



# ChevronTexaco's Deadly Deceptions about Ecuador

Since the filing of the class-action lawsuit against Texaco in 1993, the company has never denied that for the 20 years it operated in Ecuador, it dumped millions of gallons of toxic wastewater each day into the Amazon rainforest at its drilling sites. Texaco claims there was nothing wrong with this practice and that it was consistent with Ecuadorian law and industry standards back then. The truth is that such practice was outlawed in the United States more than 50 years ago. Texaco also has claimed that there is "no credible scientific evidence" to support the allegations of the plaintiffs that the toxic substances caused cancer and other health problems. A number of health studies have documented that the communities living near the company's operations are suffering an exploding health crisis including 8 types of cancer. After the merger in October 2001, the newly formed corporation ChevronTexaco now claims that it has no liability for the mess Texaco created in Ecuador. Looking beneath ChevronTexaco's veil of deception reveals that forest communities continue to be poisoned by the company and countless deaths and illnesses have been linked to the contamination. The truth beneath the company's ten most frequent deceptions is presented below.

## **1. ChevronTexaco: We complied with Ecuadorian Law.**

**Response:** The leaders of Ecuador's state-owned oil company depended on Texaco to install modern technology consistent with the latest industry standards. Dr. Rene Vargas Pazzos, Ecuador's former Minister of Energy and Mines, corroborated with this point when he testified under oath that Ecuador relied on Texaco to install technology consistent with modern standards then in use in the United States and in other parts of the world. It is the position of the affected communities that Texaco was obligated to respect the people of the Ecuadorian Amazon by extracting oil in a responsible manner, regardless of the minimal or non-existent standards in Ecuador at the time.

After Texaco began operating in Ecuador and the pollution became evident, the Ecuadorian

Congress approved a Constitution that enshrines the right of its citizens to live in a healthy environment. For many of the years that it operated in Ecuador, Texaco's drilling practices clearly violated this Constitutional protection. Whether or not Texaco complied with Ecuadorian laws at the time it constructed the waste pits, when stringent environmental and health safeguards were non-existent does not permit Texaco to knowingly engage in reckless and negligent practices for which it is being held liable today.

## **2. ChevronTexaco: Our drilling practices in Ecuador complied with industry standards in effect at the time.**

**Response:** Again, the evidence indicates otherwise. Since at least the early 1950s, the industry standard for proper disposal of the toxic wastewater that is extracted with crude oil (also called "waters of formation") has been to re-

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inject it into the ground rather than dump it into the environment, as Texaco did in Ecuador.

For example, as early as 1919, Texas had a statute prohibiting the discharge of "water of formation" into the environment. Louisiana, a state not known for its scrupulous regulatory standards, passed a similar statute in 1953, almost two decades before Texaco commenced operation of its wells in Ecuador.

At the time Texaco designed and constructed the drilling infrastructure in Ecuador, it was clearly the industry standard to re-inject the toxic wastewater into the ground rather than dump it into surface waste pits dug out of the topsoil. Texaco itself has been unable to cite even one instance where it engaged in this destructive practice on-shore anywhere in the world.

In 1971, a noted oil industry expert, Kenneth Montague testified before the United States Congress that practice of injecting toxic wastewater into the ground was then a standard part of the oil production process. Montague testified: "Disposal of produced salt water has always been a part of the total process of producing oil since the first wells were drilled more than a century ago.

Today, for example, this nation's largest oil field, the East Texas field, produces some 200,000 barrels of oil per day. It also produces some 528,000 barrels of salt water which are injected -or disposed of- into the formation from which it came." Texaco did not conform to this industry practice. However by arguing that it did, the company concedes to the charge that its waste disposal practice was discharging toxic waste directly into the rainforest.

