

The True Cost of Chevron

An Alternative Annual Report
May 2010

COVER: On April 6, 2010, 18,000 gallons of crude oil spilled from a Chevron operated pipeline in the Delta National Wildlife Refuge in southeastern Louisiana (photo credit: US Coast Guard). Chevron's miles of pipeline are a danger even when offshore drilling is taking place "without incident."

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“It’s hard not to see some trouble ahead.”

—John Watson, Chevron¹

IN APRIL 2010 Chevron released its 2009 Annual Report. It would not take long for the cover design—Chevron’s Gulf of Mexico ultra-deepwater drillship, the Discoverer Clear Leader—to seem a terribly poor choice.

Just days prior to publication, 18,000 gallons of crude oil spilled from a Chevron operated pipeline in the Delta National Wildlife Refuge in southeastern Louisiana.²

A far worse disaster struck less than two weeks later. The largest blowout of an oil and gas well in the Gulf of Mexico in 30 years killed eleven people and saturated the surrounding areas in a blanket of oily destruction.³ The rig was owned and operated by Transocean,⁴ the same company with which Chevron has a five-year contract to operate the Discoverer Clear Leader, among other Chevron offshore rigs.⁵

While the cover image of Chevron’s Annual Report shows a pristine rig, perhaps the more appropriate photo for Chevron will prove to be the image on page two: the sun setting on Chevron’s Way.

Chevron’s 2009 Annual Report celebrates 130 years of Chevron operations. In it, the company declares that the “values of The Chevron Way” include operating “with the highest standards of integrity and respect for human rights,” a deep commitment “to safe and efficient operations and to conducting our business in an environmentally sound manner,” and the building of “strong partnerships to produce energy and support communities.”

We, the communities and our allies who bear the consequences of Chevron’s offshore drilling rigs, oil and natural gas production, coal fields, refineries, depots, pipelines, exploration, chemical plants, political control, consumer abuse, false promises, and much more, have a very different account to offer. Thus, we have once again prepared an Alternative Annual Report for Chevron.

What Chevron’s Annual Report does not tell its shareholders is the true cost paid for Chevron’s Way: lives lost, wars fought, communities destroyed, environments decimated, livelihoods ruined, and political voices silenced. Nor does it describe the global resistance movement gaining voice and strength against these operations.

Last year, in accounts written by some twenty contributors, our report revealed the true impact of Chevron’s operations in the United States in communities across Alaska, California, Colorado, Florida, the Gulf Coast, Mississippi, New Jersey, New York, Utah, Washington, D.C, and Wyoming; internationally across Angola, Burma, Canada, Chad, Cameroon, Ecuador, Iraq, Kazakhstan, Nigeria, and the Philippines in accounts written by nearly twenty contributors.

This year, with nearly fifty contributors, we hear from many more Chevron-affected communities in Wyoming, New Mexico, Utah, Alabama, Texas, the Gulf Coast, Australia, Colombia, Indonesia, Thailand, Venezuela, and more. These accounts are demon-

strative, not inclusive. We would need 100 reports to take account of all such impacts.

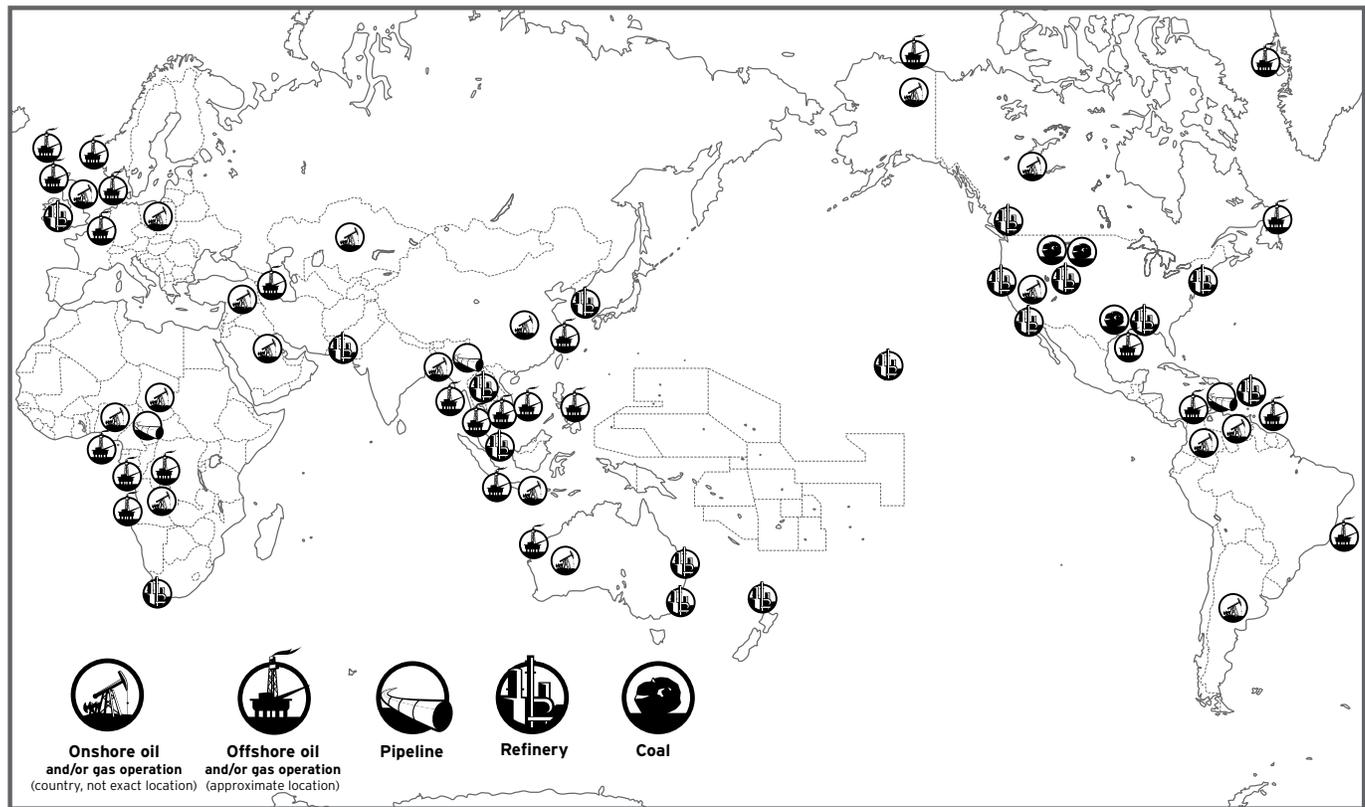
We ask readers to view the costs associated with Chevron’s Way not as abstract issues but as factors that directly harm the lives of real people all across the planet, including your own.

These accounts represent not only stories of impacted communities fighting back against Chevron’s abuses, but also a movement to hold Chevron to full account and to demand lasting change, a movement gaining unity, allies, and power.



I. Chevron Corporate, Political and Economic Overview

MAP OF CHEVRON GLOBAL OPERATIONS



CHEVRON CORPORATION BASICS

Chevron: 2nd largest U.S. oil company,⁶ 3rd largest U.S. corporation,⁷ 4th largest global oil company,⁸ 5th largest global corporation,⁹ 46th largest global economy¹⁰ (by revenue).

World Headquarters: San Ramon, California, USA

CEO: John Watson, former vice chairman, term began January 1, 2010. \$8.79 million in total 2009 compensation, a nearly 60% increase from 2008.¹¹ Retiring CEO David O'Reilly cashed out early on nearly \$50 million in total 2008 compensation, including more than \$20 million in stock options.¹²

Corporate Website: www.chevron.com

Profits: According to its annual shareholder reports, Chevron received \$10.5 billion in 2009 profits, its lowest since 2003 and a 56% decrease from the previous year. Profits had been increasing every year from 2002, increasing 2100% from 2002 to 2008.

Oil Reserves & Production: Chevron holds 7 billion (behind Exxon's 11.7 billion and BP's 10.5 billion) in reserves. It produces approximately 2.7 million barrels of oil per day. Together, Chevron, ExxonMobil, BP, ConocoPhillips, Shell, and Marathon produce more oil per day than does Saudi Arabia.¹³

Operations: Chevron operates in 120 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).

The State of Chevron: The More Things Change....

Antonia Juhasz, Global Exchange

THE LAST SEVERAL YEARS HAVE BEEN some of the most tumultuous in the oil industry's history, and Chevron's experience has been no exception. But the more things change, the more they stay the same.

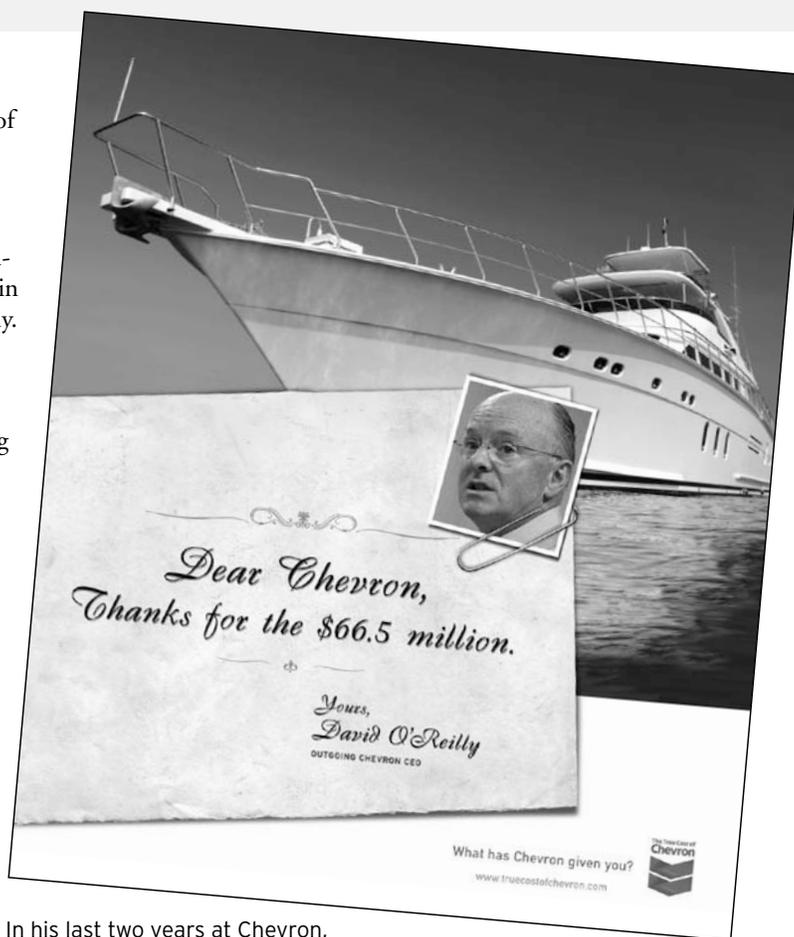
While Chevron's profits and revenues fell dramatically in 2009, it remains the third largest corporation in the United States and the world's 46th largest economy. Although Chevron's slipping bottom-line forced the company to announce the firing of 2,000 workers and the closing of its Pembroke refinery in Wales, it continued to increase the salaries of its highest-ranking executives. And while Chevron changed many leadership posts, it promoted those most committed to continuing Chevron's most brutal ways.

The World's 46th Largest Economy

Eight years of Bush administration oil-industry-friendly policies and record-breaking oil prices were reflected in Chevron's bottom line, with profits increasing every year from 2002 to 2008, rising by an incredible 2100%.¹⁴ By mid-2008, oil prices rose to an all-time record-breaking high of nearly \$150 a barrel and Chevron's profits followed suit, rising to its own record of \$24 billion.

But by January 2009, the party was over. The price of oil fell by nearly 330% to just \$35 a barrel. It quickly rebounded, doubling in value by June, but never exceeded \$76 a barrel that year. The result was that Chevron's profits (like those of both Exxon Mobil and Shell) were cut by more than half in 2009 to \$10.5 billion, Chevron's lowest since 2003.

The oil industry clearly had a "bad year" in 2009, but "bad" is relative: although Chevron's revenues fell by over \$100 billion from 2008 to 2009, at \$167 billion, they were enough



Underground Ads

In his last two years at Chevron, retiring CEO David O'Reilly took in over \$65 million in total compensation, making him one of the highest paid CEOs in America.

to rank Chevron as the world's 46th largest economy, with revenues larger than the GDPs of 137 nations and most of the world's corporations.¹⁵

Executive Pay Frenzy

In April 2010 Forbes reported that, "for the third consecutive year, the chief executives of the 500 biggest companies in the U.S. took a reduction in total compensation. The latest collective pay cut, 30%, was the biggest of the past three years."²⁵

Chevron's CEO and ranking executives, on the other hand, saw their total compensation increase throughout these years.

In-coming CEO John Watson, in his last year as vice chairman, received a nearly 60% increase in total compensation from 2008 to 2009.²⁶

Outgoing CEO David O'Reilly's story is even more interesting. In 2007, then-CEO David O'Reilly received a total compensation package of \$15.7 million, a 17% raise above the previous year.²⁷ But in 2008, O'Reilly truly cashed out. Likely in preparation for his upcoming retirement, O'Reilly took home \$47.56 million in total 2008 compensation - a whopping 203% increase from the year before and more than four times the average for oil industry CEOs that year.²⁸ O'Reilly's package included a \$3.22 million bonus (three times the industry-average), \$21

million in stock gains (seven times the industry-average), and \$21.62 million in "other" compensation (also seven times the average).²⁹ In 2009, while his total compensation returned to a more "normal" \$16.5 million, it included a 8.6% base salary raise, a \$3 million bonus, and "other compensation," including his use of the company aircraft and home security, valued at more than half a million dollars.³⁰

New Vice Chairman of the Board, George Kirkland's base salary increased by \$146,000 from 2009 to 2008, after increasing by 6.5% the year before.³¹

Chevron remains today the third largest corporation in the United States and the nation's second largest oil company (by revenue)—positions Chevron has held every one of the last three years (the only changes in those years was whether ExxonMobil or WalMart was the largest U.S. company).¹⁶

Comparable global data is not yet available. But in 2009, Fortune magazine listed Chevron as the fifth largest corporation in the world (using 2008 revenues). In fact, for the first time in history, in 2009, seven of the ten largest corporations in the world were oil companies.¹⁷ There will likely be little change this year.

U.S. Consumers Bite Back

It was the U.S. consumer, however, who hit Chevron the hardest. The company ended 2009 with a net loss of more than \$270 million from its downstream U.S. market – primarily from the refining and selling of gasoline.¹⁸

Domestic oil production in the U.S. hit new highs during the Bush years and the nation became awash in “excess” oil, such that U.S. producers have increasingly shipped supply out of the country.¹⁹ At the same time, demand for gasoline is estimated to have peaked in the U.S. in 2007²⁰ as consumers responded to environmental concerns, more accessible alternatives to gasoline and cars, and rising gasoline prices. The economic collapse accentuated the reduction in driving.

With supply up and demand down, the industry found itself with a gasoline “glut.” In 2009, five refineries were shut down in the United States.²¹ Chevron announced the closure of 8% of its total U.S. retail gas sales, including discontinuing sales of Chevron and Texaco branded motor fuels in the mid-Atlantic and other eastern states. It also announced that it would continue a process begun in 2008 to cut 20% of its total workforce—a total of 3,900 employees.²² It threatened to close its Richmond, California refinery,²³ but ultimately chose instead to sell its Pembroke refinery in Wales (where gasoline demand is even lower than in the U.S.) and additional downstream operations in the Caribbean and select Central America markets.²⁴

While all of the firing, closing, and cost cutting was going on, Chevron was making hefty payouts to its top executives. In so doing, it bucked the national trend.

Consistency at the Top

David O'Reilly's retirement as CEO of Chevron was greeted with relief and hope by human rights, environmental, and social justice organizations around the world. In his 41 years at the company, including 10 as Chairman and CEO, O'Reilly built Chevron into one of the world's most dangerous corporations.²⁵ Advocacy organizations hoped that O'Reilly's early retirement at age 62 indicated a change of course for Chevron—that it would shed its destructive practices and become the conscientious corporate citizen its advertisements claim it to be.

Unfortunately, this does not appear to be the case. After just three months on the job, new CEO and Chairman John

Watson opened his March 2010 meeting with security analysts by stressing one word: “consistency.”²⁶

Former Vice Chairman John Watson joined Chevron in 1980 as a financial analyst and has spent most of the last thirty years in various financial roles, including Chief Financial Officer.²⁷ He was not well known outside of Chevron and his promotion ruffled few feathers. It is meant to signal, as he says, “consistency.” In fact, the changes Watson has made since taking the helm have involved getting the oil company back to “basics:” cutting Chevron's alternative energy investments and portfolio (see Chevron's Hype on Alternative Energy) and emphasizing the need for “more oil and gas and coal in the years to come.”²⁸

Far more controversial is the promotion of George Kirkland to replace Watson as Vice Chairman. Communities who have born some of the most brutal of Chevron's abuses know Kirkland very well. For example, Kirkland worked for Chevron Nigeria from 1992 to 1999, including the last four years as Chairman and Managing Director (see Chevron in Nigeria).²⁹ It was during this time that two of the most tragic incidents in Chevron's history took place in Nigeria: the 1998 deaths of peaceful protestors on Chevron's Parabe Oil Platform³⁰ and the decimation, seven months later in January 1999, of the Opia and Ikenyan villages.³¹

Kirkland is also well known to those who have struggled against Chevron's oil agenda in Iraq (see Chevron in Iraq). As President of Chevron Overseas Petroleum from 2002 to 2004, and as Executive Vice President of Global Upstream and Gas since 2005, Kirkland has taken the lead in Chevron's efforts to enter Iraq.³² As Kirkland has explained, “There's a big prize” in Iraq.³³

When Charles James' early retirement was announced in April 2010, some thought that it would herald a new direction in the company's legal outlook. James had been General Counsel of Chevron since 2003, leading its charge against Chevron's desperate efforts to reject the calls of Ecuadorians to clean up the toxic waste left there by Texaco (see Chevron in Ecuador). James is famously reported to have once told a class of University students that he will fight the Ecuador case “until hell freezes over, and then skate on the ice.”³⁴ In a parting interview James was not shy in describing his views on the human rights and environmental advocates who have challenged Chevron: “I read an editorial yesterday on the beneficial social role of plaintiffs' lawyers. I laughed and then I threw up.”³⁵

Unfortunately, while James has gone, William Haynes remains as Chief Corporate Counsel, perhaps the best reflection of Chevron's ongoing approach to human rights. While Pentagon General Counsel, Haynes wrote or supervised so called “torture memos,” such that in December 2008, the Senate Armed Services Committee concluded that Haynes, among others, shares much of the blame for detainee abuse at Abu Ghraib prison in Iraq, and Guantanamo Bay, Cuba.³⁶

The more things change....

Lobby Tsunami: Chevron Spreads Its Money Around

Antonia Juhasz, Global Exchange

IN 2009, CHEVRON HALVED ITS PROFITS FROM the previous year, dropping to its lowest profit level since 2003. At the same time, it spent more money lobbying than at any time in its history and backed an increasingly dark horse: the U.S. Chamber of Commerce. All the while, its campaign giving became more partisan—with the amount of federal campaign dollars going to Republican candidates increasing from 75% in 2008 to 83% today.¹

Federal Lobbying

With the Bush White House and Republican Congress gone, Chevron's inside track within the federal government was significantly weakened. Thus, in 2009, Chevron turned on its most aggressive "outside track" campaign to date, creating a veritable lobbying tsunami. Chevron increased its federal lobbying expenditures by more than 60% over 2008—itsself Chevron's previous record breaking year.⁴⁴ By comparison, ExxonMobil actually decreased its lobbying expenditures from 2008 to 2009.⁴⁵

With more than \$21 million spent on federal lobbying, Chevron earned a spot on the top ten list of highest spenders on all federal lobbying in 2009.⁴⁶ The only other oil company in the top ten was ExxonMobil (number two). Not only has Chevron never before been among the top ten, it's never even been on the list.

In 2009, Chevron's team of a dozen in-house Washington, DC lobbyists was supplemented by the work of some 28 additional lobbyists contracted through seven outside firms.⁴⁷ These efforts mask the true extent of Chevron's lobbying. Chevron also lobbies through proxies, such as the American Petroleum Institute and the Global Climate Coalition—which led an aggressive lobbying and public relations campaign throughout the 1990s and until 2002 against the idea that emissions of heat-trapping gases could lead to global warming.⁴⁸

Chevron's most significant lobbying proxy is the U.S. Chamber of Commerce.

Chevron Backs U.S. Chamber of Commerce

The U.S. Chamber of Commerce is, hands down, the biggest lobbying presence the world has likely ever known. Between 1998 and 2009, the U.S. Chamber of Commerce spent nearly \$607 million lobbying the federal government—nearly three times more than the number two spender, the American Medical Association.⁴⁹ In 2009, the U.S. Chamber spent an incredible \$145 million lobbying Congress—more than five times the amount spent by the number two top spender, ExxonMobil.⁵⁰

In 2008 and 2009, Chevron paid a minimum of \$250,000 per year into the U.S. Chamber of Commerce's lobbying efforts.⁵¹ During these years, the Chamber's efforts against environmental and public health protections and meaningful climate legislation in both the U.S. and at the United Nations

were so extreme that they led to a mass exodus of members, including Apple, Exelon, PG&E, PNM Resources and the San Francisco Chamber of Commerce. Nike resigned from the Chamber's board; and General Electric and Johnson & Johnson issued statements opposing the Chamber's policies.⁵²

In Apple's October 2009 exit letter, Catherine Novelli wrote, "We strongly object to the chamber's recent comments opposing the EPA's effort to limit greenhouse gases... Apple supports regulating greenhouse gas emissions, and it is frustrating to find the Chamber at odds with us in this effort." Apple's departure was effective immediately.⁵³

Chevron was undeterred. Rather than oppose the Chamber's efforts, one of John Watson's first acts upon public announcement that he would succeed David O'Reilly at Chevron's helm was to speak at a U.S. Chamber of Commerce luncheon. On October 27, 2009 he told that gathered audience: "Chevron is a long-time member of the Chamber. We remain a proud member." He then expressed his opposition to the climate bills before congress and described the goal of reducing emissions by 20% in 2020 as "catchy" but otherwise impossible.⁵⁴

Federal Elections

Expenditures on federal elections by corporations have historically been limited and thus much smaller than the amounts spent on lobbying. While Chevron has spent over \$90 million lobbying the federal government since 1998, it has spent "only" \$11 million on federal elections since 1990. Tragically, this is set to change with the Supreme Court ruling in Citizens United that opened the spigot to the same kind of unlimited corporate spending on federal elections as on lobbying. We know whom Chevron will be supporting.

Chevron's \$11 million ranks it as one of the all-time largest corporate contributors to U.S. federal elections. Since 1990, 75% of its funding has gone to Republican candidates. In fact, all but three of Chevron's 20 all-time top recipients are Republicans, including current lobbyist Trent Lott.

The 2009-2010 election cycle is looking to be one of Chevron's most partisan, with a full 83% of all funds going to Republican candidates.⁵⁵ Its top five for 2010 are, thus far, Republicans David Vitter (LA), Robert Bennett (UT), William Flores (TX), Lisa Murkowski (AK) and John Thune (SD). Lisa Murkowski has introduced a fight in the Senate to veto the EPA's scientific finding that global warming pollutants threaten human health and the environment, and to effectively block higher standards for fuel-efficient cars and stationary source emitters. Murkowski's proposed amendment would strip the EPA's power to regulate carbon dioxide (CO₂).

Until recently, Chevron's number one all-time recipient of campaign funds was California Republican congressman Richard Pombo, who represented San Ramon, site of Chevron's world headquarters for 14 years. Pombo earned the number one spot on the League of Conservation Voters' "Dirty Dozen" Members of Congress in 2006, the same year that public outrage voted him out of office.

¹ All campaign contribution and lobbying data from the Center for Responsive Politics' "www.OpenSecrets.org" online database, using Federal Election Commission data, accessed in April 2010.

Chevron's Hype on Alternative Energy

Antonia Juhasz, Global Exchange

CHEVRON SPENT LESS ON GREEN ENERGY in 2009 than in any year since at least 2006. Its green energy investments fell to less than 2% of its total capital and exploratory budget compared to approximately 2.8% in 2008, 3.8% in 2007, and 2.4% in 2006, based on my analysis of Chevron's public filings. Rather, it began the year being heralded as the "oiliest" Big Oil Company while increasing its investments in the world's dirtiest fuel sources.

