it operates nearly half of all the rigs that work in more than 3,000 feet of water. All the major oil companies use its services, including Chevron.¹⁵³

Chevron contracts three ultra-deep rigs from Transocean in the Gulf of Mexico. It contracts another three deepwater rigs and four standard jackup rigs from Transocean for its offshore operations in Thailand, Brazil, Angola and Nigeria.¹⁵⁴

However, since 2008, 73% of incidents that triggered federal investigations into safety and other problems on deepwater drilling rigs in the Gulf have been on rigs operated by Transocean. This rate is out of proportion to the percentage of rigs the company operates there: less than half.¹⁵⁵

Chevron is currently pushing the limits of known deepwater technology in the Gulf of Mexico. Chevron’s new project, the Moccasin project, in the Keathley Canyon, is situated 216 miles offshore Louisiana, at a water depth of 6,750 feet.¹⁵⁶ This is over 150 miles farther out from shore than the Macondo well and drilled 1,750 feet further below the ocean surface. Initial drilling began in March 2010 by Transocean’s *Discoverer Inspiration* drill ship, but was suspended during the temporary moratorium on new drilling in the Gulf following the disaster.¹⁵⁷ On March 24, 2011, Chevron was granted the first new deepwater permit to renew these operations.

Every investigation into the *Deepwater Horizon* disaster has found that the problems that caused it are endemic and systemic to the entire industry.

Professor Robert Bea, head of the Deepwater Horizon Study Group at the University of California, which is composed of, among others, longtime oil industry engineers, told me of the group’s final findings (not yet released): “We have come to an unwavering conclusion. This is an industry problem. It is not just BP. BP just got to the finish line first. They know this is an endemic systemic problem.”

The investigations have also concluded that the federal government utterly lacks the ability to regulate this industry, even with the changes in regulations President Obama has implemented since the disaster.



The High Cost of Offshore Drilling

Antonia Juhasz, Global Exchange,
author, **Black Tide: the Devastating Impact of the Gulf Oil Spill** (Wiley 2011)¹

“We strongly believe that responsible deepwater development must continue: America needs the energy . . . Our nation would lose more than it has already if this single incident became the basis for scaling back or shutting down the many positive benefits of offshore development in the Gulf of Mexico and elsewhere . . .”

—John Watson, CEO, Chevron, June 2010¹⁵⁸

“Eighty-five percent of our coastlines are off-limits to exploration . . . [W]hat’s wrong with our country? Why not open our coast up?”

—David O’Reilly, CEO, Chevron, 2007¹⁵⁹

IN JUNE 2009, THE U.S. MINERALS MANAGEMENT Service (MMS), then the regulatory body for offshore production, tried to implement stricter safety and environmental standards and more frequent inspections at offshore rigs.

In a harshly worded letter against the proposed rules, Chevron’s Sandi Fury called them an “abrupt change from past direction of the MMS and directives to Industry.” She emphasized Chevron’s own role in crafting the existing voluntary rules, which had been written by the American Petroleum Institute, the nation’s leading and largest oil industry lobby, and their “flexibility and versatility,” which would be undermined by the MMS’s “prescriptive requirement.”¹⁶⁰

As usual, the industry won and the new rules were not implemented—that is until after the explosion of the *Deepwater Horizon* on April 20, 2010. Unfortunately, history has dictated that it takes massive mistakes by the industry to bring about meaningful changes in government policy. The most meaningful change that can and should be implemented today is a moratorium on offshore drilling.

The Moratorium

On January 28, 1969 Unocal’s (Unocal was purchased by Chevron in 2005) offshore oilrig *Platform Alpha* suffered a massive underwater blowout five miles off the coast of Sumnerland, California.

Thirteen years later, Congress implemented the Outer Continental Shelf (OCS) Moratorium that prevented new leases for oil and gas development off the Pacific and Atlantic coasts as well as in Bristol Bay, Alaska. In 1990, George H. W. Bush added an additional level of presidential protection, deferring new leasing until 2002, which Bill Clinton extended to 2012.

The moratorium affected new leases only; facilities already in place off the coast of California and Alaska remain active today. In the U.S. Gulf of Mexico, off the coasts of Texas, Louisiana, Mississippi, Alabama and west of Florida, where there is no moratorium, drilling exploded.¹⁶¹

Chevron lobbied for decades to get the moratorium lifted. Its primary ally was Congressman Richard Pombo (R-California). “Pombo’s goal from the beginning was to find a way to kill

the moratorium at the behest of Chevron,” said Richard Charter, an original drafter of the moratorium.¹⁶² For 27 years, however, the industry failed, and the moratorium held.

Presidential Politics

In June 2008, Presidential candidate and Senator Barack Obama gave a speech with some excellent reasons why a moratorium on offshore drilling should remain in place. Standing in Jacksonville, Florida, Obama said: “When I’m president, I intend to keep in place the moratorium here in Florida and around the country,” he said.

“That’s how we can protect our coastline and still make the investments that will reduce our dependence on foreign oil and bring down gas prices for good.”

Such drilling, the candidate emphasized, “. . . would have long-term consequences for our coastlines, but no short-term benefits.” At a time of skyrocketing gas prices, the senator explained, “Now believe me, if I thought there was any evidence at all that drilling could save people money who are struggling to fill up their gas tanks by this summer, or this year, or even the next few years, I would consider it. But it won’t.”¹⁶³

Just days earlier, Republican presidential candidate John McCain had announced the reversal of his long-held opposition to new offshore drilling. Then, in July, George W. Bush lifted the presidential moratorium. In August, in the heat of presidential politics, Senator Obama flipped as well, saying he would now accept additional offshore drilling and the lifting of



On April 20, 2010, BP/Transocean’s Deepwater Horizon drill rig exploded in the U.S. Gulf Coast.

U.S. Coast Guard

¹ Much of this section is drawn directly from *Black Tide*. Please see the book for full endnotes and citations.

the moratorium. In September, Congress allowed the congressional moratorium to expire.

Then, on March 30, 2010, President Obama announced that the U.S. government would allow new drilling for the first time since the ban was imposed off the eastern coast of Florida, Georgia, South Carolina, North Carolina, Virginia, Maryland, Delaware, certain new waters in the eastern corner of the U.S. Gulf of Mexico, and the highly sensitive Chukchi and Beaufort Seas above Alaska.¹⁶⁴ Less than three weeks later, the *Deepwater Horizon* exploded.

Even under “normal” conditions, there are many reasons to oppose offshore drilling.

Some of the Problems

As the previous section makes clear, death and injury among offshore oil workers is a far too common occurrence that is only likely to increase as the number of offshore blowouts increases.

In addition, it takes an average of ten years for a well drilled in offshore waters to yield oil. While each offshore well costs approximately \$120 million to drill, about eight in ten turn out to be dry holes containing absolutely no oil whatsoever.¹⁶⁵ Livelihoods of coastal communities are often decimated by the drilling, affecting everything from tourism to local fisheries.

Pollution

From 1998 through 2007, offshore producers released an average of more than 6,500 barrels of oil a year into U.S. waters—64% more than the annual average during the previous ten years.¹⁶⁶ The first half of 2008 alone brought more than 1,100 barrels of oil spilled in five incidents.¹⁶⁷ In just the Gulf of Mexico, the MMS reports that oil spills dumped nearly

520,000 barrels of oil from 1964 to 2009.¹⁶⁸

Environmental Destruction

Even under normal operations, it is estimated that every offshore oil platform generates approximately 214,000 pounds of air pollutants each year, including some 50 tons of nitrogen oxides, 13 tons of carbon monoxide, six tons of sulfur dioxide, and five tons of volatile organic hydrocarbons. According to the National Academy of Sciences, a single offshore well produces between 1,500 and 2,000 tons of waste material. Debris includes drill cuttings and drilling mud, which contains toxic metals such as lead, cadmium and mercury. Other pollutants, such as benzene, arsenic, zinc and other known carcinogens and radioactive materials, are also routinely released.¹⁶⁹

Coastal Erosion

It is widely estimated that oil and gas operations are responsible for some 60% of wetland loss and coastal erosion in the Gulf.¹⁷⁰ Oil operations are made possible by digging canals and channels throughout the wetlands, which allows saltwater to intrude inland. The saline in the water causes the dieback—the gradual dying of plant shoots, starting at the tips—of freshwater vegetation, which ultimately leads to wetland erosion. At the same time, the spoil banks, or piles of waste, created during construction impede natural freshwater flow, leading to increased periods of flooding and drying.¹⁷¹

What Communities Want

Environmentalists, fishers, coastal communities, hotel and tourism bodies, surfers, citizens and elected officials from across the United States have joined forces to reinstate the OCS moratoriums, stop expansion of offshore drilling, and impose new moratoriums on currently producing offshore fields.

No to Drilling Off California's Coasts

Julia Ritchie, Environment California & Angela Howe, Surfrider Foundation

We are facing a turning point in our country's energy crisis. Many decision-makers have put offshore drilling back on the table, despite its costs and risks. Through a broad, organized effort we can fight back against these environmentally-damaging policies and put us on the right track towards a true clean energy future.

For over a quarter of a century, our oceans and coasts were protected from offshore drilling. California's ban on oil drilling was born of the 1969 Unocal (now Chevron) oil platform spill that awakened the American public to the environmental devastation that offshore drilling can cause. This turned public opinion against offshore drilling, led the state to ban new oil and gas drilling in state waters, and eventually inspired the federal moratoria.

On April 20, 2010, the BP *Deepwater Horizon* oil well blowout killed 11

people and started what would become one of the worst incidents of manmade pollution in our natural environment. The total spill amount was estimated at more than 190 million gallons released into the central Gulf of Mexico before it was stopped after 87 days of gushing into the ocean. The effects on marine life, including commercial and recreational fisheries, are still being determined.

Several months after the disaster, baby dolphins were found washing ashore dead from the Gulf at ten times the normal rate.¹⁷² Countless beaches were closed due to water quality concerns and tar balls; and water and sand quality testing continues still. The human fatalities combined with the destruction of our marine environment sparked Representative John Garamendi (D-California) to introduce the West Coast Ocean Protection Act (H.R. 612)

in the U.S. House of Representatives on May 5, 2010. The bill will amend the Outer Continental Shelf Lands Act to protect the coasts of California, Oregon and Washington from any new offshore drilling on the outer continental shelf in order to prevent another disaster like the one the world witnessed with the BP *Deepwater Horizon* spill.

The threats of drilling in state and federal waters are very real. That's why Environment California and the Surfrider Foundation have teamed up to give the public a voice in the discussion and to educate them about these serious threats. Over the course of 2011, we will be doing citizen outreach and member activist organizing throughout the state, building public support, and connecting constituents to their elected officials on the state and federal level to tell them, NO MORE DRILLING.

Chevron in Utah

Nicole Widmer, Utah Rivers Council

CHEVRON'S SALT LAKE CITY REFINERY OPENED IN 1948 and has been processing crude oil ever since from nearby sites in Utah, Colorado and Wyoming, and sites as far away as Canada.¹⁷³ In 2010, two separate ruptures in a Chevron-owned pipeline carrying crude oil to the refinery exposed the surrounding environment and community to harmful toxins and exposed Chevron's insufficient and irresponsible response measures.

On June 11, 2010, a nearly 60-year old pipeline ruptured, spilling 33,600 gallons of oil into Red Butte Creek, polluting the ecosystem with contaminants that may remain for decades.¹⁷⁴ Residents along the creek woke up to strong oil fumes in their bedrooms. Parents shared stories about children being sickened by fumes, with some unresponsive and hard to wake, while others awoke crying and screaming in abdominal pain.¹⁷⁵ Chevron and some health officials claimed the exposure to toxins and carcinogens did not create a long-term health impact.¹⁷⁶ Since no air quality sampling was conducted during the highest exposure event, one can only guess about off-gassing levels of benzene, toluene and xylene.¹⁷⁷ The health impacts from exposure to these carcinogens may not be felt for years.

Chevron apologized, claiming it would take full responsibility for the cleanup costs. But just two months later, Chevron sought to evade responsibility when its claims handling company asked residents to waive all future claims from property and health impacts in order to be reimbursed for hotel bills incurred when the residents had to leave their homes following the spill.¹⁷⁸

On December 1, 2010, the same Chevron pipeline burst again, inside the walls of the University of Utah's Red Butte Gardens, leaking 21,000 gallons of crude oil into the soil.¹⁷⁹

Workers at the Red Butte Arboretum were exposed to crude oil fumes, leaving them vulnerable to potential health concerns in the future. Inhalation, ingestion and skin absorption of crude oil are associated with a variety of maladies such as nausea, vomiting, respiratory failure, precancerous warts on hands and arms, and even coma and death. Given the harmful conditions, work at the Arboretum was suspended.

This second spill heightened concerns about future accidents on this pipeline and lines similar in age and condition. The pipeline was shut down until federal regulators from the Pipeline and Hazardous Materials Safety Administration (PHMSA) signed off on its safety, and Salt Lake City's Mayor approved its February 1, 2011 reopening.¹⁸⁰ The details of the PHMSA in-

spection are unknown, Chevron has not stated plans to replace aging lines with fresh tubing, and no other moves have been made to prevent future spills.

Peter Hayes, a local biologist and co-founder of the Citizen's Response Committee, conducted soil sampling in his own backyard to determine if the oil from the second spill was actually cleaned up. What he found is shocking. The U.S. EPA limit for benzopyrene and benzoanthracene, both known carcinogens found in crude oil, is 12.7 milligrams per kilogram dry.¹⁸¹ Mr. Hayes' findings were disturbingly higher at 102 mg/kg dry and 130 mg/kg dry, respectively.¹⁸² That is seven times the limit the EPA considers safe to humans and animals.

The State of Utah fined Chevron \$423,600 to pay for the June spill clean-up.¹⁸³ The second spill has not yet resulted in fines, but Chevron could find itself shelling out \$25,000 a day for the spill due to violations.¹⁸⁴ Violation notices show the oil company broke five environmental laws, including the Utah Water Quality Act and the Utah Administrative Procedures Act during the December spill, citing "willfulness or gross negligence" on the part of Chevron.¹⁸⁵

Accufacts Incorporated, an independent analyzing company hired by the government to assess the damage done to the pipeline and surrounding land, found five major steps the company should take to prevent future spills. These steps include ensuring the emergency response information is up-to-date and possibly requesting a Pipeline Relocation Study to move the pipe away from the landslide sensitive area where it currently lays.

Chevron's inadequate response to the threats posed by its refining and pipeline transport operations in Utah leaves the local community at continued risk of exposure to harmful toxins.



Peter Hayes

Following the June 2010 spill of a Chevron pipeline, crews "cleaned" Red Butte Creek with brooms and an inefficient water jet that simply sprayed cold stream water onto rocks that were coated with dried crude oil. Local resident Peter Hayes watched these crews flip many of the oil-soaked rocks over, effectively hiding the crude coating under water.

III. Around the World

Chevron in Angola

Elias Mateus Isaac & Albertina Delgado, Open Society Initiative for Southern Africa, Angola

CHEVRON, KNOWN BEFORE IN ANGOLA AS CABINDA Gulf Oil Company Limited (CABGOC), began operations in 1930, almost 81 years ago. The company is among the largest and most powerful oil producers in Angola, holding shares and joint partnerships in four blocks, and responsibility for the operation of two blocks.¹⁸⁶

Chevron invests billions of dollars in major energy projects to increase oil production and natural gas in conjunction with its main partner, the state oil company Sonangol. Chevron planned to invest US\$10 billion in Angola by the end of 2010. More than 2,900 Angolans are working for Chevron, constituting about 86% of the company's workforce in the country.¹⁸⁷

According to its annual report on corporate social responsibility, Chevron is dedicated to corporate social responsibility, investing in communities through education, health, agriculture, human capacity and infrastructure projects.¹⁸⁸ However, Chevron, like many other multinational oil companies, is not truly committed to the country's sustainable development. The company practices revenue expatriation from local communities to large political and economic centers, leaving behind impoverished local communities and citizens. For example, Chevron's new national head office was built in Angola's capital city of Luanda and not in Cabinda, where the company's exploration activities occur.

What the company has invested in corporate responsibility is far, far from being proportional to the huge profits it reaps. For many years, Chevron's oil operations have caused serious damage to the environment, yet the company has gotten off with complete impunity. The government has been complicit in letting Chevron off the hook, but they know about all about the spills in Cabinda.



Oil pollution in this lake is causing the trees to die, as evidenced by the barren roots.

Impacts of Chevron's Activity in Angola

The impacts of oil activity in the Sea of Cabinda are so disastrous that most of the sand on the shores is polluted and black in color, and most of the beaches cannot be used. Chevron barely acknowledges or accepts responsibility for these impacts. According to fishermen, the shortage of fish in the Sea of Cabinda started in the 1980s, reaching its peak in the late 1990s when serious environmental destruction began.

Impacts on Fishing and Community Livelihoods

Fishermen state that the real pollution crisis began in 2000-2002, impacting the local fishing industry and communities. No real catch are found any longer between the shores and the oil platforms, which now populate the sea. Since 2001, fishing is no longer the main activity of local communities, resulting from the constant oil spills and restrictions from both the government and Chevron stipulating that local fishermen are not permitted to fish beyond the platforms as they represent military threats.¹⁸⁹ These measures are linked to political and military instability. Many of the worst human rights violations in the country are committed—on an ongoing basis—in Cabinda. Fishermen complain that they must go north, close to the Congo-Brazzaville border, to fish. It is not only the constant oil spills that have affected fishing and the environment, but all related drilling operations. For some time now, Chevron has promised funding to restore the damaged ecosystem.¹⁹⁰ Thus far, nothing has materialized and the situation is deteriorating. It is not only the spills that affect the marine environment, but also the noise caused by oil exploration activities and the movement of boats.



