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# **Chevron Found Guilty in Landmark Trial; Plaintiffs Respond**

# Oil Giant Ordered to Pay Record \$9 Billion to Ecuadorian Rainforest Communities

**Amazon Watch** 

FOR IMMEDIATE RELEASE | February 15, 2011

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B-ROLL and interviews with affected communities available upon request

Quito, Ecuador – Plaintiffs gathered in Quito after oil giant Chevron was found guilty yesterday of massive environmental contamination in the Ecuadorian Amazon and was ordered to pay \$9 billion in fines in one of the largest environmental damages awards on record. The ruling comes after more than 17 years of litigation brought by thousands of indigenous peoples and farmers still living amidst deadly contamination in the northeastern Amazon region of Ecuador.

"This is a great victory," said Emergildo Criollo, a Cofán leader and plaintiff in the case who lives in the northern Amazon in Ecuador, a region that remains devastated by contamination. "Our fight won't stop until Chevron is held accountable and pays for all the damage it left in the Amazon Rainforest."

Superior Court Judge Nicolas Zambrano handed down the decision in the small jungle town of Lago Agrio, levying fines for the company's deliberate dumping of 18.5 billion gallons of highly toxic waste into Amazonian ecosystems, contaminating the soil, rivers, and groundwater for over three decades. In addition to his ruling of \$9 billion, which includes a legally mandated 10% for the Amazon Defense Coalition who brought the case, the judge added an additional \$8.6 billion in punitive damages if Chevron fails to publicly apologize for its wrongdoing within 15 days.

The judgment ranks second in environmental damage cases behind the \$20 billion Gulf Coast Claims Facility for the BP Gulf spill and is the first time an American company has been held accountable in foreign courts for environmental crimes abroad.

"This is a great moment for the thousands of Ecuadorians who have waged an epic battle to hold Chevron accountable for one of the worst oil-related disasters on the planet," said Kevin Koenig, Northern Amazon Coordinator at Amazon Watch. "This verdict vindicates what indigenous peoples and local residents have been saying, and suffering from, for decades- that Chevron drilled, dumped, and never looked back."

The decision is unprecedented not only for the size of the judgment but also for the scale of contamination that Chevron left behind. Chevron inherited the litigation in 2001 when it absorbed Texaco, who operated in Ecuador between 1964 and 1992 in a concession spanning more than one

million acres of rainforest near the Colombian border. Trial evidence provided by a team of experts appointed by the court to assess damages showed that 100% of Texaco's former oil production sites in Ecuador are highly contaminated with cancer-causing toxins.

"Justice does exist," said Guillermo Grefa, a Kichwa representative to the Assembly of Affected Communities who brought the class action suit on behalf of 30,000 residents of the Amazon region. "I can now dream of drinking clean water, water with no oil residue, and that the earth will begin to clean and heal."

As the sole operator of an oil consortium that included Ecuador's state oil company, Texaco designed, built, and maintained an oil production system of 327 wells. Using antiquated technology and in violation of standard industry practice, the company dumped 18.5 billion gallons of toxic wastewater into streams and rivers, spilled some 17 million gallons of crude oil, and left behind more than 1000 waste pits that continue to leech toxins into surrounding soil and water. The pollution has caused a spike in cancer rates and decimated the cultures of various indigenous groups in the area, according to the lawsuit.

The closely watched litigation was filed in 1993 in US federal court and transferred to Ecuador at Chevron's request. During its arguments to move the action to Ecuador, the company filed 14 expert affidavits praising Ecuador's courts as fair and adequate, although in recent months—as the evidence turned against it—Chevron has attacked the court process, claiming it is biased.

"This is a historic victory for human rights, environmental justice, and corporate accountability," said Han Shan of Amazon Watch. "Furthermore, the verdict against Chevron was based partly on the company's own evidence, and handed down in a court of the company's own choosing.

Chevron has vowed to fight enforcement of the decision and will appeal.

"It is a critical benchmark in a long struggle for justice," added Shan, "a struggle that will not end until the affected communities get the cleanup, clean water, and critical health care they need, and have sought for so long."