Nonetheless, Chevron spent 2009 once again touting its "green energy" image.

Chevron continued to bombard the public with its "human energy" ad campaign. The commercials—which end with the words "oil," "geothermal," "solar," "wind," "hydrogen" and "conservation" flashing one at a time between the three bars of Chevron's logo—encourage us to believe that the company is equal parts clean energy, conservation and oil. Chevron's investments simply do not support this representation.

A far more accurate one-minute portrayal of Chevron's actual financial investments would look something like this:

- 52 seconds: "OIL" appears alone on the screen.
- 7 seconds: "natural gas," "tar sands," "chemicals," "coal" and "shale" appear.
- 0.7 seconds: "geothermal" flashes across the screen.
- 0.3 seconds: "solar," "wind," "hydrogen" and "conservation" race across the screen, although we'd be unlikely to catch them.

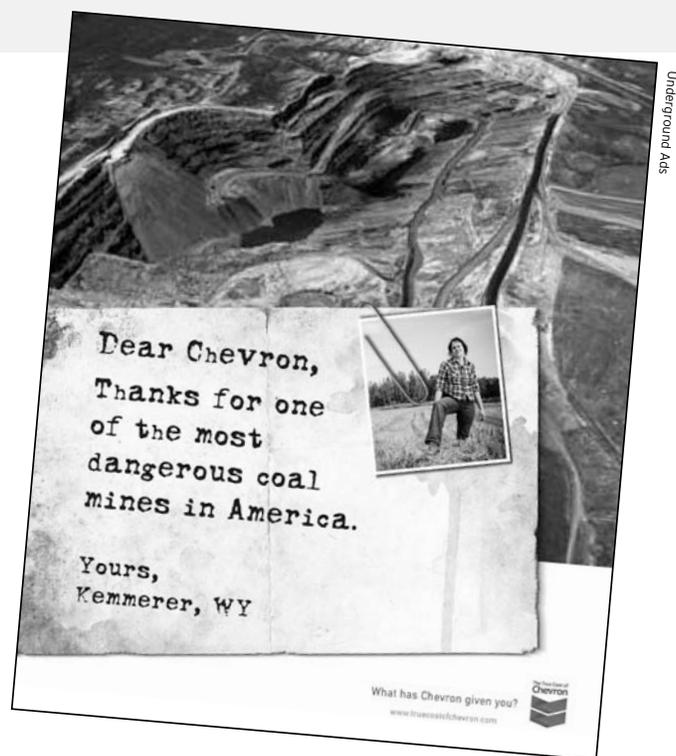
Let's look at the numbers. But first, a note: Chevron hides these numbers from the public. They are not in its commercials, its ads, its website or in its annual report. Chevron's public relations materials used to state that it expected "to invest more than \$2.5 billion from 2007 through 2009" in "renewable alternative energy sources." But, it never backed up the claim with actual per-product expenditures and it hasn't provided any new similar prediction for 2010.

The best we can do is form an estimate from Chevron's 10-K tax filing with the U.S. Securities and Exchange Commission. This 166-page document provides a breakdown of Chevron's total "capital and exploratory" expenditures. These expenditures totaled \$22.2 billion in 2009, almost 97% of which, or \$21.5 billion, was spent exploring for, producing, refining, selling and transporting oil, natural gas and gasoline.⁵⁶

The remaining 3% was split between Chevron's chemical business (\$302 million) and a catch-all "All Other" category (\$405 million).

"All Other" assets "consist primarily of worldwide cash, cash equivalents, and marketable securities, real estate, information systems, mining operations, power generation businesses, alternative fuels and technology companies, and assets of the corporate administrative functions."⁵⁷

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



Underground Ads

There is one other section in the 10-K which could also include investment in green energy: Chevron's total research and development expenses, which were, for the entire corporation, \$603 million in 2009, at least some portion of which probably went to research on alternative energy.

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: \$405 million.

That is not only extremely generous, it's also a mere 1.8% of its total capital and exploratory budget. Not even a measly 2%. In previous years, the totals, using the same method of calculation (see the 2009 Alternative Annual Report for figures) were 2.4% in 2006, 3.8% in 2007, and 2.8% in 2008. Chevron hardly qualifies as a "green energy" company.

Chevron is instead, according to Barron's, one of the "oiliest" of the world's oil companies, as "oil exploration and production contributed 86% of Chevron's profit in 2008, and crude accounted for two-thirds of the company's 11.2 billion barrels of oil-equivalent reserves at the end of that year. At rival ConocoPhillips, oil accounted for 59% of total reserves, and at industry leader ExxonMobil, it's 49%."

To kick off 2010, Chevron has instead chosen to expand its investments in the world's most environmentally destructive methods of fossil fuels production: expanding its coal operations; tar sand production in both Canada and Venezuela; digging deeper into offshore fields (releasing methane); 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

"We definitely need more oil, gas, and coal in the coming years."

– John Watson, Chevron CEO, 2009.⁵⁹

CHEVRON OPERATES ONE OF THE MOST dangerous coalmines in America. On April 15, 2010, Congressman George Miller released a list of the country's 48 most dangerous mines—those with the most outstanding health and safety violations contested by the mine owners. Chevron's Kemmerer Coal Mine, the largest open pit mine in the U.S., made the list.⁶⁰

Coal is the United States' largest, dirtiest source of electricity and climate-changing greenhouse gases. It is the most carbon-intensive fossil fuel, emitting 29% more than oil and 80% more carbon dioxide per unit of energy than gasoline.⁶¹

Not only do most people not know that Chevron's mines are dangerous, few know that Chevron operates a coal company. In a debate last year in San Francisco, the CEO of Chevron and the Executive Director of the Sierra Club had (not surprisingly) a lot to disagree about. There was, however, one topic on which they found unexpected accord: coal.

Both men agreed that "coal companies" were getting too much from climate legislation before congress and discussed that "since neither of [them] likes the compromises that were inserted into the Commerce bill to please coal, [they] might jointly lobby in the Senate to get rid of the giveaways."⁶²

Taking this position won then-Chevron CEO David O'Reilly a lot of positive responses from the audience and the media that reported on the event. But the lobbying never took place. This is probably because Chevron would be lobbying against itself.

Chevron Mining Inc. is one of the oldest continuously operating mining companies in the United States.⁶³ It was formed through the 2007 merger of two Chevron wholly owned subsidiaries, the Pittsburgh & Midway Coal Mining Company and Molycorp. Pittsburgh & Midway was founded in 1885. Chevron acquired the company when it merged with Gulf Oil in 1984. Formed in 1920, Molycorp, which Chevron obtained through its 2005 Unocal acquisition, operated molybdenum and rare earth mines and manufactured rare earth compounds in the U.S. and Japan.⁶⁴

Today, headquartered in Englewood, Colorado, Chevron Mining's 1,200 employees produce coal and molybdenum.

Chevron owns three coal mines and has plans to develop a fourth. Its mines are in Berry, Alabama (North River), in New Mexico (McKinley) and in Wyoming (Kemmerer). Chevron also owns a 50% interest in Youngs Creek Mining Company LLC, a joint venture to develop a new coalmine in northern Wyoming. Chevron reports that coal sales from its wholly owned mines in 2009 were 10 million tons and that it con-

trolled approximately 193 million tons of proven and probable coal reserves in the United States.⁶⁵

Back at the debate in San Francisco, while then-Chevron CEO David O'Reilly was bemoaning Big Coal, he got more positive nods from the crowd when he shared his view that natural gas should replace coal for electricity generation.⁶⁶ Interesting, given that the primary use of his coal is for electricity.

Just one year earlier, the CEO of O'Reilly's coal company, Mark Smith, stressed to Business Excellence Magazine that one of his chief concerns about today's energy market in the U.S. is the importance that coal plays on the demand side, versus the perception the public has of the coal-burning industry. "It's probably my major concern today," Smith Says. "Coal supplies about 50% of electricity produced in this country... What bothers me is the negative perception that Americans have about coal."⁶⁷

Chevron's Alabama Coal Operations

John Kinney, Black Warrior Riverkeeper

Chevron's North River Coal Mine opened in 1972 in Berry, Alabama. It is an underground mine producing more than 7 million tons of "crude" coal per year. The crude coal is processed into about 3.5 million tons of saleable coal at a speed of approximately 1,000 tons per hour. This process produces roughly 450 tons of waste per hour.⁶⁸ The mine employs approximately 400 people. It sits in the Black Warrior River watershed.

With a staff of just five, we try to monitor the operations of some 95 active coal mines (among other polluters) in our watershed. Strip mining (a.k.a. surface mining) and longwall mining (a.k.a. underground mining) are the methods of choice for coal extraction in Alabama. As a result, many Black Warrior streams are impaired by sediment laden with heavy metals.

On December 23, 2009, I submitted a public comment to the Alabama Department of Environmental Management (ADEM) in opposition to the renewal of a permit Chevron sought for the North River Mine. The mine is in current, significant non-compliance with its underground injection control permit. On August 4th, 2009, ADEM sent a Notice of Delinquency to Chevron citing violations for exceeding total iron concentrations established in the permit at two of the facility's monitoring wells. The Notice of Delinquency requires Chevron to "submit a full written report documenting the possible causes for these violations and all actions taken to correct this problem." As of December 23, 2009 there was no record of any response from Chevron or any further enforcement action by ADEM.

The permit is far too lenient and ignores the connections between groundwater and surface water. The ADEM failed to consider evidence that underground injections at the coal washing operation could be causing mercury contamination in the surface waters.

Mercury is a potent neurotoxin. It has been linked to all sorts of serious physical and central nervous system disorders, including mental retardation, sexual dysfunction and even death. In adults, even at very low doses, it causes neurological dysfunctions, circulatory and immune system deficiencies. But mercury is most dangerous to a child's developing brain. During pregnancy, a woman eating contaminated fish will pass some of that mercury on to her child through prenatal blood transfer and, later, through breast milk to a nursing infant. In fact, studies indicate that the fetus will have a larger amount of mercury in its blood than the mother because mercury concentration in umbilical cord blood is almost twice as high as found in the mother's bloodstream.

The permit also neglects to recognize numerous other contaminants that could potentially be released by the mine, including heavy metals, chemicals and/or enzymes. I would have loved to cite specific chemicals and/or enzymes used at this particular facility, or the potential contaminants transferred from the coal to the wastewater through the washing process. However, none of this information is publicly provided.

Chevron wants 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.

I received absolutely no response to my letter, and Chevron's permit was reissued on January 11.

Chevron's Wyoming Coal Operations

Brad Mohrmann, Powder River Basin Sierra Club

Chevron claims it's going green, but investing in a new large coal mine is one of the worst things a company can do for the climate.

Through a sweetheart deal in 1990 that exchanged federal coal reserves for a conservation easement near Grand Teton National Park, a large patch of public coal along the Wyoming/Montana border became private.⁶⁹ Since Chevron had previous coal mining operations in the area, with partner Consol Energy (one of the largest offenders of mountaintop removal mining in the Appalachian region), it bought the coal and is now looking to develop the first new mine in the Powder River Basin in at least a decade.

The proposed Youngs Creek Mine would mine approximately 315 million tons of sub-bituminous Powder River Basin coal over its planned 20-year lifespan. Although Chevron touts the coal as being some of the best around, the high sodium levels in the Youngs Creek coal tract is a concern as it could impact marketability. High sodium coal can also lead to environmental problems during coal generation because the



Paul Shively

sodium can build up in the boiler.⁷⁰ Since this coal is now privately held, federal lease payments and royalties are avoided. Construction of the mine could ultimately begin within the next few years. This would be the second Chevron coal mine in Wyoming.

The Problem

The Powder River Basin of Wyoming produces approximately 40% of the nation's coal—mining over 400 million tons every year.⁷¹ When burned, each ton of coal produces about two tons of carbon dioxide—the largest source of heat-trapping gases contributing to global climate change.

A new coalmine would have drastic impacts on local air, water and land resources. The Powder River Basin has already seen an alarming amount of energy development over the decades and the Youngs Creek Mine would be yet another source of pollution on top of current mines, coal plants, oil production and natural gas operations.

The Youngs Creek Mine is only one of several new mines proposed along the Wyoming/Montana border and it would be located along the Tongue River, a beautiful area nestled next to the Big Horn Mountains. The Tongue River has cultural significance and has been prominent in Northern Cheyenne communities for generations.

The Northern Cheyenne felt so strongly about this place that when they were forcibly removed and relocated to Oklahoma they began a deadly trek back to their home along the Tongue River, the location of the present day Northern Cheyenne Indian Reservation. Tribal members still gather sacred herbs and sweet grass one stem at a time with prayer ceremony along the river's banks. Ancestors are buried here. Ancient water renewal ceremonies along the banks of the Tongue River are threatened by proposed development.

The Tongue River is also crucial to the success of ranching operations. With the threat of new coalmines and a railroad, in addition to current mining and natural gas operations, the Tongue River Valley's future is uncertain. Coal and coal bed methane development decreases water quality through surface discharges of pollution and permanently removes water from subsurface aquifers that supply water for homes and ranches. Without a healthy Tongue River, ranching in the area will be difficult.

What Chevron Says

Chevron runs a lot of ads heralding its investments in wind, solar, geothermal and "human energy." We have never seen one showing its coalmines. In its 2009 10K SEC filing, Chevron notes that it is in a joint venture to develop the Powder River Basin mine and, "The initial feasibility study has been completed, and permits have been submitted. Construction of the mine is scheduled to begin when sufficient coal sales contracts have been secured."⁷²



March 3, 2009, thousands march in Washington, DC at the Capitol Climate Action.

Elizabeth Lane

Community Demands

The Wyoming Chapter of the Sierra Club opposes this mine and is working to raise awareness. Although local politicians support the mine as a way to bring jobs and tax revenue into the Sheridan community, ranching and many tribal neighbors in the Tongue River Valley are worried about the mine's potential impacts. We will be involved in the permitting process and will ensure full compliance, including the Clean Air Act and the Surface Mining Control and Reclamation Act.

Chevron's New Mexico Coal Operations

Elouise Brown, Dooda Desert Rock

Chevron's McKinley Mine is a surface coalmine near Window Rock, New Mexico. Sixty percent of the mine sits on Navajo land and the vast majorities of its employees are and have been Navajo. The mine opened in 1962 and has produced some 2.6 million tons of coal.⁷³ In just the last ten years alone the mine has torn up over 5500 acres of land.⁷⁴ In late 2009, Chevron announced that, after forty years of constant production, the McKinley Mine is just about tapped out. Chevron announced plans to suspend its operations and to focus on "full reclamation efforts..."⁷⁵ At the same time, however, spokespeople for the company stressed to local media that Chevron "is not calling an end to the mine because efforts are still underway to mine a portion of the lease area called section 16." According to company spokeswoman Margaret Lejuste, "If we can find a client (for that coal) in the next couple of years, we would be able to resume operations."⁷⁶

In 2009, Chevron donated land to the Navajo Code Talkers Association.⁷⁷ It was a nice gesture, but not nearly enough to make up for all the decades of damage done. While we will keep a close eye on the reclamation process, there is not much left to be reclaimed. There is no more vegetation, hardly any livestock left, ash piles everywhere, and the whole place is contaminated. But I will not give up standing up for my home, my people, and all the world's climate so that we all can breathe freely.

Chevron in Alaska

Bob Shavelson and Tom Evans, Cook Inletkeeper

COOK INLET IS THE BIRTHPLACE OF commercial oil and gas development in Alaska, with production starting in the 1960's 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.

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 ground-water plume leaching from the site into Cook Inlet, where set net fishermen fish for salmon. Instead of properly cleaning up the site, Chevron has opted for a rudimentary pump-and-treat remediation system, and leaks and contamination continue to plague the region to this day.⁷⁸ More recently, in 2005, Chevron merged with Unocal, and took control of Unocal's 10 offshore oil and gas platforms, and 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.⁷⁹

A few months later, we learned that Chevron has been fighting with federal regulators to allow it to continue to use indefinitely a corroded pipe that has lost more than 60 percent of its wall thickness to carry oil from one of its platforms to shore.

The Problem

Toxic Dumping: Since the 1960s, oil and gas production facilities have been dumping toxic pollutants directly into the rich salmon, halibut and other fisheries of Cook Inlet. These fisheries support countless Alaskans, and drive more than \$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 is 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 for the area. Today, Cook Inlet is the only U.S. 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.⁸⁰

In 2005, 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 could not afford the available technology needed to re-inject these toxic wastes to keep them out of local fisheries.⁸¹ Chevron also argued it should not be required to monitor the impacts of discharges to surrounding waters and habitats, despite the fact such monitoring had never been done.⁸² 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.⁸³

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, which then 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 shut down. Although industry bolstered the dike 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.⁸⁴ 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 and its contractors lacked the necessary oil spill response equipment needed to address a catastrophic 6 million gallon 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.⁸⁵ To compound matters, the company dragged its feet with state and federal agencies, refusing initially to cooperate and share information.⁸⁶ 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



Chevron's Steelhead Platform, Cook Inlet, Alaska

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 alleged safety reasons why it could not drain the tanks,⁸⁷ but those reasons fell by the wayside after multiple volcanic eruptions—and rising public pressure—forced Chevron eventually to drain down the oil tanks and shut down the facility until volcanic activity subsided.⁸⁸

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. 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.⁸⁹

Tom Evans is a subsistence hunter and fishermen 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 have been forced to sue EPA in the Ninth Circuit Court of Appeals to stop or reduce toxic dumping in Cook Inlet's rich and productive fisheries. This litigation is ongoing and Chevron can resolve this matter by re-injecting its wastes instead of dumping them.

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 more than twice as much revenue in 2009 than Hewlett-Packard, the second largest California company.⁹⁰ Since 2006, Chevron's profits have been two to three times greater than those of its closest California rivals. But, in 2009, Wells Fargo inched above Chevron, taking in \$12.3 billion to Chevron's \$10.5 billion in profits.⁹¹

Chevron turns its vast wealth into unparalleled political power. In 2009, Chevron spent more than \$1.4 million lobbying Sacramento on some 45 bills, employing seven firms in addition to its own lobbyists.⁹² Chevron spent another \$1.75 million influencing state ballot initiatives and state and local elections, much of which went to the state Republican Party (\$250,000) and Governor Schwarzenegger's California Dream Team (\$250,000).⁹³

California's Single Largest Stationary Green House Gas Emitter

In November 2009, the California Air Resources Board released its first annual emissions report compiling greenhouse gas (GHG) data from all major sources in the state. The report revealed, that by a wide margin, Chevron is the single largest stationary emitter of GHGs in California.⁹⁴

Chevron's Richmond refinery, the single largest stationary source of GHGs in the state, emitted nearly five million metric tons of CO₂ in 2008. Chevron's El Segundo facility, the state's fourth largest emitter, released over 3.6 million tons.⁹⁵

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.⁹⁶ In California, as in the nation as a whole, transportation fueled by gasoline is hands down the single largest overall contributor to GHG emissions.⁹⁷

Meanwhile, Chevron is actually seeking to increase its GHG emissions by retooling its Richmond refinery to burn heavier and higher-sulfur oil (as recently done at its El Segundo facility).⁹⁸ 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."⁹⁹

Blocking California Oil Severance Tax

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

California sits on the third largest proven oil reserves in the nation. Chevron is the state's largest oil producer, with fields throughout the San Joaquin Valley. In 2009, Chevron produced 191,000 barrels of crude oil per day from the San Joaquin Valley—nearly 85% of which is heavy oil—as well as 91 million cubic feet of natural gas. Chevron's California oil accounts for nearly 45% of its total U.S. reserves.¹⁰⁰

California is the only state that fails to impose a tax when that 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.¹⁰¹

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 13.¹⁰²

Nonetheless, every attempt to try to impose an oil severance tax in the state has been beaten back by efforts led by Chevron. In 2010, Chevron has lobbied against AB 656.¹⁰³ The bill 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.¹⁰⁴

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.¹⁰⁵

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."¹⁰⁶

In 2006, California voters tried, and failed, to implement an oil severance tax through a ballot initiative. The leader in opposing the measure, according to then-California Secretary of the Environment, Terry Tamminen, was Chevron's Sacramento lobbyist, Jack Coffey. "It was Chevron's home turf," Tamminen explained, "so the other [oil companies] followed Coffey's lead."¹⁰⁷

When first introduced, more than 60% of Californians polled supported the measure. But, for every dollar supporters spent, the oil companies spent two, and were always prepared to spend more. In total, opponents spent more than \$100 million in what became the most expensive ballot measure ever fought in U.S. history. The ballot measure, like every other attempt to implement an oil severance tax in the state, was defeated.

Squeezing Consumers

In California, Chevron helps maintain the state's oil oligopoly, with just four refiners owning nearly 80% of the market and six refiners, including Chevron, owning 85% of the retail outlets, selling 90% of the gasoline in the state.¹⁰⁸ This extreme market concentration is the primary reason why Californians regularly suffer the nation's highest gasoline prices. In April 2009 the U.S. 9th Circuit Court of Appeals revived a class action lawsuit accusing Chevron and other refiners of conspiring to fix gasoline prices in California. The plaintiffs, a group of wholesale gasoline buyers, contend that the companies intentionally limited the supply of gasoline to raise prices and keep them high.¹⁰⁹

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.¹¹⁰

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.¹¹¹ 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—240,000 barrels per day—the refinery produces over two million pounds of waste per year.¹¹²

The U.S. Environmental Protection Agency (EPA) reported more than 800,000 pounds of toxic waste from the site in 2008, including at least 37 different toxic substances, including more than 4,000 pounds of benzene, a known human carcinogen, and over 274,000 pounds of ammonia, repeated exposure to which can cause an asthma-like allergy and lead to lung damage.¹¹³ An estimated 1,600 pounds of the ammonia was released into the San Pablo Bay last year.¹¹⁴

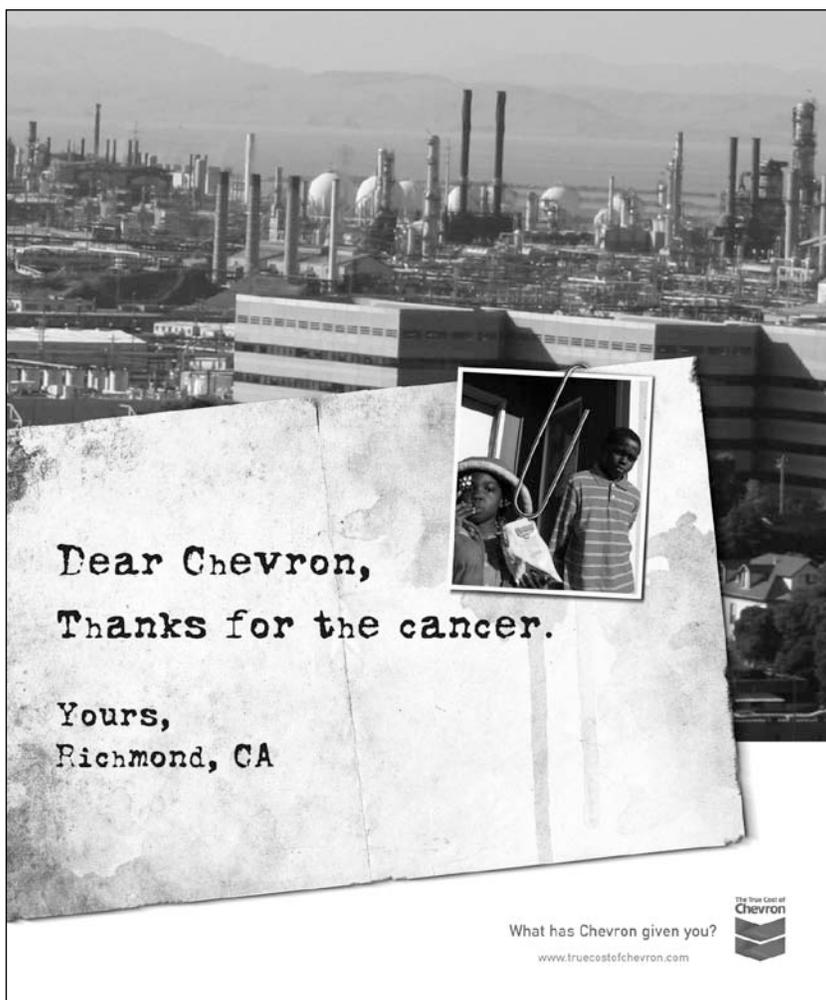
The refinery is now, and has been, in "high priority violation" (HPV) of Clean Air Act compliance standards every year since at least 2006.¹¹⁵ HPV is the most serious level of violation noted by the EPA.