Used drilling pipes dumped near the sea.

Albertina Delgado

Economic Impacts on Communities

Cabinda fishing communities always made their livelihoods from the sea, but this is no more. Fishing was regarded as a traditional and cultural heritage for all people living on the shore. Today, fishing is no longer a viable activity to sustain the livelihoods of the communities, and the fishermen are not trained in any other occupation. The cost of living has risen and access to resources has become scarce causing double violations of social and economic rights—communities cannot fish and they have been denied professional skills. Most families are impoverished. For the last 81 years, Chevron has failed to give back to the communities in a sustainable and developmental manner. Cabinda is one of the most poverty-stricken provinces with high levels of unemployment, and political and social tension fueling separatist sentiments among the general population.¹⁹¹

Environmental Impacts

Cabinda is located within the Equatorial forest zone and large swamps cut through the province. These swamps are being completely destroyed; the first spill happened in 2001 and Chevron has not taken any actions to restore it. Chevron's main pipeline in the province is old and worn out, leaking almost every day; thus far, the company has stated that it is not a priority to replace it.¹⁹² Some years ago, Chevron promised funding to establish an environmental program for swamp restoration, but nothing has materialized and the swamp continues to die.¹⁹³ Most fish species have disappeared and reefs are being devastated by massive underwater explosions.¹⁹⁴ The swamps were the main habitat for breeding fish and a major source for artisanal fishing.

Despite Chevron's construction of a new liquefied natural gas (LNG) refinery in the northern province of Zaire, gas flaring is constant. Chevron behaves with impunity, doing almost nothing to control and stop the flaring, nor does it take responsibility for the negative impacts. Most of the gas derived from oil exploration in Cabinda is flared.¹⁹⁵

In August 2010, a minor oil spill occurred in the southern part of Cabinda and the Ministry of Environment blamed Perenco, an Italian company operating in Democratic Republic of Congo; the peculiar thing is that all the clean-up was done by Chevron.¹⁹⁶ This spill made it impossible for fishing communities to go into the sea for many weeks; no compensation was granted and the government has not said a single word about it.

Chevron and the Angolan Government

The Angolan government has shown little interest in discussing environmental issues related to the oil industry because of its economic dependence on oil. Typically, the government has sided with Chevron against civil society organizations and local community groups when they denounce the pollution and the company's ill practices. Oil spills have occurred time and again, but until just a few months ago, the government had never taken a public stand against Chevron. Rather, everything is resolved under the table.

In February 2011, two consecutive spills occurred in Malongo Base, totaling more than 4,000 barrels of oil according to the Angolan Ministry of Environment.¹⁹⁷ In March 2011, for the first time, the government publicly announced

having sent a letter, through the Ministry of Environment, to Chevron regarding the spills, and is now awaiting a response. The Ministry has even threatened to take Chevron to court if an appropriate response and compensation are not provided.¹⁹⁸ Chevron has never been taken to court in Angola or convicted to compensate the fishermen and the population of Cabinda for the impacts of the spills. In the past, the few agreements that have been reached have taken place outside the court with the government's mediation.

The laws on environmental impacts resulting from extractive industries in Angola are inadequate and leave excessive discretion to the Ministry of Environment. Strengthening such laws would mean that even Sonangol would have to be monitored and held accountable. The Law on Petroleum Activities (Law 10/04) states that companies should be liable for damage caused to the environment as a result of their activities, but it does not specify the category of compensation. According to Elias Isaac, Country-Director for the Open Society Angola Office, the matter should not be left in the hands of the Ministry of Environment to negotiate.¹⁹⁹ If the government is serious, it should take Chevron to court because the primary victims of these spills are the country's local communities who will never see justice on their own.

The volume of oil spilled in the past far surpasses the size of the February 2011 spill, raising the question of why the government is paying attention this spill at this time. We believe the answer may have something to do with increasing diplomatic tension between the United States and Angola in recent years.

Relationship with Civil Society/Local Communities

Following the Ministry of Environment's decision to write to Chevron, some community organizations in Cabinda have gained courage. Despite political threats, they are willing to take Chevron to court, pending the results of the Ministry's letter, for the many years of spills, which have affected their livelihoods for the long-term. This will be one of the biggest tests for civil society in Cabinda. Succeeding in having their case heard would itself be a great victory. Some local fishing associations and environmentalists have already begun legal proceedings. Civil society accuses Chevron of being responsible for the disappearance of marine species and the destruction of the mangroves in the Chilonga River.²⁰⁰ Fishing associations claim that Chevron's irresponsible practices towards the environment are "incalculable" and require an urgent court ruling to hold the multinational accountable, by forcing the company to pay just compensation and restore the environment.

Cabinda's various fishing associations believe that it is about time that Chevron radically changes or is forced to change its attitudes and practices to become more accountable, and to respect the laws and the Constitution in regards to the social and economic rights of local communities. For approximately 81 years, Chevron has taken almost everything from onshore and offshore of Cabinda and has left behind only poverty and discontentment. It is critical for Chevron to establish direct contact and work with communities rather than using intermediaries, an approach that alienates Chevron from local communities.

Chevron in Western Australia

We do not consent to the development of a LNG precinct on our land. As native title claimants our views, opinions and desires regarding our land and culture have not been represented. We will not allow our land to be taken from us. We will fight for our land in court.” - Extract from a declaration signed by over half (estimated) of the Indigenous Traditional Owners of James Price Point (proposed LNG industrial site)

CHEVRON IS MOUNTING A FOSSIL FUEL ASSAULT ON remote Western Australia with three liquid natural gas (LNG) projects that will pump out millions of tons of CO₂ every year, devastate vast expanses of ocean, and shortchange union workers and communities who were promised jobs and prosperity.

Chevron vs. the Kimberley: Devastating One of the World's Natural Wonders

Dr. Jill StJohn, The Wilderness Society, Western Australia

Chevron is a partner in the Browse Basin LNG Project with Woodside Petroleum Ltd., Shell, BP and BHP. The Browse Basin offshore natural gas field is located about 200 nautical miles off the Kimberley coast in North West Western Australia (WA). Chevron and its partners plan to build a processing facility for the gas at James Price Point, 50 kilometers north of the town of Broome.

The Kimberley is one of the world's last great natural and Indigenous cultural regions, home to many Aboriginal communities and at least 27 native title (Indigenous ownership) claim groups.²⁰¹ Its vast savannah woodlands, rivers, spectacular coast and rich marine environments provide habitats for an extraordinary diversity of native wildlife species, including native mammals extinct elsewhere in Australia and endemic species like the Snubfin dolphin and flatback sea turtles.

Threatening Indigenous Communities

A delegation of Aboriginal Traditional Owners met with Chevron in December 2009 to make clear their opposition to the Kimberley project and outline the problems with what they see as ineffective and non-inclusive consultation processes.

James Price Point is part of the traditional lands of the Jabbar Jabbar and Goolarabooloo Aboriginal people and is subject to a joint native title claim by both groups. Many of these Traditional Owners signed a declaration opposing the Chevron project, declaring: “We do not consent to the development of a LNG precinct on our land. As native title claimants our views, opinions and desires regarding our land and culture have not been represented. We will not allow our land to be taken from us. We will fight for our land in court.”²⁰²

However, WA Premier Colin Barnett threatened compulsory acquisition of lands and land rights if an agreement was not reached by June 2010. Thus, negotiations were described

by the head of the Kimberley Land Council as “negotiating with a gun to your head.”²⁰³ In September 2010, the WA Premier went ahead with his threat and commenced compulsory acquisition proceedings against the Traditional Owners for 20,571 hectares of land and sea—an area far larger than the government had said was required.

Environmental and Wildlife Devastation

The Kimberley is an area of international conservation significance, including the nursery area for the world's largest population of Humpback whales and globally significant sea turtle populations. Construction of the Chevron LNG processing facility and industrial port would cause significant and permanent environmental harm, including: doubling WA's greenhouse gas emissions;²⁰⁴ becoming the largest ‘point source’ polluter in WA; clearing of around 2,400 hectares of woodlands, including sensitive remnant rainforest; blasting and dredging of the seabed, which would create a 52 square kilometer marine ‘dead zone’ destroying seagrass, sponge garden and coral communities; other marine disturbance estimated to affect 1,600 square kilometers; and the building of a more than five kilometer jetty and a five to seven kilometer long breakwater that could impact oceanographic processes on a regional scale.²⁰⁵ The project would also increase the threat of major environmental accidents on one of the world's most hurricane-prone coastlines.

Destroying Local Tourism

The Kimberley's largely nature-based tourism industry represents nearly 36% of its total economy.²⁰⁶ Broome's tourism sector represents almost 65% of the total generated revenue²⁰⁷ for the Kimberley and will be severely damaged, and some aspects possibly destroyed completely, by the LNG project. Local fishing and pearl aquaculture industries will be threatened or even locally destroyed. The LNG facility would be the first major coastal industrialization of the Kimberley, opening the door to more heavy industries.²⁰⁸

What Chevron Says

Chevron is all but silent. Its website notes, “we're investing in the Browse Basin through the Browse Joint Venture, another LNG project off the coast of Western Australia,”²⁰⁹ while Chevron's most recent 10-K Securities & Exchange Commission filing notes only the “company continued engineering and survey work on two potential development concepts for the [Browse basin].” Chevron wants to distance itself publicly from an environmentally destructive and unnecessary project opposed by environmental groups, local communities and many of the

Indigenous Traditional Owners on whose land the development would be built.

Community Demands

The Kimberley coast is the wrong place for the polluting LNG industry. The Wilderness Society advocates an 'alternative vision' for the Kimberley based on a conservation economy supporting Aboriginal land management/Indigenous Ranger groups and compatible development, including tourism, and ruling out inappropriate large-scale industrial development.

Tragically, 'money talks,' and the state government of WA, elements of the Australian Federal Government and Woodside back the plan. The Wilderness Society is campaigning, alongside environmental groups including the Turtle Island Restoration Network, the Conservation Council of WA, Environs Kimberley, Save the Kimberley, The Australian Conservation Foundation (ACF), Worldwide Fund for Nature (WWF) and Indigenous Traditional Owners, to stop this disaster being imposed on the Kimberley coast.

More than 40,000 people have contacted decision-makers in Australia, expressing opposition to the proposal. From November 2010 to March 2011 alone, more than 10,000 people sent submissions opposing the Browse LNG Precinct to the environmental authority conducting the impact assessment for this proposal.

The Wilderness Society calls on Chevron to pull out of the proposal to develop LNG processing on the Kimberley coast, encourage its joint venture partners to do the same, and explore more environmentally and culturally appropriate options.

Chevron: Gas-Mad in Western Australia

Teri Shore, Turtle Island Restoration Network

In addition to its role at the Kimberley project (described above), Chevron is a driver in the massive Gorgon and Wheatstone projects. Together these projects could catapult Australia past Qatar as the world's biggest LNG supplier.²¹⁰ And the oil giant wants more.

Last year, Chevron broke ground on the controversial \$43 billion Gorgon natural gas plant and pipeline on a nature reserve and sea turtle rookery at Barrow Island. Chevron had already scaled up plans by 50% without a revised environmental review and over the objections of both leading conservationists and the state Environmental Protection Authority.²¹¹ Now Chevron is pushing to add one more gas refinery.²¹²

"Already we have seen the failed resettlement of endangered species—which were eaten by feral animals once moved onshore from Barrow, the impact of vessels sinking and colliding with reefs, and the introduction of pest species," said Western Australia Green Party Representative Robin Chapple, slamming Chevron's plan to expand Gorgon.²¹³

Gorgon will generate more than five million tons of carbon emissions per year when gas starts flowing in 2014. By 2050, it will emit 10% of WA's carbon emissions even with unproven carbon sequestration.²¹⁴

Onshore, Chevron recently upped its stake from 75% to 80% as majority partner in the \$30 billion Wheatstone LNG plant.²¹⁵ Slated for approval by year's end with gas delivery expected in 2016, it will surpass Gorgon by adding 10-15 million



tons of carbon per year to the atmosphere, while processing 8.9 million tons of LNG per year²¹⁶—making it one of the most carbon intensive plants worldwide.²¹⁷ Wheatstone involves the construction of a subsea pipeline connecting gas fields 145 kilometers offshore with an LNG and domestic gas processing plant near Onslow, a small town suffering from past oil and gas booms and busts.

Workers Accuse Chevron of Deceit

Unions are accusing Chevron of exposing workers to asbestos and leaving people behind during a cyclone evacuation.²¹⁸ In addition, trade unions recently accused Chevron of deceit over its claim that \$10 billion of the Gorgon skilled engineering and manufacturing work was being done in Australia. Unions WA secretary Simone McGurk said an analysis showed the true figure was closer to \$3 billion.²¹⁹

Sacrificing Sea Turtles for Oil Profits

Chevron's natural gas projects in WA are being sited along a marine highway for flatback sea turtles, which nest exclusively in Australia.²²⁰ An estimated 1,000 Australian flatback sea turtles nest on Barrow Island every year²²¹ with 95% of them laid within four kilometers of Chevron's Gorgon project.²²² Recent satellite tracking has determined that after nesting, these turtles head to marine waters near James Price Point in the Kimberley to feed.²²³ Thus, Chevron is not only destroying nesting beaches, but also ruining critical marine habitat—a recipe for extinction. Since flatbacks live mostly near shore, sea turtle researchers cite oil and natural gas development as a primary threat to the species and predict a 30% to 50% decline if they are not given strong new protections.²²⁴

Last summer, the first sea turtle was killed at Gorgon. A juvenile hawksbill turtle was sucked into a dredger that was digging out the sea bottom for a shipping channel and port.²²⁵ Chevron's pledge of a token \$1-1.5 million/year in "turtle blood money" to the WA government to "offset" the decimation of the sea turtle nesting beach on Barrow Island has not yet materialized, nor has the required turtle conservation plan been drafted.²²⁶

Despite the Australian Montara oil spill in the Timor Sea in 2009, which took 10 weeks to cap and covered an estimated 90,000 square kilometers, and the U.S. BP oil spill last year, Chevron and the Australian government have concluded that Gorgon, Wheatstone and the Kimberley gas hub will do no significant harm.²²⁷

Chevron in Burma (Myanmar)

Naing Htoo, Paul Donowitz, Matthew Smith & Marra Guttenplan, EarthRights International

“The companies rely on the Myanmar military to provide security for their projects.”

- Tomás Ojea Quintana, United Nations Special Rapporteur on the Situation of Human Rights in Myanmar, March 2010.²²⁸

SINCE THE EARLY 1990S, CHEVRON (FORMERLY Unocal) has partnered with state-owned Myanmar Oil and Gas Enterprise (MOGE) in a consortium with Total (France) and PTT Exploration and Production (Thailand) on the *Yadana* natural gas project in Burma. *Yadana*, which means “treasure” in Burmese, is one of the largest sources of income for the Burmese military regime,²²⁹ widely known for brutal oppression and systematic human rights abuses. Chevron has a 28.3% interest in the project,²³⁰ which transports natural gas from the Andaman Sea through a 40-kilometer pipeline across Burma’s Tenasserim region to Thailand. The project is operated by Total and generated over US\$10 billion from 1998 to 2010, about half of which went to the Burmese military regime.²³¹

The project is linked to serious human rights abuses that have been the focus of landmark lawsuits in U.S. and European courts against Unocal (Chevron) and Total. These cases led to precedent-setting, out-of-court settlements benefitting local victims of abuse in 2005.

Human Rights Abuses

From the project’s inception, the Burmese Army has provided security for the companies and the pipeline,²³² and through this mandate continues to commit widespread and systematic human rights abuses against local people, many of whom are from Karen, Mon and Tavoyan ethnic nationality groups.²³³

“The companies rely on the Myanmar military to provide security for their projects.”

-Tomás Ojea Quintana,
United Nations Special Rapporteur
on the Situation of Human Rights
in Myanmar, March 2010.²³⁴

Extrajudicial killings, forced labor, forced portering, violations of the rights to freedom of movement and property, and other violent abuses in the pipeline area by pipeline security forces continue.²³⁵

In 2010, EarthRights International documented two extrajudicial killings by Burmese Army battalions providing security

for Chevron and its partner’s pipeline,²³⁶ and on February 24, 2011 Burmese Army Infantry Battalion (IB) 282 soldiers shot and killed an unarmed ethnic Karen man in the pipeline village of Michaunglaung.²³⁷ It is suspected that this killing was retaliation for a February 5, 2011 attack by an ethnic armed

group on IB 282 near the village of Mayanchaung, which killed three Burmese soldiers (including a medic), and injured three others. Soldiers from nearby Infantry Battalion 410 have taken up position in and around Michaunglaung Village at the time of publication and there is grave concern for the villagers’ safety and security.²³⁸

EarthRights has documented and continues to receive reports of forced labor in pipeline-area villages.²³⁹ Typically, local army units conscript local villagers to provide goods or services for the soldiers’ needs. A villager from Michaunglaung, Burma describes a common occurrence:

In early 2010, the Kaleinaung authorities ordered our village head to collect 200 bamboos . . . villagers had to come together and cut it. It took several hours. We also had to bring the bamboo to Kaleinaung. We carried them by bullock cart. Those who own bullock carts didn’t have to cut bamboo, but they had to bring it to Kaleinaung.²⁴⁰

Forced portering is also common, forcing villagers to carry heavy loads for the security forces or guiding soldiers through the jungle for several days.²⁴¹ In a grisly example resulting from the February 5, 2011 killings, Burmese Army IB 282 forced Mayanchaung villagers to physically carry the dead to their motorbikes and transport the bodies to battalion headquarters.²⁴²

Since 2001, the Burmese Army has also forced pipeline-area villagers to attend abusive militia training programs, imposing considerable economic and mental strain on participants and their families.²⁴³ One villager told EarthRights:

Each village in Kaleinaung Township had to send representatives depending on the number of households in the village. Michaunglaung village had to send two



Police huts built with forced labor behind Chevron/Total Health Clinic in Zinba Village.