### **3. ChevronTexaco: There is no credible scientific evidence to support the allegations that the dumping has caused health problems.**

**Response:** The consequences of the toxic discharges in the Amazon region of Ecuador have been a public health crisis of astounding propor-

tions. Recently, there has been a documented increase in serious health problems in the areas in and around where Texaco operated, including an upswing in cancer rates, spontaneous abortions, and birth defects. In a health study conducted in February 1999 on the community of San Carlos which has a population of only 500 and is in close proximity to Texaco's drilling operations, researchers reported 15 cases of cancer. In another small community where Texaco operated, researchers found four women, all of them younger than 40, with uterine cancer. A wide body of scientific literature indicates that persons living in close proximity to oil production facilities are at an increased risk of having reproductive problems and contracting various illnesses, including cancer. When these facilities dump millions of gallons of toxic waste into the environment, as Texaco did, the risk is significantly higher.

In Ecuador, several studies have demonstrated that toxic chemicals associated with oil drilling have contaminated the drinking water in the areas where Texaco operated.

A study by the Ecuadorian government of 187 wells operated by Texaco found that crude oil was regularly dumped into the woods, farmlands, and bodies of water and that 80 percent of the waste pits were poorly constructed and constituted a permanent source of contamination.

Another Ecuadorian government study found high levels of oil and grease in all of 36 samples taken from rivers and streams near production sites, and also found that a shortage of dissolved oxygen in the majority of water samples had seriously harmed the aquatic ecosystem.

Another study published by the Ecuadorian Union of Popular Health Promoters of the Amazon (UPPSAE) examined 1,465 people in ten communities located in oil-producing areas. It found these individuals had a higher occur-

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rence of abortion, dermatitis, headaches, and nausea.

A 1993 study conducted by a team of Harvard-affiliated public health specialists found alarming levels of toxics in rivers and streams used as a source of drinking water for several communities. The study demonstrated that residents of the Ecuadorian Amazon are exposed to levels of oil-related contaminants that significantly exceed internationally-recognized safety limits, and that dermatoses and other skin problems related to oil contamination were found in residents near oil facilities. Such levels of exposure, researchers have concluded, suggest an increased risk of more serious health problems, including cancers.

#### **4. ChevronTexaco: We cleaned up any environmental damage we caused in Ecuador.**

**Response:** Again, this argument shows how Texaco acknowledges that it left behind environmental pollution in Ecuador. Texaco's assertion that it cleaned up the damage could not be further from the truth. In 1995, in a visible attempt to have the lawsuit dismissed in United States courts, Texaco tried to end-run the court proceedings by agreeing to pay \$40 million as compensation to the government of Ecuador for ecological damages that it caused. This "agreement" with the government of Ecuador, which had not even sued Texaco, did not address the claims of the tens of thousands of residents of the Ecuadorian Amazon against Texaco. In addition, there never has been a public accounting of how the money was spent, and it is unclear how much of it was used in genuine cleanup in the region.

It appears a handful of the toxic waste pits were covered over with dirt. In many, oil has since seeped through the dirt to the surface. The money, however, did not clean up the vast majority of pits, which are still in operation, nor did it install the re-injection wells needed to dispose of the toxic production waters under-

ground. Moreover, the money did not provide medical care for the victims or create a water delivery system that would allow area residents to drink and bathe in clean water.

The true purpose of the "settlement" deal was for Texaco to use it to try to convince the American court to dismiss the lawsuit by claiming the clean up already had taken place. One expert has estimated that it will cost Texaco several hundred million dollars to install proper re-injection wells. On top of that, there are the costs associated with cleaning up the rivers and wetlands, and compensation that must be paid to individual victims to treat their health problems and cover their economic losses. Relative to the magnitude of the problem, Texaco's "settlement" with the Ecuadorian government did not come close to providing an adequate remedy to the victims and has been exposed as the sham that it is.

#### **5. Chevron Texaco: The Ecuadorian government certified the cleanup as acceptable.**

**Response:** Actually, members of the Ecuadorian government, particularly representatives from the Ministry of Energy and Mines, have said that additional cleanup is necessary. Regardless, assertions by the government of Ecuador do not cover the claims of the thousands of individuals who are litigating directly against ChevronTexaco for damages.