Occasionally, Chevron is fined for its violations. 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 of humans to selenium can result in nosebleeds, dyspnea, bronchitis, chemical pneumonia, vomiting, pulmonary edema and lesions of the lung, tachycardia, diarrhea, effects on the liver, and neurological effects such as aches, irritability and tremors.¹¹⁶

Community organizations put constant pressure on state and local governments to enforce existing pollution control laws against Chevron. Occasionally the government responds with civil lawsuits. In 2004, for example, Chevron paid approximately \$330,000 in negotiated fines to settle two lawsuits for more than 70 reported violations from 2000 to 2002.¹¹⁷

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.¹¹⁸ 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.

The mayor of Richmond, Gayle McLaughlin, has observed that the children in Richmond who suffer from asthma "are hospitalized for this condition at twice the rate of children throughout Contra Costa County," in which Richmond is located. "Time and again," she writes, "the Richmond City Council has heard testimony from residents about the impact of refinery emissions on their lives: burning eyes, shortness of breath, foul smells, residues on cars and windows. One senior citizen from Atchison Village talked about entire days when she is unable to leave her home, even to work in her garden, because of the noxious fumes that permeate the air in her neighborhood."¹¹⁹

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.¹²⁰

A 2008 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.¹²¹

Public Safety

In January 2007 a giant explosion rocked the refinery. A leaking corroded pipe “that should have been detached two decades ago,” according to investigators, was to blame.¹²² The five-alarm fire and 100-foot flames burned for nine hours. Almost 3,000 people in nearby neighborhoods received telephone calls, instructing them to stay inside with their doors and windows shut to avoid breathing the toxic fumes. According to Chevron, a leaking valve that “was initially installed more than 30 years ago” ignited one of the worst explosions at the refinery.¹²³

Community Demands

Chevron’s Tax Abuse

Marilyn Langlois, Richmond Progressive Alliance

In 2009 Richmond residents continued to insist that Chevron pay its fair share of taxes.

In 2008, Chevron spent, at minimum, \$300,000 to defeat Measure T,¹²⁴ a citizens’ initiative to increase Chevron’s local business license tax. Nonetheless, the measure won. Victory was short-lived. In 2009 Chevron convinced a judge to disqualify the measure based on spurious technicalities. The City is pursuing a vigorous appeal.

In 2009 Chevron also convinced the Contra Costa County Assessment Appeals Board to lower its local property taxes for 2004-2006. The cash-strapped City and County, struggling to provide basic services to the most needy, must now pay \$18 million in back-taxes to Chevron.¹²⁵

Meanwhile, a community effort in 2009 led the City Council to put a measure on the 2010 ballot to end a 30+ year perk Chevron has benefited from on the local utility users tax. The measure would require Chevron to pay at the same rate as everyone else in Richmond instead of the lower amount it has been paying. The Richmond Progressive Alliance is leading the grassroots “End Chevron’s Perk” campaign and anticipates passage at the polls in November. Chevron is trying to put a different “utility users tax reform” measure to lower revenues to the City on the same ballot, just to confuse the voters.

Chevron brags about its \$1-to-\$2 million donations to local non-profits. But these are mere crumbs in comparison to the roughly \$40 million¹²⁶ in additional revenue Richmond would get annually if Chevron paid its fair share of taxes.

Court Rules in Favor of the Richmond Community’s “Right to Know”

Adrienne Bloch and Jessica Tovar, Communities for a Better Environment

In fall of 2008 Communities for a Better Environment, Asian Pacific Environmental Network and West County Toxics Coalition filed a lawsuit on Chevron’s application to expand its Richmond refinery to enable processing heavier, dirtier grades of crude oil. The lawsuit came after the City Council of Richmond granted permits on a 5-4 vote. Hundreds of community members participated in marches, rallies and hearings with the concern that refining the cheaper, dirtier oil would increase already-unacceptable pollution of this low-income community of color. “Our health is not for sale,” testified CBE member Reverend Ken Davis. Community members were outraged at the high rates of asthma and cancer which could worsen should the refinery’s project be allowed.

In the summer of 2009, Superior Court Judge Barbara Zuniga ruled in favor of the community stating that Chevron’s environmental review “is unclear and inconsistent as to whether project will or will not enable Chevron to process a heavier crude slate than it is currently processing.” Zuniga also ruled that the review piece-mealed the project by failing to address a proposed hydrogen pipeline and “improperly deferred formulation of greenhouse gases mitigation.” Zuniga ordered an injunction that stopped construction of Chevron’s project.

On February 2, 2010 community groups, union members and faith leaders rallied outside of a Richmond City Council meeting and testified their commitment to this campaign and support for a compromise settlement advanced by State Attorney General Jerry Brown. The proposal would limit crude processed by the Richmond refinery to slightly heavier grades than those currently refined, install pollution controls Chevron has deferred for decades, and fund solar projects with a community hiring preference. This would limit toxic pollution from Chevron’s project, reduce greenhouse gas emissions from the refinery over ten years, and create local green jobs. In fall of 2009 Chevron filed for an “expedited appeal” to a higher court. In February, 2010 both sides were heard and Chevron’s lawyer was questioned by the judges on issues pertaining to disclosure of a switch to heavier crude, and of the specific greenhouse gas mitigation measures to be taken—information which the environmental justice groups say is required under the California Environmental Quality Act. Under questioning, Chevron’s lawyer admitted that its offer of a \$61 million benefits package contingent upon project approval might be perceived by some as creating a bias in the City’s permitting process.

On April 26, 2010, after years of struggle, the Appeals Court ruled in the communities favor, declaring Chevron’s environmental assessment in violation of state law. The groups celebrated their victory on the road to “Clean Air, Green Jobs & a Healthier Richmond.”

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.¹²⁷ It occupies approximately 1,000 acres in El Segundo (named for the refinery), in the Los Angeles County South Bay. The 3.6 million tons of greenhouse gas (GHG) emissions it released in 2008 were enough to make El Segundo California's fourth largest stationary source of GHGs that year.¹²⁸

The U.S. Environmental Protection Agency (US EPA) publishes an annual Toxic Release Inventory (TRI) using data self-reported by polluters. On its website, Chevron reports that since 2001 it has cut its emissions at El Segundo in half.¹²⁹ Chevron fails to mention that in 2008, the refinery released a total of 862,304 pounds of toxic chemicals into the air, a 37.5% increase from 2007.¹³⁰ 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 illegally reported less toxic chemical releases to the local South Coast Air Quality Management District (SCAQMD) than to the U.S. EPA. Chevron reported to U.S. EPA that it released in 2,835 pounds of benzene, 611 pounds of naphalene, 2,921 pounds of hexane, and 7,617 pounds of toluene in 2008.¹³¹ 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.¹³² In 2008 Chevron reported data on 36 different chemicals to the US EPA and only 14 chemicals to the SCAQMD.¹³³ A 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 less in all other years.¹³⁴ Chevron is required to report all chemicals released each year.

Chevron 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.¹³⁵ 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.¹³⁶ Hexane exposure can cause dizziness, nausea, headaches, depression, dermatitis, sensorimotor polyneuropathy which is damage to the nerve cells, nerve fibers and coverings which can cause numbness in the arms and legs, blurred vision, difficulty swallowing and death.¹³⁷

The black smoke also called black carbon and particulate matter (PM) often seen billowing out of Chevron's smoke stacks is a known carcinogen.¹³⁸

Flaring incidents at Chevron El Segundo have been increasing every year since 2007.¹³⁹ In 2007 there were nine incidents, in 2008 there were 14, and 24 incidents were reported in 2009. 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 neighboring city of Los Angeles community of Wilmington. CFASE submitted public comments on SCAQMD's 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 Chevron to reduce its toxic emissions to less than significant, incorporate off-the-shelf technologies that will eliminate and minimize air emissions, that new emissions monitoring equipment be required, a third party monitor the data being reported, that Chevron conduct a Health Impact Assessment and Public Health Survey and that they establish an annual \$100 million public health care and research trust fund.



California Environmental Rights Alliance, March 21, 2005



Chevron's El Segundo Refinery has numerous flaring events annually which release hundreds of tons of carcinogenic chemicals.

Chevron's Pascagoula Refinery

Steve Shepard, Gulf Coast Sierra Club and Antonia Juhasz, Global Exchange

PASCAGOULA, LOCATED ON MISSISSIPPI'S Gulf Coast, is home to Chevron's largest refinery—the 8th 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.

In August 2007 a giant explosion rocked the facility. The fire burned near the heart of the refinery, and 200-foot flames were visible for miles down the Mississippi coast. Afterward, Chevron offered free car washes to dislodge the thick layer of black soot that had settled on nearby cars from the fire.

Pollution

The U.S. Environmental Protection Agency (EPA) reported more than 1.6 million pounds of toxic waste from the site in 2008, an increase of 600,000 pounds from the previous year.¹⁴⁰ Releases included 46 different toxic substances, including increased amounts of benzene (more than 52,000 pounds), and ammonia (189,000 pounds), repeated exposure to which can cause an asthma-like allergy and lead to lung damage.¹⁴¹

Chevron's Pascagoula refinery is ranked as one of the "dirtiest/worst" facilities in the nation by "Scorecard," the only available source comparing EPA data across U.S. facilities.¹⁴² On every ranking but one, including "total environmental releases," "air and water releases," "air releases of recognized carcinogens," "air releases of recognized developmental toxicants," and "air releases of recognized reproductive toxicants," the facility ranked in the absolute worst facilities in the nation (using 2002 data).

Chevron wants to expand production by 600,000 gallons per day by mid-2010.¹⁴³ To do so, it has taken advantage of a tax break offered to Jackson County because of Hurricane Katrina, a 10-year tax exemption offered to all expanding industries.¹⁴⁴ Chevron reports in its 2009 SEC 10-K tax filing that it issued \$350 million and \$650 million, in 2009 and 2007 respectively, of tax-exempt Mississippi Gulf Opportunity Zone Bonds as a source of funds for its Pascagoula Refinery projects. The Mississippi Department of Environmental Quality (DEQ) has found that Chevron's proposed expansion "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."¹⁴⁵

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 in both 2007 and 2008.

¹⁴⁶ In 2008 more than 35 pounds of toxic chemicals were released per person, or 4.6 million pounds.¹⁴⁷ Out of a total 2009 population of just 132,922, Jackson County, with a 13.3% poverty rate, had 713 incidents of cancer and 238 cancer deaths.¹⁴⁸

Robert Hardy, a local activist with Protect Our Coast, has said, "The implications of [Chevron's] planned expansion suggest enormous increases in their discharged TRI Carcinogens, which is beyond comprehension. The implications for the adverse impact to our community's cancer incident and death rates are very hard to accept. What will be the impact on our grandchildren's health over the next 10-20 years?"¹⁴⁹

"My wife of 44 years died Oct 3rd, 2009 following her valiant 45 month battle with cancer," Hardy writes. "She is the eighth person in my immediate family to have died from cancer or who is fighting the disease at this time."¹⁵⁰

Local politics remains controlled by Chevron, with three of the five members of the Jackson County Board of Supervisors former employees of Chevron in 2010, as they were in 2009, including the president.¹⁵¹ The result, according to Hardy, is identical to that in Richmond. While "Chevron doles corporate donations to local United Way, schools and other charitable events and always makes a huge public relations deal of their corporate benevolence," it is "getting away with significantly underpaying its taxes."¹⁵²

Community Response

The small but dedicated local activist community that tries to hold these facilities to account has an enormous task set out for it, particularly because an estimated 95% of Pascagoula went under water with Hurricane Katrina. Many still live in FEMA trailers to this day. The local Sierra Club and Protect Our Coast stand up to hold Chevron to account and in firm opposition to the massive expansion planned at the facility.



Fire burning at the Chevron refinery in Pascagoula, Mississippi

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

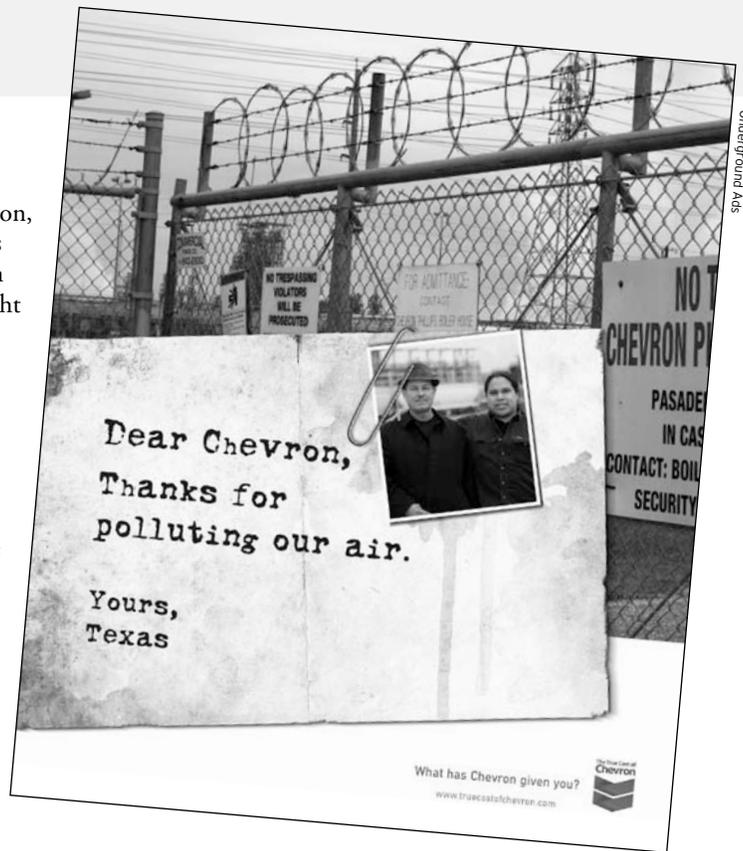
Chevron in Texas

Antonia Juhasz, Global Exchange

CHEVRON'S TEXAS OPERATIONS INCLUDE on and offshore oil and natural gas production, chemical production, two former oil refineries, a pipeline company, a natural gas storage facility and more. Gulf and Texaco originated from the great 1901 Beaumont, Texas oil gusher. Chevron bought Gulf in 1984 and merged with Texaco in 2001. Today Chevron is one of the largest producers in the Permian Basin of West Texas, pumping both oil and natural gas.¹⁵³ It is the largest leaseholder in the Gulf of Mexico where its operations include the massive deepwater Perdido project, 200 miles south of Freeport, Texas,¹⁵⁴ a cluster of offshore facilities near Port Arthur/Sabine Pass, and a pair of active leases some 60 miles from Freeport within ten miles of the Stetson Bank, a scuba diving destination and part of the Flower Garden Banks National Marine Sanctuary.¹⁵⁵

Chevron Phillips Chemical Company

Headquartered in The Woodlands, Texas, Chevron's chemical business, a partnership with ConocoPhillips formed in 2000, includes the operation of 34 chemical manufacturing facilities across the U.S. and the world, producing a host of toxic chemicals dangerous to the



Underground Ads

Environment Texas & Sierra Club v. Chevron Phillips

Luke Metzger, Environment Texas

The Chevron Phillips Chemical Company's Cedar Bayou petrochemical plant is a 1,200-acre industrial complex in Baytown, Texas, about 25 miles east of downtown Houston. Cedar Bayou is the largest of Chevron Phillips' domestic manufacturing facilities, producing more than six billion pounds of chemicals annually.

In recent years, frequent equipment breakdowns, malfunctions, and other non-routine incidents at the Cedar Bayou plant have resulted in the release of more than a million pounds of pollutants into the surrounding air, frequently in violation of legal limits. A single such "upset" or "emission event" can result in the release of tens of thousands of pounds of air pollutants in a matter of hours or even minutes. Environment Texas's analysis of the company's own emission event reports submitted to the Texas Commission on Environmental Quality since 2003 reveals:

- Unauthorized emissions of over 750,000 pounds of volatile organic

compounds (VOCs) and 300,000 pounds of carbon monoxide;

- Unauthorized emissions of nearly ten tons each of benzene and 1,3-butadiene, which are human carcinogens;
- Numerous instances in which flares were operating without a flame in violation of federal law, allowing the release of pollutants with no control whatsoever.

VOCs and carbon monoxide contribute to the formation of ground-level ozone, which can trigger a variety of health problems including chest pain, coughing, throat irritation and congestion. Air quality in the Houston area has failed to meet standards for ground-level ozone set by EPA.

Chevron Phillips claims that these upset events are simply not preventable, and that the TCEQ has taken appropriate enforcement action when necessary. But even TCEQ officials have conceded publicly that companies find it cheaper to pay a fine than to upgrade or replace

aging or failing equipment.

And change is possible: Environment Texas and Sierra Club recently reached a settlement with Shell Oil Company in which the company committed to reducing its upset emissions by nearly 80% within three years. Government regulators have failed to stop such violations at Cedar Bayou. But the federal Clean Air Act contains a "citizen suit" provision that allows private citizens affected by violations of the law to bring an enforcement suit in federal court if state and federal agencies do not. So Environment Texas is stepping up to enforce the law itself.

On August 19, 2009, Environment Texas filed a lawsuit in federal court in Houston charging Chevron Phillips with repeatedly violating the Clean Air Act at its Cedar Bayou plant. The lawsuit seeks a court order requiring Chevron Phillips to end its violations. In addition, Chevron Phillips faces civil penalties of up to \$32,500 or more per day for each violation of the Clean Air Act.

communities where they are produced and where the products are disposed of, including polystyrene, styrene, paraxylene and benzene, a known human carcinogen.¹⁵⁶

Chevron Phillips' 10 Texas facilities, dangerous even when operating in top form, are found in constant violation of Texas Commission on Environmental Quality (TCEQ) air quality and hazardous waste laws. In just the first two months of 2010, Chevron's Port Arthur and Sweeny/Old Ocean facilities were found to have committed violations including the unauthorized releases of tens of thousand of pounds of toxic or otherwise harmful compounds.¹⁵⁷

In 2009 the company was assessed nearly half a million dollars in fines for air quality and industrial hazardous waste violations in 17 separate administrative orders, each listing dozens of separate instances of abuse at the Baytown, Borger, Port Arthur and Sweeny/Old Ocean facilities.¹⁵⁸ In just one order, the TCEQ listed 29 separate violations at the Old Ocean facility, including hundreds of instances of failure to prevent unauthorized emissions of volatile organic compounds and other toxins; to adequately monitor and repair the facility; and to record and control illegal flaring.¹⁵⁹

Port Arthur Refineries

Chevron has owned two refineries in Port Arthur, one acquired through its 2001 merger with Texaco, and the other through its acquisition of Gulf. Chevron owned the former from 2001 through 2002, and the latter from 1984 through 1995.

In 2005, after five years of struggle, Chevron agreed to a

settlement with three branches and the U.S. government to address the mess left at its Gulf refinery. As a result of Chevron's operations, the refinery and adjacent land and waterways were found to be contaminated with oil, volatile organic compounds and hazardous substances. As part of the settlement, Chevron agreed to a series of remediation efforts to address the ongoing human health and ecological risks.¹⁶⁷

Numerous cases are currently winding their way through Texas courts, filed by widows and other family members of former workers at these refineries, alleging that Chevron knowingly exposed workers to deadly levels of asbestos and benzene. The cases allege that Chevron knew asbestos-containing products and benzene exposure could cause deadly disease, but still allowed their employees to work with the products; failed to warn employees of the dangers of working with the products; and failed to take necessary precautions to ensure the deceased were not working with the products.¹⁶⁸

Community Demands

Advocacy organizations including Texas Environmental Justice Advocacy Services (T.E.J.A.S.) and Environment Texas face an uphill battle in Texas where the obstacles are many and the resources available for resistance are few. They are, however, building vast networks of activists stretching across the state, the Gulf Coast and the nation. They not only demand that Chevron clean up its act, but also broad systemic changes to lock in permanent environmental justice, environmental protections, and public health.

Bringing Environmental Justice to Houston

Bryan Parras, Texas Environmental Justice Advocacy Services (T.E.J.A.S.)

Houston, revered as the Energy Capital of the world, is home to 25% of the publicly traded Exploration & Production firms, making it the largest petrochemical complex in the nation.

¹⁶⁰ The majority of these facilities are concentrated along the Houston Ship Channel, home to over 150 facilities, primarily refineries and petrochemical processing plants, including Chevron Phillips' Pasadena facility.¹⁶¹ The cost of these operations is disproportionately dumped on communities living in Houston's East End and the surrounding cities of Pasadena, Deer Park, Channelview and San Jacinto.

In 2001, the Environmental Protection Agency (EPA) named Houston the "Dirtiest City" in America and the American Lung Association gave Houston an "F" in its State of the Air report.¹⁶² More recently, USA Today ranked 11 Houston schools in the first percentile of their special report, "The Smokestack Effect: Toxic Air and America's Schools."¹⁶³

It is the construction of a school

that landed in this first percentile that finally drew the attention of Unidos Contra Environmental Racism (UCER), led by Juan Parras.

In 1991, the Houston School Trustees approved the construction of a new East End high school to alleviate overcrowding at Austin and Milby High Schools, two of Texas' largest schools.¹⁶⁴ The proposed site for the school was less than a quarter mile from three petrochemical plants and one wastewater treatment plant.¹⁶⁵ Sited near the largest point source of fugitive and permitted 1,3 butadiene emissions in the city, advocates were concerned about vulnerable populations.

As the community wrestled with government agencies, construction began and Cesar Chavez High School opened in the fall of 2000. It became apparent that many schools faced a similar fate, other communities were being affected and it was impossible to point the finger at just one polluting facility. City officials warned that if they stopped construction of Cesar

Chavez, then they would have to take into account all the other schools next to petrochemical facilities and the surrounding communities. UCER petitioned the EPA to be designated as an Environmental Justice community and rallied for systemic change along the Houston Ship Channel.

We live in an area of clustered toxic industrial polluters, facing issues of multiple chemical exposures and its synergistic effects on the population. With incongruent levels of "self-reported" toxic emissions, the Environmental Integrity Project recently declared, "Texas' state air pollution program is so deeply flawed that it requires a complete overhaul by the U.S. EPA."¹⁶⁶

As climate change hit Louisiana and Texas in the last five years, Houston began its slow shift towards a more sober understanding of environmental impacts. Houston has seen stronger environmental groups emerge, well-informed citizenry develop and some politicians have even grown a backbone.

Chevron in the U.S. Gulf Coast

Antonia Juhasz and Geoff Goodman, Global Exchange

ON APRIL 20, 2010, THE LARGEST BLOWOUT of an oil and gas well in the Gulf of Mexico in 30 years killed eleven people and saturated the surrounding areas in a blanket of oily destruction.¹⁶⁹ The rig was owned and operated by Transocean—¹⁷⁰Chevron's partner on many of its deep-offshore rigs, including in the Gulf of Mexico.¹⁷¹

Less than two weeks earlier, on April 6th, 18,000 gallons of crude oil spilled from a Chevron operated pipeline in the Delta National Wildlife Refuge in southeastern Louisiana.¹⁷² The slick covered 16 square miles (about one-fifth) of the remote wildlife refuge and another 120 miles in the Gulf of Mexico.¹⁷³ According to press reports, an anchor for an Exxon-Mobil barge punctured the line.¹⁷⁴



U.S. Coast Guard

Chevron is the largest leaseholder in the Gulf of Mexico, with both shallow and deepwater leases stretching across Texas, Louisiana, Mississippi, Alabama and Florida. Chevron also operates an extensive network of on and offshore pipelines through its Chevron Pipe Line Company based in Houston.

Chevron has been producing in the Gulf for more than 60 years and reports that by 1949 it was the largest oil producer in the area.¹⁷⁵ In 2009, Chevron produced 243,000 barrels of net oil-equivalent per day from its interests both offshore in the Gulf of Mexico and its onshore fields in the region.¹⁷⁶

While the vast majority of Chevron's Gulf coast operations are in the shallow waters off of Louisiana's coasts, three-fourths of its oil production comes from its deep water wells (See map of Chevron's Gulf Coast operations in on-line version of report). Of Chevron's approximately 549 productive Gulf Coast wells, 473 are located in waters under 300 feet. While only 37 wells are located at depths greater than 1000 feet, these accounted for an estimated 76.6% of barrels of oil produced from April 2009 to April 2010.¹⁷⁷

Sensitive Habitats Threatened

Chevron's Gulf Coast operations lay adjacent to areas of intense ecological sensitivity, including Flower Garden Banks National Marine Sanctuary, Rockefeller State Wildlife Refuge and Game Preserve, the Marsh Island Game Preserve, and the following

National Wildlife Refuges: Texas Point, Breton, Bon Secour, Grand Bay, Delta, and Shell Keys. These areas provide critical habitat for migratory birds and nesting sea turtles, as well as endangered and threatened species, including the Arctic peregrine falcon and the loggerhead and Kemp's Ridley sea turtles.