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## **Chevron Found Guilty In Amazon Pollution Case**

February 16, 2011 | SFGate City Brights | Blog Post

On Monday, after 17 years of intense legal battle, Chevron, the second largest oil company in the United States, was found guilty by Ecuadorian courts for massive environmental contamination of the Amazon and was ordered to pay a fine of \$9 billion in damages. This represents the largest judgment ever against a U.S company for environmental contamination and marks the first time that indigenous and farmer communities have successfully won a judgment in foreign courts against an American company for environmental crimes abroad. More »



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February 14, 2011 | Press Release

San Francisco, CA – As of today, Chevron's guilt for extensive oil contamination in the Amazon rainforest is official. It is time Chevron takes responsibility for these environmental and public health damages, which they have fought for the past 18 years. Today's ruling in Ecuador against Chevron proves overwhelmingly that the oil giant is responsible for billions of gallons of highly toxic waste sludge deliberately dumped into local streams and rivers, which thousands depend on for drinking, bathing, and fishing. More »

# Statement by Ecuadorian Plaintiffs on Judgment Against Chevron

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Lago Agrio, Ecuador – Pablo Fajardo, the lead Ecuadorian attorneys representing the indigenous tribes suing Chevron for oil contamination, released this statement today about the judgment against Chevron. More »

# **Ecuadorean Judge Orders Chevron to Pay \$9 Billion**

February 14, 2011 | The New York Times

Caracas, Venezuela – A judge in a tiny courtroom in the Ecuadorean Amazon ruled Monday that the oil giant Chevron was responsible for polluting remote tracts of Ecuadorean jungle and ordered the company to pay more than \$9 billion in damages, one of the largest environmental awards ever. More »

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# **Tell Chevron to Clean Up Ecuador Now!**

Enough is enough. It's long past time for Chevron to clean up the deadly mess they made



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# **Chevron's Chernobyl in the Amazon**

For more than three decades, Chevron has chosen profit over people.

While drilling for oil in Ecuador's Amazon rainforest region, Texaco – which merged with Chevron in 2001 – operated without concern for the environment or local residents. The company deliberately dumped billions of gallons of toxic wastewater into rivers and streams, spilled millions of gallons of crude oil, and abandoned hazardous waste in hundreds of unlined open-air pits littered throughout the region. The result is widespread devastation of the rainforest ecosystem and local indigenous communities, and one of the worst environmental disasters in history.

Due to Chevron's toxic contamination of their soil, rivers and streams, and groundwater, local indigenous and *campesino* communities continue to suffer an epidemic of cancer, birth defects, miscarriages, and other ailments. Chevron has never carried out a meaningful clean up of the mess it is responsible for, and its infrastructure continues to poison the communities of the Ecuadorian Amazon.

Today, more than 30,000 Ecuadorians are fighting for justice with an international campaign and a landmark class action lawsuit in Ecuadorian courts. Despite Chevron's repeated efforts to sabotage the trial, the local people remain determined to hold Chevron accountable, demanding clean-up costs and compensation for the devastation the company caused.

Since 2002, Amazon Watch and our Clean Up Ecuador Campaign has been working with shareholders, consumers, and other concerned people to support justice for the communities of the Ecuadorian Amazon.

Note: Much more information can be found on our campaign website: <u>ChevronToxico.com</u>

## History

In 1964, Texaco (now Chevron), discovered oil in the remote northern region of the Ecuadorian Amazon, known as the *Oriente*; the East. The <u>indigenous inhabitants</u> of this pristine rainforest, including the Cofán, Siona, Secoya, Kichwa and Huaorani tribes, lived traditional lifestyles largely untouched by modern civilization. The forests and rivers provided the physical and cultural subsistence base for their daily survival. They had little idea what to expect or how to prepare when oil workers moved into their backyard and founded the town of Lago Agrio, or "Sour Lake", named after the town in Texas where oil company Texaco was founded. The Ecuadorian government had similarly little idea what to expect; no one had ever successfully drilled for oil in the Amazon rainforest before. The government entrusted Texaco, a well-known U.S. company with more than a half-century's worth of experience, to employ modern oil-drilling practices and technology in the

country's emerging oil patch. However, despite existing environmental laws, Texaco made deliberate, cost-cutting operational decisions that, for 28 years, resulted in an <u>environmental</u> <u>catastrophe</u> that experts have called "Chernobyl in the Amazon."

Unlike BP's Gulf spill that was the result of a single cataclysmic event, Texaco's oil extraction system in Ecuador was designed, built, and operated on the cheap using substandard technology from the outset. This led to systematic pollution from <u>multiple sources</u> on a daily basis for almost three decades.

In a rainforest area roughly three times the size of Manhattan, Chevron carved out 350 oil wells, and upon leaving the country in 1992, left behind some 1,000 open-air, unlined waste pits filled with crude and toxic sludge. Many of these pits leak into the water table or overflow in heavy rains, polluting rivers and streams that tens of thousands of people depend on for drinking, cooking, bathing and fishing. Chevron also dumped more than 18 billion gallons of toxic wastewater called "produced water" – a byproduct of the drilling process – into the rivers of the *Oriente*. At the height of Texaco's operations, the company was dumping an estimated 4 million gallons of per day, a practice outlawed in major US oil producing states like Louisiana, Texas, and California decades before the company began operations in Ecuador in 1967. By handling its toxic waste in Ecuador in ways that were illegal in its home country, Texaco saved an estimated \$3 per barrel of oil produced.

