

Fact Finding Mission Report:
Oil Impacts in the Territory of the
Native Community Canaan de Cachiyacu, Peru

Nathalie Weemaels
EarthRights International
July 2005



EarthRights International combines the power of law and the power of people in defense of human rights and the environment. EarthRights International has offices in Thailand and the United States and works together with the Quito-based *Centro de Derechos Económicos y Sociales* (Center for Economic and Social Rights) at the *Escuela Amazónica de Derechos Humanos* (The Amazon School for Human Rights and Environment) in Ecuador.



INDEX

1. Objectives of the Mission
2. Background
3. Methodology and development of the mission
4. Fieldwork results:
 - 4.1. Environmental impacts
 - 4.1.1. Observations
 - 4.1.2. Testimonies
 - 4.2. Social impacts
 - 4.2.1. Impacts of land use
 - 4.2.2. Impacts on nutrition
 - 4.2.3. Impacts on health
 - 4.2.4. Labor situation
 - 4.2.5. Community relations
5. Conclusions of the mission
6. Bibliography
7. Annex: pictures



1. OBJECTIVES of the MISSION

This is a report on the fact-finding mission that took place on June 1st-3rd 2005, carried out by the leaders of ORAU, FECONBU and a consultant for EarthRights International. The main objective of the mission was to verify claims made by members of the Shipibo-Konibo community Canaan de Cachiyacu (Canaan) and to evaluate the impacts of Maple Gas Corporation (MG)'s oil activities on the environment and human rights at the territory.

2. BACKGROUND

Ancestrally, the Shipibo-Konibo people occupied the area that today corresponds to Lot 31-B. Place names are one piece of evidence for this, because they derive from the Shipibo-Konibo language: Konta Maná (which became Contamana) means "Palm's Hill" and Make Ian (which later became Maquíá) means "Lake full of Piranhas". Although there were no settlements in the area, Shipibo people used this part of the territory in order to provide themselves with food through hunting and fishing.

The community Canaan de Cachiyacu was founded in 1975 and it occupied 1,155 acres. Today, around 630 individuals, all of them Shipibo-Konibo people, live there.

The first commercial discovery of oil at the oil field "Maquíá" was made in 1958. Since then, oil has been exploited in the area. In 1994, the company Maple Gas, from Texas, signed a License Agreement on Lot 31-B with PeruPetro S.A., representing the Peruvian government. According to MG's webpage, this lot has a total area of 62,500 acres and it produces around 293 barrels of oil daily¹

Today, Lot 31-B includes:

- Maquíá Base that possesses an oil camp and an oil separator plant. It can be reached by road from Contamana. The base is the beginning of the Maquíá-Puerto Oriente oil pipeline. The base is located outside the legal territory of Canaan de Cachiyacu;
- 9 wells inside the territory of the native community Canaan de Cachiyacu, connected to Maquíá Base with flow lines and roads;
- an oil fluvial terminal at Puerto Oriente, which is also at the end of the Maquíá-Puerto Oriente oil pipeline. The fluvial terminal is located outside the legal territory of Canaan de Cachiyacu.

¹ Official Communication MG-LEGL-L-0044-April 5th-19th 2005. PeruPetro Oil Statistics 2004 puts it at 240 b/d.

In 2004, there was an increase in the number of unusual deaths, which the community believed were caused by oil pollution. Canaan de Cachiyacu's inhabitants decided to begin a negotiation process with Maple Gas in order to demand respect for their rights. Later, several meetings were organized between representatives of the native community and the oil company's executives. On January 8th-9th 2005 a consultation workshop was organized at the native community. During that workshop, Mr. Frohlich (MG representative and Chief Public Relations Officer) committed himself before the community to support it in many aspects. Nevertheless, so far he has not lived up to his promises. At the following meeting that took place at Pucallpa in April 2005, the company refused to sign any document, which is interpreted by the community as a lack of commitment.

3. METHODOLOGY AND DEVELOPMENT OF THE MISSION

The verification mission that evaluated oil impacts in Canaan de Cachiyacu operated at this native community on June 1st-3rd 2005.

The mission team was formed by:

- Willian Barbaran González: communications area, ORAU;
- Lizardo Cauper Pezo: technical team, Feconbu;
- Robert Guimaraes Vásquez: president, ORAU;
- Javier Macedo: president, Feconbu;
- David Ruiz: technical team, Feconbu;
- Nathalie Weemaels: consultant, EarthRights International.