Coastal Erosion

Louisiana has lost more than 1,900 square miles of coastal lands since 1932,¹⁷⁸ representing more than a fifth of the delta.¹⁷⁹ The U.S. Geological survey estimates that in the next 50 years, another 700 square miles will be lost if nothing is done.¹⁸⁰ As Louisiana's coastline disappears, oil and gas infrastructure become exposed, increasing the potential for damage, including dangerous spills.¹⁸¹

Many of the most important factors accounting for this rapid erosion are a direct result of the oil industry. As professors Lionel Lyles and Fulbert Namwamba of Southern University concluded in 2005, "land loss and vegetation change are not random occurrences, but parallel oil and gas production in the Louisiana coastal wetlands."¹⁸²

Oil operations, made possible by digging canals and channels throughout the wetlands, 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 (piles of waste) created during construction impede natural freshwater flow leading to increased periods of flooding and drying.¹⁸³ U.S. Geological Survey scientists have blamed the extraction of oil and gas for subsidence, the sinking of the surface level: when fluids are pumped out of the ground, air pressure under the surface diminishes and the surface gradually sinks.¹⁸⁴

Coastal erosion has many dangerous effects, including increasing the damage done by hurricanes. The former swamps and bayous of southern Louisiana would have helped to absorb the surge of hurricane Katrina. Oil drilling not only intensifies the effects of storms, it increases their frequency by intensifying global warming (see The High Cost of Offshore Drilling).

Chevron Sued For "Adding to the Ferocity" of Hurricane Katrina

On October 22, 2009, the U.S. Fifth Circuit Court of Appeals upheld the right of residents and owners of lands and property along the Mississippi Gulf coast to sue Chevron, among other oil and chemical companies, for its role in causing Hurricane Katrina. The suit alleges that Chevron and the other companies' operation of energy, fossil fuels and chemical industries in the United States caused the emission of greenhouse gasses that contributed to global warming. This, in turn, caused a rise in sea levels and added to the ferocity of Hurricane Katrina. After a district court moved to dismiss the case, the Court of Appeals ruled that the plaintiffs have standing to assert their claims, "and that none of these claims present non-justiciable political questions."¹⁸⁵

The High Cost of Offshore Drilling

Antonia Juhasz, Global Exchange

“I believe access to the [U.S. Outer Continental Shelf] OCS is important... Tons of potential is within our reach.”

—Bobby Ryan, Chevron Vice President, 2010¹⁸⁶

“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, 2007¹⁸

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 Summerland, 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.¹⁸⁹

Chevron lobbied for decades to get the moratorium lifted. Its primary ally was Congressman Richard Pombo. “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.¹⁹⁰

Moratorium Lifted

In the midst of the 2008 Presidential election both Barack Obama and John McCain reversed their previous opposition to offshore drilling.¹⁹¹ In July 2008, George W. Bush lifted the Presidential moratorium, and in September Congress allowed the 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.¹⁹²

The Problems

The many problems associated with offshore drilling are perhaps best expressed by Mickey Driver, a spokesman for Chevron’s explo-



Arnold Klein LLP

On April 20, 2010 BP/Transocean’s Deepwater Horizon drill rig exploded in the U.S. Gulf Coast. Chevron contracts with Transocean for much of its offshore operations.

ration and production business, when he said: “It’s lots of money, it’s lots of equipment and it’s a total crapshoot.”¹⁹³

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.¹⁹⁴ Livelihoods of coastal communities are often decimated by the drilling, affecting everything from tourism to local fisheries. Moreover, the promised benefits, particularly U.S. energy security, are awash, given that since 2007, U.S. oil companies have been steadily increasing the amount of oil drilled in the U.S. that they export out of the country to other markets.¹⁹⁵

Global Warming

Drilling in water depths greater than 500 feet releases methane, a green house gas at least twenty times more potent than carbon dioxide in its contribution to global warming.¹⁹⁶ Since 1997, the number of rigs drilling in depths of greater than 1,000 feet in the Gulf of Mexico catapulted from 17 to more than 90.¹⁹⁷ Chevron alone operates 37 active wells at depths of 1,000 feet or greater, including four “ultra-deep” wells at depths of some 7,000 feet to the ocean floor.¹⁹⁸

Air and Water Pollution

At any depth, offshore drilling causes significant air and water pollution. 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, 6 tons of sulfur dioxide, and 5 tons of volatile organic hydrocarbons.¹⁹⁹

Offshore drilling also generates huge amounts of polluting waste that is discarded directly into the water, with each well producing an estimated 1,500 to 2,000 tons of waste material, including drill cuttings and drilling mud containing toxic metals such as lead, cadmium and mercury. Other pollutants, such as benzene, arsenic, zinc, and other known carcinogens

and radioactive materials, are routinely released when water is brought up from a well along with the oil or gas.²⁰⁰

Damage to Marine Life and Habitat

The first step to drilling any offshore well involves doing an inventory of estimated resources. Every technology employed for this purpose harms marine ecosystems and species. The “seismic survey”—the model used in Chevron’s Tahiti field—involves ships towing multiple “air gun” arrays that fire regular bursts of sound which have been implicated in numerous whale beaching and stranding incidents. Fish are harmed as they rely on their ability to hear to find mates, locate prey, avoid predators and communicate. Some species are killed outright, including salmon, whose swim bladders have ruptured from exposure to intense sounds.²⁰¹

Accidents, Spills, and Explosions

According to Chevron, “Navigating uncertain weather conditions, freezing water and crushing pressure, deepwater drilling is one of the most technologically challenging ways of finding and extracting oil.”²⁰²

Accidents, spills, leaks, fires, explosions and blowouts are far too frequent occurrences causing the deaths of hundreds of workers.²⁰³ Oil is extremely toxic, and current cleanup methods are incapable of removing more than a small fraction of the oil spilled in marine waters. In the U.S., from 1998 through 2007 offshore producers released an average of more than 6,500 barrels of oil a year—64% more than the annual average during the previous 10 years. The first half of 2008 alone brought over 1,100 barrels spilled in five incidents.²⁰⁴

The increasing problem of extreme weather, particularly hurricanes. Before Hurricanes Katrina and Rita hit ground,

they pushed through oil and gas facilities in the Gulf. The storms damaged platforms and pipelines, causing nine major oil spills that released at least seven million gallons of oil and other pollutants into the water.²⁰⁵ Chevron’s deepwater platform “Typhoon” drifted nearly 80 miles from its original position days after Katrina when it was severed from its moorings and capsized.

What Chevron Says

Chevron’s Discoverer ultra-deepwater drillship in the U.S. Gulf of Mexico adorns the cover of its 2009 Annual Report—a proper representation of the importance Chevron places on offshore production. In his first speech after being appointed incoming-CEO of Chevron, John Watson pitched for more U.S. offshore drilling before the U.S. Chamber of Commerce.²⁰⁶

In a November 2008 letter to Barack Obama, Chevron CEO David O’Reilly noted that while the lifting of the OCS moratorium was an important first step, “[t]his policy must be sustained with additional measures to remove remaining moratoria... In particular, the Eastern Gulf of Mexico remains off-limits...”²⁰⁷ A year and a half later, the ban was lifted. Chevron, which holds dozens of leases off the Florida Coast, is eager to get to work there, as it is across America’s coasts.

What Communities Want

Environmentalists, fishers, coastal communities, hotel and tourism bodies, surfers, and 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 Coast

Gina Goodhill, Environment California; Angela Howe and Stefanie Sekich-Quinn, 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 efforts 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. While California was not included in President Obama’s new offshore drilling plan, there is no guarantee it will stay that way.

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 wa-

ters, and eventually inspired the federal moratoria.

But since 1969, oil companies have led a successful campaign to convince the public that oil drilling uses new technology that is safe and problem free. In 2005, Plains Exploration Petroleum (“PXP”) applied to the California State Lands Commission and County of Santa Barbara for a new state lease and onshore permits to allow development of the Tranquillon Ridge oil field, located in state waters offshore from Vandenberg Air Force Base. Despite many efforts to defeat the bill, it is still alive in 2010 and is supported by Governor Schwarzenegger.

In February 2010, Assembly Member Devore took this one step further introduced AB 2719, a bill that would open the entire coast of California to new drilling. The bill would create

an Interim Resources Management board—made up of two-thirds Governor appointees—that would consider each lease application. It would be disbanded after only one year, making it nearly impossible for anyone to challenge the decisions made by the board. The bill would negate the California Coastal Sanctuaries Act of 1994.

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 very real threats. Over the course of 2010, we will hold oil drilling community forums throughout the state, building public support and showing constituents how to talk to their elected officials on the state and federal level and tell them, NO MORE DRILLING.

Chevron in Utah

Statement by Jenna Helf, former Chevron Field Operator, Salt Lake City Refinery

The Incident

IN 1998, I WAS SELECTED FROM OVER 1,000 applicants for the position of field operator at Chevron's Salt Lake City refinery. I worked outside, taking pumps and vessels in and out of service, ensuring the refining process ran smoothly. The job was physically and intellectually demanding, with excellent pay and benefits. I thought my future was set.

Then in January 1999, refinery managers added new, unstable chemicals to an open pit in the area where I worked. These chemicals—spent caustic sludge—would normally have been shipped off-premise for toxic waste disposal under strictly controlled conditions. Unfortunately, this cost \$2,000 per barrel and there were about 50 barrels of spent caustic sludge. So refinery managers removed the waste from the tank it had been in for years, and decided to neutralize it on the refinery premises without proper safeguards. This involved adding water to form removable “slurry,” which transformed those 50 barrels of waste into 200 barrels. Next they poured the waste into the “East Pit,” an open-air pit in my work area. Now there were around 400 barrels of this toxic waste in the East Pit, and the cost of safe proper disposal had grown exponentially.

Chevron refinery managers attempted the neutralization process in the East Pit during the day before I arrived. This attempt produced a noxious purple cloud that drifted across the refinery, set off hydrogen sulfide release alarms and made employees sick. This was no surprise to management, as they had tried and failed at the same process the day before. Day-shift operators shut down the process and refused to continue. So refinery managers waited for me: a fairly new employee who followed instructions well, and most importantly, was unaware of the danger because I had not been on shift for several days.

When I arrived, the supervisor on duty instructed me to neutralize the pit, a routine task, normally safe because the substance in the East Pit had always been 100% KOH (potassium hydroxide) sludge. I walked to the pit and did what I'd done countless times: opened the valve to add sulfuric acid to what I believed was KOH sludge. The result was a chemical reaction that released hydrogen sulfide, mercaptin sulfurs, cyanide, and a variety of other toxins—any one of which could have killed me. I was knocked unconscious.

The Cover-up

For months I was dizzy, frequently vomited and lapsed into unconsciousness without apparent reason. I didn't know I had



Jenna Helf

a serious brain injury. Chevron not only failed to tell me what I had been exposed to, they actively covered it up. Without truthful information, it took me months to get a correct diagnosis: epilepsy secondary to an anoxic brain injury. Today I have a VNS implant that sends electrical impulses to my brain, and I take a variety of anti-seizure medications each day. I still have many seizures each week and every area of my life has changed.

I was not the only employee injured that day. Dozens of others became ill and left work before I arrived. Several believe that serious illnesses they are suffering today were caused by exposure from this incident. Additionally, this Chevron refinery is only a few blocks from one of Salt Lake's oldest neighborhoods. The noxious chemicals in the air that day likely reached those residents.

The Fight

I filed complaints with OSHA and Worker's Compensation. Naively, I even called Chevron's toll-free helpline. OSHA determined a violation was committed and fined Chevron \$2,500. But then, after years of appeals and “informal” meetings of which I was never notified, the finding and fine were dropped. The Utah Labor Commission stood slightly firmer, citing Chevron for these events, awarding me less than \$8,000 in compensation, and ordering Chevron to pay my medical bills. Chevron denied every element of the incident, so I did the only thing I knew. I kept fighting.

My excellent lawyer, Gerry Spence (who has since retired), and a fabulous legal team sued Chevron in district court, arguing that my injuries resulted from Chevron's intentional misconduct. In 2003 the court dismissed my case. We appealed. In 2009 the Utah Supreme Court reinstated my lawsuit, finding that my complaint successfully alleged facts demonstrating that my injury “...was intentional, not accidental or negligent.” My case is finally progressing and the truth is beginning to emerge.

I haven't been able to work since my injury. I went back to college part-time and went on to law school in 2007. School isn't easy in my condition and it will take me several extra years to finish. I have frequent seizures while studying, at school, even during exams. I don't know if I'll ever be able to work but I hope someday to put my legal training to use.

What Next

Chevron's corporate environment encourages unethical and illegal actions in the name of profits. Refinery managers looked me in the eye and sent me into a situation they knew would likely kill me. Chevron is a bully, and like bullies everywhere they escape accountability only when people look the other way. Eventually, Chevron will be forced to answer for its bad acts. It may not be a fair fight, but standing up to a bully is just the right thing to do.

III. Around the World

Chevron in Angola

Kristin Reed, author, *Crude Existence: Environment and The Politics of Oil in Northern Angola* and Elias Mateus Isaac, Open Society Initiative for Southern Africa, Angola¹

“Chevron is the biggest polluter of the environment (seas, lakes, flora) in Cabinda ... Chevron has given very limited attention and provided minimal investment to protect and heal the environment in Cabinda.”

—Chevron official in Cabinda, April 2010.

CHEVRON IS THE LARGEST FOREIGN producer of Angolan oil. In 2010, it will extract 580,000 barrels of oil per day from offshore Blocks 0 and 14.²⁰⁸ Producing 1.78 million barrels per day, Angola briefly eclipsed Nigeria as Sub-Saharan Africa’s largest oil producer in August 2009.²⁰⁹ Angola supplies 31% of its crude to the U.S. and Chevron plays a major role in Angolan oil exports with a 39.2% interest in the Malongo Terminal Oil Export project.²¹⁰

A Crude History

Chevron’s wholly-owned subsidiary, Cabinda Gulf Oil Company, pioneered exploration activities before Angola achieved independence from the Portuguese. Chevron boasts of conducting Angola’s first seismic operations in 1954, drilling its first onshore well in 1958, and discovering its first offshore oil and gas fields in 1966 and 1971, respectively.²¹¹ Yet all of these activities occurred in Cabinda, a Portuguese protectorate distinct from the Angolan colony. Many Cabindans claim Angola illegally annexed the oil-rich territory and they blame Chevron for financing the Angolan government’s repressive hold on Cabinda ever since.

Oil revenues largely financed Angola’s bloody internationalized civil war until 2002. Despite the ongoing war, Chevron steadily increased offshore production. In 1997, Chevron began developing Kuito, Angola’s first deepwater well. By 2009, Chevron introduced “one of the largest man-made structures on earth” designed for maximum daily production rates of 100,000 barrels per day in 2011.²¹²

Abusing Human Rights

Since Angola’s annexation of Cabinda in 1975, Cabindans have sought autonomy, some supporting militant movements for independence. Today, some 30-40,000 Angolan troops are stationed in Cabinda, committing egregious human rights abuses against the civilian population of 400,000, including forced labor, rape, beatings, torture, summary executions and politi-



Kwanza, Angolan Currency

cal intimidation.²¹³ Journalist Lara Pawson reported that in 2008, “Cabinda appears more militarized than parts of Angola I visited during the height of the civil war.”²¹⁴

Security forces arbitrarily detain Cabindans “suspected of involvement in armed opposition.” Between September 2007 and March 2009, 38 such persons were subjected to torture and cruel or inhumane treatment, deprived of due process rights, and denied a fair trial.²¹⁵ Many detainees are human rights and environmental campaigners. A recent wave of “suspects” taken into custody in 2010 included human rights lawyer Francisco Luemba, Catholic priest Raúl Tati, and other members of the banned Mpalabanda Civic Association, which elucidated Chevron’s role in undermining human rights in Cabinda.

The Angolan government uses military force in Cabinda to quash protest and secure resource-rich territory. Chevron is indirectly linked to Cabinda’s militarization by supplying billions of dollars in oil payments to a repressive and opaque government. Improved transparency could help channel oil monies to social services and poverty reduction, rather than corrupt elites or repression.

Dangers to Environmental and Human Health

Chevron’s oil exploration and production activities—including seismic tests, drilling, offshore disposal of drill cuttings and produced water, fracturing and water flooding activities, pipeline leaks, accidental oil spills, and use of chemicals such as dispersants—devastate human and environmental health.²¹⁶

Oil Spills

Oil spills are the most visible negative impact of Chevron’s operations offshore. Chevron reports 182 accidental spills between 1990 and 1998, releasing 5,984 barrels of oil into Cabinda’s artisanal fishing grounds.²¹⁷ According to one fisher, “The uncontrolled oil spill also poses a big threat for the survival of fishing communities who constantly see their livelihoods threatened with no work to do or means to adequately and decently sustain their families.”

¹ Elias Isaac and Albertina Delgado of Open Society traveled to Cabinda in April 2010 to conduct interviews of Cabindan fishers and Chevron officials. All non-sourced quotes are derived from these interviews.

Chevron delivers compensation in an uneven and opaque manner, favoring wealthier registered fishers over informal day laborers and entirely disregarding the wider affected population, including women fish traders.²¹⁸ A fisher recalled, “In 2000, when Chevron destroyed a fishing habitat and a lake near Landana, only 14 fishermen were compensated in a total population of about 2,500 people who directly and indirectly depended on fishing.” Overlooked community members sought indemnification in the courts. Yet, one claimant lamented, “The amounts are so little and insignificant compared to the losses that the communities have suffered. There are still court cases of some fishermen against Chevron which have never been resolved because a lot of people who have or are being affected by the spills and pollution have been deliberately not considered.”

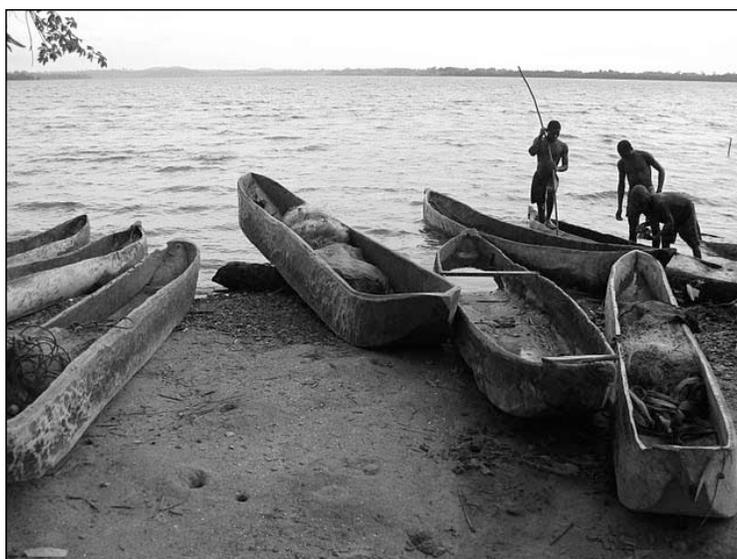
When oil spills occur, Chevron often fails to alert communities.²¹⁹ Worse yet, some say Chevron relies on security forces to quell community demands—or uses chemical dispersants to mask spills before fishers can make claims to compensation. As one fisher recalled, “This year, after another big spill occurred, the local community tried to organize a demonstration against Chevron’s practices, but the security forces quickly prevented it. Chevron has been a bit more careful of informing the local communities whenever an oil spill takes place and the cleaning of the seas is promptly assumed.” Unfortunately, the use of chemical dispersants in “cleaning” operations may be more dangerous to human and environmental health than oil alone.²²⁰

The state of repression and underdevelopment in Cabinda may benefit Chevron by limiting liability and compensation claims. An anonymous Chevron official admitted, “Chevron is the biggest polluter of the environment (seas, lakes, flora) in Cabinda and because there are no independent bodies or civil society organizations capable and efficient to monitor [the company], most of the spills go unreported and unheard of with the exception of those detected by local fishermen. Chevron has given very limited attention and provided minimal investment to protect and heal the environment in Cabinda.”

One resident of a community near Chevron’s operations agreed, “Though there is widespread discontentment in the community, there have never been any public complaints against Chevron [because] the majority of the population are illiterate or have low education and do not know their rights.” Cabinda’s artisanal fishers depend on the waters in Block 0 for their sustenance and livelihoods, but few recognize the dangers of oil production beyond oil spills—like eating fish that have bioaccumulated high levels of methylmercury from exposure to drilling wastes.

Flare Abatement: Finally

Chevron’s commitment to reducing flaring in Angola is most welcome. Chevron holds a 36.4% ownership interest in Angola Liquefied Natural Gas, a multi-billion joint venture to produce 5.4 million metric tons of exportable LNG.²²¹ Increasing prices and rising demand for cleaner fuels in the U.S. encouraged Chevron to seek a profit on associated gases rather than burn them at the wellhead. Nevertheless, Chevron and other oil companies operating in Angola continue to flare most of the gas. Of the 355 billion cubic feet of gas produced from



Felizardo Epaíanga

Pescadores da Lagoa de Massai, Cabinda

Angolan fields in 2008, 69% was flared or vented, 23% was reinjected, and 8% went to domestic consumption.²²² Flaring abatement and gas reinjection are long overdue for environmental and human health.

Chevron Says

In 2004, the Angolan government allowed Chevron to publicly disclose a \$300 million payment for extension of the Block 0 concession. The transparent moment was short-lived; Angola still refuses to sign the Extractive Industries Transparency Initiative (EITI). The challenge of EITI not only reflects Angola’s intransigence but also reveals Chevron’s lack of political will to promote transparency and become more accountable to the Angolan populace.

The challenges are great: communities neighboring Chevron’s oil base at Malongo lack electricity and running water. Some residents acknowledged, “Chevron has some good social assistance programs for the population” and rattled off a few projects. Others criticized Chevron for prioritizing social initiatives used as political propaganda by the government or ruling party and refusing funding to civil society organizations.

Demands for Chevron

Chevron’s contributions to development and minor attempts at transparency do little to offset the direct harm the corporation has inflicted on human and environmental health in Cabinda or the indirect damage to human rights and democracy in Angola. We implore Chevron to take the following actions:

- Repair faulty, outdated infrastructure contributing to environmental degradation;
- Cease all flaring of associated gases at the wellhead;
- Educate communities on environmental and human health concerns associated with activities;
- Report all risks to environmental and human health (e.g., spills) to communities immediately;
- Distribute compensation to all affected parties in a transparent and equitable manner;
- Support basic human rights and the development of non-partisan civil society in Angola;
- Publish all payments to the Angolan government;
- Lobby for the U.S. Energy Security through Transparency Act of 2009 (S. 1700); and
- Implement fair practices to promote hiring of local personnel.

Chevron in Western Australia

Josh Coates, Wilderness Society of Western Australia
and Teri Shore, Turtle Island Restoration Network

CHEVRON HAS BEEN ACTIVE IN OIL AND natural gas exploration in Western Australia (WA) since at least 1947 and continues to have major operations in both along Western Australia's northern coast.²²³ While each Chevron project carries its own adverse impacts, this section focuses on just two: a proposed Liquefied Natural Gas (LNG) processing facility in the Kimberley region and the giant Gorgon LNG project.

Chevron vs. The Kimberley: Devastating One of the World's Last Great Natural and Indigenous Cultural Regions

Josh Coates, Wilderness Society of
Western Australia

Chevron is a partner (16.7% stake) in the Browse Basin LNG Project with Woodside Ltd (48% stake). The Browse Basin offshore natural gas field is located approximately 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 kilometer north of the town of Broome in the Kimberley region.