EarthRights International © 2009

people. Our villagers had to pay their expenses during the training. Now that they are done with training each night they have to patrol the village and check for guests.²⁴⁴

These human rights crimes have been committed with complete impunity and appear to be state policy or practice.²⁴⁵

Contributing to Corruption

In March 2011, United Nations Special Rapporteur on Human Rights in Burma, Tomás Ojea Quintana, recommended the Burmese military regime ensure “that revenues from all development projects appear transparently on the national budget to allow the parliament and civil society to monitor [the regime’s] spending effectively.”²⁴⁶

Funds from natural gas sales account for approximately 70% of Burma’s foreign exchange reserves, with annual sales of around US\$3 billion, and are stored in offshore bank accounts largely outside the national budget.²⁴⁷ Special Rapporteur Quintana, the International Monetary Fund, EarthRights and others have noted that the Burmese military regime does not accurately include gas revenue in its national budget. Natural gas revenue contributed less than 1% of total budget revenue in 2007/2008, but would have contributed about 57% if valued at the market exchange rate.²⁴⁸ This is not surprising for a regime ranked 176 of 178 on Transparency International’s 2010 Corruption Perceptions Index.²⁴⁹

These funds enable the Burmese military regime to ignore political pressure from foreign governments and deny democratic demands from the people of Burma.²⁵⁰ Gas revenues have not been used to prudently reduce the fiscal deficit²⁵¹ or to positively transform the country:²⁵² spending on health care and education is easily the lowest in the region,²⁵³ accounting for merely 1.31% and 4.57% of the budget, respectively.²⁵⁴ While the people of Burma remain impoverished, the military regime continues to spend freely on weapons, a fledgling nuclear weapons program, a sophisticated military tunnel system, and an entirely new capital city, Naypyidaw.

What Chevron Says

Despite the negative human rights impact of its project and the billions of dollars of revenue generated for the military regime, Chevron claims its presence benefits the people of Burma. In response to a 2010 Shareholder Resolution recommending the company adopt *Guidelines for Country Selection* based on its experience in Burma, Chevron proclaimed that, “Chevron must go where energy resources exist or are thought to exist. This may require conducting business in countries ... very different from those in the United States.”²⁵⁵ Chevron claimed its presence benefits local people through employment, education, health care, training programs and humanitarian donations:

“[S]ustainable socioeconomic program[s] contribute to positive change in the region and improve the lives of those living in the pipeline corridor.”²⁵⁶

Chevron has also been linked to the widespread looting of Burma’s natural resource wealth. In April 2010, more than 160 local Burma and international organizations called on the *Yadana* companies to disclose their payment to the Burmese regime.²⁵⁷ Chevron refused to report its payments, claiming that, “[i]ts contractual obligations related to the *Yadana* Project do not permit disclosure of payments....”²⁵⁸ Based on publically available contracts, Chevron and its partners are, in fact, legally allowed to disclose their payments as payments

are not *data or information purchased or acquired* from the state-owned oil company—information they are contractually prohibited from disclosing.²⁵⁹ Further evidence of Chevron’s ability to disclose its payment was Total’s 2009 disclosure of its contributions to the Burmese regime in 2008, equaling a quarter of a billion dollars.

As a matter of policy, Chevron stated in its 2010 10k submission to the U.S. Securities and Exchange Commission that it supports revenue transparency, but would prefer shifting the burden to host governments “to take the lead in applying disclosure measures across the entire industry so that companies working in a country can operate under the same guidelines.”²⁶⁰ Chevron claimed that unilateral payment disclosure would place “itself at a competitive disadvantage against other companies that do not similarly disclose payments on a country-by-country basis.”²⁶¹



What Chevron Should Do²⁶²

Chevron should take immediate steps to mitigate the negative human rights and financial impacts of its project in Burma.

Chevron should acknowledge a wider sphere-of-responsibility than the self-defined *Yadana pipeline corridor*, delineated by the human rights impacts of Burmese Army pipeline security battalions. Chevron should work with its *Yadana* partners to mitigate human rights abuses and facilitate complaints of forced labor to the International Labour Organization (ILO). Chevron should further use its influence to ensure that victims do not suffer arbitrary retaliation from the Burmese military regime, or targeted retaliation for filing ILO complaints.

To limit contributions to corruption, Chevron should immediately disclose all payments made to the Burmese authorities from the inception of the project to the present day. While future disclosure will be required under Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the U.S.—likely to take effect in 2012 or 2013—historical payments will not be covered.²⁶³ Chevron has lagged behind its counterparts on transparency issues and this is an opportunity to show leadership on a critical issue.²⁶⁴

Chevron in Canada

Chevron in Alberta

Eriel Tchewkwie Deranger and Brant Olson, Rainforest Action Network

"We have to slow down industry to let us catch up. ... If we continue to let industry and government behave the way they've been behaving the last 40 years, there will be no turnback because it will be the total destruction of the land."

Alan Adam, Chief of the Athabasca Chipewyan First Nation.

ON JANUARY 26, 2010, CHEVRON ANNOUNCED ITS \$21.6 billion capital and exploratory budget for the coming year. The press release listed the expansion of its Athabasca Oil Sands Project in Canada as one of the company's major upstream projects for the coming year.²⁶⁵

Chevron began its tar sands operations in Canada in 2006 and is currently operating two projects: the Athabasca Oil Sands Project (AOSP) and the Ells River Project.

Chevron has 20% interest in the AOSP, a mining development 60% owned and operated by Royal Dutch Shell. In the supplement to its 2010 annual report, Chevron reports that at AOSP, it averaged 26,000 barrels of oil sands per day in 2009 and has produced more than 175 million barrels of bitumen over its lifetime. After completing an expansion in the third quarter of 2010 at a projected cost of \$13.7 billion, Chevron expects daily production capacity from oil sands to increase by 100,000 barrels to more than 255,000 barrels in early 2011. In 2010, total daily production from oil sands averaged 126,000 barrels (24,000 net) of synthetic oil—about half its total production from Canada.²⁶⁶

Canada's Environmental Defence has labeled tar sands development "the most destructive project on Earth."²⁶⁷ Chevron's tar sands operations are designed to feed into a network of long-lived pipelines and refining infrastructure that will effectively lock North America into oil dependency for decades to come. Five new trans-continental pipelines and more than 20 newly expanded oil refineries are being planned to bring growing supplies of tar sands crude to the U.S. market.

Chevron's tar sands projects contribute to increasing global warming pollution, and dirty crude oil produced from tar sands requires even more intensive refining. Since 2007, Chevron has engaged in local battles to retool its refineries in Richmond and El Segundo, California and Pascagoula, Mississippi to convert the heavy crude oils produced in the tar sands to gasoline and other consumer and commercial products.

Environmental Destruction

With its considerable investments in expanding tar sands production and refining capacity, Chevron is placing a major bet on a dirtier, more dangerous form of crude oil production. Its extraction releases many times more greenhouse gas than conventional crude oil. The energy intensive process used to produce synthetic crude oil from tar sands generates three to five times more global warming pollution than does conventional oil production. Mining projects such as the AOSP require four

tons of earth and as many as five barrels of water per just one barrel of oil, most of which ends up in vast toxic lakes.²⁶⁸

The open-air lakes leak toxic chemicals into groundwater and river systems in the Peace-Athabasca Delta and emit thousands of tons of volatile organic compounds (VOCs) into the air, including benzene, a known human carcinogen. In 2007, some 1,600 ducks died from landing in one of these toxic lakes, resulting in litigation against Syncrude, another tar sands producer. A Canadian Federal prosecutor noted that Syncrude's tailings ponds are illegal under the federal Migratory Bird Act.²⁶⁹ Projects such as AOSP are impacting the migratory patterns of large game, waterfowl and migratory song birds, and are contributing to dangerous levels of toxic contaminants in fish and other aquatic life.

University of Alberta Ecologist David Schindler observed that "[i]f any of those tailings ponds were ever to breach and discharge into the [Athabasca River], the world would forever forget about the Exxon Valdez."²⁷⁰

Refining the dirty crude oil extracted from tar sands also produces higher emissions of harmful pollutants, including sulfur dioxide (SO₂), hydrogen sulfide (H₂S), sulfuric acid mist, and nitrogen oxides (NOX), as well as toxic metals such as lead and nickel compounds. Environmental damage caused by these pollutants includes acid rain; the concentration of toxic chemicals up the food chain; the creation of ground-level ozone and smog; visible impairments that migrate to sensitive areas such as National Parks; and depletion of soil nutrients.²⁷¹

These dangerous chemical compounds are severely impacting the health, livelihood and cultural preservation of Indigenous communities that live downstream from this destructive development by contaminating and destroying traditional sites and hunting, fishing and trapping lands.

Devastating Indigenous First Nation Communities

Indigenous communities living downstream from the tar sands have become increasingly vocal about the threats posed by the expansion of tar sands mining operations on water quality and community health.

Chiefs from dozens of First Nation communities in Alberta, British Columbia, Saskatchewan and the Northwest Territories have passed resolutions calling for a moratorium on tar sands development. "Our message is plain and clear," said Alan Adam, Chief of the Athabasca Chipewyan First Nation, "We have to slow down industry to let us catch up. ... If we continue to let industry and government behave the way they've been



Muskeg River Mine, part of the Athabasca Oil Sands Project.

behaving the last 40 years, there will be no turnback because it will be the total destruction of the land.”²⁷²

Mike Mercredi of the Athabasca Chipewyan First Nation stated “Our culture is being annihilated and Chevron is complicit in the cultural genocide of my people. The people want their lives, livelihood and culture to be protected and preserved not destroyed.”²⁷³

Chevron’s investment represents an entrenched commitment to perpetuating U.S. reliance on oil as our primary source of energy into the next generation and beyond, and to ensuring that this reliance will be based on Canadian tar sands—even dirtier and more destructive sources of oil than conventional crude oil. Furthermore, Chevron is complicit in the environmental and cultural annihilation of the lands, territories and rights of Indigenous peoples of Northern Alberta.

What Chevron Says

Despite a *stated* commitment to “being part of the solution” to climate change, Chevron’s *financial* commitment is solidly behind increasing its Alberta tar sands production for decades to come. At Chevron’s 2008 annual meeting, 28.6% of shareholders representing \$31.4 billion of shares voted in support of a resolution filed by Green Century, requesting increased disclosure on the environmental impacts of company operations in the tar sands.²⁷⁴ But, in 2009, Chevron successfully excluded the resolution from being presented. Emily Stone, Shareholder Advocate for Green Century, said “Chevron’s eagerness to keep shareholders from voting on this resolution, after 28.6% of total shares voted in 2008 were in support of the proposal, shows a disturbing lack of transparency and unwillingness to confront the challenges surrounding the company’s investments in the increasingly risky tar sands.”²⁷⁵

Community Demands

Communities at both ends of Chevron’s dirty oil development are fighting for a future free of the dirty fossil fuels that present a growing threat to health and the environment.

In Canada, northern Indigenous First Nations, on whose land much of the production takes place, are calling for green jobs that promote sustainable economic development and a halt to further expansion of the tar sands, saying the massive industrial growth is hurting their land, their water and their people.²⁷⁶

Communities are demanding that Chevron and other operators in the area respect the moratorium resolutions passed by First Nation leaders and ensure that current development does not infringe on their constitutional treaty rights to hunting, fishing, trapping and cultural practices. Communities continue to be vocal about the devastating impacts tar sands development has on their lives and are weary of industry claims stating new technologies will ensure that tar sands development is safe and clean.

In California, community-based organizations fighting refinery pollution are also proposing alternatives. A recommendation issued by Richmond, California’s Communities for a Better Environment (CBE) to the U.S. EPA regarding the increase of dirty oil imports from Canada proposed a “crude cap” that would limit the ability of refineries to process dirty crude oils. CBE argued that a crude cap would have the effect of capping increased pollution associated with refining dirty tar sands oil.²⁷⁷

The path for Chevron is clear. As described in the CBE letter, “Only by redirecting the national treasure now being sucked from the gas pump into ever-dirtier oil extraction and refining, and putting it toward the monumental work of building a sustainable energy infrastructure, can we achieve our full potential for environmental and economic health. We cannot afford to waste this opportunity.”

Chevron in the Beaufort Sea

Andrea Harden-Donahue, Council of Canadians

IN NO SMALL IRONY, MELTING SEA ICE IS MAKING Arctic water more accessible for transportation and resource development. The Arctic is increasingly being seen as a final frontier for fossil fuel development; the Canadian Arctic is no exception.²⁷⁸ It is estimated that the Canadian Arctic has the potential for around 8.4 billion barrels of oil and 4.3 trillion cubic meters of gas.²⁷⁹

While there is currently no oil or gas drilling in Canada's Arctic offshore, the last several years have seen increased interest. Chevron Canada Limited²⁸⁰ is one of several corporations that have invested millions in exploratory licenses. Drilling could begin as early as 2014. Chevron acquired the rights to explore a 205,000 hectare deepwater parcel of the Canadian Beaufort Sea in 2010.²⁸¹ Chevron won a federal auction by committing to spend C\$103 million over the five-year license exploring for oil and gas.²⁸² The license was acquired despite an earlier request to the federal government by the Inuvialuit Regional Corporation (IRC) to withdraw the bid. The IRC has a mandate, "... to continually improve the economic, social and cultural well-being of the Inuvialuit."²⁸³ The Inuvialuit, or 'the real people' are a sub-group of the Canadian Inuit population with communities on the Beaufort Sea coast.

The Problem

"There are so many unknowns with regards to drilling in the Beaufort Sea and I've heard of Chevron's track record on the environment and respect for human rights," says Tory Russell, a member of the Council of Canadians Whitehorse chapter in Yukon. "Why are we going to this extent when there is a lack of investment in renewable energy resources?"

Shortly after the Deepwater Horizon spill, Canadian media put offshore drilling in the Arctic in the spotlight. Expert comments suggested that the impacts of a similar spill would be far worse in the Arctic.²⁸⁴ This was accompanied by news that corporations, including Chevron, had been lobbying for the removal of a same-season relief well policy, a measure to reduce spill impacts.²⁸⁵ While the National Energy Board (NEB), which has the power to issue production licenses in Canadian Arctic waters, had announced it would review this policy, a new review was launched focusing more broadly on offshore drilling in the Arctic.

The conditions for drilling offshore in the Arctic are particularly precarious. Chevron's own Arctic Basin Assessment ranks the Beaufort Sea as the third (of eleven) most challenging Arctic basins for oil and gas exploration.²⁸⁶ Arctic conditions

include freezing temperatures, reduced visibility, high winds and sea states, and extreme storms.²⁸⁷ Weather conditions and a lack of infrastructure also pose a unique challenge for oil spill response.²⁸⁸

In a letter to the NEB Chair and the Minister of Indian and Northern Affairs, the IRC expressed that Inuvialuit are not assured that a blow-out could be prevented, that a blow-out could be stopped, or that spilled hydrocarbons could be contained quickly. In addition to requesting the withdrawal of the bid Chevron eventually won, the IRC requested that no further exploration licenses be considered and no drilling allowed on identified exploratory licenses until these concerns are answered to satisfaction.²⁸⁹

The large deepwater area covered by Chevron's license is about 100 kilometers north of Herschel Island.²⁹⁰ The Gulf oil spill was 66 kilometers off the coast. While there is a lack of sufficient spill trajectory modeling in the Beaufort Sea, it is foreseeable that a significant spill would have a widespread effect. The Beaufort Sea has a gyre that spins clockwise, which could, were there a spill in pack ice, spin spilled oil to Yukon, Northwest Territories and Alaska. Herschel Island is part of the Yukon North Slope—a special conservation area established under the Inuvialuit Final Agreement. The Inuvialuit use the sea ice and coastal zone extensively for harvesting.²⁹¹ The North Slope Wildlife Management Advisory Council, has stated, "... any release of hydrocarbons into the marine environment could result in a range of significant adverse effects, and in a worst case scenario, a catastrophic event."²⁹²

In light of the serious risks posed by offshore drilling and the urgent need to address the climate crisis by leaving fossil fuels in the ground, the Council of Canadians campaigns against offshore drilling in the Beaufort Sea.



The historic buildings at Pauline Cove, Herschel Island, Yukon.

Maedward, Wikimedia Commons
http://commons.wikimedia.org/wiki/File:Herschel_Island_Yukon_Pauline_Cove.jpg

Chevron in China

Wen Bo, Pacific Environment

“If the fumes emitted from the Chevron plant’s explosion are not toxic, why are media outlets silenced by the government and not allowed to report the accident?!”

—A Zhangjiagang citizen

CHEVRON TRACES ITS PATH TO CHINA BACK TO 1913, one year after the founding of the People’s Republic of China. It first began selling kerosene, and in the late 1930s began marketing Caltex brand petroleum products. In 1979, Chevron returned to the country, which was reviving itself following the chaotic and tragic ten-year Cultural Revolution (1966 -1976). As one of the first U.S. companies to reenter China, it was regarded as a sign that America was back to business with China.

Chevron has been partnering with the state-owned China National Offshore Oil Corporation (CNOOC) on offshore oil exploration and production in both the South China Sea and the Bohai Sea. Chevron has also joined hands with the China National Petroleum Corporation (CNPC) to develop and operate sour-gas fields in Sichuan province.