The first day, a fieldwork visit was organized at Canaan de Cachiyacu's territory in order to observe the general state of the environment and oil infrastructures owned by Maple Gas. Around 25 inhabitants of Canaan (men, women and children) joined us. We did not ask Maple Gas for permission to carry out our mission, nor inform them about it because we were inside the community's territory.

After about 3 hours of fieldwork observations, security employees of the company stopped us. They took us to the Maquia Base and there we had a meeting with Moisés Ángeles, an engineer from the company, for approximately one hour.

We asked for permission to visit the facilities but they denied access.

On the second and part of the third day, we interviewed community members. In addition, on June 2nd, in the afternoon, we attended an extraordinary assembly organized by the community that took place at the school's facilities.

4. FIELDWORK RESULTS

4.1. Environmental impacts

During the fieldwork visit we observed wells MA36, MA31, MA26, MA35 and MA39; the oil pipeline Maquía-Puerto Oriente; flow lines and roads. We also studied the general state of forest and vegetation as well as the Cachiyacu river and other small streams. No analyses were made on water because it was evident through observation that it was polluted with hydrocarbons at the Cachiyacu River and other small streams.

4.1.1. Observations

The oil activities in the territory of the native community Canaan de Cachiyacu cause a strong odor, which could be perceived during our field work, at a distance of approximately 100 meters from the wells. Moreover, these activities, in particular crude oil pumping, provoke noises that can chase fauna away.

While we were walking, we observed scrap metal and waste, like metal pieces, cement and remains of flow lines that were not in use but had not been removed by the oil company. That waste causes visual pollution and can be risky for children. It also dams the Cachiyacu river, as it was seen on wells 31 and 39 (see picture).

Although Maquía Base is not located inside the community's territory, we are concerned about the company's probable treatment of waste at this place. In fact, according to people we interviewed at the community, the company buries its waste at the base (including metals and plastics) without prior treatment. We believe there is a high possibility that people we interviewed are correct, because their comments are supported by the state of disuse of trash cans at the camp (see picture).

WATER

In various sections of the Cachiyacu River and other streams we observed iridescent reflections at surface water and hydrocarbon odor coming from the riverbed, which prove that there are hydrocarbons in the water, and thus it is not suitable for human consumption.

We observed clear evidence of hydrocarbon pollution at the Keras Tae stream (that joins the Cachiyacu River downstream), close to well MA35. Before crossing the road at one of the stream's curves, we found sand at the shore covered by a layer of iridescent material with a strong hydrocarbon odor and oily aspect. At the same place we observed a oil retaining plastic floater located outside the water and covered with crude oil stains.

According to testimonies of workers that were employed at Maquía Base a few months ago, this stream originates at a waste pit located at the base. Our observations indicate that MG throws hydrocarbon waste there, which is not well treated. That should not be allowed because that waste pollutes the Cachiyacu River and can cause problems to the inhabitant's health if they drink that water.

During our visit community members told us that water from the Cachiyacu River is particularly polluted when it rains. As we visited them during the dry season, we could

not verify this, but we believe it is feasible. This pollution can originate at small pits around wells, at tanks where runoff waters are stored, at waste pits at Maquía Base and also, at other localized contamination sites like the oil spill from well MA26.

From interviews of local inhabitants we also learned that, as a result of oil activities, the water changed in color, taste and odor. That may be the reason why many fish at the Cachiyacu River and at other streams in the community's territory have disappeared or reduced in number. Although we could not verify it, local inhabitants consistently affirmed that fish now taste of hydrocarbons.

Finally, hydrocarbon pollution at the Cachiyacu River has also a negative impact on the Ucayali River's ecology, because it is its direct tributary. The Ucayali River occupies a central position for Shipibo-Konibo people and it gives birth to the Amazon River.

WELLS

Around wells there are small pits that collect runoff waters that are polluted with hydrocarbons. Most of the pits we visited have a capacity of 11m³ and a depth of 1,20 m, though the one of well MA36 is deeper. According to the testimony of some inhabitants, dirty water overflows when rains are strong, pollutes the area around wells and can run and reach streams or the Cachiyacu River. Those pits are dangerous for children and domestic animals because there is no protection whatsoever to prevent them from falling in (see picture).