#### **The Affected Communities**

Oil exploitation in the Ecuadorian Amazon has done more than pollute the water and soil of one of the world's most sensitive and biodiverse ecosystems. It has irreversibly altered and degraded an environment that people have called home for millennia. Indigenous peoples who knew the forest intimately and lived sustainably off of its resources for countless generations have found themselves forced into dire poverty, unable to make a living in their traditional ways now that the rivers and forests are empty of fish and game. Native Amazonians and recent migrants to the area alike suffer from a severe health crisis that includes cancer, birth defects, and everyday ailments related to toxic exposure. For the indigenous residents, the physical ailments they face are accentuated by the cultural impoverishment that the oil industry has brought to the region, in some cases amounting to the almost total loss of ancient traditions and wisdom.

Neither Texaco nor the government of Ecuador consulted local people before commencing with oil activity in the *Oriente*. No permission was ever granted, and no vote ever taken, by those whose lives were to be irrevocably changed with the arrival of Big Oil. Not until Texaco had already done its damage, packed up and left the country were the people of the *Oriente* able to organize to effectively defend their rights. Now they are involved in a struggle of epic proportions and worldwide consequences as they fight to hold Chevron, the inheritor of Texaco's legacy, accountable for one of the worst oil disasters on the planet.

## **Indigenous Communities and the Arrival of Big Oil**

Before Texaco's arrival in 1964, the *Oriente* was sparsely populated and its environment pristine. The indigenous peoples of the area included the Cofán, Siona, Secoya, Kichwa, and Huaorani. They lived by a combination of hunting, gathering, fishing and small-scale, subsistence agriculture. The populations of these indigenous groups had been greatly reduced by prior conflict with settlers, and disease epidemics brought on by contact with the outside world, particularly during the rubber boom of the late 19th and early 20th centuries. Nonetheless, many ancient traditions were intact, and indigenous peoples lived in close harmony with the forest, subtly managing its resources in sophisticated and ecologically sustainable ways. At the time, two nomadic indigenous groups, the Tetetes and the Sansahuari, inhabited the region and were as of yet uncontacted by the outside world. Shortly after Texaco's arrival, they were reported to have disappeared forever.

Elders recall the dramatic shock precipitated by the sudden arrival of Texaco arriving "with all the subtlety of an invading army," according to one observer. Oil workers showed little respect for native cultures; more than half of people in one survey recalled being treated "poorly" or "very poorly" by Texaco workers. Workers ridiculed indigenous peoples for their customs and ways of dress, were hostile or unresponsive to those with grievances against the company, and committed acts of sexual violence against local people. Texaco workers introduced alcohol to communities unprepared for it; one Cofán chief died after a drinking bout. None of these social disruptions, however, were anything compared to the devastation that Texaco's oil operations themselves would bring.

"[Texaco] drilled wells and set off dynamite next to our people's houses; it was a totally different world for us. We began to live in a world very different from before, with noise, big machines and oil spills and petroleum waste products." *Ricardo Piaguaje, Secoya Leader* 

For many indigenous peoples, Texaco's oil operations all but destroyed a way of life that had prospered for centuries. A road completed by Texaco in 1972, linking Lago Agrio to the Andes mountains to the west, invited settlement by migrants from the highlands. Indigenous peoples who left their lands because, as a Cofán leader put it, "they didn't want to live next to a highway," never got them back. Contamination reduced fish and game stocks; those used to subsisting by hunting and gathering found it impossible to survive by those methods any longer. Indigenous cultural traditions and beliefs began to die alongside traditional ways of life.

The people of the *Oriente* now suffer an exploding public health crisis, and dire poverty is endemic. All of the traditional indigenous communities of the region have been greatly affected. Chevron claims that the Cofán have actually increased in number since its arrival in Ecuador; what Chevron won't say is that Cofán culture is in danger of extinction – the one community that still practices a traditional lifestyle is home to fewer than 80 people. Due to Texaco's operations, most ethnic Cofán and other indigenous peoples have been forced off their ancestral lands, or restricted to a small portion of them.

Some environmental damage can be remediated, but the damage Chevron has done to the social fabric of traditional communities can never be repaired.

## **Health Impacts**

A public health crisis of immense proportions grips the Ecuadorian Amazon, the root cause of which is massive contamination from 40 years of oil operations. Texaco dumped 18 billion gallons of toxic wastewater directly into the region's rivers and streams depended upon for drinking, cooking, bathing and fishing. The contamination of water essential for the daily activities of tens of thousands of people has resulted in an epidemic of cancer, miscarriages, birth defects, and other ailments.