Jeopardizing China’s Marine Ecosystems

In 1978, Deng Xiaoping, then Paramount Leader of the People’s Republic of China, held talks with U.S. oil companies, inviting their investments.²⁹³ China, however, limited foreign investment to offshore resources. China wanted to safeguard its onshore oil resources, but at the time, was short of both financial and technical capacity in finding offshore oil.

Chevron, under the CACT partnership, works with CNOOC in the South China Sea’s Pearl River Mouth Basin. Chevron has a 32.7% interest in a dozen offshore oil fields discovered beginning in the late 1980s; crude oil production started in 1990.²⁹⁴

The Pearl River estuary and coastal waters are home to the endangered Chinese White Dolphin (*Sousa chinensis*). In 2009, the Guangdong authorities reported 22 unusual deaths of Chinese White Dolphins.²⁹⁵ Examinations of three different species, including the Chinese White, collected from the Pearl

River estuary and Dapeng Bay revealed high concentrations of petroleum hydrocarbons in their bodies, indicating serious oil contamination of marine waters and prey species.²⁹⁶ The Chinese White Dolphin’s echolocation system is also prone to destruction from noise generated from oil exploration and drilling, as well as increased oil tanker traffic.

In 1996, Chevron announced its discovery of a new oil field at the Huizhou offshore area in the South China Sea. Subsequently, the Huizhou government planned a “world-class” Dayawan Petrochemical industry park at Daya Bay. Daya Bay had been enlisted in 1983 as a Guangdong provincial nature reserve in order to preserve its rich marine fishery resources. To make way for Dayawan Petrochemical projects, the Huizhou government re-zoned the sanctuary and what was once the core of the sanctuary was zoned out of the reserve’s boundary; it no longer holds any protected status.²⁹⁷

In addition, China’s only sea turtle sanctuary, the Huidong National Sea Turtle Nature Reserve, is less than six kilometers away from the industrial park’s sewage outfall, pouring toxics into the South China Sea.²⁹⁸ In recent years, sea turtle sightings in the Huidong Nature Reserve have become extremely rare.²⁹⁹

In 2010, Chevron acquired interest in three deepwater blocks in the South China Sea from Devon Energy China. Its exploration on Block 64/18, located southeast of Hainan Island, is taking place from March 5 to June 30, 2011.³⁰⁰ The towing of six 6,000-meter-long cables poses a threat to sensitive coral species and ecosystems, just as the exploration activities pose threats to other marine species.

In North China, the Bohai Sea is another territory where Chevron has a heavy marine footprint. In Bohai Bay, Chevron has a 16.2% interest in the Bozhong 25-1 oilfield and 24.5% in the QHD 32-6 oilfield.³⁰¹ The prospect for more oil in the



Zhang Mengyao

Chinese citizens rally to advocate marine environmental protection.

Bohai Bay has propelled the Tianjin government to create the Tianjin Binhai Petrochemical industrial complex. And the city of Tianjin has begun an aggressive land reclamation process in order to build petrochemical companies and port terminals. Due to active oil drilling in the Bohai Sea, toxic pollution, and the loss of fishery resources, the Spotted Seal (*Phoca largha*), which once frequented west Bohai Bay, has now only been sighted in the east coast of the Bay. Their population has sharply declined from 7,100 in the 1930s to less than 1,000 today.³⁰²

In 1997, Chevron signed a contract for exploring deeper zones at the Zhanhuadong Block in the Shengli oil field complex. The field is in the Yellow River Delta, which sits on the Siberia-Australia flyway, a crucial migratory bird habitat. Though the ecological value of the Yellow River Delta has qualified it as a potential Ramsar-designated wetlands, the Chinese government displays little interest in enlisting it for protection as a Ramsar site; the government's great interest, rather, is in the oil reserves beneath the delta.³⁰³

Human Health and Security Challenges

Through its joint venture Chevron Phillips Chemical Co LLC and its affiliates, in 2000 Chevron built a US\$90 million polystyrene plant in Zhangjiagang City, Jiangsu province. On September 26, 2007, an explosion and fire occurred at the Zhangjiagang plant, sending toxic fumes³⁰⁴ into the atmosphere for miles.³⁰⁵ As the Chevron plant is located in the Zhangjiagang Bonded Area, the health impacts on the workers at the polystyrene plant could not be properly assessed. The plant sits right on the Yangtze River, posing a serious ecological hazard for downstream Shanghai.

In 2007, Chevron won a bid to develop natural gas in the northeast Sichuan region with CNPC, and acquired 49% interest in this Chuangdongbei (meaning *Northeast Sichuan*) natural gas project, comprised primarily of high sulfur gas fields.

Viewing its onshore oil and gas reserves as strategic resources, the Chinese government had tried to protect them from being tapped by foreign involvement. The reason for approving Chevron's participation in the Chuangdongbei sour gas project has historical roots. In December 2003, a blowout occurred at CNPC's Luoqiazhai gas well, killing 243 people and injuring 2,142 residents and workers, forcing over 65,000 people to evacuate.³⁰⁶ On March 25, 2006 gas leaked from the field's No. 2 Luoqia well, again forcing the evacuation of thousands.

Chevron, after battling its previous Chinese partner CNOOC in 2005 for the takeover of Unocal, needed to find new partners and opportunities. In addition, CNPC was also in need of special handling equipment, and drilling and production technology to deal with the sour gas in Sichuan Basin. The Chuangdongbei project came as a marriage of the two with no surprise.

In March 2011, CNPC's Lanzhou Petrochemical, located in Northwest Gansu province, was selected as a catalyst supplier for Chevron.³⁰⁷ The Lanzhou Petrochemical plant rocked the city of Lanzhou with huge explosions on January 7, 2010, killing six workers.³⁰⁸ CNPC's oil leak was also China's largest oil spill ever, which occurred in the port city of Dalian in July 2010.³⁰⁹ As such, the marriage of Chevron and CNPC raises serious health, safety and environmental concerns.

What Chevron Says

In 2005, Chevron worked with U.S. politicians to politically block CNOOC's acquisition of Unocal, fearing the move would harm U.S. national energy security. "Chevron wants to be a part of China's future," said Audie Setters, Vice President of Chevron Global Gas, on November 8, 2006 while attending the China Gas Summit 2006 in Beijing. "The job is to be in the Chinese market and when supply is back on, China will be very high on the list of customers for Chevron."³¹⁰

At the 8th US-China Oil and Gas Industry Forum in San Francisco in September 2007, Isikeli Taureka, President of Chevron International Exploration and Production, downplayed Chevron's role in thwarting CNOOC. "I think the relationship is still positive despite what the governments did." "China's government is gradually changing the way it prices energy products, including natural gas and fuels and making these more market-related will help Chevron meet its investment return threshold on projects in the world's fastest-growing major economy," Taureka said. "You have to be patient in China."³¹¹

What the People Want

Chinese people do not want to follow America's erroneous development path and base their future economy on the consumption of fossil fuels. Such an economic model would eventually entitle a few energy companies to control consumers, communities and the country at large.

Local Chinese environmental groups such as Friends of Nature, Green Camel Bell and Wuhu Ecology Center have been pursuing alternative policies and practices to avert the current headlong growth based mostly on resource and energy-intensive production and consumption. "Burning fossil fuels to stimulate China's economy is a suicidal path," emphasizes Fei Xiaojing, Executive Director of the China Green Student Forum which has organized the "Campus Energy Saving" project since 2007 among Chinese universities. "We should not naively put ourselves, our way of life and our future into the hands of a few oil corporations."

Local environmental groups are also working with Chinese local governments to demand conservation measures seriously be taken for endangered marine species, which are being affected by oil, toxic pollution and construction activities. The organization Blue Dalian works on Spotted Seal conservation and monitors oil pollution in the Bohai Sea and the Yellow Sea. "The Spotted Seal is a flagship species in the Bohai Sea," said Zhang Mengyao, coastal conservation program officer at Blue Dalian, "They indicate the health of our seas. Today seals, tomorrow men."

Chevron should up its environmental, health and safety standards to protect Chinese workers in its subsidiaries and affiliated companies. Communities that are impacted should be compensated fairly. Chevron should also manage its supply chain responsibility.

Chevron should fulfill its commitments in reducing greenhouse gases emissions and investing in renewable energy projects in China. It was wrong to continue the thinking of cashing in on China's oil and natural gases reserves, betting on price hikes over oil and natural gas commodities, and profiting from a growing Chinese market. While Chevron might want to be patient in China, the Chinese people and the Planet Earth will soon be losing their patience.

Chevron in Colombia

Debora Barros Fince, Indigenous leader and human rights defender in Colombia, in collaboration with Alex Sierra, Colombian researcher on human rights and volunteer at Global Exchange.

“Now they don’t consider the voice of the local leaders. In fact, many of our leaders have gained greater understanding of the situation, and this is seen as a risk to the company.”

Indigenous Wayuu leader, who refused to give his name for fear of retaliation

CHEVRON BEGAN EXPLORING FOR OIL IN COLOMBIA in the 1920s and began producing oil and natural gas in the 1960s and 1970s. The company sold its oil-producing properties in Colombia in the 1990s, but continues to produce large amounts of natural gas from three fields, one offshore and two onshore. Chevron produced a total average of 714 million cubic feet of gas per day in 2010, making it the largest producer of natural gas in the country.³¹²

Chevron’s two onshore natural gas fields in the La Guajira region of northeast Colombia have been the source of great, ongoing harm to the local peoples of the Wayuu Indigenous nation.

The Wayuu

The Wayuu, the most populous Indigenous nation of both Colombia and Venezuela, have lived in La Guajira Peninsula of northeastern Colombia and in northwestern Venezuela for centuries. Numbering some 500,000, they were never conquered by the Spanish. Only after independence from Spain in 1823 did outsiders even start penetrating their region. Their society is based on matrilineal clans. Traditionally sustained by hunting, weaving, fishing, horticulture, pastoralism (goats) and the gathering of salt, their lives have been severely disrupted by fossil fuel production in their region.

“The projects happening in Wayuu territory cause displacement, pollution and unfair negotiations by which the people have lost their land and culture,” writes Debora Barros Fince, director of the Organizacion Wayuu Munsurat, “Mujeres Tejiendo Paz.” A lawyer with a diploma in Civil Procedural Law and an emphasis on human rights and international humanitarian law, Fince is a Wayuu leader and human rights defender.

Natural Gas Production and Pipeline

In 2006, Chevron and Ecopetrol partnered with Venezuela’s state-owned-oil company, Petr leos de Venezuela (PDVSA), to build a 225-kilometer underground pipeline to carry natural gas through the heart of the Wayuu territory from La Guajira to the northwest of Venezuela.

Such enormous infrastructural changes have had a devastating impact on the Wayuu. In January 2007, 62 affected Wayuu communities in the municipalities of Manaure and Maicao initiated protests that paralyzed pipeline construction. Reconciliation attempts by PDVSA (which manages the pipeline) failed and in May and July of 2007, about 3,000 Wayuu in Colombia protested the pipeline. Although PDVSA is the local entity that manages the pipeline, “the multinationals themselves are charged with assessing the project’s impacts,

an arrangement that allows them to claim they comply with all environmental standards,” Barros explains.

“In reality, they are creating an environmental catastrophe in Colombia’s richest region ... The majority of the projects (in the region) are in Wayuu territory, and they cause displacement, pollution, and unfair negotiations by which the people have lost their land and culture,” Barros says.

Barros adds, “Our communities feel they have been tricked, made fools of, because these companies came in here buying off and dividing our leaders with minor favors and gifts, and were able to manipulate community support for the project.”

Struggle for the Indigenous Wayuu Territory

Near Maicao, a Colombian municipality along the border with Venezuela known as an important center of commerce, lie the tranquil Mapayo beaches, which have been part of the Wayuu territory for millennia and are of special interest today for both natural gas exploration and hotel mega-projects.

One of the pillars of the “Democratic Security” policy, defended over the past eight years by former president  lvaro Uribe V lez, was the creation of security conditions for foreign investment returns as a mechanism for development in the country.³¹³ However, these same security conditions, which have provided guarantees for businesses exploiting natural resources, do not protect some of the country’s poorest communities. This is the case of Mayapo, where traditional fishermen are battling Chevron and private interests that seek to strip them of their lands.

On October 12, 2010, Indigenous Wayuu carried out a march to the La Guajira Departmental Assembly, protesting displacement from their lands and the persecution of some of their leaders. Given the opportunity, one of the fishermen said to local journalist Francisco De La Hoz Sarmiento, “I will talk with the media, but the first thing we want is that you do not persecute us for defending our rights.” When asked the reason for his fear, he responded, “They have already killed many of our leaders and we don’t want this bloodshed to continue. What we demand is that they respect our territory, that they recognize that this is ours and that there lie our dead and as long as they remain there, we will not abandon them. We have already overcome all adversity, including that which nature itself presents us.”³¹⁴ The official explanation for the displacement of Indigenous peoples is the Colombian government’s decision to reclaim the beaches as a national landmark for the use of all Colombians. Yet according to the Indigenous community, the displacement is motivated in reality by business interests in constructing five-star hotels in the region.

The exploitation of natural gas in the Mayapo zone began

in the 1990s with the installation of a Chevron-Texaco gas extraction platform. Since then, there has been an ongoing dispute between the company and the traditional fishermen over the use of the territory; the Indigenous peoples must remain outside a 500-meter radius from the platform for the security of the company. According to the company, this is only a small piece of territory and the Indigenous community can go other places to fish. Yet for the Indigenous community, “this space is lived in by them, regularly incorporated into their practices, and was set aside based on their knowledge and meanings.”³¹⁵ This is a political and cultural conflict, in which the Indigenous community is being forced to concede, leave and renounce what has historically been theirs.

One emblematic case is the territorial dispute that occurred when Chevron came into conflict with the Wayuu “Epinayu” clan, who were located near the “Ballenas” (Whales) extraction station. According to Indigenous community members interviewed by the authors, this situation generated conflict among Wayuu individuals and families, and has exacerbated tensions between family clans. The family clans are grappling with the disparities in the benefits attained by

Indigenous community members who are recruited to work for contractors in the gas operations, and the fact that some of the land being used for the gas operations has been set aside for the collective use of Indigenous communities, according to the Colombian Constitution.³¹⁶ The presence of illegal armed groups in the region and the killings of Indigenous leaders in recent years is another worrying situation for the Wayuu.³¹⁷

One Indigenous leader, who refused to give his name for fear of retaliation, said “Before, Chevron encouraged the participation of community leaders because they are the voices of the fishermen. In Mayapo there are still traditional authorities, but there are more than 1,000 inhabitants with different needs.” As such, it is important for Chevron to undertake democratic consultations in order to avoid creating conflicts within communities. According to this same leader, “Now they don’t consider the voice of the local leaders. In fact, many of our leaders have gained greater understanding of the situation, and this is seen as a risk to the company.” This situation has broken communities and introduced the concept of individualism, which is not a part of traditional thought.

At the end of 2010, a “prior consultation” was conducted between Chevron and the fishermen, as stipulated in the Colombian Constitution and in Agreement 169 of the International Labour Organization, regarding Indigenous groups.³¹⁸ The prior consultation is a mechanism to guarantee the free

and informed participation of ethnic groups in the decisions that affect them, including the participation of their traditional leaders and authorities. However, after more than five meetings, according to some of the Indigenous community members interviewed, they are not clear on the compromises obtained by the company, and they have signaled that one of their leaders not only works for one of companies contracted by Chevron, but that he also granted an NGO permission to design and implement “social investment” resources resulting from natural gas extraction.

Some fishermen acknowledge that they have had a positive relationship with the company thanks to the capacity building they have received from NGOs sponsored by Chevron on topics such as risk prevention and sustainable fishing. For other Indigenous peoples, Chevron’s impact has been negative because not everyone has equal access to the company’s benefits, contributing to tensions and differences

between the Indigenous peoples.

This situation in the La Guajira region of Colombia demonstrates the capacity of a multinational corporation like Chevron to generate undesirable impacts in the cultural dynamics of Indigenous groups and to negatively impact their capacity to make decisions and reach consensus.

Other Indigenous and Afro Colombian communities in regions such as Cauca and Curvaradó (Chocó) have complained that their associations and traditional leadership have been infiltrated by large business interests that use bribes and benefits for some leaders to manipulate the interests of these communities in order to benefit big businesses, multinational corporations and criminal groups.³¹⁹

The Wayuu’s concerns are that: 1) Chevron continues to divide the community and to offer benefits to some of its leaders without them actually considering the social and cultural impacts that these actions have on Wayuu autonomy; 2) the presence of NGOs and foundations sponsored almost exclusively by Chevron and their social and environmental activities in the region have the stated objective of mitigating the negative environmental and social effects generated by the extraction of natural resources, however the Wayuu are concerned that these particular NGOs may serve instead to distract from the pressing issues at hand; and 3) the Colombian government has been weak in protecting the rights of Indigenous people before multinational interests, despite the recommendations by the Supreme Court and international treaties to take measures to protect Indigenous groups.³²⁰



Chevron in Ecuador

Han Shan, Amazon Watch, with support from Ginger Cassady, Rainforest Action Network

EXPERTS HAVE CALLED CHEVRON'S TOXIC LEGACY in the Ecuadorian Amazon a *Rainforest Chernobyl*. Some have suggested that Chevron's oil pollution in the Amazon dwarfs that which fouled the Gulf of Mexico in 2010. And people have likened the nearly 18-year struggle to hold Chevron accountable for its abuses in Ecuador to David's fight against Goliath.

While the comparisons may be up for debate, there is no disputing that oil operations by Texaco—now Chevron—ravaged a sprawling, once-pristine rainforest region of Ecuador, devastating Indigenous communities, and creating a severe public health crisis for many thousands of residents. Also beyond debate is the fact that the affected communities have engaged in a monumental and historic struggle to hold one of the world's largest corporations accountable. While the struggle is far from over, the Indigenous people and *campesinos* of the Ecuadorian Amazon achieved a critical milestone this year.