Well MA36

At well MA36 there is an open tank that is used to store runoff waters that come from the pit. During our visit that rectangular tank was almost full with dark green water that had a strong chemical odor. At the bottom of the tank there is a stopcock key that is dangerous, especially for children because it can be easily opened. According to the inhabitants, the company empties those tanks out with that key and pours dirty waters directly into the environment. Moreover, the company often forgets to do so, consequently, water overflows together with hydrocarbons, which are lighter than water (see picture).

According to the oil industry's international standards, runoff waters must be treated with physical (water must run through a series of pools) and eventually chemical processes. Because of its strong odor, it is probable that water at the tank has been treated with some chemical. Nevertheless, this treatment is not enough to allow water to be released into the environment.

That kind of tank was only observed at well MA36. The other wells did not have a system to collect runoff water, so they may cause even greater pollution, especially in case of heavy rains.

Well MA31

A few meters from well MA31, there is a flow line that causes a small but permanent spill of crude oil (see picture). The spill is located at approximately 200m from the

Cachiyacu river, so crude oil from the spill reaches that ravine. At that level of the ravine we could observe rainbow-hued reflections and beige foam in water (see picture), which proved it has been polluted by hydrocarbons. Moreover, soil is oily where the spill reaches the river, and has a strong odor of hydrocarbons.

Members of the community declared that the spill “has always been there.” Thus, this spill represents serious negligence, with clear impacts on the environment, which has not been addressed by MG.

Well MA26

5 meters away from the well there is a hole of approximately 50 cm deep, 50 cm long and 30 cm wide. Its border is covered by cement and there is cement waste at a short distance from the hole, so it is possible that it was covered by cement in the past. At the bottom of the hole, also covered by cement, there is a metallic tube that is oriented in such a way that it indicates it comes from the ditch that surrounds the well, although we could not confirm this. The hole is filled with greenish yellow and opaque water, with rainbow reflects that show the presence of hydrocarbons and with chemical odor. The color of the water is different from the one at a puddle a few meters from the hole. We could not identify the source of water inside the hole or its purpose. Nevertheless, it is clear that it comes from hydrocarbon activities from this area that impact the environment and can be risky for fauna.

At the same well we observed scrap metal from the above-mentioned activities, such as a bloc of cement that worked as the base of a crane, according to some community members. Although that material is not risky, its presence provokes visual pollution that should be eliminated.

OIL PIPELINE AND FLOW LINES

We observed that the main oil pipeline Maquía-Puerto Oriente and flow lines that connect wells to the Maquía separator plant lack maintenance. In many places the oil pipeline and the lines are covered by vegetation or are separated from the land that supports them, which put at risk the integrity of oil pipelines and could provoke oil spills.

ROAD

The company built a road in the community’s territory without its permission. We observed that it has various branchlines and its minimum width is 6 meters but at certain sectors it is wider because the adjacent vegetation has been cut or there are embankments that make it wider. We observed a great number of trees cut for no apparent reason, at the edge of the road. It is important to emphasize that the felling of trees was made without the community’s approval and without any compensation (see picture).

The road crosses the Yarinillo stream where there used to be a bridge that was regularly used by community members. But, when the road was built, the company destroyed the track used by the community and covered the bridge with soil. Soon afterwards, the log bridge broke because it could not bare the weight of soil and the passing of heavy machinery. When the bridge collapsed it obstructed the stream (see picture).

ELECTRIC LINES

During our visit we observed a serious negligence that is evident even to non-specialists in protection and maintenance of electric lines that feed wells. This represents an industrial risk of fire (very probable because of oil infrastructure). It can also cause accidents to community members, which apparently has already occurred.

4.1.2 Testimonials

Community inhabitants told us that in the past, but at times of MG, the Cachiyacu River's stream presented a hydrocarbon black layer. As they were not aware of the water toxicity, and because they did not have any other chance, they used to open that layer and take water from the bottom, which they used for consumption. They also used to eat animals and fish that were poisoned by crude oil, because nobody informed them about the danger they represented. Today, the Cachiyacu River pollution is greater when it rains.

They also told us there were various spills during the last years (but at time of MG) that affected several acres of natural woods and rivers. Sometimes, the company took years to clean some of them, but others were never attended. Until recently, Maple Gas poured formation waters to the Cachiyacu River without any previous treatment.

4.2. Social impacts

The identification of social impacts caused by the presence of Maple Gas in the community's territory derives from interviews and surveys of some inhabitants and by direct observations by the team during our visit to the community.