Studies have attempted to quantify the health impact of Chevron's operations in Ecuador. Scientific surveys have confirmed what local people know from their own experience: rates of cancer, including mouth, stomach and uterine cancer, are elevated in areas where there is oil contamination. The court-appointed independent expert in the ongoing trial estimated that Chevron is responsible for at least 1400 excess cancer deaths. Other studies have found high rates of childhood leukemia in particular, as well as an abnormal number of miscarriages. Children whose mothers were exposed to contaminated water have been born with birth defects.

Beyond the epidemic of these severe health problems, far more people suffer from frequent illness of a more minor type. Those who bathe in contaminated rivers report skin rashes. Those who drink the water report diarrhea. In this way, oil contamination has become a constant, oppressive, inescapable fact of life for tens of thousands of residents of the *Oriente*. The overall toll that oil

exploitation has taken on the region is impossible to quantify, and can perhaps best be understood through the words of people directly affected.

"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 yellowish 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 town of Sacha* 

"It started with a little sore on my toe, which grew a bit larger. The water near my house, where I washed clothes, was full of crude and the sore grew bigger, as if the flesh were rotting. It didn't hurt, but I couldn't stand its stink. I had a fever and chills." Woman whose leg was amputated due to cancer

"The girl is 15.... She's very sick. She was born that way, not moving with soft bones. The doctors were never able to tell me what was wrong with her. Now she can sit up, crawl, pull herself along the floor, turn over. She says "mama," "papa," and cries when she's hungry or thirsty.... I have to feed her by hand." *Mother whose daughter has birth defects* 

## **Environmental Impacts**

When Texaco arrived in Ecuador in 1964, the company found a pristine rainforest environment. When it left in 1990, the company left behind the worst oil-related environmental disaster on the planet. Conditions have unfortunately worsened since then. State oil company Petroecuador inherited Texaco's obsolete infrastructure and continued to operate it. Chevron, which purchased Texaco in 2001, continues to draw out legal proceedings that have lasted over 17 years, and refuses to fund an adequate environmental cleanup.

From the outset, Texaco deliberately chose to use obsolete technology and substandard environmental controls. Texaco took advantage of limited Ecuadorian government oversight, and abused the trust of oil officials, who assumed that an American oil giant would employ the same state-of-the-art technology in Ecuador that it had developed and used at home.

Environmental degradation from Texaco's operations has devastated a unique tropical forest ecosystem. It has ruined a way of life, rendering it nearly impossible for indigenous peoples to practice their traditional modes of subsistence. Oil contamination has also created a vast public health crisis throughout the Texaco concession area.

Texaco's impact on the environment takes several forms. The major sources of contamination from its operations are:

- 18 billion gallons of wastewater, called "produced water," dumped into rivers and streams.
- The construction of more than 900 open-air, unlined toxic waste pits that leach toxins into soil and groundwater.
- Release of contaminants through spills, spreading oil on roads, gas flaring, and burning of crude.
- The creation of a pipeline and road system that opened pristine rainforest to uncontrolled and widespread clearing, resulting in more than a million acres of deforestation.

#### **A Historic Trial**

The Ecuadorian victims of Chevron's toxic legacy first filed a <u>landmark class-action lawsuit</u> against the company's predecessor Texaco in New York in 1993. Seventeen years later, the trial continues today against Chevron in an Ecuadorian courtroom in the Amazon town of Lago Agrio.

The case is unprecedented, marking the first time a U.S. company faces a judgment in a foreign court over environmental crimes, and a ruling against Chevron would have repercussions far beyond Ecuador. The oil industry and communities around the world are watching and waiting on the outcome. A victory for the affected communities would send shockwaves through corporate boardrooms around the world, putting multinational corporations on notice that they can and will be held accountable for environmental and human rights abuses, no matter where they are committed.

Amazon Watch works with the <u>affected communities in the case</u> to monitor the trial and protect the judicial process, keep the ongoing fight for justice in the spotlight, and help coordinate international pressure for Chevron to do the right thing in Ecuador. The company has engaged in <u>repeated attempts to subvert the rule of law in Ecuador</u>, ranging from the use of <u>deceptive sampling techniques</u> in scientific studies of the contamination, to lobbying efforts in Washington, to dirty tricks campaigns to contrive a phony corruption scandal and smear the presiding judge. We have successfully worked with shareholders, consumers, environmentalists, indigenous rights supporters, and other concerned people to expose these efforts and keep the heat on Chevron to clean up its toxic legacy in Ecuador. However, we need continuing support to ensure that 30,000 Ecuadorian indigenous and *campesino* peoples get their day in court to demand accountability from one of the world's largest corporations.