In February, almost 18 years after the communities first filed a lawsuit against Chevron's predecessor, Texaco, an Ecuadorian court ordered Chevron to pay \$9.5 billion for cleanup, clean water, health care and other reconstruction efforts for the tens of thousands of people affected by the company's widespread contamination.

Unfortunately, Chevron calls the verdict "illegitimate and unenforceable,"³²² and vows to fight it "until hell freezes over."³²³ What's more, the oil giant continues to escalate its scorched earth legal, political and public relations offensive, smearing the plaintiffs and their allies, deceiving its shareholders, the media and the public, and using any and all leverage they can wield to evade accountability.

A Brief History: Texaco in the Amazon

Texaco operated in Ecuador from 1964 to 1990, serving as the sole operator of a roughly 1,500 square mile oil concession in the country's Amazon rainforest. As sole operator, Texaco alone was responsible for planning, constructing and operating more than 350 well sites in the ancestral territory of numerous Indigenous communities.³²⁴

Cofan Indigenous leader Emergildo Criollo describes the impact:

It was 1969 when I saw an oil spill for the first time, which soon flowed into the Aguarico River. We could no longer live there because there was no source of clean water. So we moved further into the forest, establishing what is known today as the community of Cofan Dureno. But the company pushed further and further into the forest, drilling more oil wells. We even had an oil well, Dureno 1, inside our own community. That affected our people tremendously. There were spills and massive amounts of produced water. The flames from refinery towers were visible day and night. Animals abandoned the forest and fish disappeared from the river.³²⁵

Emergildo Criollo blames Texaco for the loss of two young children, who died after contact with oil contamination. His experience is shared by thousands throughout the region who describe a litany of abuses suffered at the hands of the company.

While some place the number even higher, the company admitted to dumping nearly 16 billion gallons of produced water—the hot, salty, and sometimes highly-toxic water produced along with oil and natural gas during pumping—untreated into the rainforest environment, poisoning waterways relied upon by local people for drinking, fishing and bathing.³²⁶ Texaco also abandoned more than 900 unlined open-air waste pits filled with crude and toxic sludge.³²⁷ To this day, hundreds of these pits leech toxins into the soil and groundwater around people who often are unaware of the danger.

Residents Demand Cleanup

In 1992, Texaco departed Ecuador, turning over its share of the oil concession to Ecuador's national oil company, Petroecuador. In 1993, plaintiffs representing some 30,000 Ecuadorians filed a class action against Texaco in the United States, demanding cleanup of the pollution. Early on, the plaintiffs obtained smoking gun documents confirming Texaco deliberately cut corners and used substandard oil field technology, leading to the widespread toxic contamination and ensuing health problems.³²⁸

Mitchell Anderson, Amazon Watch



Lydia Aguinda, daughter of Maria Aguinda, lead plaintiff in the historic *Aguinda vs. Chevron* lawsuit in Ecuador, outside their home in Rumipamba, cleaning up a former Texaco waste pit/oil spill in quichua ancestral territory.

Texaco fought vigorously to move the case to Ecuador, submitting numerous affidavits attesting to the competency, independence and transparency of the Ecuadorian judicial system.³²⁹ As a precondition of the case's removal to Ecuadorian courts, Texaco agreed to submit to jurisdiction in Ecuador, and to satisfy any adverse final judgment, subject only to limited enforcement defenses under U.S. law.³³⁰ By the time the plaintiffs re-filed the case in Ecuador in 2003, Texaco had been absorbed by Chevron, and the plaintiffs and their supporters pressed the California-based oil giant to take responsibility for its predecessor's abuses.

Chevron's Tactics to Evade Accountability

When the trial began in Ecuador, Chevron opened by arguing—in blatant defiance of the U.S. court's orders—that the company was not bound by Ecuadorian jurisdiction, that it had been too long since the 'alleged' crimes occurred, and that the plaintiffs were suing the wrong company.³³¹ Chevron's opening arguments were a precursor to the dishonest and abusive legal, political and public relations tactics the company has employed in recent years, hoping to remain above the law. These tactics include:

Manipulation of the Judicial Process

The first judicial field inspection of a polluted site was canceled after Chevron colluded with the Ecuadorian military to produce a false "security report" citing a threat against company employees. An investigation³³² revealed that the threat was invented, and the military personnel involved were sanctioned.³³³

During field inspections that followed, Chevron employed classic junk science in an attempt to conceal contamination, taking samples selectively—uphill or upstream from pollution sites—in order to purposefully minimize the presence of contaminants. Chevron scientists then used inappropriate testing techniques designed to minimize the detection of toxins.³³⁴

Using Political Influence to Undermine the Rule of Law

Attempting to pressure the Ecuadorian government to quash the case, Chevron has aggressively lobbied Congress and the U.S. Trade Representative to eliminate trade benefits the country receives under the Andean Trade Preferences Act (ATPA). In testimony before the House Ways and Means Trade Subcommittee, Representative Linda Sanchez (D-California) called Chevron's lobbying efforts "little more than extortion" and told the subcommittee, "Apparently, if it can't get the outcome it wants from the Ecuadorian court system, Chevron will use the U.S. government to deny trade benefits until Ecuador cries uncle."³³⁵

Extra-Legal Maneuvers and Dirty Tricks

In September 2009, Chevron unveiled a sting operation that had attempted to entrap the judge presiding over the trial in a bribery scandal. While the judge was never implicated and reporters soon dispelled the allegations, the high-profile scandal caused another significant delay.

Investigation by a private investigator for the plaintiffs revealed the men behind the sting operation to be a former Chevron contractor and an American convicted felon. A whistleblower soon stepped forward to reveal that the former Chevron contractor, Diego Borja, had bragged to him about his "dirty tricks" for the company. Disgusted by Borja's actions, the friend-turned-whistleblower made recordings of Borja detailing activities he spearheaded to undermine the plaintiffs' case, including involve-

ment in evidence-tampering.³³⁶ A U.S. federal judge recently ordered Borja to be deposed and answer questions about his activities in Ecuador.³³⁷ Legal documents from the proceedings show that Chevron has since paid Borja at least \$169,000—and perhaps as much as \$340,000—helping him relocate to a home near Chevron's California headquarters.³³⁸



Forum Shopping

Shortly after its contrived 'bribery scandal,' Chevron filed an international arbitration claim against Ecuador, seeking to permanently remove the case—then sixteen years in litigation—from Ecuadorian jurisdiction. The plaintiffs noted that they wouldn't even be allowed to appear before an international arbitration panel to argue their claims, and one international law expert characterized Chevron's arbitration bid as "forum shopping" and a "textbook case of abusive litigation."³³⁹

Attacking the Plaintiffs and Their Supporters

In summer 2010, Chevron outraged First Amendment supporters by going after documentary filmmaker Joe Berlinger, whose acclaimed documentary film *Crude* explores Chevron's legacy in Ecuador.³⁴⁰ Chevron demanded the raw footage from the film's production, which free speech experts asserted must be protected in the same way as a reporter's notes.³⁴¹ Berlinger fought the demand for months but eventually turned over hundreds of hours of footage, which Chevron and its lawyers have spliced and diced and presented out of context to U.S. courts, in order to make deceptive accusations of fraud and misconduct against the plaintiffs' lawyers. Berlinger told *Fortune Magazine* that he was "dismayed at the level of mischaracterizations in Chevron's

[legal papers] ... The footage citations are being taken out of context and not being presented to the court in its entirety, creating numerous false impressions, precisely what we feared when we were first issued the original subpoena.”³⁴²

Then, on February 2nd, facing an imminent verdict from Ecuador’s courts, Chevron took the extraordinary measure of filing a retaliatory lawsuit against the plaintiffs, their lawyers and several expert consultants, accusing them of engaging in an international racketeering and extortion conspiracy targeting the company. The judge hearing Chevron’s RICO suit granted a temporary injunction aiming to prevent the plaintiffs from enforcing the judgment against the company. The plaintiffs in Ecuador have said that they don’t consider themselves bound by the New York judge’s order, and will seek to enforce the judgment once the anticipated appeals process underway results in a final verdict. In the meantime, Chevron’s strategy has the effect—if not design—of disrupting the work of the plaintiffs’ legal team with legal attacks and subpoenas, while also building an official record of deceptive claims of “fraud” by the plaintiffs.

The Ecuadorian Court’s Verdict

On February 14, 2011, in the town of Lago Agrio, Judge Nicolás Zambrano of the Provincial Court of Sucumbios finally delivered a verdict in the monumental case. In his comprehensive and detailed 188-page ruling, the judge explains that he based his decision on the technical data submitted by both sides, noting that he was troubled that even field samples from Chevron’s experts revealed “alarming” levels of highly-toxic substances such as benzene, toluene, lead, mercury, barium and cadmium. The court order also notes the “severity of the effects

of Texaco’s misconduct, the bad faith with which the defendant has acted in [this] litigation and the failure to publicly acknowledge the dignity and suffering of the victims of the defendant’s conduct.”³⁴³

The judge found Chevron liable for widespread contamination, and ordered the company to pay \$9.5 billion in damages. Predictably, Chevron appealed the verdict, calling it “illegitimate and unenforceable.” The plaintiffs also appealed the verdict, saying that the damages award cannot begin to compensate the communities for the wrongful deaths and suffering they have experienced since Texaco first arrived nearly 50 years ago.

A Historic Legal Victory?

Some analysts have noted that Chevron’s extremely aggressive tactics in the case—and support for the company from influential allies like the U.S. Chamber of Commerce—are motivated by fear of a profound legal precedent that could significantly impact the way oil companies conduct business worldwide.³⁴⁴

Chevron’s actions also send an unmistakable message that holding the oil giant accountable for its abuses is a gargantuan effort that requires time, energy, resources and courage that few people can muster, no matter how righteous their cause or egregious their suffering at the hands of the company.

The Ecuadorian communities have shown that they have the will to fight for justice in this case, no matter how long it takes. But as the legal maxim says, “justice delayed is justice denied.” And the Indigenous people of the Ecuadorian Amazon have been denied justice far too long already.

What does Chevron’s Guilty Verdict Mean for the Victims?

Luis Yanza, coordinator of the *Affected People’s Assembly*, the organizing body for communities in the Ecuadorian Amazon demanding accountability from Chevron

The verdict means the path is opening so that justice can finally be served after more than 17 years of intense struggle by the affected communities, our leaders, the legal team and our many allies around the world.

It is not a decisive victory, despite the fact that the sentence is well supported legally and technically. The damages awarded don’t meet the expectations of the affected groups; as such we have appealed the monetary figure. Of course, we, the victims, are aware that no amount of money will return the lives of those who have died of cancer caused by the toxins left by Chevron/Texaco in the soil, water and air.

However, this initial sentence represents a very important initial result that we, the victims, have achieved. The communities have been the true protagonists of this legal case for 17 years. We began organizing in 1994 with the Amazon Defense Coalition (Frente de la Defensa de la Amazonia), and we have been represented by the Affected People’s Assembly (Asamblea de Afectados) since 2001. The Assembly makes all the important decisions in the legal case. These decisions must later be fulfilled by its leaders, lawyers and allies. The communities have monitored the court case every day for the past four years, and they also participate in constant meetings and other activities to support the case.

Additionally, this verdict signifies that the struggle will continue today stronger than before. We will continue to monitor the judicial process, and

conduct our meetings. For the victims, it remains a priority to monitor and neutralize Chevron’s attempts to corrupt the justice system, using its economic power to abuse the law. For the victims, the struggle will not end the day we receive payment from the final verdict; for us the struggle will continue as we assume the administration and execution of the remediation and reparation of our communities, and we are now preparing ourselves for this.

Finally, Chevron and the whole world must know that we, the 30,000 Ecuadorian victims, will not rest in our efforts to achieve justice; we will keep fighting until justice and the law obligates Chevron to pay for the criminal acts it committed in Ecuador. For this reason, the struggle must continue, and we ask everyone to unite to ensure that justice triumphs over impunity.

Chevron in Indonesia

Pius Ginting, WALHI - Friends of the Earth Indonesia

“Let me die here. There is no use for me to stay alive. Chevron does not care about my land. The company is very cruel.”

Words yelled by Mr. Darmiadi in an attempted suicide from a Chevron electricity tower, September 14, 2009.³⁴⁵

ON SEPTEMBER 14TH, 2009, MR. DARMAIDI CLIMBED atop a Chevron high-voltage electricity tower in Pematang Pudu. Darmiadi, age 37, is a local sand miner and father of two. He was unable to work on his land because, he contended, it had been contaminated by Chevron’s oil. Two months earlier, Darmiadi sent a letter to Chevron asking the company to take responsibility. The company denied his request, denied responsibility, and further argued that because Chevron owned part of his land, Darmiadi should not be sand mining on the land anyway.³⁴⁶ Twenty-one days later, Darmiadi sought to commit suicide from atop Chevron’s tower. Only the supportive words of neighbors brought him down safely.

Chevron has been in Indonesia for more than 85 years. It began exploring for oil here in 1924 as Standard Oil of California. Its oil production began in 1952. Chevron remained active in Indonesia throughout the infamously brutal and repressive decades of the Suharto dictatorship (1965-1998). The majority of Chevron’s oil production has, and continues to take place in the Riau province in the center of the Sumatra Island, where it operates four onshore blocks, the largest of which, the Duri field, is one of the world’s giant oilfields and the one of the largest steamflood operations.³⁴⁷

Today, Chevron, through its Chevron Pacific Indonesia (CPI) subsidiary (formerly Caltex Pacific Indonesia), is Indonesia’s largest oil producer, with total daily production averaging 477,000 barrels of oil and 611 million cubic feet of natural gas in 2010.³⁴⁸ Chevron’s Indonesian operations include oil, natural gas and geothermal power-generation.

History of Repression and Resistance

If the average price of crude oil from 1952-2008 was \$20 per barrel, it would mean that Chevron’s Riau production yielded some \$220 billion. The *Riau Economic Observer* found that, “If oil and gas companies indeed brought a good impact on the economy for local inhabitants, it should have affected Riau inhabitants 30 years ago. However, statistical data show that Riau was categorized the second most disadvantaged province in Indonesia in the 1980s.”³⁴⁹

Instead of wealth generation, Chevron’s Riau production has been plagued by economic injustice, environmental destruction, and the dislocation and disenfranchisement of Indigenous populations. As a result, citizen resistance to Chevron has been a constant of life in Riau, often taking the form of massive protests against the company, with protestors at times numbering in the tens of thousands.

Chevron has employed brutal measures to quiet protests, including utilizing Indonesia’s notorious security services, bringing charges of human rights abuse, violence and intimidation.³⁵⁰ For example, on January 27, 2000, Chevron paid the special Indonesia security force BRIMOB to overcome a series of actions and protests over land disputes and employment.³⁵¹ The BRIMOB are well-known for extreme human rights violations, including kidnapping, rape, torture, indiscriminate violence and murder.³⁵² As a result of the brutality of BRIMOB, 15 people involved in the protests against Chevron were wounded and five were hospitalized.³⁵³

Chevron Gets an Award in 2010!

In November 2010, Chevron received an impressive award from Indonesia’s Ministry of the Environment. In its environmental performance rating program (PROPER), the Ministry ranked Chevron in its RED category. This designation means that Chevron Pacific Indonesia-Sumatra Light North, Chevron Pacific Indonesia-Sumatra Light South and Chevron Pacific Indonesia-Heavy Oil failed to properly manage the environment based on standard regulations. Chevron has devastated the environment and, as a result, the company is facing sanctions from the government.³⁵⁴

Chevron’s Oil Pipeline: A Time-Bomb for Local People

On October 28 2010, CPI’s oil pipeline exploded in Manggala Jonson Village, Tanah Putih Sub District, District Rokan Hilir, Riau



Spilled oil resulting from an October 2010 oil pipeline explosion in Manggala Jonson Village. Two local girls suffered burn wounds in the explosion.

Tata Halira

Province. Two girls, six-year old Wanda and 16-year old Rini, suffered burn wounds.

Local community member Mr. Yunus said that both girls suffered burn wounds because they were covered with hot crude oil from the exploded pipe. Mr. Yunus added that the incident initially sounded like a bomb blast. After recovering from their initial shock, the local community realized that the pipe had exploded and was spurting oil 10 meters high. When the incident happened, a motorbike owned by a local community member was thrown a distance of 15 meters.³⁵⁵

Because of the incident, local community members from Manggala Jonson Village suffered from asphyxiation and sore throats. According to one source, who requested to remain anonymous, it is believed that the oil spill contained hazardous waste, which was inhaled by the community. However, the community was somewhat reluctant to speak openly to the media about their health impacts.³⁵⁶

According to Mr. Yunus, Chevron and its heavy equipment team came two hours after the explosion to repair the pipe.³⁵⁷

A Waste Ditch Overflowed, Local Community Houses Flooded

Also in 2010, local communities in the Rumbai Coastal area complained that their houses were continually flooded due to the overflow of a Chevron waste ditch. The coordinator of the Rumbai Community and Rumbai Coastal area reported this to the police on February 27, 2010. The community has suffered from serious skin problems, but Chevron has not paid any attention.