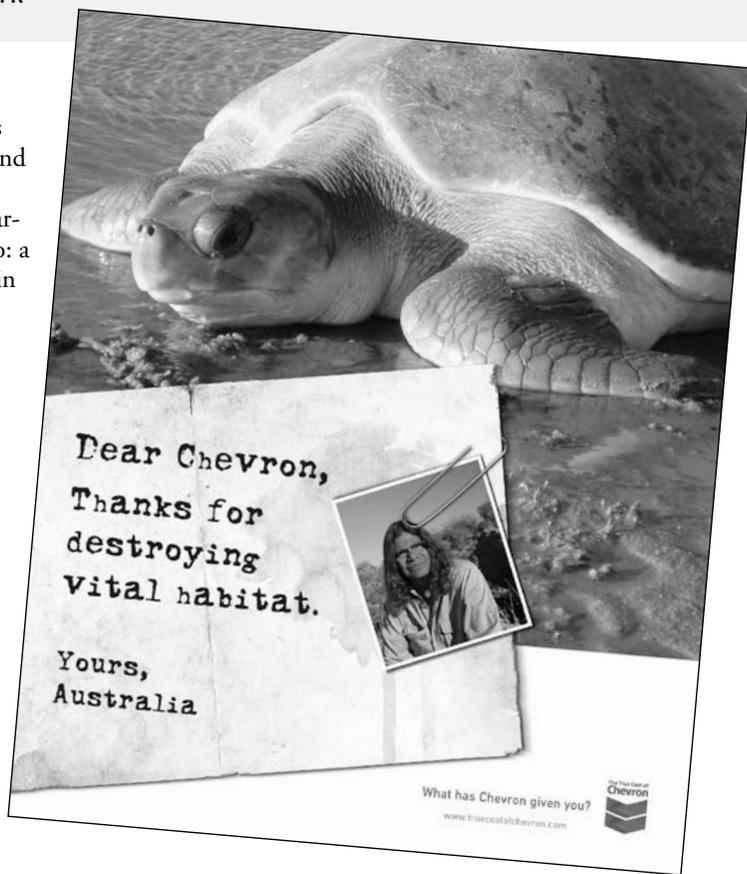
The Kimberley is one of the world's last great natural and Indigenous cultural regions, home to many Aboriginal communities and at least 27 native title (Indigenous ownership) claim groups.²²⁴ Its vast savannah woodlands, wild rivers, spectacular coast and rich marine environments provide a multitude of habitats that are home to an extraordinary diversity of native wildlife species, including the recently discovered Snubfin dolphin, five species of marine turtle and Humpback whales.

Threatening Indigenous Communities

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

James Price Point (Walmadany) comprises part of the traditional lands of the Jabbir Jabbir and Goolarabooloo Aboriginal people and is subject to a joint native title claim by both groups. More than half of these Traditional Owners (estimated) signed a stern declaration in opposition to 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."²²⁵

The declaration makes clear that negotiations undertaken to date and resulting in an "in principle" agreement, have not been representative. These negotiations are the subject of a legal challenge and were undertaken in the context of the WA Pre-



Underground Ads

mier threatening compulsory acquisition of lands if agreement was not reached and was described by the head of the Kimberley Land Council (representing certain indigenous peoples) as like "negotiating with a gun to your head."²²⁶

Joseph Roe, holder of the traditional cultural knowledge for the Aboriginal song line that would be cut by the proposed development, has said, "Generations before my grandfather had the body of knowledge to carry on the culture. I was told to look after it in the best way I can and I will never let that (gas plant) happen."²²⁷

Environmental and Wildlife Devastation

The Kimberley region is an area of international conservation significance, including the nursery area for the world's largest population of Humpback whales.

Construction of the Chevron LNG processing facility would cause significant environmental harm, including: significantly increasing greenhouse gas emissions;²²⁸ the clearing of around 2,400 hectares of woodlands, including sensitive remnant rainforest; the blasting and dredging of reefs and seabed for port construction and maintenance which would destroy seagrass, sponge garden and coral communities; and the building of a huge (five kilometer+) jetty and a five-to-seven kilometer long breakwater²²⁹ which could impact on oceanographic processes on a regional scale.

The project would increase the threat of major environmental accidents on one of the most hurricane prone coastlines in the world. On August 21, 2009, the Montara wellhead



© Annabelle Sanders / Kimberley whale watching

A Humpback whale breaches off the Kimberley coast.

Chevron Endangers Humpback Whale Nursery

The Kimberley Humpback whale population is currently recovering well (increasing at 10% per year) from the brink of extinction around the early 1960s. The proposed site for the Chevron processing facility is within the nursery area for these whales. Impacts such as noise, ship strike (calves are not yet competent swimmers and must surface more often to breathe), dredging, pollution, constructing a major breakwater obstructing migration routes and the increased risk of major accidents such as oil spills, all threaten these special animals.

spewed oil and gas into the offshore waters to the north of the Kimberley (Timor Sea). This massive spill created an environmental disaster. Only luck in wind and current directions kept the oil from washing up on the pristine Kimberley coast. But the 105 days it took to stop the wellhead from spewing and the inadequacy of the environmental monitoring and response prove that the industry is dangerous and accident-prone and that Australian regulations are not adequate to protect the environment from the industry, or prevent disasters from occurring.

Destroying Local Tourism

The Kimberley's largely nature-based tourism industry represents nearly 40% of its total economy.²³⁰ The tourism sector in Broome (near the proposed development site) represents almost 65% of the total generated revenue²³¹ for the Kimberley and will be severely damaged, and some sectors possibly destroyed completely, by the LNG project. The local fishing and pearl aquaculture industries will also be threatened or even locally destroyed. The LNG facility would represent the first major coastal industrialization of the Kimberley, opening the door to more big, polluting heavy industries.²³²

What Chevron Says

Chevron is all but silent on the Kimberley Browse LNG venture. Its website notes simply that, "we're investing in the

Browse Basin through the Browse Joint Venture, another LNG project off the coast of Western Australia,"²³³ while Chevron's most recent 10-K SEC 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 environment groups, local communities and many of the Indigenous Traditional Owners on whose land the development will be built.

Community Demands

The Kimberley coast is simply the wrong place for the polluting LNG industry. Fortunately, there are many viable alternatives, including leaving the gas in the ground. Additionally, the gas could be processed offshore or piped to existing LNG facilities further south.

The Wilderness Society advocates an 'alternative vision' for the Kimberley based on the development of a comprehensive conservation and compatible development plan which supports Aboriginal land management / Indigenous ranger groups and compatible development including tourism, while ruling out inappropriate large-scale industrial development.

Tragically, thus far, "money talks," and the state government of WA, elements of the Australian Federal Government and Woodside currently back the plan. In response, the Wilderness Society is campaigning strongly, alongside a number of other 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 20,000 people have written, emailed or otherwise contacted decision makers in Australia expressing opposition to the proposal as part of an extensive national lobbying program. Rallies, public meetings, and other public events take place regularly. A nation-wide television advertising campaign is underway, while our campaign receives constant wide-spread media coverage.

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 to explore more environmentally and culturally appropriate options.

Chevron's Gorgon Gas Development on Barrow Island

Teri Shore, Turtle Island Restoration Network

In a separate but equally destructive project in Northwestern Australia, Chevron's giant Gorgon Gas Development and Janz Feed Pipeline broke ground at the end of 2009 after a decade of controversy. Gorgon is sited on Barrow Island Nature Reserve, 70 kilometers off Western Australia's Pilbara coast. The island is a major rookery for Australian flatback turtles and home to 24 terrestrial species that are rare, endangered and/or not found anywhere else.

The \$50 billion Gorgon Project, jointly owned by Chevron (47%), ExxonMobil (25%) and Shell (25%) consists of a subsea pipeline, three natural gas processing plants and a LNG carrier port that will produce for export 15 million tons of Liquid Natural Gas (LNG) per year for an estimated 60 years²³⁴ and generate 5.4 megatons of greenhouse gases annually.²³⁵

Gorgon's approval was reliant on unproven underground carbon sequestration technology, which is considered so risky that the state government has assumed all liability if it leaks or fails. The consequence of pumping so much CO₂ into a geological formation is unknown. The Western Australia Environmental Protection Authority (EPA) estimated that by 2050, Gorgon will emit 20% of the state's carbon emissions even with carbon sequestration.²³⁶

In 2008, the Gorgon project on Barrow Island was expanded by 50 % without a revised environmental review and over the objections of both leading conservationists and the EPA, which maintains that "any development on Barrow Island, A class nature reserve, should not be implemented, particularly given the very high and unique conservation and environmental values of the island."²³⁷

Australian Senator Bob Brown of Tasmania, the Greens Party leader in Parliament, called Gorgon "environmental vandalism."²³⁸

Chevron is pledging a token \$1 to \$1.5 million per year in "turtle blood money" to the Western Australian government to "offset" the decimation of the rookery on Barrow Island. These funds cannot protect the Sea Turtles and cash is no trade-off for the loss of an ancient species.

CHEVRON vs. the FLATBACK SEA TURTLE

Chevron's Gorgon Gas Plant and Janz pipeline is located on a major rookery for Australian flatbacks on Barrow Island Nature Reserve. These same turtles will face major disruption if a gas plant is also built at James Price Point in the Kimberley. These along with the Wheatstone and Jupiter LNG fossil fuel projects will be a disaster for all six species of rare and endangered sea turtles that nest and forage along relatively untouched beaches, small islands and blue ocean of the Pilbara and Kimberley regions.

Flatbacks are the only marine turtle to nest exclusively in Australia.²³⁹ Flatbacks stay near shore, making them more vulnerable to industrial development in coastal waters than species with open ocean life phases. Flatbacks in Western Australia are genetically distinct from other populations²⁴⁰, so if they disappear they will never come back. Sea turtle researchers cite oil and natural gas development as a primary threat to the flatback and other marine turtles in this part of the world.²⁴¹

An estimated 1,000 Australian flatback sea turtles nest on Barrow Island every year.²⁴² Ninety-five% of the nests are laid within four kilometers of Chevron's Gorgon project.²⁴³ Endangered green and hawksbill sea turtles also nest on the island.²⁴⁴ Loggerheads and the mighty leatherback migrate through these coastal waters. All marine turtles are already vulnerable to extinction due to human activities and will be severely impacted by Chevron's exploitations.

Soon Chevron will begin blasting, dredging and construct-

"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)

ing facilities that will harm or kill sea turtles and ruin nesting beaches and marine habitat on Barrow Island. Because sea turtles return to their natal beach to lay eggs, it is unlikely that they will go elsewhere if it is destroyed.

If sea turtles do nest after Gorgon, bright lights from gas flaring, structures and LNG vessels will distract hatchlings from heading to the sea, causing them to perish. Gorgon also threatens sea turtles with oil and fuel spills, loss of food, underwater noise, vessel strikes, air pollution, invasive species, sewage dumping and disturbance by 3,000 workers.²⁴⁵

Chevron's Gorgon project was approved over objections by conservationists and the government's environmental agency, which said, *Put simply, the proposal as presented does not provide a reasonable prospect for the long-term viability of this valuable turtle rookery.*²⁴⁶

Chevron is also investing in a natural gas facility proposed for James Price Point in the Kimberley. Recent satellite tracking of Barrow Island nesters shows them swimming north to feed near James Price Point.²⁴⁷ Little is known about the marine turtles of the Kimberley, but new research is documenting sea turtle nesting and foraging all along the coast. Photographs have shown flatbacks, greens and other species of turtles nesting and swimming here. But nowhere is the cumulative harm to sea turtles and the marine environment from the fossil fuel frenzy being analyzed. All told, Chevron may be remembered as the oil company that doomed the sea turtles.

Chevron's Barrow Island and other fossil fuel projects in Western Australia must be halted or scaled back until full assessments of six species of sea turtles are conducted and strong protections put in place. Marine protected areas need to be established immediately to protect sea turtles and other marine life.

Chevron in Burma (Myanmar)

Paul Donowitz and Naing Htoo, EarthRights International

SINCE THE EARLY 1990S, CHEVRON (formerly Unocal), in a consortium with Total (France) and PTT Exploration and Production (Thailand) has partnered with the state-owned Myanmar Oil and Gas Enterprise (MOGE) on the *Yadana* natural gas project. The project transports natural gas from the Andaman Sea in Burma through an overland pipeline across the country's Tenasserim region to Thailand, where it generates electricity for the Bangkok metropolitan area. The project is operated by Total and has generated over US\$7 billion since payments began in 1998.²⁴⁸

Despite being a mere 40 kilometers (60 miles) long and located in a remote corner of southern Burma (Myanmar), the *Yadana* project is one of the world's most controversial resource development projects and is widely recognized as a textbook example of corporate complicity in human rights abuses. The conditions in the pipeline region have been a focus of global divestment campaigns, landmark lawsuits in United States courts, out-of-court settlements with victims of human rights abuses, and shareholder resolutions.

In the early years of the project the regime created a highly militarized pipeline corridor in what had previously been a relatively peaceful area inhabited by mostly Karen, Mon and Tavoyan people.²⁴⁹ The results were violent suppression of dissent, environmental destruction, forced labor and portering, forced relocations, torture, rape, and summary executions.²⁵⁰ Today, serious abuses continue to be documented at length, and Chevron continues to deny responsibility for violations committed by the Burma army providing security for the project.²⁵¹

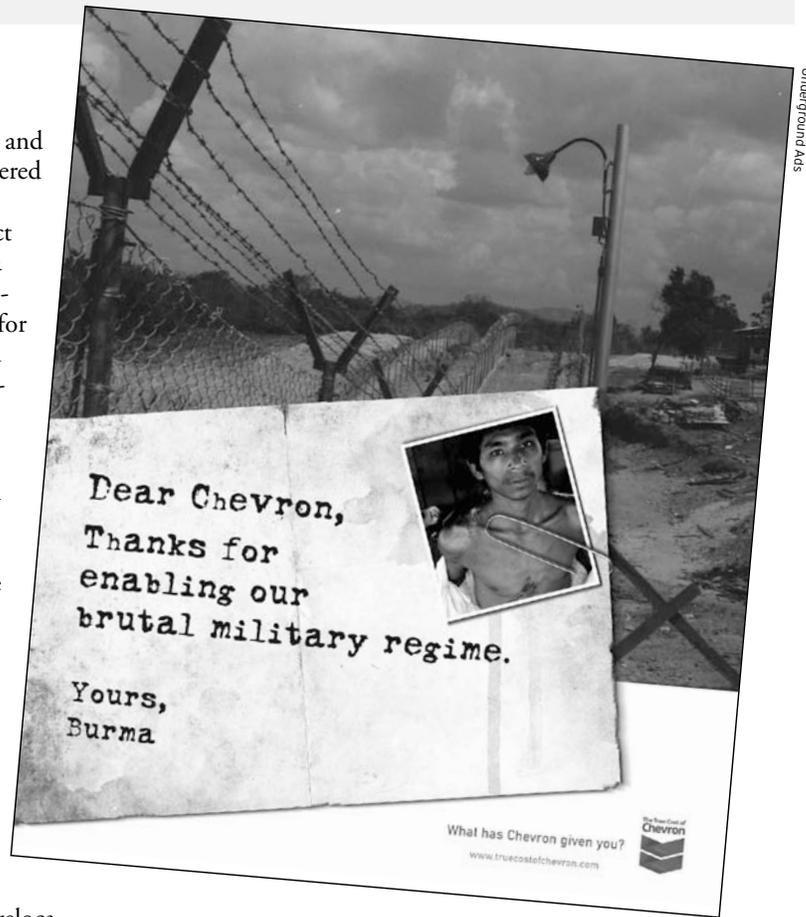
In 2010, the United Nations Special Rapporteur on the Situation of Human Rights in Myanmar, Tomás Ojea Quintana noted that reports indicate "extraction activities have directly resulted in an increase in human rights and environmental abuses committed by the military against the people living along the...Yadana and Yetagun gas pipeline projects in the Tenasserim region of Myanmar."²⁵²

"Before the company, the situation was normal. No military presence, no forced labor."

—Local resident, Michauglaung Village, 2009²⁵³

Human Rights Abuses

From the project's beginning, the Burma Army has been tasked with providing security for the companies and the pipeline and has committed widespread and systematic human rights abuses against local people.²⁵⁴ While Chevron and its partners have reportedly applied some pressure on the military to stop abuses in the corridor, forced labor, property rights violations, and other violent abuses continue unabated.²⁵⁵ Moreover, the company's decision to define a narrow corridor has had the subsequent effect of migrating abuses by pipeline security forc-



Underground Ads

es to neighboring villages just outside the company's defined corridor. Abuses in these outer areas have increased.

For the last three years, human rights organizations have documented Burma Army soldiers demanding forced labor from local residents in at least 40 villages in the pipeline area.²⁵⁶ Forced labor is the most common abuse found in the greater pipeline area, with other well-documented crimes including extrajudicial killings, torture and other forms of ill-treatment;

as well as violations of the rights to freedom of movement and property.²⁵⁷

In early 2010, forced labor by pipeline security battalions continues. In KaleinAung Township, the military authorities ordered 17 villages to send villagers to participate in what they referred to as a "fire-fighting training," which in reality was a forced militia training, effectively forcing ethnic villagers to work with their oppressors as an armed militia, under the threat of persecution. Villagers were



required to financially support the participants of the training by paying 4,000 kyat per household. The four week, five-day per week training will begin again in the future, and villagers have been told that they will be required to conduct arms training to complete the program. Villagers who were forced to attend the training were from Michaunglaung, Zinba, Yapu, Yapu and Lawther.²⁵⁸

Contributing to Corruption

Apart from the direct human rights impacts, the *Yadana* project is one of the two largest sources of income for one of the world's most corrupt and authoritarian regimes, the State Peace and Development Council (SPDC) of Burma. Chevron's project has generated billions of dollars in profit and been a leading external contributor to the SPDC's political intransigence, allowing the ruling junta to ignore pressure from foreign governments and deny the democratic demands of the people of Burma.²⁵⁹ The gas revenues have not been used to positively transform the country through expanded spending on health care and education, which at present account for less than 1% of GDP (easily the lowest in the region), nor has the gas revenue been used to prudently eliminate the country's fiscal deficit.²⁶⁰ Instead, hundreds of millions, if not billions, of dollars continue to find their way into the offshore foreign bank accounts of junta allies;²⁶¹ not surprising for a regime widely considered one of the most corrupt in the world. The IMF and others have noted that the SPDC does not accurately include gas revenue in its national budgets, finding that 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."²⁶²

While the people of Burma remain impoverished, the regime continues to spend freely on weapons, nuclear plants and tunnels, and a new and remote capital city. Despite calls by committed investors in Chevron and hundreds of leading human rights groups, labor unions, local Burma groups, religious groups and academics, Chevron continues to resist disclosing any of its payments made to the Burmese regime.²⁶³ Even Chevron's partner Total revealed that in 2008, its portion of the *Yadana* project contributed US \$254 million to the SPDC.²⁶⁴

What Chevron Says

Despite the mountains of evidence and years of criticism against Chevron and its *Yadana* partners, the company continues to deny abuses are occurring and continues to claim it plays a positive role in Burma. In Chevron's own words:

The *Yadana* Project, which is operated by Total, is helping meet the demand for energy in South East Asia. Chevron's subsidiary, which holds a minority, non-operated interest in the Project,

remains committed to playing a constructive and positive role in Myanmar. We believe that the Project's health, economic development and education programs, which we support, are critical and substantively make positive improvements to the lives of the people in the *Yadana* project communities. In addition, the Project supports programs in the Yangon area focused on health and children. Chevron also independently funds a health care capacity building program in the northern "Dry Zone" of the country. The *Yadana* Project continues to support the principles set forth in the Universal Declaration of Human Rights.²⁶⁵



A public health clinic funded by the *Yadana* consortium in Zinba village with police barracks in the background constructed by local villagers with forced labor in 2009 © EarthRights International, 2009

What Chevron Should Do²⁶⁶

Chevron should take immediate steps to mitigate the negative human rights and financial impacts of their project in Burma. To limit the corrupting role played by the billions of dollars in revenue generated by the *Yadana* project, Chevron should immediately disclose all payments made to the Burmese authorities throughout the life of the *Yadana* project as called for in the recently released, "A Call for Revenue Transparency by Total, Chevron, and PTTEP in Burma (Myanmar)."²⁶⁷

Chevron should acknowledge a wider sphere-of-responsibility than the as-defined *Yadana* "pipeline corridor." This new sphere of responsibility should be delineated by the human rights impacts of the Burma Army pipeline security battalions. The company should work with their *Yadana* partners to mitigate local human rights abuses, and should facilitate local complaints of forced labor to the International Labour Organization (ILO). Lastly, Chevron and its partners should work towards cessation of Burma Army security in the *Yadana* Project area.

"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, 2010

Chevron in Canada

Eriel Tchewkwie Deranger and Brant Olson,
Rainforest Action Network

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.²⁶⁸

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. A first expansion of the AOSP was under way during 2009. The 100,000-barrel-per-day project includes a new mine, named Jackpine, and additional upgrading facilities and is expected to increase production capacity from oil sands to more than 255,000 barrels per day in late 2010. The projected cost of this expansion is \$14.3 billion.

In 2009, the company completed the initial phase of appraisal activities on heavy oil leases at the 60%-owned and operated Ells River Oil Sands Project in the Athabasca region of northern Alberta. The area comprises more than 85,000 acres.

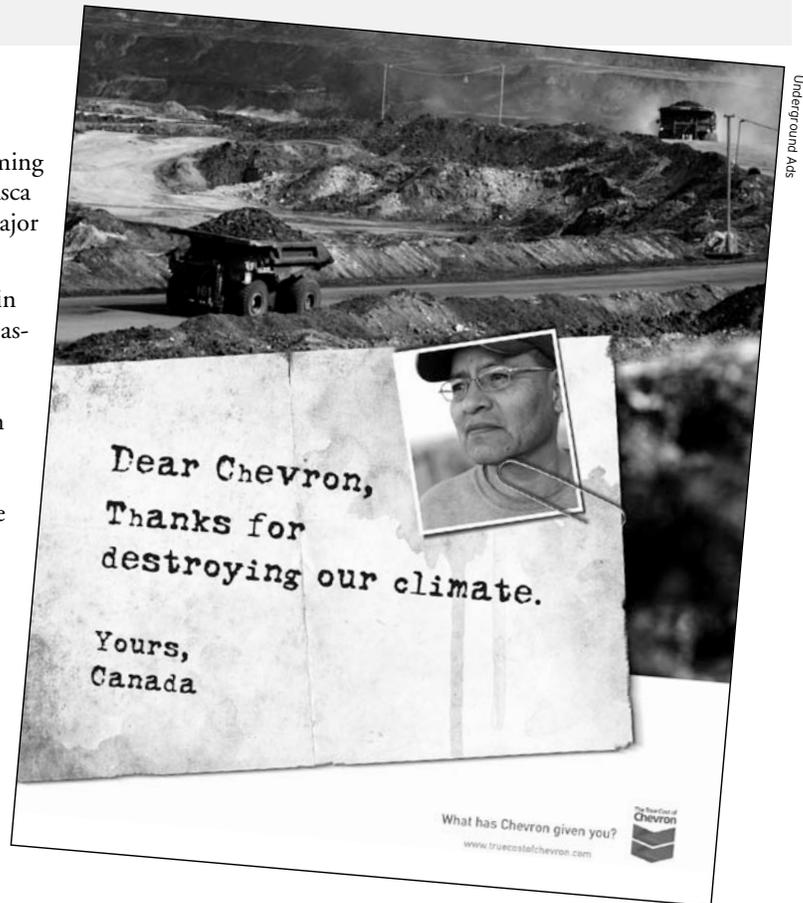
At the end of 2009, Chevron had no proven reserves from this field.²⁶⁹

Canada's Environmental Defense has labeled tar sands development "the most destructive project on Earth."²⁷⁰ Chevron's tarsand operations are designed to feed into a network of long-lived infrastructure that will effectively lock North American 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.