#### **6. ChevronTexaco: We compensated the affected communities.**

**Response:** In 1995, as the lawsuit progressed and international outrage grew, Texaco attempted to diffuse this escalating legal and public-relations disaster by striking a deal with some Ecuadorian agencies to provide \$40 million dollars for "clean up" efforts. However, these funds were completely inadequate considering that the estimated cost of a complete clean up to the

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environment and compensation to each affected individual for damages to their persons and property is upwards of \$1 billion and that Texaco made approximately \$6 billion in profits from their two decades of destructive oil operations. Nevertheless, Texaco claims that they have already cleaned up the contaminated areas and compensated the affected communities and the Ecuadorian government. The truth is that the company has made NO good faith effort to remedy the devastation they caused, and the situation on the ground is still dangerous for local communities. For example, more than 60 percent of the toxic waste pits are still oozing poison into the surrounding communities and ecosystems.

**7. Chevron Texaco: Texaco was only a minority partner in the operations in the Ecuadorian Amazon.**

**Response:** Texaco repeatedly makes this argument in order to minimize their role in the environmental catastrophe they created. By claiming the company was a "minority" partner, Texaco is trying to intimate that they weren't responsible. Nice try, but the reality is a little more complicated. When Texaco entered Ecuador in the late 1960s, Ecuador had never produced oil. Texaco was invited to join the consortium on the condition that it set up the entire infrastructure for drilling and production. Texaco cannot escape the fact that it bears sole responsibility for designing, constructing, and operating each of the more than 350 wells the Consortium built. We are not talking about the occasional pipeline rupture or spill; we are talking about the conscious planning by officials in Texaco's corporate headquarters in New York to build wells that would systematically dump millions of gallons of poisonous waste water into one of the most fragile ecosystems in the world-all, to earn more profit. Had Texaco built these wells in accordance with the standards they had been using at the time in the US and elsewhere, the poisoning of the rainforests and the assault on the identities of five indigenous tribes would not have occurred.

**8. ChevronTexaco: TEXPET, a ChevronTexaco subsidiary in Ecuador, was the responsible entity.**

**Response:** All of the important decisions with regards to Texaco's operations were made by managers located in the US, not employees of TEXPET based in Ecuador. Texaco financed, designed, constructed, and managed Ecuador's oil infrastructure from its inception through the early 1990s, when it abandoned the country and ceded its interest to the state oil company. TEXPET no longer exists and ChevronTexaco has no assets in Ecuador.

**9. ChevronTexaco: We were vindicated when the U.S. Court of Appeals in New York dismissed the case in August 2002.**

**Response:** On August 16th, 2002, the Court decided that the case against Texaco should be heard in Ecuador. This is the first time ever that a U.S. corporation has had to submit to a court on environmental grounds in a developing country. The affected communities are organizing to RE-FILE THEIR CLAIMS AND MAKE ChevronTexaco pay for 30 years of destruction.

The Federal Appeals Court found that the plaintiffs had valid claims that deserve to be heard in court. The US Federal Appeals Court for the Second Circuit decided that the most appropriate forum for the litigation would be in Ecuador. Although this was a setback for the plaintiffs, the US Court retains jurisdiction over the case, even while it is litigated in Ecuador. The US Court will reassert its jurisdiction should the Ecuadorian courts not provide a fair hearing. The US Courts will also reassert jurisdiction if ChevronTexaco refuses to cooperate with the Ecuadorian litigation. Finally, should the Ecuador courts propose a judgment against ChevronTexaco, the US Courts can enforce judgment against the company in the US. Contrary to what ChevronTexaco claims, sending the case to Ecuador vindicates the long-standing assertions of the plaintiffs that they deserve to have these issues heard in court.

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