We are concerned about the presence of workers of the company inside or close to the community's territory because they treat inhabitants badly and they show lack of respect towards women. In fact, according to data we gathered from interviews and declarations during our visit to the community, MG workers have sexually harassed women. As a result, several young girls became pregnant and were then abandoned by the workers responsible for their pregnancy.

Moreover, prostitution cases were reported from Shipibo-Konibo women that belong to Canaan at the Maquía camp. These women are also being used by MG staff to obtain information on the community and its decisions, in exchange for a plate of food.

4.2.1. Impacts of land use

Community declarations reveal that the company hinders the creation of new agricultural plots, in order to avoid the risk of fires. During our visit, company employee Moisés Ángeles explained to the local inhabitants that were present that they have to inform the

company when they want to clear the boundary of their territory. He also mentioned that oil infrastructures represent an industrial risk for local people, especially for children. He also declared that there are many roads and accesses that are a potential danger.

MG's blocking of local inhabitants' use of land is a violation of their rights under Peruvian law. This also impacts the community's nutrition that is mainly based on crops from small agricultural plots and on fishing and hunting. All of these activities are affected by pollution from oil exploitation.

4.2.2. Impacts on nutrition

Oil activities of Maple Gas in Canaan de Cachiyacu have a negative impact on this community's nutrition, because of these facts:

- Reduced cultivated land and low performance due to oil activities (according to local inhabitant's declarations);
- Disappearance and diminution of fish at the Cachiyacu River; lower quality and bad taste of fish;
- Reduced number of hunted animals; poisoned animals;
- Death of domestic animals.

Local inhabitants mentioned that oil infrastructures are to blame for reduced productivity of their fields . They affirmed that crops, such as manioc, bananas and corn, dry out. They also mentioned that bananas produce just one cycle annually. Research at other oil producing areas confirms effect. In Ecuador, oil activities can result in entire crops and orchards being lost, as a result of salinization of soils (until recently, the company poured formation waters, which are highly saline, directly into the environment) and filtration of polluted waters. (Acción Ecológica, 2002).

Contamana, a city close to the community, has an impact on fauna in the Canaan area, but the company is a still worse influence because it poisons and chases animals away. Local inhabitants mentioned that woodland birds and animals are dying because they drink polluted water from the Cachiyacu River. Until recently, local inhabitants ate those animals because they were not aware of these dangers.

The community of Canaan has had to change its eating habits because of diminution and pollution of traditional foods of Shipibo-Konibo people. Thus, they are losing their food security and even sovereignty. In order to make up for lost nutrition, local inhabitants have to increase their purchases at Contamana, so they are going through a transition from a self-sufficient to a market economy. As a result, they are increasingly dependent on the company to get money through day labor.

Poor nourishment weakens the immune system, which causes new illnesses that are indirectly related to oil pollution.

4.2.3. Impacts on health

Joel Cauper Flores, a nurse technician in charge of the Canaan Medical Center informed us that there is a high percentage of people that were diagnosed with pneumonia and diarrhea. Moreover, many people suffer from skin diseases such as “chupes” and infections that are chronic and hard to cure. People often complain of stomachaches, headaches, bones aches and conjunctivitis. Serious liver problems and tumors have also been reported. According to Cauper Flores, 60% of the population suffers from skin diseases and 50% experiences abdominal pains.

Our surveys also detected many cases of sexually transmitted diseases, such as gonorrhea.

During the past years, several people died after suffering from abdominal pain. Joel Cauper Flores knew 7 adults that died recently as a result of unusual causes. Moreover, 4 children died of pneumonia. In just the last year, 4 people died after complaining of abdominal pain:

- HUGO ADRIEL AMARINGO SANANCINO, 22 years old, died on May 3rd 2004;
- SAMUEL RODRIGUEZ MORI, 33 years old, died on April 30th 2004;
- EUSEBIO PICOTA ROMAINA, 78 years old, died on November 2004;
- MIGUEL RODRIGUEZ FLORES, 68 years old, died on May 12th 2005.

It is important to point out that a great majority of the local inhabitants of Canaan continue to bathe in the polluted waters of the Cachiyacu River (because they do not have any other nearby choice), and many of them keep on drinking it. Moreover, many keep on consuming fish from the Cachiyacu River. Besides, children take baths and play in those polluted waters. All of the above-mentioned practices indicate that oil activities are, at least partially, the probably cause of skin and digestive problems.