The Head of the Local Parliament Commission, Aswendi, said that Chevron had promised to clean the ditch. "Obviously, this is Chevron's responsibility. When we called them (to the Local Parliament House), they promised to undertake dredging to avoid flooding into the community neighborhood. If flooding happens, we will call them again," said Aswendi.³⁵⁸

Mr. Hanafi Kadir, Communications Manager of Chevron Pacific Indonesia said, "this (the flood) is not merely caused by shallowed drainage, but also because of the development impact. There is no more water catchment area. We admit that probably the drainage got shallowed but we have done dredging."³⁵⁹

Land Seizure

On October 25, 2010, seventy-five community members joined the Rantau Bais Terpadu peasant group for a demonstration at the gate to Batang Field, owned by Chevron Pacific Indonesia. For two days, the demonstrators cut off the gate to the oil field on land the company had seized for exploration and exploitation. They hung a banner urging Chevron Pacific Indonesia to leave immediately and they set up a tent in the middle of the road, stopping all vehicles that attempted to go into the location. The demonstration was conducted peacefully, although hundreds of police were equipped with rifles and hand guns.

"Chevron has seized 130 hectares of our land since 2003, even though there are 65 claimants' letters for the land," said

Masran Djasid, coordinator of community. "There are still 130 out of 600 hectares for which the company has not yet provided compensation. But Chevron has built dozens of oil pumps. Since 2005 Chevron has not displayed any goodwill. In fact, the community conducted a demonstration in February 2010, and sent a complaint to the Head of the District, the Governor, and even the National Parliament. But there has been no solution and the company has been violating its own map."³⁶⁰

Currently, the state-owned Executive Agency for Upstream Oil and Gas (BPMIGAS) is investigating the land con-



Tata Haire

Spilled oil resulting from the 2010 pipeline explosion in Manggala Jonson Village.

flict between the villagers of Rantau Bais and Chevron. "The legal department of BPMIGAS is studying the conflict. And, in fact, we suspect that there is some land that has not been paid for yet," said Elan Biantoro, Head of Public Relations for BPMIGAS.³⁶¹

According to the company, Chevron has paid 8.6 billion rupiah (approximately US\$ 1 million) for compensation for an area of 457.19 hectares, which consisted of 296 claimants. The company rejected 65 claimants because they were not included the 457.19 hectares.³⁶² This statement has been criticized by the community, which maintains that the company uses 600 hectares of land. Chevron is violating its own map, says the community.

Since Chevron has not responded to the community's concerns, the community organized another blockade on November 25, 2010. Arifin Ahmad, Secretary of the Peasant Group Rantau Bais Terpadu, said, "We are forced to blockade the road again because so far Chevron has not been willing to pay compensation for our land."³⁶³ He added that the community will stay there to maintain the blockade until there is significant change in Chevron Pacific Indonesia's position. Arifin stated, "If there is no change in Chevron's position, we will stay here."³⁶⁴

WALHI, together with other networks and the local communities, will continue to end the environmental, social and economic destruction in Riau, and in other provinces in Indonesia.

Chevron in Iraq

Antonia Juhasz, Global Exchange and Thomas J. Buonomo, Iraq Veterans Against the War, Former Military Intelligence Officer, U.S. Army

“Clearly, these are large resources. Clearly, it would be desirable to have a presence there.”

—John Watson, CEO of Chevron, 2010, on Iraq³⁶⁵

“Iraq possesses huge reserves of oil and gas—reserves I’d love Chevron to have access to.” -

—Kenneth T. Derr, CEO of Chevron, 1998³⁶⁶

“Of course it’s about oil, we can’t really deny that.”

—General John Abizaid, retired head of U.S. Central Command and Military Operations in Iraq, speaking about the Iraq War, 2007³⁶⁷

GULF OIL (TODAY CHEVRON) ENTERED IRAQ following World War I as part of a consortium of U.S. and European companies that maintained control of Iraq’s oil under the concessionary system until 1973, when Iraq nationalized its oil and kicked the corporations out.³⁶⁸ U.S. oil companies renewed relations with Iraq in 1984, when President Reagan re-opened full diplomatic relations with President Hussein.³⁶⁹

Chevron began signing marketing contracts with Saddam Hussein’s Iraq as early as 1989, and continued to market Iraqi oil and refine it at its U.S. refineries through 1991, when sanctions were imposed.³⁷⁰ In 1996, the UN Oil-for-Food program permitted Hussein to sell some oil for the purchase of humanitarian goods. In 1997, Chevron renewed its marketing of Iraqi oil under the program. It has continued to market Iraqi oil and refine that oil at its various U.S. refineries without interruption in every year since, including 2010.³⁷¹

In 2007, Chevron paid \$30 million to settle charges brought by the U.S. Securities and Exchange Commission that it had paid illegal kickbacks to the Hussein regime to win its Iraqi marketing contracts, after it was revealed that Hussein had established a worldwide network of oil companies and countries that secretly helped Iraq generate about \$11 billion in illegal income from oil sales.³⁷²

Winning Iraq’s Oil Prize

Marketing contracts are good, but production contracts are much better. It’s the difference between selling someone else’s oil, and controlling production at the source. Since the 2000 election of George W. Bush, Chevron and other companies have worked to see that a newly created Iraqi government passes the Iraq Oil (or Hydrocarbons) Law, which would transform Iraq from a nationalized oil system—all but closed to U.S. oil companies—to a largely privatized model open to U.S. oil company access and control.

As a U.S. Army Intelligence Officer, I found that by pressuring the Iraqi government to re-open the country’s oilfields to foreign control, Chevron and its allies in government substantiated Iraqi distrust of the U.S. presence in their country. This played a direct role in perpetuating the insurgency, resulting in an increase in casualties on all sides. Chevron dishonored the

sacrifice of our military veterans and should be held to account for the harm it’s caused to America’s image abroad.

Pre-Invasion Planning

Ten days into Bush’s first term, representatives of the nation’s largest oil and energy companies, including Chevron, came together as the Cheney Energy Task Force.³⁷³ A top-secret National Security Council memo directed staff to cooperate fully as the Task Force considered “melding” “the review of operational policies towards rogue states” such as Iraq with “actions regarding the capture of new and existing oil and gas fields.”³⁷⁴ The Task Force reviewed a series of lists and maps outlining Iraq’s entire oil productive capacity.³⁷⁵ Two lists entitled “Foreign Suitors for Iraqi Oilfield Contracts” listed more than 60 companies—none American—with contracts in various stages of discussion.³⁷⁶ Were Hussein to remain in power and the sanctions be removed, Iraq’s oil bonanza would go to those foreign companies, while the U.S. would be completely shut out.

At this same time, planning for the military invasion of Iraq was well under way. As Paul O’Neill, Bush’s Treasury Secretary wrote, “already by February [2001], the talk was mostly about logistics. Not the why [to invade Iraq], but the how and how quickly.”³⁷⁷

The *Wall Street Journal* reports that representatives from Chevron, among other companies, met with Cheney’s staff in January 2003 to discuss plans for Iraq’s postwar industry.³⁷⁸ Following the March 2003 invasion, in October Chevron vice president Norm Szydlowski became the liaison between the U.S. government’s occupation government of Iraq and the Iraqi Oil Ministry.³⁷⁹

Chevron and its oil company allies laid out their own plans for Iraq’s oil through the International Tax and Investment Centre (ITIC). Chevron is an original sponsor of the ITIC and has held a seat on its Executive Committee for the last 10 years. Chevron was among six companies to fund and participate in the ITIC’s Iraq project, launched in the summer of 2003.³⁸⁰ In 2004, the ITIC released “Petroleum and Iraq’s Future: Fiscal Options and Challenges,” which makes ITIC’s case for opening Iraq’s oil industry to foreign oil companies, recommending all-but full privatization and adoption of Production Sharing Agreements (PSAs), the industry’s favorite contract model.³⁸¹

Post-Invasion Action

Since June 2004, when the new Iraqi government took office, the Bush administration and U.S. oil companies have pushed the Iraqis to pass the Iraq Oil Law and adopt PSAs. Dan Witt of the ITIC has stated matter-of-factly that the ITIC helped draft the law.³⁸²

Chevron has done its own Iraq lobbying. It was among the corporate sponsors of the Iraq Procurement 2004—Meet the Buyers conference at which Iraqi ministers met with U.S. and other corporations, to “further their business relations with the rest of the world.” Chevron launched its Iraq Technical Assistance Program in 2004, sponsoring more than 1,000 Iraqi professionals to attend training courses, seminars and conferences . . . to help Iraqis in the task of revitalizing their energy industry.³⁸³

Chevron has lobbied the U.S. federal government on Iraq every year since at least 2006 (when public lobbying disclosures begin), including specifically on the Iraq Oil Law in both 2007 and 2008.³⁸⁴ In 2007 Chevron (with France’s Total) signed service contracts for the super giant Majnoon field and the Nahr Bin Omar field. But the contracts were never enforced, as they were dependent upon passage of the Iraq Oil Law.³⁸⁵

The Iraq Oil Law

The Iraq Oil Law would cede as much as 86% of Iraq’s oil to foreign control at contract terms of up to 35 years. Foreign companies would not have to invest in the Iraqi economy, partner with Iraqi companies, hire Iraqi workers, or share new technologies. All the oil produced from Iraq’s fields could be exported. The companies would also have control over production decisions on their fields.³⁸⁶

As a public education campaign about the law spread cross Iraq and around the world, opposition, particularly among Iraqis, grew. By October 2009, Iraq’s parliament announced that it would not even consider the law until after its own 2010 elections.³⁸⁷ With passage increasingly unlikely, and with the uncertainty of Iraq’s elections looming, in November 2009 Big Oil agreed, for the first time, to negotiate contracts without the Oil Law.

Post-Invasion Iraq Oil Contracts

Only BP (with China’s CNPC) signed a contract in Iraq’s first bidding round in June 2009. Chevron was expected to bid on the West Qurna field with Total. It had been discussing the field with Iraqi officials for more than a year.³⁸⁸ But Chevron, like the other companies, balked at the terms and chose not to bid. By October, Iraq sweetened the terms, and the oil companies jumped in to the second round. Chevron reportedly (with

Total) submitted a bid for the West Qurna field,³⁸⁹ was invited to bid on the Nahr bin Umar oil field,³⁹⁰ and was expected to bid on Majoon. But in November, Chevron came up empty handed while ExxonMobil, Occidental and ConocoPhillips became the first U.S. companies to receive production contracts in Iraq in 35 years.³⁹¹ In response, public outrage at U.S. oil companies receiving what were considered extremely generous contracts rose in Iraq, such that, by the third negotiating round in December, not a single U.S. company was awarded a contract.

Chevron is not deterred. When asked about its lack of success in securing a contract in Iraq, new CEO John Watson explained, “as you may know, we spent a great deal of time working with the Iraqis, providing technical assistance, training for the better part of this last decade, and we certainly had partnering arrangements that we were considering and had done a great deal of technical work and hoped to participate in the two bid rounds that took place in Iraq... Clearly, these are large resources. Clearly, it would be desirable to have a presence there... We just couldn’t make it work so we chose not to submit bids rather than to submit bids that we knew would not be competitive.”³⁹²

The Opposition

Understanding the loss of sovereignty and consequent political violence that would likely result from an oil law opening Iraq’s oil fields to foreign control, Iraq Veterans Against the War (IVAW) partnered with U.S. Labor Against the War (USLAW) to develop a campaign in support of Iraqis. In March 2009, fellow IVAW member Aaron Hughes and I attended Iraq’s First International Labor Conference in Erbil.

IVAW regards the promotion of the Iraq Oil Law crafted by Chevron and other U.S. oil companies as inappropriate as Iraq remains under U.S. military occupation. We regard these lobbying efforts as damaging to long-term U.S. and Iraqi national security interests given the dependent relationship these contracts would create and the political sensitivities associated with Chevron and Big Oil’s historical record in the country.

IVAW and USLAW are part of a global resistance campaign. Iraq’s oil workers’ unions, women’s organizations, academics and parliamentarians have joined forces with this international coalition to raise awareness of and opposition to the Oil Law and to call for a halt to the pressure from the U.S. government and foreign oil companies for its passage.

In California, on the fourth anniversary of the war, protestors blockaded Chevron’s world headquarters by locking themselves to oil barrels spray-painted with the words “Stop the Iraq Oil Theft Law.”



Thomas J. Buonomo, Iraq Veterans Against the War, stands outside of Chevron’s Houston, TX office after being denied entry to the 2010 Chevron annual shareholder meeting, despite having a legal proxy.

Chevron in Kazakhstan, Courts Turkmenistan

Michelle Kinman, Sergey Solyanik & Kate Watters, Crude Accountability

“Behind the facade of advanced technology and social and environmental responsibility, hide the unpleasant facts of Chevron’s operations in Kazakhstan, which are marked by violations of local residents’ rights and extensive pollution of the environment.”

Sergey Solyanik, Almaty, Kazakhstan

CHEVRON IS THE LARGEST PRIVATE OIL PRODUCER in Kazakhstan due to investments at the Tengiz and Karachaganak fields. Chevron has a 20% interest in the Karachaganak Field, one of the world’s largest oil and gas condensate fields, and a 50% interest in Tengizchevroil (TCO), which operates the Tengiz Field, one of the world’s deepest super-giant oil fields. At the end of 2010, 25% of Chevron’s net proved reserves was located in Kazakhstan, a country Chevron acknowledges as politically unstable.³⁹³

Chevron has a 15% interest in the Caspian Pipeline Consortium pipeline, the primary export route for crude oil from these two fields to ports on Russia’s Black Sea coast. TCO also tankers a small fraction of crude oil to Azerbaijan for further transit via the Baku-Tbilisi-Ceyhan pipeline, in which Chevron holds 8.9% interest.³⁹⁴

Karachaganak

2010 marked the eighth year of tireless campaigning by the village of Berezovka—located a mere five kilometers from the Karachaganak Field—for compensation and relocation to a safe and environmentally clean location of its choosing. Upon the start of field operations, the health of this agricultural community of 1,300 began to decline precipitously, with an independent 2003 study documenting nearly 45% of the population suffering from chronic illnesses.³⁹⁵ Blood samples taken by an independent laboratory in 2004 indicated that the villagers were suffering from exposure to hydrogen sulfide and other toxins associated with petroleum extraction and refining.³⁹⁶

Over the next several years, community and government monitoring programs established an alarming record of toxins in the field’s vicinity. Community monitoring registered more than 25 toxic substances in the air, including hydrogen sulfide, methylene chloride, carbon disulfide, toluene and acrylonitrile.³⁹⁷ In 2005, Karachaganak’s regional environmental authority temporarily revoked the operating license of the consortium, Karachaganak Petroleum Operating B.V. (KPO), due to environmental violations, including emitting 56 thousand tons of toxic waste in the atmosphere in 2004, improper storage of toxic solid waste on the field, and dumping toxic effluent into the water table.³⁹⁸ Again, the consortium was found to have dumped an excess of waste in 2008, resulting in a \$21 million fine in early 2010.³⁹⁹ Due to excessive emissions in 2010, KPO was fined \$13.5 million and the government of Kazakhstan filed a claim for \$12.9 million in compensation for damages.⁴⁰⁰

The Latest Indicators of Karachaganak’s Hazards

In late 2010, sinkholes began to appear in and around Berezovka. Residents are concerned this could be related to expanded exploration and drilling at Karachaganak as such activities have been linked to sinkholes in other areas of the world.⁴⁰¹ N. Kurbanov, a geophysicist from the Atyrau Institute of Oil and Gas, warns that the oil extraction techniques used at Karachaganak can result in major catastrophe—the fields themselves and nearby areas can abruptly cave in.⁴⁰² KPO has erected signs warning that the area is dangerous, but has not reacted otherwise.⁴⁰³ Following widespread media coverage of the community’s outcry about the sinkholes, in January 2011, the Minister of Environmental Protection ordered an investigation, which he stated could result in relocation of the village.⁴⁰⁴

In March 2011, an accident occurred at KPO in which two employees were exposed to high levels of hydrogen sulfide resulting from equipment failure—one died instantly; the other was found unconscious and taken to the local hospital where he was placed in critical care. Protection gear, a gas monitor and safety training all failed to save these KPO employees.⁴⁰⁵ In light of this serious accident, local residents are increasingly concerned about their own fate since they are not aware of any emergency response plan for their village. In the event of an accident, they would have little chance of escaping to a safe place.

The Sanitary Protection Zone

The villagers should have been relocated upon the start of field operations as Kazakhstani law stipulates a five-kilometer Sanitary Protection Zone (SPZ) around the field. However, in 2003, KPO convinced the government to reduce the SPZ to three kilometers, claiming “superior technology” had been introduced to the field, effectively barring the villagers from relocation.⁴⁰⁶ The SPZ was reduced without a state environmental assessment, notice to residents, consideration for public opinion, or public participation in the decision-making process—in violation of Kazakhstani law and the Aarhus Convention, to which Kazakhstan is a party. After three years of public protest, Kazakhstan’s Public Prosecutor found the 2003 decision to reduce the SPZ to be illegal, and the five-kilometer SPZ was reinstated in 2006.⁴⁰⁷ This decision was upheld in a June 2010 court verdict.⁴⁰⁸ However, to date, neither government bodies nor KPO have made efforts to relocate the village from its dangerous proximity to the field. The community continues to fight for relocation, stating that they are exposed to toxic air, water and soil as a result of activity at the field. The appearance of the sinkholes in recent months has only steeled their resolve.



Sergey Soloviyuk

Berezovka resident Nagaiasha Demesheva stands beside the sinkhole that appeared under her house.

What Chevron Says

Chevron has failed to take responsibility for the serious environmental and health damages caused by operations at Karachaganak. Though eager to take credit for the field's healthy production and revenue figures, when faced with questions regarding the unhealthy environment produced by the field's operations, Chevron points out that it is only one member of the KPO consortium, and is not the operator.⁴⁰⁹ Other consortium members claim that the government of Kazakhstan is responsible, and the government has indicated that the relocation of the village is the financial responsibility of the consortium. Finally, the International Finance Corporation (IFC), which provided \$150 million in loans for field development, has failed to take responsibility, despite recognizing that its own environmental monitoring standards for air pollution were violated.⁴¹⁰

The Local Community

The local Berezovka organization Zhasil Dala (Green Steppe) and its partners, including Crude Accountability and the Kazakhstani organization Green Salvation, are challenging Chevron and its partners in KPO, the IFC, and the government of Kazakhstan, all of whom have repeatedly turned the other way as the human rights of the villagers are violated.