The tar sands projects Chevron is currently engaged in 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, El Segundo and Pascagoula 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 fuel source that is dirtier to mine, process and refine. 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



Underground Ads

barrel of oil, most of which ends up in vast toxic lakes.²⁷¹

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 tarsand producer. A Federal Crown prosecutor noted that Syncrude's tailings ponds are illegal under the federal Migratory Bird Act.²⁷² Projects such as AOSP are impacting the migratory patterns of large game, water fowl and migratory song birds, and is 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."²⁷³

Refining the dirty crude oil extracted from tar sands produces higher emissions of harmful pollutants, including sulfur dioxide (SO₂), hydrogen sulfide (H₂S), sulfuric acid mist, and nitrogen oxides (NO_x), as well as toxic metals such as lead and nickel compounds. Environmental damage caused by these pollutants includes acid rain; 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.²⁷⁴

These dangerous chemicals compounds are severely impacting the health, livelihood and cultural preservation of

Indigenous communities that live near, on, around or downstream from this destructive development through contamination and destruction of 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 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 behaving the last 40 years, there will be no turnback because it will be the total destruction of the land.”²⁷⁵

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.”²⁷⁶

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 they are 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.²⁷⁷ 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.”²⁷⁸



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

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.²⁷⁹

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 to the U.S. EPA regarding the increase of dirty oil imports from Canada issued by Richmond, California’s Communities for a Better Environment (CBE) 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.²⁸⁰

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 and the Chad-Cameroon Oil & Pipeline Project

Edited by Antonia Juhasz, Global Exchange from: Korinna Horta, Environmental Defense; Samuel Nguiffo, Center for Environment and Development; and Delphine Djiraibe, Chadian Association for the Promotion and Defense of Human Rights, "The Chad-Cameroon Oil & Pipeline Project: a Project Non-Completion Report," April 2007.¹

*"They promised us jobs.
They took everything from us.
They took our land.
They took our forest.
They took our water."*

**Sama Bailie of Cameroon, on the
Chad-Cameroon pipeline.²⁸¹**

INTENSE PREPARATIONS FOR THE CHAD-Cameroon pipeline began in 1997. In 1999, Chadian groups released the Bebedja Declaration, calling for a moratorium on financing the project until conditions and government capacity were in place to protect human rights and the environment and ensure equitable use of oil revenues. By late 1999, the project appeared doomed when, under massive public opposition, Shell and TotalFinalElf dropped out of the consortium. Project leader ExxonMobil (40%) saved the project when Chevron and Malaysia's Petronas, undeterred by the local and global opposition, joined the project at 25% and 35% interests, respectively.

On October 10, 2003, a coalition of Chadian civil society groups called for a national day of mourning on the inauguration of the project. The groups continued to warn of the likelihood of mass environmental and human rights abuse and that Chadian oil revenues "will only be another weapon in the hands of a plundering oligarchy used to oppress the Chadian people."²⁸²

The Project

The Project originally involved drilling 300 oil wells in the Doba fields of southern Chad and the construction and operation of a 650-mile pipeline to transport oil from those fields to an export terminal facility in Cameroon. Along the way, the pipeline passes through rainforest, pygmy territories, and major food and cotton producing areas. Together, they represent one of the largest industrial projects ever done in Africa and the single largest on-shore investment in Africa today. The project has since expanded as active exploration occurs for new wells near Sarh, and new oil fields have already been developed outside the original Doba fields.

Chevron reports that in 2009 its Doba Basin production was 120,000 barrels of crude oil per day.²⁸³

Chad had no previous experience dealing with international oil companies, and while an income of 40% to 60% of oil sales is the norm for African oil producing countries, Chad is reported to receive just 12.5%.



Korinna Horta

The polluted well of Nkoltara village located near the pipeline, October 2005.

The project has fueled violence, impoverished people in the oil fields and along the pipeline route, exacerbated the pressures on indigenous peoples, and created new environmental problems. The money from the oil has paid for arms that have fueled Chad's civil war and the neighboring and associated conflict in Darfur.

Violence

Chad's President Deby came to power in a military coup in 1990. Chadian human rights organizations, as well as the U.S. State Department, painted a picture of a dismal lack of respect for human rights at the time of project preparations in the late 1990s. Amnesty International documented the massacre of unarmed civilians in southern Chad in the oil region in 1998²⁸⁴ and the U.S. Peace Corps withdrew all its volunteers from Chad because of the spread of violence.²⁸⁵ Repression and intimidation were ever present in southern Chad where the oil is buried. The risks that the ruling elite from the country's northern clans would use violence to secure the oil in the disenfranchised south were evident.

In January 2001 it became public that Chad has used part of its \$25 million signature bonus from the oil consortium for weapons purchases.

In a 2006 survey, the World Bank reported that people in the oil zone unanimously raised concerns about the lack of security and were told that the gendarmes assigned to protect the oil zone were harshly enforcing an unofficial curfew in the zone.²⁸⁶ For several years the World Bank has documented robbery, pillage, and banditry in the oil region that not only goes unpunished but also usually involves the security forces. Chadian human rights activists who try to assist the local population are jailed and threatened with death.

¹ Unless otherwise noted, all references sourced from this paper.

Employment

During peak construction in 2002 an estimated 6,000 workers were employed in Cameroon, but by 2007, the number was less than 1,000. The ill-treatment of workers, including their imprisonment, is documented by Cameroonian organizations and the International Federation of Building and Wood Workers in Geneva. The unions reported that the companies involved in the project were using the dire economic situation in both Chad and Cameroon to exploit workers, paying them low wages and providing poor working conditions as well as inadequate housing and food.

Devastation of Local Environment and Livelihoods

The pipeline cuts across sensitive and valuable ecosystems, particularly in Cameroon's coastal rainforest, and traverses several major rivers. As reported by Friends of the Earth-International, during construction, thousands of people had their lands expropriated, crops and other plants destroyed, and water sources polluted without adequate compensation. Some victims received no compensation whatsoever, including the Bakola and Bagyeli pygmies in the forests of Cameroon.²⁸⁷ While the oil consortium claims to have "consulted" with the Bagyeli, the Chad-Cameroon Oil & Pipeline Project finds that "there was no consultation in the proper sense of the word." For example, the flyers and brochures that were distributed to the community were of little use, given that the Bagyeli have an oral tradition and are 98% illiterate.²⁸⁸

The lack of compensation has been widespread across both nations. Bishop Michael Russo of Doba, the main town in the oil-producing region, for example, reports that prostitution, alcoholism, and environmental degradation have become widespread and that local communities have seen no benefits from the project. A Cameroonian study on HIV/AIDS along the pipeline corridor found a marked increase of the rate of infection. The World Bank has also found that oil flaring remains a serious health risk and concern for local communities.

Local livelihoods have been deeply affected by the environmental degradation brought about by the project, and

the loss of land has been one of the most measurable impacts. In an economy largely based on subsistence farming, land is a question of life and death. According to the World Bank, the project has taken twice the amount of land as originally estimated, and the number of now "non-viable" households has risen more than three-fold.²⁸⁹

Lack of communication is ongoing. For example, in January 2007, an oil spill occurred on the Cameroonian coast. Little information was provided on the extent of the spill. Despite the fact that international and domestic media were reporting the news of the spill, the first official information from the oil consortium was only available four days after the incident, and the government has never issued a statement on the issue.²⁹⁰

What Chevron Says

In its "Chad Fact Sheet" Chevron writes that its involvement in the Chad-Cameroon project "further demonstrates the company's commitment to fostering economic and social development in sub-Saharan Africa. The project is providing jobs, local business opportunities and other benefits for the people of Chad and the greater region." It cites the consortium's support of health and education initiatives, including HIV/AIDS and malaria education and prevention programs, among others.

Community Demands

Local organizations and the international community have called on the companies and the World Bank to ensure adequate compensation and restoration of livelihoods in the oil producing region; to ensure participation by indigenous and other local peoples and ensure their right of ownership to the land that they traditionally occupy; to resolve problems of dust pollution, hazardous waste, and general public health; and to scan all regional compensation projects for defects and identify solutions and resolve outstanding grievances. Amnesty International has found specific fault with the contract arrangement won by the consortium and has called for a renegotiation.²⁹¹ Many local and international organizations also demand that the consortium reject the use of or support for the notoriously violent and corrupt military of Chad.

Chevron in Colombia & Venezuela

Debora Barros Fince, Organizacion Wayuu Munsurat and Jonathan Luna, CorpWatch¹



Wayuu village in La Guajira Peninsula.

CHEVRON HAS BEEN OPERATING IN BOTH Colombia and Venezuela since the 1920s, with operations that have included oil, natural gas and coal.

Today, Chevron describes itself as “one of the leading private oil companies in Venezuela,” with extensive on and off-shore production. Much of Chevron’s Venezuela production is ultra-heavy and tar sand oil. Most recently, in February 2010, Chevron (in a consortium) won a 40% stake in the massive Orinoco tar sand oil field in the Carabobo area in north-central Venezuela.²⁹² From 1997 to 2005, Chevron was also partner in the Mina Norte coalmine in Venezuela.

In Colombia, Chevron’s oil and natural gas production began in the 1960s and 1970s. It 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, today.

It is Chevron’s two onshore natural gas fields in the La Guajira region of northeast Colombia, the massive pipeline it helped build to carry that gas to Venezuela, and the Mina Norte coalmine, that have been the source of great and 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 in 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.

History of Abuse: the Mina Norte Coalmine

From 1997 to 2005, Chevron Mining Inc. owned a 29.8% stake in the Mina Norte coalmine in Venezuela.²⁹³ Mina Norte opened in 1995 and is located in the Wayuu region, 20 kilometers north of the Manuelote water reservoir in the Sierra Perija Mountains.²⁹⁴

The Sierra Perija Mountains and the Manuelote water reservoir are two of the main water sources to approximately 2.5 million people. In 2003, Herencia Gonzalez, manager of the national government’s regional water authority and the Minister of the Environment visited Mina Norte and the other mines of the the Sierra Perijas. They were shocked by what they saw. “I could not believe my eyes,” Gonzalez said, “Is it worth destroying our natural heritage and our water source for coal?... If the coal mining project continues, the ecological impact will be disastrous.”²⁹⁵

Indigenous communities were displaced to make way for the mines, while deforestation and the dumping of waste and the coal runoff into the rivers polluted their water supply.²⁹⁶ William Fernandez, a 27 year-old student at the Bolivarian University in Maracaibo, and a member of the *Wayuu* nation, was one of 10 children forced to move with his family because of the contamination from Mina Norte and other coal mines.²⁹⁷ Ezequiel Anare, a Yukpa community leader, reported, “some company officials have offered us money to keep quiet. But we won’t. We are calling on the president to get these companies off of our territory. We want to demarcate our lands, where we live, farm and dream. We are the guardians of the Sierra.”²⁹⁸

In March 2005, hundreds of Bari, Yukpa and Wayuu marched on Caracas to protest the Mina Norte and others mines.²⁹⁹ “They are destroying our farming practices, they are going to destroy our water, and they will end up destroying our lives,” Cesareo Panapaera, leader of the 32 Yukpa communities said. “The water in the river is poisoned (by) the coal mining, and the Wayuu drink that water,” added Jorge Hinestroza of the Front for the Defense of Water and Life.³⁰⁰ Wayuu activist Angela Gonzalez said, they “have brought deforestation, polluted the rivers and air, and caused sickness among many of our brothers and sisters. The mining companies must leave.”³⁰¹

¹ Jonathan Luna took multiple trips to La Guajira throughout 2007 and 2008. All non-sourced quotes are interviews conducted at these times. Debora Barros Fince wrote a separate statement as a member and representative of the Wayuu, her quotes are from this statement.

Their protests worked. Chevron sold its stake in the Mina Norte in 2005. Two years later, Venezuelan President Hugo Chavez announced that “no new coal mines would be built in the Sierra de Perija” and that existing mines would be forbidden to expand.³⁰²

Natural Gas Production and Pipeline

Chevron drilled its first natural gas well in the Wayuu region of La Guajira Colombia in 1975 and has been producing there ever since. It operates the Ballena and Riochach fields with Ecopetrol, Colombia’s state-owned oil company.

In 2006, Chevron and Ecopetrol partnered Venezuela’s state-owned-oil company, *Petróleos de Venezuela (PDVSA)*, to build a massive 225 kilometer underground pipeline to carry their natural gas through the heart of the Wayuu territory from La Guajira to Maracaibo in the extreme northwest of Venezuela. The *Trans Caribe Antonio Ricaurte* pipeline came on-line in October 2007 and currently carries some 150 million cubic feet of natural gas a day. That amount is expected to triple within a few years, while the long-term plan is to reverse the flow of gas and integrate the project into the much larger *Plan Puebla Panamá* and the *Initiative for the Integration of Regional Infrastructure in South America*.

Such enormous infrastructural changes have had a devastating impact on the Wayuu.

In January 2007, 62 affected Wayuu communities in the municipalities of Manauera and Maicao initiated protests that paralyzed pipeline construction.

The Observatory of the Colombian Caribbean, an independent center of scientific and cultural investigation, stepped in to help advise the communities. It found that the project is “another great wound upon Wayuu territory,” according to Observatory Director, Weidler Guerra Curvelo. “Of all the negotiation processes for development projects in La Guajira, [the pipeline] was the most primitive and had many deficiencies.”³⁰³

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. In September 2007, various Wayuu women’s groups hosted the *Assembly of South American Indigenous Women*. The first act of the meeting was to announce “solidarity with the struggle and resistance that the Wayuu brothers and sisters are leading against the construction of the natural gas pipeline through their territory.”

“When the company came here [to build the pipeline], it was all bad intentions,” explains Barros. “They came here promising all sorts of opportunities and benefits for the communities, something that has not been true.”

“The Wayuu people are predominantly affected in terms of their autonomy and unity,” Barros writes. “The multinational Chevron exploits the local communities by using deceitful strategies, such as sending agents disguised as social workers and anthropologists into the communities to obtain land concessions. These agents buy the leaders who then tempt



Wayuu children in La Guajira Peninsula.

the communities with the amazing benefits they’ll receive from accepting Chevron’s terms.”

Although PDVSA is a 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, known for having huge natural gas and coal reserves. 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 that came in here buying off and dividing our leaders with minor favors and gifts, and were able to manipulate community support for the project.”

Community Demands

Barros explains that her organization, *Women Weaving Peace*, “is keenly aware of Chevron’s strategy to tell the world that it has environmental concerns. They use propaganda, such as giving donations, releasing publications, etc. to gain allies that help the company confront Indigenous communities, both nationally and internationally. Therefore, it is important to bring forward three clear points about Chevron’s actions: First, Chevron has attempted to buy off some Wayuu and thereby divide the Indigenous communities. Second, by doing so they have concealed the magnitude and intensity of the damage they have done to ecosystems in this region. Third, as a result, so far they have enjoyed total impunity for the destruction of Wayuu indigenous cultures and communities.”

Barros concludes, “Wayuu communities and other parts of civil society are organized to protest for their rights and demand compliance by this multinational.”

Chevron in Ecuador

Han Shan, Amazon Watch and Maria Lya Ramos, Rainforest Action Network

IN 1964, TEXACO (NOW CHEVRON) discovered oil in a remote northern region of Ecuador's Amazon rainforest known as the Oriente. At the time, the Indigenous inhabitants of the region, including the Secoya, Cofán, Siona, Huoarani and Kichwa, lived as they had for millennia. The pristine forests served as their pharmacies, markets and sacred places. They drank, bathed, fished and washed in the rivers.

But all of this changed when Texaco helicopters—giant, noisy birds as local inhabitants initially conceived of them—arrived in the Oriente. Local peoples were never consulted about the oil project, and their permission never sought. What transpired in the Oriente over the next three decades would become one of the biggest environmental disasters in history and would radically affect the course of lives of local inhabitants for decades to come.

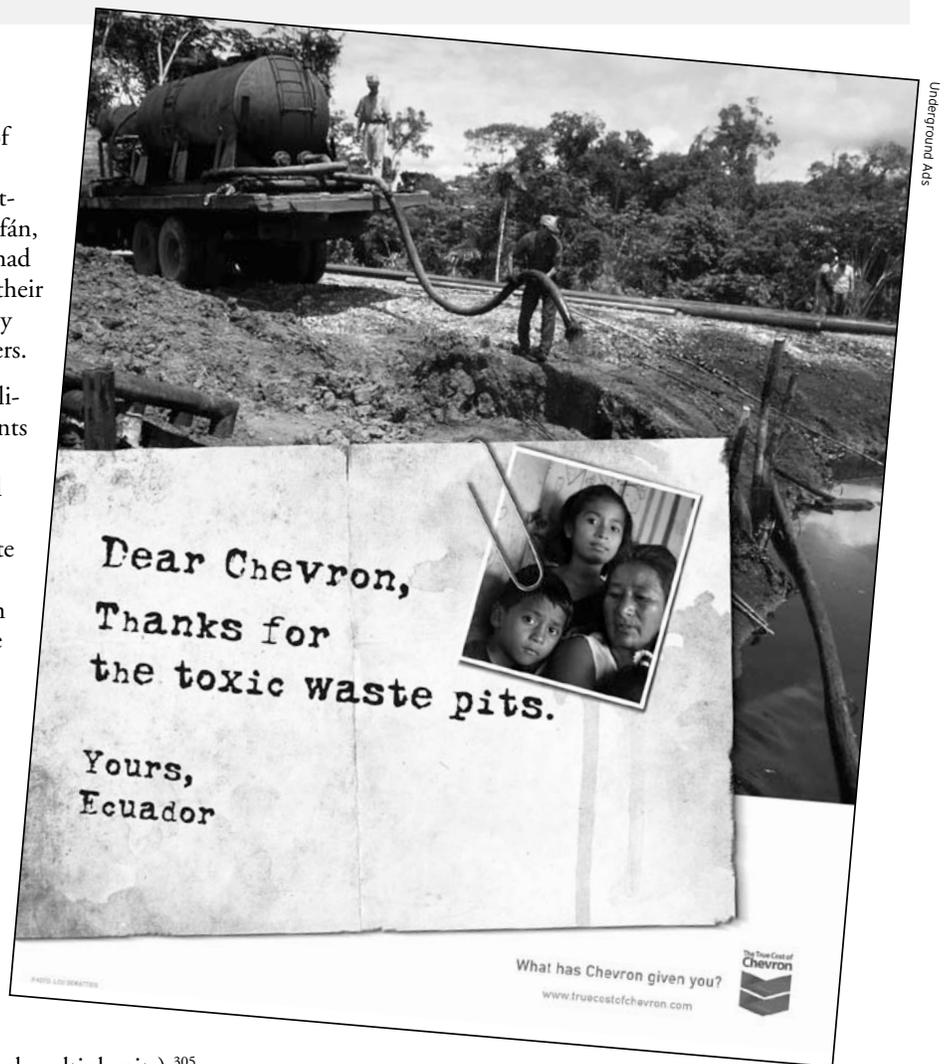
From 1964 to 1990 Texaco was the sole operator of an oil concession covering 1,700 square miles of pristine rainforest in Ecuador. As the operator, Texaco was solely responsible for deliberate cost-cutting decisions in the design, construction and operation of a sub-standard oil extraction infrastructure that resulted in an environmental catastrophe.³⁰⁴

Texaco drilled over 350 oil wells and abandoned at least 916 open, unlined toxic waste pits (each of Texaco's well sites had multiple pits).³⁰⁵ These pits were carved out of the rainforest floor, with no protective barrier, and filled with crude oil and toxic waste from the drilling process. Eighteen years after Texaco left Ecuador, these pits still sit uncovered in the midst of the rainforest communities, and continue to leach carcinogens into the soil and groundwater upon which local people depend.

Texaco dumped more than 18 billion gallons of toxic and highly saline "formation waters"—a byproduct of the drilling process—into the rivers and streams of the Oriente.³⁰⁶ Industry practice mandated these formation waters be re-injected deep in the ground away from surface streams and groundwater. Texaco's pump-and-dump practices were in contravention of the company's legal and contractual obligations in Ecuador,³⁰⁷ and had been outlawed in major U.S. oil producing states, like Louisiana (in 1942)³⁰⁸, decades before the company began its operations in the Amazon.

By deliberately choosing to use obsolete technology and substandard environmental controls—and choosing to handle its toxic waste in a manner that was illegal in its home country—Texaco saved an estimated \$8.31 billion.³⁰⁹

In 2001, Chevron acquired Texaco for roughly \$36 billion, and with it, Texaco's assets and liabilities—including a class ac-



Underground Ads

tion lawsuit brought by affected communities that is currently in court in Ecuador,³¹⁰ with damages of \$27.3 billion assessed by a court-appointed expert.³¹¹

Public Health and Environmental Impacts

Texaco's reckless operations in Ecuador have resulted in a catastrophic human and environmental tragedy. Contamination of soil, groundwater and surface streams has created an epidemic of cancer, birth defects and serious illness for the Indigenous and farming communities in the region.³¹² A court-appointed independent expert in the ongoing trial estimates that Texaco

After visiting the region in 2008, U.S. Rep. James P. McGovern (D-MA) called it a "terrible humanitarian and environmental disaster." He wrote in a letter to President Barack Obama, "As an American citizen, the degradation and contamination left behind by this U.S. company in a poor part of the world made me angry and ashamed."³¹⁶

is responsible for 1,401 cancer deaths,³¹³ and one scientific study found eight different types of cancers, including mouth, stomach and uterine cancer. Other studies have found high rates of childhood leukemia,³¹⁴ as well as abnormal number of miscarriages,³¹⁵ and ailments like skin rashes and gastro-intestinal illnesses are widespread.

Beyond the ongoing public health crisis, Texaco's operations also ruined a way of life. During its years of operation, Texaco built hundreds of miles of roads through once-impene-trable rainforest, providing access to a wave of migrants—many drawn by job opportunities in the oil fiends—who colonized the area and dispossessed Indigenous peoples of their ancestral territory.

Indigenous peoples who lived sustainably off forest resources for countless generations have been forced into dire poverty, unable to make a living in their traditional ways as the rivers and forests are now empty of fish and game. Without

“We lived in a house about 20 yards away from an oil well. Another Texaco oil well was upstream from where we got our drinking water, and the water was usually oily with a yellow-ish foam. I had 11 children. I lost Pedro when he was 19.... He had three cancerous tumors: in his lungs, liver and his leg.” -Woman from Sacha

their traditional lands, whole generations of children are losing their customs, traditions and native language.

What Chevron Claims

When Texaco left Ecuador in 1992, it turned over its entire outdated oil operation and crumbling infrastructure to Ecuador's state oil company Petroecuador. Using the very same technology, Petroecuador continued to pollute, slowly modernizing its operation over time, but with a long way to go in improving its environmental record.³¹⁷

In 1995, in an attempt to have the lawsuit then pending in U.S. courts dismissed, Texaco spent \$40 million on what it claims was a major remediation of its former oil operations, and secured an agreement from the government of Ecuador releasing the company from any environmental claims. In its attempts to deny responsibility, Chevron points to its “remediation” and the agreement with the government, but the clean-up was a sham, and the agreement doesn't apply to the private claims of the affected communities.³¹⁸

Texaco's pathetically limited “remediation” focused on only 16%³¹⁹ of the 916 waste pits it had abandoned, in most cases, merely covering open pits with dirt for cosmetic effect or burning off the crude by-products.

In what amounts to a massive fraud, Chevron scientists used an inappropriate laboratory test that was physically incapable of detecting significant levels of oily waste in order to “prove” that sites were remediated.³²⁰ Evidence from the trial in Ecuador shows that TPH (Total Petroleum Hydrocarbons) levels at one well site that had been certified by Texaco as “remedi-

One of the many families affected by the oil pollution in Ecuador.



Luiz Demattis, from *Crude Reflections*

ated,” for example, are 3,250 times higher than allowed in the U.S. and 325 times higher than allowed under the relatively lax Ecuadorean law.³²¹ The release of liability—which Texaco secured before remediating a single site—and the inadequate clean up effort are now the subject of a fraud indictment in Ecuador against two Chevron attorneys and seven former Ecuadorean government officials.³²²

But Texaco’s “clean-up” wasn’t just a sham— it was an insult. The “remediation” didn’t address the contaminated surface streams or groundwater, the outdated polluting infrastructure the company designed and built, the lack of healthcare and potable water for the communities, or the terrible economic damages they had suffered as a result of Texaco’s operations.

Chevron is also disingenuously trying to shift the entire blame to Petroecuador, Texaco’s former partner in the oil consortium from 1964-1990. Yet during that time, Texaco was the sole operator—exclusively running the oil fields. In fact, Texaco’s own audit from 1992 concluded that damage caused after 1990 by subsequent use of the infrastructure it designed and built were still the company’s responsibility.³²³

Chevron’s Public Relations and Lobbying Campaign

Beyond shifting blame and claiming it cleaned up the oil pollution in Ecuador, Chevron has also embarked on an aggressive misinformation campaign crafted by powerful and expensive lobbyists and public relations firms aimed at derailing the legal case and confusing the public. Chevron’s far-fetched efforts range from fake news reports,³²⁴ to spy videos the company claims show corruption in Ecuador.³²⁵

In an effort Congresswoman Linda Sanchez (D-CA) called “little more than extortion,” Chevron has also lobbied to cancel Ecuador’s trade preference with the U.S. in order to pressure the government of Ecuador to intervene in the private case.³²⁶

In a final attempt to derail the lawsuit, Chevron has also filed a series of legal challenges in the U.S. and internationally, including international trade arbitration—claiming the Ecuadorean government has violated U.S.-Ecuador trade agreements by allowing the lawsuit to move forward in Ecuador. But the company litigated to have the suit—originally filed in the United States—to be sent to Ecuador, committing to U.S. court to submit to jurisdiction in Ecuador, and to “satisfy any judgments in plaintiffs’ favor.”³²⁷ Now that the lawsuit is in the final stages, Chevron is again attempting to change the rules of the game.