Data from Canaan is similar to other cases, such as Ecuadorian populations affected by oil activities and whose serious impacts to their health have been studied. (Acción Ecológica, 2003; San Sebastián, 2000). In those areas, people often suffer from skin, lung and digestive diseases and they complain of headaches, nausea and conjunctivitis. Cancer rates are particularly high, especially skin cancer, leukemia and cancer that affect the digestive and respiratory systems.

A series of studies published at the United States (ATSDR, 2001) sustain, for example, that: “Some of the compounds present at Total Petroleum Hydrocarbons (TPH) may affect the nervous system (...) other compounds from TPH can provoke effects in blood, the immunologic system, lungs, skin and eyes. Studies in animals have demonstrated effects on lungs, the nervous system, liver and kidneys because of exposure to TPH”.

Because of all the reasons mentioned above, it is urgent that these ecosystems are repaired and that any source of pollution is eliminated. It is also important to make sure that the community has access to potable water, that the population’s health is monitored and that sick people are treated in time at proper medical facilities.

4.2.4. Labor situation

MG hires local people from Canaan for intermittent, unskilled jobs in Lot 31-E and occasionally employs others to clean the Maquía-Puerto Oriente pipeline right of way (RoW).

According to local inhabitant's statements, 28 men are currently engaged in intermittent jobs at MG at lot 31-E. They are paid 30 soles per day, or just under \$10. Labor contracts are signed for 6 months and do not include any social security clause. Generally, local workers work 8 hours a day but sometimes engineers ask them to stay longer.

Local inhabitants also say that in the days of PetroPeru, until 1994, that company paid them to clean the pipeline's Right of Way. In contrast, MG did its own cleaning up until it received complaints from the community. The company agreed that local inhabitants cleaned the pipeline's RoW. Nevertheless, according to MG's Moisés Ángeles, local inhabitants haven't yet been paid for that job because they could not present legal invoices.

The cleaning job that the community used to do in times of PetroPeru now is done by machine, which reduces job opportunities for local people.

There is another labor incident that is worth mentioning. According to local inhabitants, wages usually arrived in an envelope from Pucallpa, but workers did not receive the total amount of them. An employee from MG delivered the money but was used to keep part of it. Since workers complained, this is not happening anymore.

4.2.5. Community relations

According to local inhabitants, the company has negative relationships with them:

- when local inhabitants sell food and agricultural products to the company, MG does not pay them in time;
- MG's Hugo Villavicencio shows an authoritarian attitude towards indigenous workers;
- MG workers and representatives treat local inhabitants disrespectfully.

5. CONCLUSIONS OF THE MISSION

Our mission verified claims by inhabitants of Canaan de Cachiyacu, relating to the oil company Maple Gas Corporation.

There is clear evidence that the environment is polluted due to the company's normal activities and accidents. Although it is true that contamination has been reduced, in particular since local inhabitants started to complain, pollution is still present and it is risky to people's health.

Although further analyses are welcome, we can affirm that the presence of the company has negative effects on the community's health. MG is also responsible for serious impacts on people's nourishment, which has serious repercussions on their health and cultural habits as well as on their sovereignty.

Moreover, MG is also responsible for severe social and cultural impacts due to the presence of the company in the community's territory. The most important social issue is the workers' bad behavior towards local inhabitants, particularly women and girls.

Taking all of the above-mentioned reasons into account, we consider the company must:

- remedy and restore ecosystems damaged by oil activities;
- compensate the community for the use of land and social, cultural, health and environmental impacts.

On the other hand, the community has the right to demand of the Peruvian government better health care and an improved quality of life, asking it to invest the royalties obtained from oil exploitation in health systems, education and other social needs. In particular, the State should:

- guarantee the supply of potable, safe and pollution-free water;
- sustain a system of health monitoring and medical support to Canaan;
- promote productive alternatives in different fields, such as in agriculture but also in arts and crafts, so that people can improve their nourishing and find alternative sources of income.

5. BIBLIOGRAPHY

- Acción Ecológica, 2002. "Manuales de monitoreo ambiental comunitario", Quito, Ecuador. N° 1-5.
- Acción Ecológica, 2003. "Ecuador ni es ni será ya país amazónico", Quito, Ecuador:119.
- Agency for Toxic Substances and Disease Registry, 2001. "Hidrocarburos totales de petróleo (TPH)", EE.UU, 2p.
- San Sebastián, M., 2000. "Informe Yana Curi". Medicos Mundi, Icaria Editorial.

EarthRights International

1612 K St., N.W. – Suite 401 Washington – D.C. 20006