Tengiz

Tengizchevroil has a long history of causing harm to the environment and human health; 2010 was no exception. In 2010, TCO was a leading environmental polluter in Kazakhstan, and the government levied nearly \$64 million in fines against the company.⁴¹¹ Even so, these record contamination levels fail to reflect the full scale of TCO's pollution as they were based on monitoring of only five elements;⁴¹² TCO emits over 40 substances into the air, leaving numerous emissions unaccounted for.⁴¹³ Also in 2010, Kazakhstan's Department of Oil and Gas accused TCO of conducting illegal oil extraction from deep reserves, assessing the damage at \$2 billion.⁴¹⁴ In February 2011, an atypical 4.0 earthquake occurred in the area of the Tengiz Field. Two leading Kazakh scientific institutions, the Kazakh Nuclear Center and the Institute of Seismology, issued statements that the unusual intensity of the earthquake

is directly associated with extraction activities at Tengiz.⁴¹⁵ Finally, despite TCO's claims of using advanced technology, the company consistently registers high numbers of emergencies—55 in 2008, 75 in 2009, and 43 in the first eight months of 2010. These incidents have been caused largely by the use of failing equipment.⁴¹⁶

Courting Turkmenistan

Turkmenistan is one of the world's most repressive countries, consistently receiving the lowest ranking of "not free" in Freedom House's assessment of global political rights and civil liberties across 193 countries.⁴¹⁷ In 2010, Turkmenistan tied with Sudan and Uzbekistan for 172nd place in Transparency International's ranking of corruption in 178 countries.⁴¹⁸ A 2003 NGO Law, which placed onerous requirements on groups trying to register, crippled civil society in Turkmenistan and has made it virtually impossible for NGOs to operate since then. No new organizations have been able to register, and the remaining activists are forced to work underground. In 2010, civil society

leaders were harassed by the Turkmen authorities in unprecedented ways, including beatings, arrests and restrictions on travel. Well-known human rights activist Farid Tukhbatullin, who was forced to leave the country after his politically motivated arrest in 2003, was threatened by Turkmenistan's security police in October 2010. Numerous credible and confirmed sources inside Turkmenistan reported that the security police had a contract on his life and had ordered it to be made to look as though Tukhbatullin died accidentally. Although he lives in Austria, the threat was entirely credible, and the Austrian police took it so seriously that they placed him and his family under 24-hour security. Amnesty International and Human Rights Watch, along with other civil society organizations, issued statements in his defense.⁴¹⁹

Yet Chevron's actions indicate that the lack of transparency and human rights violations take a backstage to another fact—Turkmenistan's gas reserves are the fourth largest in the world.⁴²⁰

In 2009, Chevron announced it was in negotiations with Turkmenistan's government and in May 2010, Chevron CEO John Watson publicly confirmed to Crude Accountability the company's intent to pursue contracts in Turkmenistan, adding "I think we can do some good in Turkmenistan" even though "we may not meet your standards."⁴²¹ In August 2010, Chevron was shortlisted by Turkmenistan to submit a proposal for developing lucrative offshore blocks in Turkmenistan's section of the Caspian Sea.⁴²²

Chevron's shareholders, the international community and the citizens of Turkmenistan will evaluate whether the company is "doing some good" by holding Chevron's work up to the standards enshrined in national and international law and by looking at the record of the company and the regimes with which it engages, including Kazakhstan and Turkmenistan. If Chevron engages with repressive regimes such as these to secure hydrocarbons without first insisting on significant, demonstrable improvements in human rights and rule of law, it will strengthen the authoritarian regimes in Central Asia and contribute to political instability in the region.

Chevron in Nigeria

Nnimmo Bassey, Environmental Rights Action/Friends of the Earth Nigeria; Emem Okon, Kebetkache Women's Resource and Development Centre; Laura Livoti & Marc Evans, Justice In Nigeria Now

"Women in the communities near the gas flares experience high rates of infertility, early menopause, miscarriages, cancer and skin rashes. Think about the loss of an expected child. Think about young women having difficulty with pregnancies. Think about watching your family members become ill in a place where there are no health facilities. Think about trying to care for them without medicines or knowledge, while they suffer. The women of the Niger Delta call on Chevron to leave the oil in the soil. Stop destroying our environment and our people."

Emem Okon - A Niger Delta women's rights activist

FOR WELL OVER 50 YEARS, CHEVRON HAS DRILLED on and offshore Nigeria for its petroleum wealth, generating riches that have flowed whether dictatorships or democracies govern the region and providing strong earnings for Chevron and its shareholders. For over half a century, the people and communities living near the shores of Africa's richest oil boom have become poorer, more dispirited, and are living shorter lives while petroleum flows from their region. Oil operations in the Niger Delta have economically marginalized local villagers, while giving them virtually no control over their own livelihood, land or resources.

Chevron currently holds a 40% interest in 13 Nigerian concessions that it operates under a joint-venture arrangement with the Nigerian National Petroleum Corporation, with daily 2010 production averaging 524,000 barrels of crude oil, 206 million cubic feet of natural gas and 5,000 barrels of liquefied petroleum gas (LPG).⁴²³ Nigeria's petroleum industry now stands at a crossroads, as the country is set to rearrange its

the unknowns of a future greenhouse gas regulatory framework that might impact its bottom line.

After more than 50 years of oil production, 85% of Nigeria's \$700 billion in oil revenues has accrued to just 1% of the nation's population, with little benefit to the communities of the Niger Delta.⁴²⁵ With 606 oilfields, the Niger Delta supplies 40% of all the crude the United States imports and has been called "the world capital of oil pollution." Life expectancy in the Niger Delta communities is now far less than it was two generations ago, with half the area's residents half of which having no access to clean water.⁴²⁶

Associated Gas Flaring in the Niger Delta

Internationally recognized as one of the world's "biodiversity hotspots," the Niger Delta hosts many threatened species unique to the world and one of Africa's largest mangrove forest ecosystems. Millions of people in West Africa rely on the Niger Delta's natural resources, which support the subsistence farming and fishing comprising much of the Delta's local economy.⁴²⁷

But Chevron's Nigerian operations threaten all this with massive releases of toxic airborne and water-borne petroleum by-products through leaks, waste discharges and the illegal and immoral practice of gas flaring—the burning of associated gas that comes out of the ground when oil is extracted.

On average, about 1,000 standard cubic feet (scf) of gas is produced in Nigeria with every barrel of oil.⁴²⁸ Gas flaring in Nigeria has contributed more greenhouse gases than all other sources in sub-Saharan Africa combined. And the flares contain a cocktail of toxins that affect the health and livelihood of local communities, exposing Niger Delta residents to an increased risk of premature deaths, child respiratory illnesses, asthma and cancer.⁴²⁹

Although gas flaring has been illegal in Nigeria for decades, Chevron and other oil companies repeatedly flout Nigerian legislative deadlines, paying nominal fines for breaking the law. In 2005 the federal High Court of Nigeria ruled flaring by Shell and the NNPC (with which Chevron jointly operates) illegal and a violation of the rights to life and dignity.⁴³⁰ Yet Chevron remained among the worst offenders in Nigeria, flaring over 64% of its gas in 2008.⁴³¹

Chevron is the largest stakeholder and the lead corporation on the World Bank-led West Africa Gas Pipeline (WAGP).



Boy on pipelines in Warri South.

entire oil and gas sector in a far reaching Petroleum Industry Bill (PIB), which will undoubtedly affect Chevron revenues and shareholder value.⁴²⁴ As Chevron prepares to restructure its Nigerian joint business ventures, it has a unique opportunity to fix its failed relationships with civil society and the ecology of the Niger Delta. Chevron also has an opportunity to reduce its greenhouse gas emissions and protect its shareholders from

Chevron has stated that the WAGP will lead to reduced gas flaring, as it “allows access to markets and provides the ability to deliver gas to end users.”⁴³² Yet the World Bank’s own independent Inspection Panel found that the WAGP project, initially promoted as an instrument to reduce the gas flaring that afflicts Niger Delta communities with “unending noise, heat, light, and pollution,” will lessen flaring by substantially less than was implied before the project was begun.⁴³³ Moreover, local villagers want the gas to be used for local electrification rather than a new export product.



The Director of NNPC and Chevron’s joint venture, Mr. Supo Shadiya, recently set a new date of 2012 for ending flaring of all associated onshore and offshore gases from the company’s western operations.⁴³⁴ However, nearly every pronouncement by Chevron on flaring over the last decade is a declaration of its intent to end flaring, but at an ever-later date. The world waits to see if Chevron will keep its word this time or if this will be one more lie by a company that has for decades failed to reduce its ecological or human rights footprint in the Niger Delta.

To protect local health, the global climate and its return on investments, Chevron must end gas flaring now.

Violence in the Niger Delta

In 2009, increased violence and worsened social conditions in the Niger Delta led to major shortfalls in production, as crude oil output fell to less than 1.7 million barrels per day, from about 2.6 million barrels per day in 2005.⁴³⁵ The amnesty program announced by the federal government for militants in the Niger Delta largely halted attacks on oil facilities by the end of 2009, but training facilities are inadequate and jobs placement is not available.⁴³⁶ The reduction in violence that resulted from the amnesty remains fragile. Violence in the Delta is now on the rise again, with renewed militant threats.⁴³⁷

Faced with Chevron’s unwillingness to adequately redress the environmental and economic harms caused by the company, communities in the Delta engaged for decades in peaceful protest. Violent protests arose thereafter as a result of Chevron’s unresponsiveness to the basic needs of communities where it operates—communities whose livelihoods were destroyed by oil operations, and the violent suppression of peaceful protests.⁴³⁸ Today, peaceful and violent resistance to oil operations exist side-by-side in communities where Chevron operates.

Chevron has yet to take responsibility for its role in using the notoriously brutal Nigerian military Joint Task Force (JTF)

to suppress peaceful protest, as in Ugborodo or Parabe communities, despite Chevron’s own documents showing that it paid, transported, fed, housed and supervised the JTF in such attacks.⁴³⁹ Chevron must stop using the JTF as its corporate security force. Chevron’s own internal memo cites the disproportionate response to incidents by the JTF and suggests that the company consider supplying rubber bullets.⁴⁴⁰

Instead Chevron must hire, train and be responsible for its own security force and make restitution to the families whose lives have been torn asunder by JTF violence against peaceful protests that occurred at the behest of Chevron.

Community Agreement

In 2005, Chevron Nigeria Limited (CNL) adopted a new approach to community engagement in the Delta, called the Global Memorandum of Understanding (GMOU), which outlines agreements with local communities on jobs and other social welfare programs that the company will provide. Chevron states that the GMOUs are intended “to bring peace, stability and reduced conflict to areas where Chevron operates in the region.”⁴⁴¹

But the people of Obe-Nla in the Ilaje Local Government Area of Ondo State have threatened to shut down CNL operations in its domain, claiming that CNL has failed to implement its GMOU and that CNL has excluded their community in its welfare programs for the past 28 years, despite extensive environmental pollution in the area.⁴⁴² In the Ugborodo community (in the sightline of Chevron’s Escravos terminal), peaceful protests by villagers demanding that Chevron uphold its GMOU agreement regarding the number of jobs for local community members resulted in the shooting of harmless protesters by the JTF who were called in by Chevron to act as security.⁴⁴³ In the neighboring Itsekiri community there is the general belief that the GMOU and the whole process that governs it was imposed by Chevron and that feedback from their representatives to the process suggest that decision-making is manipulated.⁴⁴⁴

It is in the interest of its shareholders for Chevron to act as a responsible stakeholder and a responsible development partner in the Niger Delta. Failure to do so could impact the company’s bottom line by causing disruptions to its operations.

Chevron in the North Sea

Keiller MacDuff, Greenpeace

MERE MONTHS AFTER THE MACONDO OIL DISASTER in the Gulf of Mexico, Big Oil was circling again, chomping at the bit to get to the Arctic, to the Atlantic Frontier and to return to drilling in the Gulf. Sadly, many governments responded by simply opening up their waters—and our collective futures—to risky energy exploration, some even offering tax breaks for the privilege of putting our oceans and our climate at risk.

In August 2010, Greenpeace activists traveled to the icy Arctic waters of Baffin Bay, off Greenland, to occupy Cairn Energy's Stena Don rig. After temporarily stopping drilling there, the Greenpeace ship Esperanza traveled to Lerwick, Scotland in September. When Chevron readied to begin exploratory drilling at a remote deep water site west of Scotland's Shetland Islands, Greenpeace activists took action, attempting to stop the drilling or at least delay it for long enough for the British government to register the opprobrium of the public against this dangerous plan.

Our activists spent more than 100 hours in a small six-and-a-half foot diameter survival pod attached to the massive anchor chain of Chevron's drill ship the Stena Carron. The ship was headed to a site in the Lagavulin oil field to drill an exploratory well in 1,640 feet of water.

Chevron quickly obtained an injunction, forcing the brave activists off the anchor chain, at which point the crew of the Esperanza took turns swimming and drifting in the freezing water to block the ship with their bodies for another 50 hours, when a further injunction was granted to Chevron.

The proposed drilling in the Atlantic Frontier was typical of the desperate, dirty and dangerous bids to extract the last of the world's accessible oil at any cost. All this took place as

the UK government sent ministers to a meeting of the OSPAR Commission, which works to protect and conserve the North-East Atlantic and its resources, to block a proposal to ban new deep water oil drilling.

As we were reminded with the BP Macondo disaster in the Gulf of Mexico, even when ocean conditions are favorable and response infrastructure is available, it is not possible to recover the vast majority of oil spilled in a major accident. And

any clean-up operation off Shetland would be severely hampered by rough weather, making it even more expensive and difficult than the massive, costly and ultimately failed effort in the Gulf. The colder waters would also mean that oil would disperse much more slowly, potentially causing greater damage to wildlife.

The harsh weather conditions west of the Shetlands, in what the UK government itself describes as 'a particularly challenging location,' deterred major exploration for oil for some time, but energy interests have recently lobbied for and received tax breaks to make

production more attractive. The process by which exploration and production licenses are issued by the UK government to the industry is being 'streamlined.' As a result, Chevron, BP and other oil barons announced their intention to push further into the region west of Shetland, drilling wells in riskier deeper water and more remote locations than ever before.⁴⁴⁵

Following the Arctic and Atlantic actions, Greenpeace UK successfully requested a judicial review of the Government's decision to press ahead with the offshore licensing process before the lessons from the Deepwater Horizon disaster have been properly understood.⁴⁴⁶ This process is still ongoing.

If we want to avoid another Deepwater Horizon, or stand a chance of stopping climate change, we have to stop deepwater drilling altogether and invest in clean energy, going beyond oil.



A Greenpeace activist swims in front of the Stena Carron, a giant oil drilling ship, to stop it moving to a deepwater drilling site 100 miles north of the Shetland Isles. The ship is owned by U.S. oil company Chevron. The flag on the buoy reads Go Beyond Oil. Greenpeace is calling for a ban on deepwater drilling for oil and more investment in clean energy. © Will Rose/Greenpeace

Chevron in the Philippines

Aileen Suzara and Mia Villanueva, Filipino/American Coalition for Environmental Solidarity

“The oil depot is a threat to people’s lives. The accidents that have occurred over the years, from explosions along its pipeline to leakages in its tanks, have simply been close calls. The oil depot is a disaster waiting to happen.”

–Advocates for Environmental and Social Justice (AESJ)

History

Chevron owns an oil terminal in Pandacan, an urban district in Manila. The massive oil depot sits on more than 81 acres of land and is owned by Chevron Philippines Inc. (formerly Caltex), Petron Corp. and Pilipinas Shell Corp. Since 2004, Chevron and its partners have operated in a joint venture, the Pandacan Depot Services Inc. (PDSI).