What Communities are Doing

Although they were caught off guard in 1964, the inhabitants of the Oriente have organized and are fighting to see that Chevron bears responsibility for cleaning up the contamination for which the company is responsible. Under the banner of the Frente de Defensa de la Amazonia (the Amazon Defense Coalition), the more than 30,000 affected inhabitants have held strong since filing the class-action lawsuit *Aguinda v. Chevron* in 1993, and are resolute in demanding that Chevron clean up the massive oil pollution on their lands and compensate oil-affected communities.

The landmark lawsuit and the communities’ battle to hold Chevron accountable was featured in the recent award-

winning documentary *Crude*, by acclaimed filmmaker Joe Berlinger.

Supporting the communities’ efforts are groups outside Ecuador, including Amazon Watch and Rainforest Action Network, who are leading a public awareness campaign—uniting communities, investors, shareholders, religious leaders, celebrities, students, policy-makers and Chevron employees—to pressure the company to take immediate action to rectify the environmental catastrophe in Ecuador and revise their policies and practices so that the Ecuador disaster never happens again.³²⁸

Growing Concern by Chevron Investors

Chevron’s impending \$27.3 liability in Ecuador has become an albatross around the company’s neck, creating a public relations debacle for the company. Chevron’s management has proven that it is utterly unwilling to confront the legacy of its involvement in Ecuador, a fact that poses tremendous threat to shareholder value and long-term growth prospects for the company. Chevron shareholders are asking tough, detailed questions of management about what could amount to be the largest civil judgment in history for an environmental case.

The Ecuador case is so serious that in May 2009, New York Attorney General Andrew Cuomo opened an investigation of Chevron under New York’s Martin Act³²⁹ in response to growing concern in the investor community that Chevron is providing misleading information about its financial risk to regulatory authorities and investors. In a letter sent to Chevron, Cuomo states that the company “may have misled shareholders about the risk it faces in a potential \$27 billion lawsuit alleging it caused massive oil pollution in Ecuador.” In Chevron’s SEC disclosures, the company claims the case is frivolous and that it cannot estimate a potential loss, even though the damages claim of \$27.3 billion is spelled out in great detail in a 4,000-page report by the court-appointed expert.³³⁰

Defying recommendation of Chevron management, major public pension funds have also supported resolutions calling on Chevron to examine whether it complies with host country laws and environmental regulations, including, the California Public Employees’ Retirement System (CalPERS), New York State’s Common Retirement Fund, and the Employees Retirement System of New York City—three of the largest public pension funds in the U.S. that together control more than \$1 billion of Chevron stock. Public pension funds of Connecticut, Pennsylvania, Maryland, and the pension funds of firefighters and police in Detroit also supported the resolution as did three large unions; the AFL-CIO, Teamsters and AFSCME.³³¹

Analysts are also concerned about the implications of the liability to investors. Analysts at both Barclays Capital and Oppenheimer warned Chevron investors about the Ecuador liability. Oppenheimer said the \$27 billion potential liability “could depress the stock until a settlement is reached” while Barclays called the Ecuador a “drag” on the company’s stock.³³² The company was also questioned by Risk Metrics, a leading investment advisory group, which asked former Chevron CEO David O’Reilly to increase the company’s level of disclosure about the Ecuador lawsuit.

Chevron in Indonesia

Hariansyah Usman and 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, 2009.³³³

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.³³⁴ 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 largest energy sources in the world.³³⁵

Today, Chevron, through its Chevron Pacific Indonesia (CPI) subsidiary (formerly Caltex Pacific Indonesia), is Indonesia’s largest oil producer, with daily oil production averaging around 243,000 barrels of oil a day, about half of Indonesia’s total oil output. Chevron’s Indonesian operations include oil, natural gas and geothermal power-generation.

History of Repression and Resistance

If the average price of the crude oil from 1952-2008 were \$20 per barrel, it would mean that Chevron’s Riau production has yielded some \$220 billion. The *Riau Economic Observer* has 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.”³³⁶

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.



Ditch to the Batang Pudu river. The surrounding land is contaminated, but Chevron covered it with sand so the land looks good.

Chevron has employed brutal measures to quiet protests, including utilizing Indonesia’s notorious security services, bringing charges of human rights abuse, violence and intimidation.³³⁷ 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.³³⁸ The BRIMOB are well-known for extreme human rights violations, including kidnapping, rape, torture, indiscriminate violence and murder.³³⁹ As a result of the brutality of BRIMOB, 15 people involved in the protests against Chevron were wounded and five were hospitalized.³⁴⁰

Sakai Tribe and Its River

“Our last fort defense is the Batang Pudu river. It is like a war, if our last fort defense is ruined, then it will become the end of the world for us. The remaining option is only death or never ending misery that we shall take.” - Bathin Musa, the head of Sakai Tribe at Petani Village, Bengkalis.³⁴¹

The Sakai people are one of several Indigenous peoples in the Riau province. Other Indigenous communities include the Bonai, Talang Mamak, Laut, Akit and Hutani. The community life of the Sakai includes living on products of the forest, keeping livestock, fishing and planting gardens.³⁴²

The Sakai tribe was the original owner of the land on which Chevron’s oil and gas was found.³⁴³ The Sakai owned the Minas, Belutu, Tingaran, Sinangan, Semunai, Panaso and Borumban areas of land. “Almost all the land at CPI was indeed our *ulayat* (customary) land, where we went for hunting and farming... The land acquisition by Caltex came from some Sakai people who sold their land, or came from land grabbing with very low compensation or even no compensation at all.



Chevron's hazardous and poisonous waste disposal. The study shown revealed destruction of the ecosystem caused by ongoing contamination.

From hundreds of thousands of hectare acres, we now only have five thousand hectare acres left."³⁴⁴

Water and Land Contamination

The inhabitants of Riau have been plagued by contamination of their land and water by Chevron's oil, making traditional methods of subsistence impossible and causing dire health effects.

In 1993, the villagers of Sungai Limau together with WALHI-Riau charged Chevron with contaminating the Siak and Limau Rivers. In a letter to the government and Caltex, they wrote:

*The Sungai Limau villagers reported problems almost identical to those cited by the Mempura villagers. Oil is often visible in and around the rivers, and the rivers' fish population has declined so much that they can no longer fish in them. A number of villagers have contracted rashes, diarrhea and other sicknesses as a result of the oil pollution.*³⁴⁵

The abuse was so great that the citizens were willing to face the enormous risk of raising such complaints during the Suharto dictatorship, a time when protest, or resistance of any kind against the government or a corporation, brought substantial repression, even death. While Chevron ultimately agreed to give compensation to villagers, it was far below the villagers' demands.³⁴⁶

In 2007, people in Batang Pudu village found hidden pipes around Chevron's Central Mud Treating Facility (CMTF) at Arak Field. They witnessed and smelled black water coming out from the pipe to Batang Pudu river. At the upper edge of the river, there was also black mud sediment from Chevron's oil drilling. In January 2008, Mr. Atin, a fisherman from the Sakai tribe in Bengkalis Riau died after coughing blood for several months. He was the second fisherman to die in the village with these symptoms. The suspicion grew at the community that the death was caused by the polluted river where the fishermen work everyday, a river they believe to be contaminated by toxic waste from Chevron.

In response, the Sakai people at Pematang Pudu, together with WALHI, called on the local government to fix the situation, cite Chevron for the environmental damage, and investigate the site. The subsequent investigation identified four illegal toxic waste disposals.³⁴⁷ Based on the sample of waste tested by an expert from the Agriculture University in Bogor West Java (IPB), there was evidence of environmental pollution at Pematang Pudu, Mandau sub district. The concentration of chemical material in the ditch was above the acceptable levels, especially for the chlorine and sulfate.³⁴⁸

The agency of environmental impact analysis (Bapedal Riau) found Chevron guilty.³⁴⁹ Furthermore, the environmental impact analysis report released by BPK RI (The Audit Board of The Republic Indonesia) also found and highlighted violations of the environmental quality standard stipulated by government.³⁵⁰ However, no action has been taken by either the government or Chevron to right this situation.

What Chevron Says

Chevron has rejected the accusations from the Sakai community. It claims to be the most progressive company in terms of preserving the environment and public health. The Manager of Communications and Media Relations, Hanafi Kadir, says that Chevron handles its waste very carefully, contracting its waste management to another company (PT Karya Lestari Perkasa). Regarding the skin diseases suffered by the local community at Tonggak Delapan village, Hanafi Kadir also refuses the community's allegation that the disease is caused by polluted air from Chevron.³⁵¹

In 2009, the Indonesian government issued a new environmental protection and management regulation. Rather than comply with the regulation, Chevron fought back. Chevron Senior Vice President of Sumatra Operations Support, A. Hamid Batubara, expressed particular concern over the new regulation's air and water pollution controls, saying that implementation would have a deleterious effect on Chevron's production totals.³⁵² In response to Chevron's protests, the Minister of Energy and Mineral resources, Darwin Zahedy Saleh, seems prepared to weaken the law.³⁵³ The government also proposed delaying the new law.³⁵⁴

The Struggle Continues

Chevron's great influence over the Indonesian government continues to this day. Even including forcing it to "overlook" its own regulations, to the great detriment of local communities, and even local governments.

The Sakai tribe's demand is simple. They want environmental restoration and compensation for their loss of income from the polluted river. They do not want money, they want land on which to earn their own living. But, to date, there has been no significant response by Chevron to the peoples' demands.

WALHI, together with other networks and the local communities, will continue to end the environment, 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 Iraq³⁵⁵

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

—Kenneth T. Derr, CEO of Chevron, 1998³⁵⁶

“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, 2007³⁵⁷

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.³⁵⁸ U.S. oil companies renewed relations with Iraq in 1984, when President Reagan re-opened full diplomatic relations with President Hussein.³⁵⁹

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.³⁶⁰ 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 2010.³⁶¹

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.³⁶²

Winning Iraq’s Oil Prize

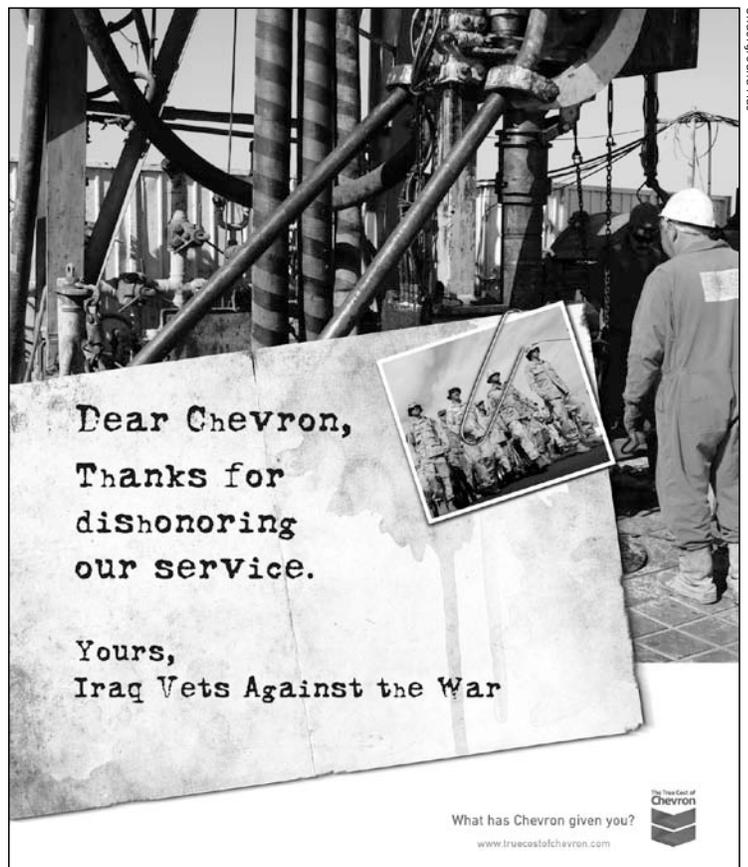
Marketing contracts are good, but production contracts are much better. It’s the difference between selling someone else’s oil, and controlling production at the source. Since the 2000 election of George W. Bush, Chevron and other companies have worked to see that a newly created Iraqi government passes 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.³⁶³ 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.”³⁶⁴ The Task Force reviewed a series of lists and maps outlining Iraq’s entire oil productive capacity.³⁶⁵ Two lists entitled “Foreign Suitors for Iraqi Oilfield Contracts” listed more than 60 companies—none American—with contracts in various stages of discussion.³⁶⁶ 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



Underground Arts

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."³⁶⁷

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.³⁶⁸ 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.³⁶⁹

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 2003.³⁷⁰ 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.³⁷¹

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.³⁷²

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.³⁷³

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 2008.³⁷⁴ 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.³⁷⁵

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.³⁷⁶

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.³⁷⁷ 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.³⁷⁸ 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,³⁷⁹ was invited to bid on the Nahr bin Umar oil field,³⁸⁰ and was expected to bid on Majnoon. 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.³⁸¹ 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."³⁸²

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."

Chevron in Kazakhstan, Courts Turkmenistan

Michelle Kinman and Sergey Solyanik, Crude Accountability



Evgeniy Soldatkin

Flaring and sulfur pads at the Chevron/Tengizchevroil Tengiz Field in western Kazakhstan.

CHEVRON WAS THE FIRST MAJOR FOREIGN oil company to secure operations in Kazakhstan in 1993, and has since become the country's largest private oil producer as a result of its investments at the Tengiz and Karachaganak fields. Chevron has a 50% interest in Tengizchevroil (TCO), which operates the Tengiz Field, the world's deepest super-giant oil field, and a 20% interest in the Karachaganak Field, one of the world's largest oil and gas condensate fields. The company has a 15% interest in the Caspian Pipeline Consortium pipeline, which is the primary export route for crude oil from these two fields to ports on Russia's Black Sea coast. In 2009, Tengizchevroil also exported a small fraction of crude oil via the Baku-Tbilisi-Ceyhan pipeline, in which Chevron holds an 8.9% interest.

Behind the Numbers

At Tengiz, the high sulfur content of the oil extracted and stored at the field has caused significant damage to the environment and the health of field workers and nearby residents. Tengizchevroil maintains that the open-air storage of sulfur is insignificant in terms of environmental or human health threats, but history has not supported this conclusion.³⁸³ Since TCO began operations, the government of Kazakhstan has mandated the relocation of two nearby villages—one funded by the state energy company³⁸⁴ and one by TCO³⁸⁵. In 2007, a regional court fined TCO approximately \$306.4 million for improperly extracting sulfur from oil and storing more than 2.8 million tons of sulfur without government permission from 2003-2006³⁸⁶. As measured by total environmental fines, TCO

was the largest polluter in Atyrau Oblast [region] in 2009, incurring \$1.3 million in penalties³⁸⁷.

At Karachaganak, 2009 marked the seventh year of tireless campaigning by the village of Berezovka—located a mere five kilometers from the 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 traditionally agricultural community of 1,300 began to decline precipitously, with an independent 2003 study documenting nearly 45% of the population suffering from chronic illnesses³⁸⁸. 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 refining³⁸⁹.

Over the next several years, community and government air monitoring programs established an alarming record of toxins in the vicinity of the field. Community monitoring registered more than 25 toxic substances in the air, including hydrogen sulfide, methylene chloride, carbon disulfide, toluene and acrylonitrile³⁹⁰. 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 table³⁹¹. Again, the consortium was found to have dumped an excess of waste in 2008, resulting in a \$21 million fine in early 2010³⁹².

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 relocation³⁹³. The SPZ was reduced without a state environmental assessment, notice to local residents, consideration for public opinion, or public participation in the decision-making process—in violation of Kazakhstani law and the Aarhus Convention. 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 2006³⁹⁴. However, neither KPO nor the government has made reparations to the villagers for the years of violations of their rights or made efforts to relocate the village.

The village of Tungush, which had been located three kilometers from the Karachaganak Field, was hastily and carelessly relocated in 2003, leaving the villagers holed up in a high-rise apartment and ill-prepared for city life³⁹⁵. Though Berezovka is the only home most have ever known and they are not eager to leave their roots, the villagers understand that they must fight for the resettlement to which they are entitled to ensure the health of future generations.

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 countries³⁹⁶. The Fund for Peace assigned Turkmenistan 8.9 out of 10 points for “suspension or arbitrary application of the rule of law and widespread violations of human rights”³⁹⁷. Nonetheless, in November 2009, Chevron announced that it is in negotiations with the government of Turkmenistan for the development of the South Iolotan Gas Field, among the world’s five largest deposits.³⁹⁸

Turkmenistan’s government has no accountability mechanisms for reporting oil and gas revenues; its previous president deposited funds in a semi-private account in Deutsche Bank in Frankfurt³⁹⁹. President Berdymukhammedov has made no reforms in this area, and a newly touted “Stabilization Fund,” into which oil and gas revenues would be placed, remains a mystery as there is no public documentation that such a fund actually exists⁴⁰⁰. If Chevron engages with repressive regimes to secure hydrocarbons without first insisting on significant, demonstrable improvements in human rights and rule of law, it will strengthen authoritarian leaders in the region, first and foremost, Berdymukhammedov.

What Chevron Says

Chevron has failed to take responsibility for the serious environmental and health damages caused by operations at the Karachaganak Field. 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



Mark Warford

Like many of her peers, this girl from Berezovka, Kazakhstan suffers from severe asthma as a result of toxic emissions from the neighboring Karachaganak Field, in which Chevron has a stake.

member of the KPO consortium, and is not the operator⁴⁰¹. The 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 Financial 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 violated⁴⁰².

As of this printing, Chevron’s new CEO John Watson has not responded to a December 2009 letter from the US-based environmental justice organization Crude Accountability regarding the company’s role in Kazakhstan and Turkmenistan⁴⁰³.

The Local Community

“Despite Tengizchevroil’s copious statements regarding continual environmental improvements, Kazakhstani government officials recognized the company as the primary polluter in Atyrau Oblast [region] in 2009. This once again confirms that the company’s statements are inconsistent with the reality on the ground.”

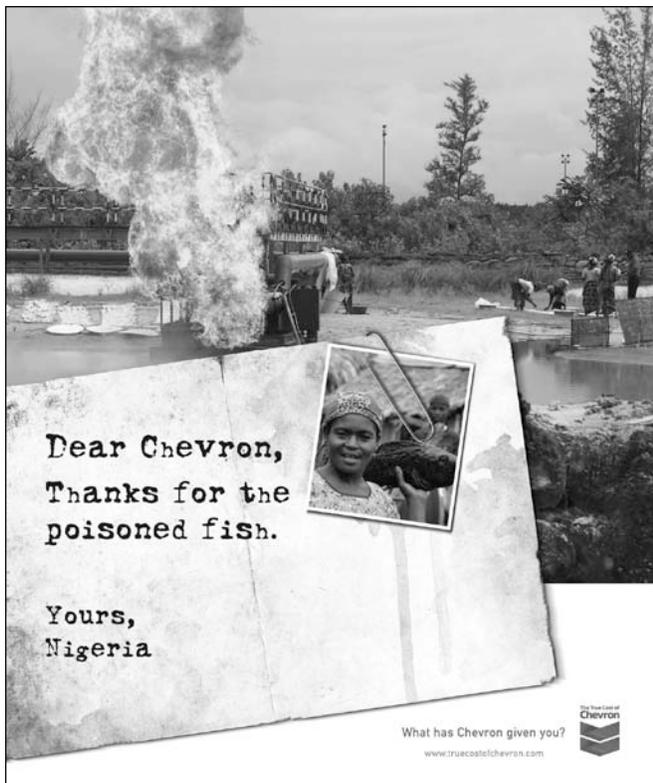
—Sergey Solyanik, Crude Accountability consultant, Almaty, Kazakhstan

The local Berezovka organization Zhasil Dala (Green Steppe) and its partners, including Crude Accountability and the Kazakhstani Ecological Society 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 have been violated. In 2008, Kazakhstan’s Supreme Court ruled in favor of Green Salvation in a precedent setting lawsuit to obtain access to information about atmospheric emissions at Karachaganak.⁴⁰⁴

In 2009, the villagers received a continuance from Kazakhstan’s Supreme Court in the first ever case against the government of Kazakhstan brought by a nongovernmental organization⁴⁰⁵. The case, which states the government has failed to ensure the safety of Kazakhstani citizens by forcing them to live in an environmentally toxic area, has been under review by the court system for more than a year and a half; meanwhile Berezovka’s residents continue to breathe Karachaganak’s toxic air. Learning from the haphazard relocation of the village of Tungush, the citizens of Berezovka are committed to attaining compensation and relocation under their own terms.

Chevron in Nigeria

Nnimmo Bassey, Environmental Rights Action/Friends of the Earth Nigeria, Emem Okon, Kebetkache Women Resource and Development Centre, and Laura Livoti and Abby Rubinson, Justice in Nigeria Now



NIGERIA IS AMONG CHEVRON'S TOP FIVE crude oil and natural gas producing countries.⁴⁰⁶ Chevron began oil production in Nigeria's Delta in 1963, and it holds a 40% interest in 13 onshore and near off-shore concessions in the Niger Delta, along with interests in deepwater blocks.⁴⁰⁷ Chevron operates as a joint venture with the state-owned Nigerian National Petroleum Corporation (NNPC), which has a 60% stake in all oil revenues. As the business partner of a government notorious for its well-documented deep corruption,⁴⁰⁸ Chevron bears responsibility for the lack of investment in the communities in the Niger Delta where it operates.

In 2009 Chevron produced on average 225,000 barrels of crude oil and 48 million ft³ of natural gas a day in Nigeria.⁴⁰⁹ In 2008 the Delta accounted for 88% of this crude oil and 85% of this natural gas production.⁴¹⁰ Chevron is now planning to equip the Escravos Gas Plant in the Delta to more

than double its processing capacity of natural gas and to more than triple its liquefied petroleum gas (LPG) and condensate export capacity.⁴¹¹

Devastation

In the Niger Delta, Chevron's operations have devastated communities' local economies and environment. Chevron is also responsible for the use of military violence as a response to peaceful protest against oil companies. This repeated human rights, environmental and economic repression are critical factors giving rise to the armed militancy.

After 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.⁴¹² Access to education and healthcare remain out of reach for many Niger Delta residents, especially women and children, as do clean drinking water and electricity.

Internationally recognized as one of the world's most "biodiverse 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.⁴¹³ Chevron's operations have spoiled this delicate habitat, with effects including land degradation, air pollution, biodiversity depletion, flooding and coastal erosion, noise and light pollution, health problems, and poor agricultural productivity.⁴¹⁴

Shamefully, Chevron engages in gas flaring, the burning of associated gas that comes out of the ground when oil is extracted. People live literally next door to the roaring, ground-level flares—burning 24 hours a day, some for 40 years. Rather than re-inject or harness the associated gas for productive uses, as it does elsewhere, Chevron is among the worst offenders in Nigeria, flaring over 64% of its gas in 2008.⁴¹⁵ Flare emissions in Nigeria are the highest or perhaps second-highest in the world.⁴¹⁶ 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. This practice exposes Chevron to future liability. 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.⁴¹⁷

Chevron's Impact on the Lives and Livelihood of People of the Niger Delta

"Think about the women who fish in the waters of the Niger Delta in their paddle canoes. Their rivers are filled with oil. Consider the fact that their sources of livelihood—fishing and farming—are crudely destroyed by the powerful and wealthy multinational companies, who have become even more powerful and wealthy by the oil resources derived from the destruction of the environment and the destruction of the women's means of livelihood. Think about the children, whose destinies have been repackaged by oppression, exploitation, oil politics and the oil business. The women of the Niger Delta call on Chevron and every other oil company to leave the Niger Delta oil under the ground. Stop destroying our environment. Let our oil be."

