

# CRUDE ACCOUNTABILITY

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Mr. John Watson  
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The Board of Directors of Chevron Corporation

## **Chevron in Kazakhstan**

This year marks twenty years of operations of Chevron in Kazakhstan. The country is the diamond in Chevron's crown, as one quarter of the company's proven reserves are located in Kazakhstan. Chevron is the largest private oil company in the country thanks to its investments in the Karachaganak and Tengiz fields, and it carries significant weight in the economy of Kazakhstan as well as impacting the wellbeing of its citizens. However, behind the facade of advanced technology and social and environmental responsibility, the company hides unappealing facts about Chevron's operations in Kazakhstan, which include violating the rights of local residents, workers and massive environmental pollution.

### *Karachaganak*

For nine years the residents of the village of Berezovka, which is located a mere five kilometers from the Karachaganak Oil and Gas Condensate Field, have been fighting for relocation to an environmentally clean and safe location. When exploitation of the field first began, the health of the 1300 residents of Berezovka radically worsened. The population is now suffering regularly from headaches and memory loss, muscular-skeletal problems, vision loss, cardio-vascular difficulties, serious gastroenterological problems, upper respiratory illness, and skin ailments. According to independent data, approximately half of the villagers suffer from chronic illness. The residents feel the impacts of hydrogen sulfide and other toxic chemicals that are connected with oil extraction and refining.

However, the data from the state air monitors and the Karachaganak Petroleum Operating BV Consortium (KPO), where Chevron has a 20 percent share, state that air pollution does not exceed the acceptable norm. The placement at the end of 2011 of two environmental monitoring stations in the village did not ease doubts of local residents about official information because they smell gas almost every day. The most recent massive gas attack took place on April 12<sup>th</sup> of this year, on Cosmonaut Day. The smell of gas in the village was so strong that it was impossible to be outside, and the children in the school closed their noses and mouths because they could not breathe. Lybov Shlyakhtina, a resident of Berezovka, told me: "We have many hypertensives, pensioners. If there are more such gas attacks, and hypertensives will die because it is impossible to breathe. Their blood pressure jumps, they feel terrible."

However, KPO said in its response to the villagers' complaint that their equipment did not show that pollution standards had been exceeded. As the villagers grimly joke, it appears that the gas was a gift from the cosmos.

At the end of 2010, sinkholes began to appear in the earth around Berezovka and in the village itself. The residents are concerned that this could be connected with the expansion of operations at Karachaganak. KPO put up signs about the danger of being in the area of the sinkholes, but there has been no investigation into the cause of their appearance.



Sinkhole in yard of Saniya Nurzhanova, the village Berezovka, April 2012



One of three signs posted by Karachaganak Petroleum Operating about the danger of sink holes, near the village of Zhanatalap, January 2011.

Sink hole in steppe, 2 km from the south side of Berezovka, April 2012. (Photo below)





Sinkhole under Nagaisha Demesheva's house, the village Berezovka, January 2011

According to Kazakhstani law, the villagers should have been relocated after the beginning of extraction at the field because part of the village is located inside the Sanitary Protection Zone around the field. However, up to the present day, neither state bodies, nor KPO have taken any steps to relocate the village residents from their dangerous proximity to Karachaganak. The villagers continue their struggle for relocation, stating that they are suffering from the impact of air pollution, water pollution and soil pollution as a result of the development of the field. The appearance of the sink holes has only strengthened their resolve. In response to their efforts, however, community leaders such as Svetlana Anosova, have been repeatedly harassed and threatened.

Chevron does not take responsibility for the serious threats to the environment and to the health of people that have occurred as a result of the development of Karachaganak. Chevron states that it is only one of the members in the KPO consortium and not its operator. Although at the Tengiz field, the company relocated local residents who were in the zone of influence of the field. The company's double standards, even inside Kazakhstan, are obvious.

### *Tengiz*

Tengizchevoril (TCO), where Chevron has a fifty percent share, has a long history of inflicting harm on the environment. In 2010, TCO was the environmental pollution leader in Kazakhstan. In 2011 the state bodies valued TCO's harm to the environment at US\$ 7.7 million. TCO, as usual, did not agree to the fine and protested it several times in court. However, the final result was that they paid the entire sum at the beginning of this year.

Local civil society is particularly concerned about plans to expand the production and to increase oil extraction at Tengiz. Regardless of the fact that pollution per unit of output has significantly decreased since the beginning of the field's exploitation, the volume of extracted oil has significantly increased, making the

overall level of pollution greater. The current level of extraction and pollution already exceed the environmental capacity of the territory, according to local scientists, who believe this is an unacceptable threat to the natural world and to human health.

The other problem is the conditions for workers employed by contractors who work at TCO. In January of this year local workers of the Turkish company Senimdi Kurylys held a strike, demanding that their monthly salaries be increased to \$500. Not only do Kazakhstani workers receive a pittance for a salary, but they also live in horrible conditions. Salary discrimination and discrimination in working conditions is not unusual among contracting companies working for TCO.

TCO, however, states that the company does not have the right to interfere in the internal affairs of its contracting companies. They seem to forget the bloody results of the social conflict in Zhanaozen in December 2011, and the massive fight among workers at Tengiz in October of 2006. As a result of fights between Turkish and Kazakhstani workers who were insulted over differences in their pay, offices were destroyed, cars were smashed, containers were burned, and many people were injured. The fight occurred at the same company, Senimdi Kurylys!

If Chevron continues the practices described above in Kazakhstan, and closes its eyes to obvious violations and problems, sooner or later this will erupt into an enormous conflict with the local population, among whom there is a growing number of people who are dissatisfied not only with the country's government, but also with the operations of foreign companies.



Sergey Solyanik, Crude Accountability at Chevron's Tengiz oil field, April 2012

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