The Pandacan oil depot was constructed in 1910, shortly after the United States claimed the Philippines as a territory. Texaco arrived in 1917, and in 1936, joined with Chevron’s predecessor, Standard Oil Company of California, to create Caltex. At the end of WWII, Caltex and its partners reconstructed the depot in the densely populated district. In 1947, Caltex built the country’s first distribution terminal in Pandacan. In 1954, Caltex opened the Batangas Refinery, the Philippines’ first petroleum refinery, which connects to Pandacan by a 71-mile pipeline system. By 1994, Chevron owned the most depots and largest retail network in the country, with a total of 25 terminals and depots.⁴⁴⁷ Chevron has a 45% interest in the offshore Malampaya Deep Water Natural Gas Project. Located 50 miles offshore Palawan, it produces on average 25,000 barrels a day.⁴⁴⁸

Proximity to Danger

Residents and officials fear an accident at the Pandacan depot could be one of the biggest disasters waiting to happen in the petrochemical industry.⁴⁴⁹ Over 84,000 people, mostly the urban poor, live in the immediate area, and 11 million residents in the vicinity. Thousands of elementary and high school students attend schools next to the depot, and directly across the depot sits the Polytechnic University of the Philippines (PUP), with over 25,000 students. Malacanang Palace, official residence of the Philippine President, is just two kilometers away.⁴⁵⁰ Because the depot sits on the banks of the Pasig River, it is feared a conflagration could spread throughout the city.⁴⁵¹ The United Firefighters of the Philippines and disaster management experts project that an accident at the depot could cause devastation within a two-kilometer radius.⁴⁵² “The oil companies can say their oil terminals are safe, but no oil depot is safe with the public living beside its walls,” said disaster management expert Aidan Tasker-Lynch.⁴⁵³

Catastrophic spills, leakages and explosions from the depot and connected pipeline poison the community. In 2001, dozens of PUP students were hospitalized after a gas leak.⁴⁵⁴ In 2006, the depot leaked 40,000 liters of oil.⁴⁵⁵ In 2008, a tanker caused a deadly explosion near the depot gate.⁴⁵⁶ In July 2010, residents of Bangkal, Manila reported fuel odors coming out of their taps. Investigations confirmed a leak along the 117-mile-long pipeline as the source. The groundwater was contaminated

with an estimated 26 million liters of gasoline, diesel and kerosene. While pipeline operator First Philippine Industrial Corporation promised to pay for damages, residents cited the failure of the pipeline’s users to shoulder responsibility. “Shell or Chevron have not made any serious effort to help contain the spill, and attend to the health concerns,” said Lorna Kapunan, a resident.⁴⁵⁷ The leak raised concerns that the aging depot and pipeline could have other dangerous defects.⁴⁵⁸

Residents complain about foul odors and suffer from long-term exposure and respiratory illnesses associated with the depot operations. Lab results from 2003 air monitoring samples detected alarming levels of benzene, a known carcinogen.⁴⁵⁹ A 2005 medical study reported abnormal levels of lead in urine samples of Pandacan residents, and diagnosed increased rates of median neuropathy close to the depot.⁴⁶⁰

Circumventing the Law

Demands for Chevron and its partners to relocate from Pandacan have been put forward for years.⁴⁶¹ In December 2001, the City of Manila passed Ordinance 8027, reclassifying the area from industrial to commercial and ordering the depot’s closure.⁴⁶² However, rather than remove the depot, the Manila City Government and the Philippines Department of Energy entered into a memorandum of understanding with the oil companies, agreeing to a minimal “scaling down of operations.”⁴⁶³ Chevron and its partners filed petitions to suspend the ordinance. Rather than a proper buffer zone, the oil companies built a narrow “linear park” containing walkways and basketball courts that bring residents closer to, not farther away from, the depot.⁴⁶⁴

Local proponents filed a petition before the Supreme Court, seeking enforcement of the ordinance. In March 2007, the Supreme Court upheld the ordinance and ordered the phase out of the depot within six months. “The objective of the ordinance is to protect the residents of Manila,” the Supreme Court said. “No reason exists why such a protective measure should be delayed.”⁴⁶⁵

In February 2008, the Supreme Court upheld its decision and rejected a motion for reconsideration filed by the oil companies. Chevron and its partners were given 90 days to submit a comprehensive relocation plan. “Essentially, the oil companies are fighting for their right to property. They allege that they stand to lose billions of pesos if forced to relocate. However, based on the hierarchy of constitutionally protected rights, the right to life enjoys precedence over the right to property,” said the decision.⁴⁶⁶

Despite fierce public opposition, in May 2009 the Manila Mayor and City Council quickly passed a new ordinance that defied the Supreme Court order. Local groups includ-

ing Advocates for Environmental and Social Justice (AESJ) gathered thousands of signatures under a People's Initiative to repeal the ordinance. The initiative was later dismissed on a technicality.⁴⁶⁷

What Chevron Says

Chevron and its partners say relocation of the depot will result in drastic economic problems for Manila and a loss of local jobs. Yet sources estimate only 5% of the depot's employees are Pandacan residents, and most employees are contract workers without guaranteed tenure.⁴⁶⁸ Following community opposition to the Pandacan depot at the 2009 Chevron Annual General Meeting, Chevron invited the Filipino/American Coalition for Environmental Solidarity (FACES), a U.S.-based environmental justice organization that partners on the Pandacan issue, to dialogue at the company's headquarters in San Ramon, California. FACES shared its demands for relocation and for accountability to the health and environment of residents. In response, Chevron's representatives skirted the issue by claiming they could not find a suitable location. They said Chevron would hold direct bilateral dialogue with residents in the Philippines. To date, no such discussions have occurred. In 2009, the U.S. State Department was on the verge of awarding Chevron an award for good corporate citizenship in the Philippines. FACES acted quickly to inform the Department of the reality of Chev-

ron's operations on the local community.⁴⁶⁹ Chevron did not win the prize.

Community Demands

Communities are determined to continue the struggle. "Phase out and relocation of the oil depot is the only answer to protect life, health and the environment," say AESJ members.⁴⁷⁰

Lack of communication between Chevron and affected residents is an ongoing issue. Groups appeal for an open dialogue between Chevron, its partners and residents to address health and safety concerns, including the lack of a proper buffer zone. They demand inclusion in informed decision-making processes. They call on Chevron to ensure redevelopment that benefits the community, and to include health studies and environmental remediation to ensure contamination be cleaned up to standards appropriate for commercial use.

AESJ, with a growing network of residents and allies, are rallying hundreds of supporters behind a "Three R's campaign"—with the goal of achieving Relocation, Remediation and Revitalization. In place of the depot, they want to see environmentally sound redevelopment that benefits residents, with health centers, schools, livelihood jobs and affordable housing. Groups press for a speedy, but responsible closure of the depot, and not to create "another Pandacan" that endangers other communities.



Chevron and its partners built this "linear park," with walkways and basketball courts surrounding its oil depot. Residents, like this young girl, pass through the depot daily.

Chevron in Thailand

Songwoot Patkaew & Prasitchai Nunaun

CHEVRON HAS BEEN OPERATING IN THAILAND SINCE 1948 and is the country's top natural gas and oil producer.⁴⁷¹ Chevron's numerous blocks yielded 216,000 barrels of oil-equivalent product per day in 2010.⁴⁷²

Through its Caltex subsidiary, Chevron also holds majority interest in the Star Petroleum Refining refinery located at Map Ta Phut, a large industrial center. High levels of pollution from the Map Ta Phut plants have been well-documented and are associated with high rates of cancers and other harmful health and environmental effects.⁴⁷³ After over a decade of struggle against the government, a group of Rayong villagers took their case to court. In a series of historic rulings, the courts declared Map Ta Phut a pollution control zone and halted the bulk of new projects in December 2009.⁴⁷⁴ However, in September 2010, a court ruled that most of the suspended projects could be restarted.⁴⁷⁵

Nakhon Srithammarat Province

To support its extensive production from the offshore Platong Gas II project and two other planned exploration and production projects near Samui, Suratthanee province (north of Nakhon Srithammarat), Chevron plans to construct an exploration and production support center and port in the province's Klai district, which will serve as the base for its operations in the Gulf of Thailand.

Chevron's slogan in the Klai district is "We are Your Good Neighbors." However, Chevron has not provided communities with information on the impacts of the port construction, violating the rights of communities and creating disorder.

Non-transparent Neighbors

Chevron has attempted to court favor with community leaders by supporting local events and giving material donations to schools, temples, mosques and government offices. Chevron's communication with the community is limited to advertising a positive image in local media; Chevron does not provide factual information about the port construction project, thereby violating community rights.⁴⁷⁶

During the preparation of the project's Environmental and Health Impact Assessment (EHIA), Chevron violated the law by neglecting to provide the public with 15-days advance notice of the EHIA meeting. According to the Klai Conservation Group, Chevron did not provide widespread access to the EHIA documents, delivering copies only to authorities and select scholars. The only publicly available information was conveyed via the Internet and radio, which are not accessible to most people in the district.

In the past year, Chevron hired a consulting firm to prepare an evaluation of the project's Environmental and Health Impact Assessment. While this would seem an important step in terms of compliance with environmental and health laws, the consulting firm did not conduct any independent studies.

During its last community forum, Chevron and its consultants hired individuals from the surrounding villages to round up groups of uninformed people to fill the meeting venue. Each of the individuals who attended the meeting was paid 500 baht (about \$16 USD). In this way, it would appear that Chevron was fulfilling its community outreach obligations, but in fact, the assembled people were told, "This is a community forum. You do not need to say anything; just sit idly."⁴⁷⁷ This is an insult to human dignity and a violation of fundamental rights, as guaranteed by the Constitution.

Environmental Impacts

The planned construction locations are close to the fertile Klai River delta, which is home to three ecosystems—freshwater, brackish water and brine—and an abundance of natural resources. The delta is the source of livelihood for fishermen, who have earned their living there for generations. The environment and the livelihood of fishermen is threatened by the dredging process involved in the port construction, the transit of large ships that Chevron will run in and out of the harbor multiple times each day, and the use of dynamite during the exploration and drilling process. The project will result in a loss of public spaces, including beaches, and community public life. Local communities are concerned about the impacts of the port development on coral reefs, which are critical to the ecosystem and to the fishing community.

Community Impacts

It is already more difficult for fishermen to make a living than it was for past generations. If the living resources of the area are damaged, the fishermen will become poorer, resulting in the migration of local people. The smells, sounds and the large-scale road construction associated with the project will change the environment, impacting everyone in the area.

The Role of the Peoples Network

The Study Group of the Development of the Petrochemical Estate in Nakhon Srithammarat Province, comprised of NGO peer groups, academics, civil society and university students, works to increase awareness of and monitor many projects that have come to the area due to government policies, including Chevron's projects. The leaders of the study group are people who live in the affected areas, almost all of whom have been impacted by the projects.

Chevron Needs to Take Responsibility for the Destroying the Ecosystem and Communities

Chevron has long been acknowledged as a large company with massive assets and interests in Thailand. The communities of Nakhon Srithammarat are disappointed in its ethical performance and governance. Chevron has created a public relations image that emphasizes its distribution of goods to support local communities. This propaganda is for the company's benefit alone, and is insulting to the people of Nakhon Srithammarat.

IV. The True Cost of Chevron Network

CHEVRON FACES ONE OF THE LARGEST AND MOST unique networks organizing against any global oil corporation. This network has been building for more than a decade, becoming increasingly broad, coordinated and unified. Over the past two years, we have grown even more dramatically, uniting ever-more communities harmed by—and fighting back against—Chevron.

In 2010, Chevron sought to avoid its critics by moving its annual shareholder meeting from its world headquarters in San Ramon, California to Houston, Texas. Instead of being deterred, our network went to Houston in even greater numbers than had traditionally been present at San Ramon.

Representatives of Chevron-affected communities came to Houston from Angola, Australia, Thailand (representing his home nation of Burma), Canada, Colombia, Ecuador, Kazakhstan, Nigeria, Alaska, California, Mississippi and Texas. Among those present were Neil McKenzie, a native Aborigine of the Jabir Jabir Tribe of Western Australia; Ryan Derange of the Dene/Pikini first nation of Canada; Debora Barros Fince, a native Wayuu of Colombia; Tom Evans of the Native Village of Nanwalek, Alaska; and Guillermo Grefa and Mariana Jimenez, campesinos from Ecuador.

In Houston, we released the second edition of *The True Cost of Chevron: An Alternative Annual Report*, organized a public teach-in, documentary film screenings from Ecuador and Nigeria, press conferences, rallies and shareholder activism. Although Chevron tried to silence us, we prevailed and our demands of Chevron were made well known to its employees, executives, board members, shareholders and the broader public.

We then held a historic two-day international strategy session. There we formally launched The True Cost of Chevron Network (TCCN). Starting with approximately 20 groups, representing ten countries or states in the U.S. in 2009, over the course of 2010, the TCCN grew to over 40 groups, from or representing 20 countries or U.S. states. Since forming in May 2010, we have increasingly worked together to mount direct and coordinated challenges to Chevron's human rights, environmental, climatic, public health, workers rights and other abuses.

On May 25, 2011 we will once again be at Chevron's annual shareholder meeting, ensuring that our demands are heard. We will continue to do so throughout 2011 and beyond. We will build an ever-stronger TCCN and enlist more allies. We will hold Chevron to full account and demand lasting change.

Will you join us?



Global community leaders confront Chevron about human rights abuses and environmental destruction inside the company's Houston office the day before the corporation's 2010 annual shareholder meeting.

Jonathan Matheson/Rainforest Action Network

V. Chevron's Obligations

Each section of this report detailing Chevron's actions—from the tar sands of Alberta to the remote beaches of Thailand—ends with specific demands from the affected communities and their allies. From these arise several key principal obligations required of Chevron.

Chevron Should Clean Up Its Mess

Chevron has left a legacy of environmental and community destruction. A persistent theme permeates this report: Chevron's refusal to use its vast resources to invest in the safest, most sophisticated, and superior methods of production has destroyed lives, livelihoods, and the world's environment. There is much that Chevron can do to mitigate the damage it has caused by making the necessary investments now to right these longstanding wrongs. Lawsuits, such as those in Ecuador, Richmond, Texas, and elsewhere, are only the beginning. Chevron can be a standard bearer, by cleaning up its mess before another court forces it to do so.

Chevron Should Clean Up Its Act

There is absolutely no reason why one of the most profitable corporations in world history should not invest its billions of dollars in the safest, most sophisticated, newest, and cleanest technology available in all of its operations, regardless of where they are located. Now is the time to make these investments.

Chevron Should Reject Alliances with Brutal Governments and Their Militaries

There are costs that are too great to pay for additional oil. The accounts of people from Burma, Nigeria, Angola, Iraq, Indonesia, and elsewhere should leave no illusions as to the ultimate price born by local communities when Chevron chooses to align with and avail itself to the world's most brutal regimes.

Chevron Should Pay Its Fair Share

Invest in the communities within which Chevron operates by paying taxes and royalties commensurate with its operations. Spend less on lobbying and more on investing in and supporting the financial needs of the nations and localities within which Chevron works.

Chevron Should Offer Transparency in All Operations

Open the doors to Chevron's refineries, gas stations, tax accounting, and payments to foreign governments and their militaries. Delineate exactly how and where renewable energy investments are made. Let the sunlight in.

Chevron Should Be the Best Oil Company that It Can Be

Rather than pursue token investments in questionable alternative energy programs, rather than destroy the environment further by pushing forward into increasingly destructive modes of production, rather than invest in polluting coal and chemicals, use Chevron's wealth to turn its remaining oil operations into the standard bearer for the most humane, environmentally sound, and equitable production in the world.

We agree with Chevron. The world will continue to use oil as it transitions to a sustainable renewable energy economy. Whether Chevron will be in the business as we make the transition depends upon what sort of company it chooses to be and whether the public is willing to support it.

VI. Resources

Alternative Annual Report

True Cost of Chevron Network
www.TrueCostofChevron.com

Amazon Watch

San Francisco, CA
www.amazonwatch.org

Asian Pacific Environmental Network

Oakland, CA
www.apen4ej.org

Black Warrior River Keeper

Birmingham, AL
www.blackwarriorriver.org

Coalition For A Safe Environment

Los Angeles, CA
www.cfase.org

Communities for a Better Environment

Oakland, CA
www.cbecal.org

Cook Inletkeeper

Homer, AK
www.inletkeeper.org

Council of Canadians

Ottawa, ON, Canada
www.canadians.org/energy

Crude Accountability

Alexandria, VA
www.crudeaccountability.org

Dooda Desert Rock

San Juan, NM
www.doodadesertrrock.com

EarthRights International

Washington, DC
www.earthrights.org

Environment California

Los Angeles, CA
www.environmentcalifornia.org

Environment Texas

Austin, TX
www.environmenttexas.org

Environmental Rights Action-Friends of the Earth Nigeria

Benin City, Nigeria
www.eraction.org

Filipino-American Coalition for Environmental Solidarity

Berkeley, CA
www.facessolidarity.org

Friends of the Earth Indonesia (WALHI)

Jakarta, Indonesia
www.walhi.or.id

Global Exchange

San Francisco, CA
www.globalexchange.org

Greenpeace USA

Washington, DC
www.greenpeace.org

Gulf Coast Sierra Club

Gautier, MS
www.sierraclub.org/gulfcoast

Iraq Veterans Against the War

New York, NY
<http://ivaw.org>

Justice In Nigeria Now

San Francisco, CA
www.justiceinnigerianow.org

Organizacion Wayuu Munsurat

La Guajira, Colombia
www.organizacionwayuumunsurat.blogspot.com

Open Society Initiative for Southern Africa

Luanda, Angola
www.osisa.org

Pacific Environment

San Francisco, CA
www.pacificenvironment.org

Powder River Basin Resource Council

Sheridan, WY
www.powderriverbasin.org

Project for Ecological Awareness Building

Muang, Trang, Thailand
noksayamol@gmail.com

Protect Our Coast, Inc.

Pascagoula, MS
www.protectourcoast.org

Public Citizen

Washington, DC
www.energyvox.org

Publish What You Pay United States

Washington, DC
www.pwypusa.org

Rainforest Action Network

San Francisco, CA
www.changechevron.com

Richmond Progressive Alliance

Richmond, CA
www.richmondprogressivealliance.net

Surfrider Foundation

San Clemente, CA
www.surfrider.org

Texas Environmental Justice Advocacy Services

Houston, TX
www.tejasbarrios.org

Turtle Island Restoration Network

Forest Knolls, CA
www.seaturtles.org

Utah Rivers Council

Salt Lake City, UT
www.utahrivers.org

West County Toxics Coalition

Richmond, CA
www.westcountytoxicscoalition.org

The Wilderness Society of Western Australia

West Perth, Australia
www.wilderness.org.au

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CRUDE ACCOUNTABILITY

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SPONSOR ORGANIZATIONS

Amazon Watch, Cook Inletkeeper, Council of Canadians, Crude Accountability, EarthRights International, Global Exchange, Open Society Initiative for Southern Africa, Pacific Environment, Rainforest Action Network, Richmond Progressive Alliance, The Wilderness Society, and Turtle Island Restoration Network.

WITH

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