-- Emem Okon, a Niger Delta women's rights activist

Some 1.5 million tons of oil spillage has occurred over the last 50 years in the Niger Delta from oil operations—equating to about one Exxon Valdez disaster per year.⁴¹⁸ Oil and other hazardous wastes are dumped in waterways and farmlands, thus jeopardizing the health of the environment and people.⁴¹⁹ Chevron faces potential liability in this regard as well. A lawsuit in the Netherlands is underway against Shell for its oil spills in Nigeria.⁴²⁰

Chevron's dredging has made many of the formerly freshwater creeks where Chevron operates brackish, leading to a decimation of the freshwater fish population and the local fishing economy.⁴²¹ Moreover, people in many Delta communities must travel further for fresh water. According to local sources, some people have no drinkable water within 10 miles of their communities.⁴²²

Chevron continues to pay the notoriously brutal Nigerian military for security services despite being known to violently repress Delta communities' peaceful protest against extractive activities.⁴²³ Chevron confronts potential future liability in U.S. courts for this practice. The Nigerian military's misconduct is even a threat to the company's own employees, as shown by military attacks that left two Chevron employees dead in January 2010.⁴²⁴

What Chevron Says

Chevron reports that it invested \$160 million in communities around the world in 2008—up from \$119 million in 2007.⁴²⁵ Compare this amount to Chevron's total profit in 2008: \$24 billion.⁴²⁶ Chevron invested less than 1% (0.67%) of its total profits in community development worldwide.

Chevron acknowledges that, "routine flaring and venting of the natural gas associated with crude oil extraction are a significant source of our total corporate [greenhouse gas] GHG emissions."⁴²⁷ Chevron also acknowledges that GHGs are a source of potential liability for the company.⁴²⁸ Rather than commit to ending this illegal practice, Chevron merely states, "We

remain committed in our efforts to *reduce* routine flaring and venting in our operations" (emphasis added), failing to identify concrete measures or demon-



Kendira E. Thornbury for Sweet Crude.

Formerly self-sufficient villagers in the Niger Delta, where fish is a major source of food and livelihood, now contend with a diminishing and poisoned fish population.

strate a willingness to phase out gas flaring entirely. Notably, Chevron misleadingly takes credit for greenhouse gas reductions in Nigeria that it admits only in footnotes were the result of "shutdowns caused by sabotage to pipelines."⁴²⁹

Chevron has yet to take responsibility for its role in using the brutal Joint Task Force (JTF) to suppress peaceful protest, like in Escravos or Parabe, despite Chevron's own documents showing that it paid, transported, fed, housed and supervised the JTF in such attacks.⁴³⁰



Women endanger their health and safety by drying their food next to flares because they lack electricity in their homes.

What the People Want

For the people of the Niger Delta, the environment supported their life and livelihood. The severely polluted environment has made life in the communities where Chevron operates precarious, at best.

Local communities want a baseline environmental audit—by a credible and neutral third party—of the environmental impacts of oil production and exploration. They seek investment in environmental remediation and compensation for polluted lands and creeks; mitigation of environmental harm; and reparations to communities. To replace the self-sufficiency communities enjoyed prior to oil companies' environmentally damaging practices, communities call for the development of basic infrastructure, job opportunities, and access to education and healthcare.

Integral to creating a safer, healthier environment is the need to end gas flaring absolutely. Chevron refuses even to comply with the most recent gas flare fines regulations, approved by the Nigerian Federal Executive Council in April 2008.⁴³¹

Communities lament the economic marginalization that results from the way oil companies operate in Nigeria, which gives them virtually no control over their land or resources. They demand a serious say in how resources are extracted—by whom and on what terms. Although more oil revenue now flows from the federal government to the Delta, local people in the Delta continue to see little if any benefit from their community's oil resources.⁴³²

Faced with Chevron's unwillingness to adequately redress the environmental and economic harms caused by the company, communities in the Delta have engaged in peaceful protests of Chevron and other oil companies, which have been met with violent repression by the military from the 1990s into the present day.⁴³³

Chevron and other oil companies' track record of paying and transporting the Nigerian military, which violently responds to communities' pleas for basic survival needs, has contributed to the rise of an armed militancy with political demands that mirror those of peaceful protestors.⁴³⁴ Demilitarization could result when all parties participate in independently monitored peace talks that resolve the root cause issues of underdevelopment in the Niger Delta. It is in Chevron's interest to support peace talks and demilitarization in order to achieve a predictable business environment.

Chevron in the Philippines

Aileen Suzara, Filipino/American Coalition for Environmental Solidarity



Camelia Nicoliana

Chevron and its partners constructed “Linear Park,” a narrow strip open to the public with walkways and basketball courts. Only a few meters separate residences from the depot. Local residents, like this young girl, pass through the depot daily.

“The oil depot is a threat to people’s lives. It can never be safe from accidents—there are depot accidents in even highly developed countries. The accidents that have occurred over the years, from explosions along its pipeline to leakages in its storage tanks, have simply been lucky close calls. The oil depot remains 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 over 81 acres of land and is owned by Chevron Philippines Inc. (formerly Caltex Philippines Inc.), Petron Corp., and Pilipinas Shell Petroleum Corp. Since 2004, Chevron and its partners have operated in a joint venture called 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 began work in the Philippines in 1917, and in 1936, entered a joint venture with Chevron’s predecessor, Standard Oil Co. of California, to create Caltex. At the conclusion of WWII and despite the considerable population increase in Pandacan, Caltex and its partners reconstructed the depot and resumed operations.

In 1947, Caltex converted its Pandacan warehouse into the country’s first distribution terminal. In 1954, Caltex opened

the Batangas Refinery, the first petroleum refinery in the Philippines. The Batangas Refinery connects to Pandacan by a 71-mile underground pipeline system. By 1994, Chevron had the most depots and largest retail network in the country, with a total of 25 terminals and depots. In 1999 Chevron acquired a 45% interest in the offshore Malampaya Deep Water Natural Gas Project.⁴³⁵

Close Proximity to Danger

Residents and officials say the depot could potentially be the biggest disaster waiting to happen in the petrochemical industry. More than 84,000 people, most of whom are low-income, live in the immediate area, with some dwellings running up to the depot walls. Daycare centers, churches, schools and small businesses operate in the district. Directly across the depot sits the Polytechnic University of the Philippines (PUP), where over 25,000 students attend school.

Malacanang Palace, the official residence of the Philippine President, is just two kilometers away.⁴³⁶

Officials warn that an accident or terrorist attack could be disastrous for Pandacan and the nearly 11 million residents of Metro Manila. Because the depots sit on the banks of the Pasig River, it is feared a conflagration could spread to other parts of the capital city.⁴³⁷ The United Firefighters of the Philippines and disaster management experts projected that an accident at the depot could cause devastation within a two-kilometer radius.⁴³⁸ “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.⁴³⁹

Catastrophic spills, leakages and explosions already poison the community. In 2001, dozens of students at the neighboring campus were hospitalized, suffering headaches and vomiting during a gas leak.⁴⁴⁰ In early 2006, the depot leaked 40,000 liters of oil.⁴⁴¹ And in 2008, a defective tanker carrying 2,000 liters of gasoline and 14,000 liters of diesel caused a deadly explosion near the depot exit gate, alarming officials and residents.⁴⁴²

Chronic Health Risks

Pandacan residents complain about foul odors and suffer from long-term exposure and illnesses associated with the depot operations. Lab results from 2003 air monitoring samples found alarming levels of benzene, a known carcinogen, in the air.⁴⁴³ A 2005 medical study reported abnormal levels of lead in urine samples of Pandacan residents, and diagnosed lower rates of median neuropathy at increased distances from the depot.⁴⁴⁴

Circumventing the Law

In response to the dangers posed by the depot, on December 2001, the City of Manila passed Ordinance 8027, reclassifying the area from industrial to commercial and ordering the depot's closure.⁴⁴⁵ However, rather than pursue outright removal of the depot, the Manila City Government and DOE entered a memorandum of understanding with the oil companies, agreeing to a minimal "scaling down of operations."⁴⁴⁶

Chevron and its partners filed petitions seeking injunctions to suspend the ordinance. Rather than build a proper buffer zone, the oil companies constructed a problematic "linear park" a few meters wide that wraps around the depot and includes walkways and basketball courts⁴⁴⁷ that actually bring residents closer to, not farther away from, this hazardous depot.

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 from the catastrophic devastation that will surely occur in case of a terrorist attack on the Pandacan terminals," the Supreme Court said. "No reason exists why such a protective measure should be delayed."⁴⁴⁸

On February 2008, the Supreme Court upheld its decision and rejected the 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 Supreme Court decision.⁴⁴⁹

But in May 2009, despite public opposition, the Manila Mayor and City Council passed Ordinance 8187, which allowed the oil companies to stay and defied the court order to close the depot based on safety and environmental grounds. In response, groups including Advocates for Environmental and Social Justice (AESJ), a Manila-based coalition that pushes for the depot's relocation, gathered thousands of signatures under a People's Initiative to repeal the ordinance. While the elections committee dismissed the local initiative on a technicality, groups have petitioned the Supreme Court to compel the committee to act.⁴⁵⁰

What Chevron Says

Chevron and its partners have argued that relocation of the depot will result in drastic economic problems for Manila and a loss of jobs. AESJ estimates only 5% of the depot's employees are Pandacan residents, and that 60% of its employees are contract workers without guaranteed tenure.⁴⁵¹

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 depot issue, for a dialogue at its

World Headquarters. FACES shared its demands for relocation and 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 dialogues 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 Chevron's operations on the local community.⁴⁵² Chevron did not win the prize.

What Community Groups Want

Local groups and international allies have called for relocation of the depot for years. "The Pandacan oil depot remains a disaster waiting to happen. Phase out and relocation of the oil depot is the only answer to protect life, health and the environment," say AESJ members.⁴⁵³



Chevron's Pandacan Depot.

Christine Cordero

Lack of communication between Chevron and affected residents is an ongoing problem. Groups request an open dialogue between Chevron, its partners and local residents in order to address health and safety concerns including the lack of a proper buffer zone. They demand the community be included in informed decision-making processes. And they call on Chevron and its partners to include health studies and environmental remediation to ensure that toxic contamination of soil, water, land and permanent structures be cleaned up to standards appropriate for commercial use.

Groups like AESJ are rallying hundreds of supporters behind a "3 R's campaign"— with the goal of achieving Relocation, Remediation and Revitalization. They insist a relocation plan must ensure economic redevelopment that benefits residents with good jobs and affordable housing. Local groups also advocate for a speedy but thoughtful relocation of the depots, and not to simply construct "another Pandacan" that endangers another community.

Chevron in Thailand

Mr. Songwoot Patkaew and Ms. Sayamol Kaiyoorawong,
Project for Ecological Awareness Building, Thailand

CHEVRON HAS BEEN OPERATING IN THAILAND since 1948. According to the company, it is the country's top natural gas and oil producer.⁴⁵⁴ Chevron's numerous offshore blocks yielded some 198,000 barrels of oil-equivalent product per day in 2009.⁴⁵⁵

Through its Caltex subsidiary, Chevron also holds majority interest in the Star Petroleum Refining refinery located at Map Ta Phut in Rayong, Thailand. Map Ta Phut is a large industrial center, home to many industries, including Chevron's refinery. Pollution from the plants is blamed for the high rates of cancers and other harmful health and environmental effects.⁴⁵⁶ After over a decade struggle against the government, the 27 Rayong villagers went 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.⁴⁵⁷ Srisuwan Janya, president of the Stop Global Warming Association, launched the successful lawsuit on behalf of the villagers. He has pledged to continue the fight and seek a special court order to halt Chevron's offshore production and exploration projects (among others) due to concern over potential serious health and environmental impacts.⁴⁵⁸

Chevron in Nakorn Si Thammarat Province

To support its extensive offshore production, Chevron operates many mega-projects in the Nakorn Si Thammarat Province in the south of Thailand. These have had devastating impacts on the local community. In particular, in 2008, Chevron began construction of a new port at Bangsarn Village, Tambon (Sub-District) Klai, Thasala District, Nakhon Si Thammarat Province.

Environmental Devastation and Impacts on the Local Economy

Chevron's slogan at Tambon Klai is "We are Your Good Neighbors." However, the company has failed to provide local communities with important information about the significant impacts of the port construction, violating the rights of local communities and resulting in erroneous decisions that will harm lives.

The 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 regional fishermen, who have earned their living there for generations, having inherited the plentiful resources from their ancestors.

Dredging

Dredging the water channels for the harbor will result in severe coastal erosion in areas that have already been wrestling with erosion. In addition, the breakwater that will be built to obstruct the waves will disturb the stability of the fishermen's way of life. Millions of cubic meters of clay will be dredged, and removed in ten-wheeled trucks. The dredging has to be done every day, which Chevron did not disclose. All that was



Sayamol Kaiyoorawong

Audiences of Moo 3, Tambon Klai raised their hands to chase Chevron from Thasala District at May 8, 2010 public hearing.

revealed is that Chevron will throw away the soil at the front of the Pak Duad and Saopao Villages entrance, ten kilometers from the site. This soil will be blown back to cover the beach area, where there are a lot of tourists who come to visit the place of Sichol and Kanom District. Moreover, this clay will reach Samui Island. In no time, the beaches in these areas will certainly become sludge beaches like the one at Sabua Village, Tambon Thasala. The clay that is dug will gradually become polluted soil as a result of the sediment, as happened at Sabua Village. The rotten, decayed sludge that is dredged will be disposed of in the north, driving out the aquatic animals from which the local people earn their living.

Ship Transit

Chevron will use large ships that will run in and out of the harbor multiple times each day. These waterways are the living areas of the villagers. The engines and propellers will disturb the habitats of aquatic animals and destroy fishing equipment, and the presence of the ships will increase the chance that oil and chemicals will contaminate the waterways. Aquatic animals will disappear and the natural resources, such as Ever (shrimp paste), which is a source of revenue for the local population, will not be able to recover. How will the fishermen survive?

Use of Dynamite

Chevron has never specified the amount of dynamite used in the exploration and drilling process. In the event that Chevron needs to blast holes, this means that the seabed will be exposed, destroying the sea and having broad environmental effects. Chevron has acknowledged that there is substantial dynamite at the site,⁴⁵⁹ however it has never been mentioned in their official documents; only stating that it is kept at the project site. If there is a rebellion, how can the people in these areas be confident about their lives and belongings?

Relocation of Coral Reefs

Chevron did not report what will happen to the coral reefs. The reefs are known to be fertile fish houses, which are valuable for the ecosystem and the traditional fishing life.

Aesthetic Damages

The project will result in a loss of public spaces such as the beaches, scenery and community public life. The beaches of Nakorn Si Thammaraj are very long—335 kilometers without

any islands. They are an opening that tourists can view from many kilometers away. If the port is constructed, the scenery will undoubtedly become ugly, as has happened at the Nakhon Si Thammaraj beaches.

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 Tambon.

The presence of Chevron's workers will lead to cultural changes. The ways of life traditional to the communities will be affected, as entertainment spots begin to appear, negatively influencing youth, as has happened in other industrial areas of Thailand. These changes to the lives of local people are of great concern, especially to the Muslim villagers who live in the coastal areas.

Chevron's Propaganda

For the past two years, Chevron has attempted to create a good relationship with local community leaders, especially the Tambon Administrative Organization, village leaders and elders by distributing goods, supporting local events and giving materials to institutions such as schools, temples and mosques. The local media is used continuously to advertise Chevron's good images and attack the protests and battles of the local people.

The Role of People Network in Nakorn Si Thammarat

The Study Group of the Development of the Petrochemical Estate in Nakorn Si Thammarat Province is comprised of NGO peer groups, academics, civil society and university students. The study group was established to increase awareness of and monitor many projects that have come to the area due to government policies, including Chevron's. 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 has never taken responsibility for the ecosystem and community annihilation in Thailand.

Chevron has long been acknowledged as a large company with massive assets and interests in Thailand. It has lacked ethics and good governance. Chevron has created a PR 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 Nakorn Si Thammarat.

Chevron already has two harbours in the Chonburi and Songkha Provinces, however, the company wants to stake a claim in Tambon Klai. For the past 45 years, Chevron has taken enormous advantage. If Chevron constructs its projects there, villagers will lose the land that their ancestors inhabited for ages. Thus, the people of Tambon Taklai and Nakorn Si Thammarat Province see no value in the development of the harbor project and the industrial complex; these projects have caused conflicts in local areas and many intrusions on the local people, the natural environment and the ecosystem. Why should we lose our land for the gain of foreign capitalists?

Keeping the Poor in the Dark: Chevron's Weak Record on Revenue Transparency

Paul Donowitz, EarthRights International and Laura Livoti & Abby Rubinson, Justice In Nigeria Now

Around the world, Chevron pays out billions of dollars in royalties, taxes, and other payments to host governments in its countries of operation. In 2008, Chevron paid more than \$40 billion in taxes to governments around the world.

In many resource-rich countries, these vast undisclosed sums of money that governments collect from oil, gas and mining companies have fueled corruption, repression and conflict. Transparency of these payments increases the likelihood that this resource revenue will be used to promote sustainable development in host countries.

A global campaign of civil society groups from resource-rich countries and their external allies—the Publish What You Pay coalition—has called on Chevron and other extractive industries companies to stop hiding the payments and contracts they make with host governments.

The 300-plus members of the coalition are calling on companies to disclose their payments, and on governments in

North America, Europe and elsewhere to require companies' disclosure of these payments as a condition for listing their stocks on domestic stock exchanges. Some companies, such as Canada's Talisman Energy and Norway's Statoil, have heeded the call and disclose the payments they make wherever they operate.

The European Commission published a Communiqué in 2010 that supports efforts to study/consider country-by-country reporting (CBCR) in the extractive industries, and the International Accounting Standards Board is currently considering inclusion of a CBCR standard in an International Financial Reporting Standard for extractive industries.

Chevron's own shareholders care deeply about the issue of transparency. In 2010, Chevron's shareholders will vote on a resolution calling on the company to adopt a comprehensive policy of publicly disclosing payments made to governments where the company operates.

Other efforts have called on Chev-

ron to practice revenue transparency regarding specific countries. In late April 2010, more than 160 organizations globally, including former heads of state, leading socially responsible investors, human rights groups, policy-makers, academics, environmental groups, Burma-focused non-governmental and others, released *"A Call for Total, Chevron, and PTTEP to Practice Revenue Transparency in Burma (Myanmar)."* In 2009, Chevron's partner Total disclosed that its portion of the *Yadana* natural gas project had generated US\$254 million for the brutal Burmese authorities in 2008.

In Nigeria, Chevron has been paying the military and security forces for at least ten years.⁴⁶⁰ As recently as January 2010, soldiers detailed to a Chevron facility in the Niger Delta shot and killed three local workers and wounded others.⁴⁶¹ Local communities, journalists and activists have demanded disclosure of information on the connections between the company and security forces.

IV. The True Cost of Chevron Network



Celebrating a successful day of protest and intervention at Chevron's May 2009 Annual Shareholder Meeting in San Ramon, CA.

IN MAY 2009, CHEVRON'S STOCK ABRUPTLY declined, from \$70 a share on May 18 to less than \$65 on May 28. What happened in the intervening ten days? We happened.

On May 21, we released the *True Cost of Chevron: An Alternative Annual Report* to reporters, followed by a May 25 press conference in San Francisco. On May 27, Chevron held its annual shareholder meeting in San Ramon. A delegation of representatives of Chevron affected communities from Ecuador, Nigeria, Richmond, the Philippines, Burma, Kazakhstan, Iraq and Alberta entered the meeting. Outside supporters filled the roadway, closing Chevron's front gate with a vibrant rally. Coverage of the events ran in some 150 news outlets across the nation and the world. Particular attention focused on the activities of plaintiffs from Ecuador who led the delegation and brought damning awareness to Chevron's looming multi-billion dollar Ecuador liabilities. As news spread, Chevron's stock fell.

Chevron faces one of the largest and most unique activist networks organizing against any global oil corporation. This network has been building for over a decade, becoming increasingly broad, coordinated, and unified. Over the past year, we have significantly expanded our reach into ever-more communities harmed by—and fighting back against—Chevron.

Organizations including Amazon Watch, Justice in Nigeria Now, Global Exchange, Communities for a Better Environment, Rainforest Action Network, CorpWatch, EarthRights International, Crude Accountability, Amnesty International,

West County Toxics Coalition, Filipino-American Coalition for Environmental Solidarity, the Richmond Progressive Alliance, US Labor Against the War, Direct Action to Stop the War, Mobilization for Climate Justice-West, Cook Inletkeeper, Iraq Veterans Against the War, Coalition for a Safe Environment, Asian Pacific Environmental Network, Gulf Coast Sierra Club, Texas Environmental Justice Advocacy Services, Turtle Island Restoration Project, Environmental Rights Action, The Wilderness Society of Western Australia, and many more have come together to mount direct and coordinated challenges to Chevron's human rights, environmental, climatic, public health, workers rights, and other abuses.

While Chevron has run to Houston to hold its 2010 annual shareholder meeting in an effort to avoid its critics, it cannot hide. Community leaders from Angola, Australia, Burma, Canada, Colombia, Ecuador, Kazakhstan, Nigeria, the Philippines, Thailand, Alaska, Richmond, Los Angeles, Mississippi, New Mexico, Wyoming, and more have followed. The Texas community has joined us, ready to lead the charge against Chevron's harms in their home state. In Houston, we will reach out to the media, policy makers, the public; Chevron's shareholders, employees and executives; and more. We will build an even stronger network with more allies. We will hold Chevron to full account and demand lasting change.

Will you join us?

V. Chevron's Obligations

Each section of this report detailing Chevron's actions from the coalfields of Alabama 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.

Clean Up Your 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, Alaska, Nigeria, Richmond, Utah, 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.

Clean Up Your 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 at all of its operations, regardless of where they are located. Now is the time to make these investments.

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, Chad, 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.

Pay Your 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.

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.

Be the Best Oil Company That Chevron 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 sane, and equitable production in the world.

Chevron is right. The world will continue to use oil as it transitions to a sustainable green renewable energy economy. Whether Chevron will be in 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

Coalition Website
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
<http://www.blackwarriorriver.org/>

Coalition for a Safe Environment

Los Angeles, CA
jnmarquez@prodigy.net

Communities for a Better Environment

Oakland, CA
www.cbecal.org

Cook InletKeeper

Homer, AK
www.inletkeeper.org

CorpWatch

San Francisco, CA
www.corpwatch.org

Crude Accountability

Alexandria, VA
www.crudeaccountability.org

Dooda Desert Rock

San Juan, New Mexico
www.doodadesertrock.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

San Francisco, CA
www.facessolidarity.org

Friends of the Earth Indonesia (WALHI)

Jakarta, Indonesia
<http://www.walhi.or.id/>

Global Exchange

San Francisco, CA
www.globalexchange.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.organizacionwayuumsurat.blogspot.com

Open Society Initiative for Southern Africa

Luanda, Angola
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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

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

West County Toxics Coalition

Richmond, CA
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The Wilderness Society of Western Australia

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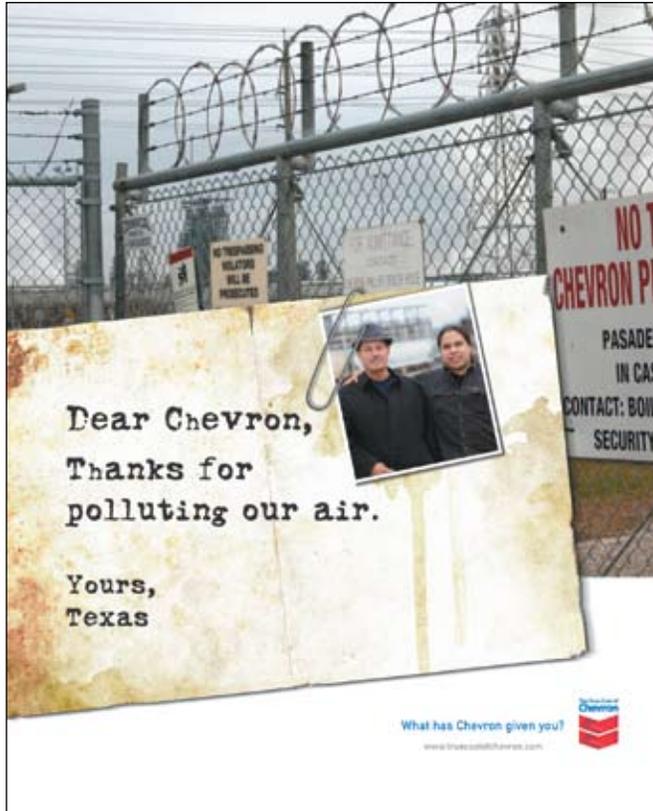
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COPY EDITING

Tonya Hennessey.

Design: Design Action Printing: Inkworks Press

TrueCostofChevron Ads by Underground Ads
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