

Facts About Drinking Water in the Petroecuador-Texpet Concession: Claims of Impacts by Petroleum Are False

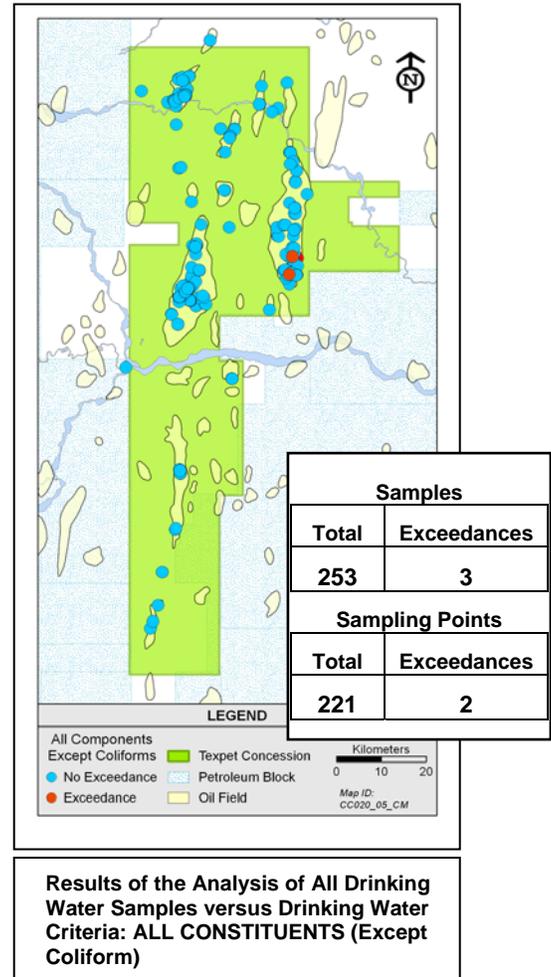
Case of Maria Aguinda et al. vs. Chevron Corp.

The Plaintiffs' attorneys in the case of Maria Aguinda *et al.* vs. Chevron have falsely claimed that pollution from past oilfield operations has rendered drinking water resources unusable in the former area of the Petroecuador-Texpet Concession and that, today, many residents are drinking water that is contaminated by crude oil. These claims are frequently repeated in the press, in Internet postings, and in the recent film "Crude," in spite of the fact that sampling and testing of hundreds of locations under the direct supervision of the Ecuadorian Court has proven that *not a single water supply* is contaminated by petroleum chemicals. In his report to the Court, Mr. Richard Cabrera went so far as to recommend that Chevron pay \$430 million to construct 3 new regional aqueduct systems to provide water, even though there is no evidence that drinking water supplies are contaminated with petroleum and *more than 61% of the population is already connected to public water supply systems* constructed at a small fraction of this cost with petroleum funds and U.S. tax dollars.

In their haste to pin this fraudulent price tag on Chevron, the Plaintiffs' attorneys, Mr. Cabrera, and the producers of "Crude" have displayed a complete disregard for the following important facts:

1) Laboratory Testing of Hundreds of Water Samples Shows Drinking Water Sources to Be Free of Petroleum: Under the supervision of the Superior Court of Nueva Loja, during 2004 to 2007, drinking water samples were collected at 221 locations across the former Concession area and shipped under strict chain-of-custody control to NELAC-certified laboratories (*National Environmental Laboratory Accreditation Conference*) for detailed analysis of chemical constituents possibly associated with petroleum operations (Connor, J., Landazuri, R.; 2008). Results of these analyses found the samples to be *free of petroleum impacts and meet applicable drinking water standards for hydrocarbons and metals*, with the exception of only 2 samples (< 1%) that exhibited effects from recent spills or discharges by Petroecuador, the oilfield operator for the past 20 years.

This sampling program was ordered by the Ecuadorian Court in direct response to the claims made by the Plaintiffs, but because the data prove that the drinking water is not contaminated with petroleum, the Plaintiffs' attorneys and the movie "Crude" never mention these results. Nor have they presented a single laboratory analysis of drinking water to support their claim of widespread impacts.



2) Existing Public Water Supplies Presently Provide Drinking Water to Over 61% of the Local Population, with Absolutely No Contamination by Petroleum: In contrast to claims to the contrary, over 104,000 people in the former Concession area, representing over 61% of the regional population, are presently connected to municipal drinking water supplies via the CEREPS and OIM funded public water projects (CEREPS, 2009; OIM, 2008). These water systems have been constructed in the past decade with funding from the Ecuadorian CEREPS program (\$3.7 million), as well as U.S. AID and others (\$12.2 million) (CEREPS, 2009; OIM, 2008). The CEREPS program was established by the Ecuadorian government in 2005 to support public health and environmental projects with revenues from the oil and gas industry (MEF, 2009).

Chevron's Field Team collecting a surface water sample at Auca 07 well site (July, 2007)



During May, 2008, testing of 25 public water supply systems in communities across the region found the water to be free of petroleum impacts and to meet drinking water standards for hydrocarbons and metals. To date, at least 58 public water systems have been constructed in the former area of the Petroecuador-Texpet Concession (CEREPS, 2009; OIM, 2008), drawing water from a network of 25 water supply wells, 8 surface water (including springs) intakes, and 25 unknown sources proving that there is, quite simply, *no widespread contamination* from petroleum operations.

Mr. Cabrera did not collect a single sample from a water supply system, a water well, a river or stream in the concession area. He and the Plaintiffs' attorneys have ignored that all of the data show that drinking water resources in the region are not contaminated by petroleum and demand that

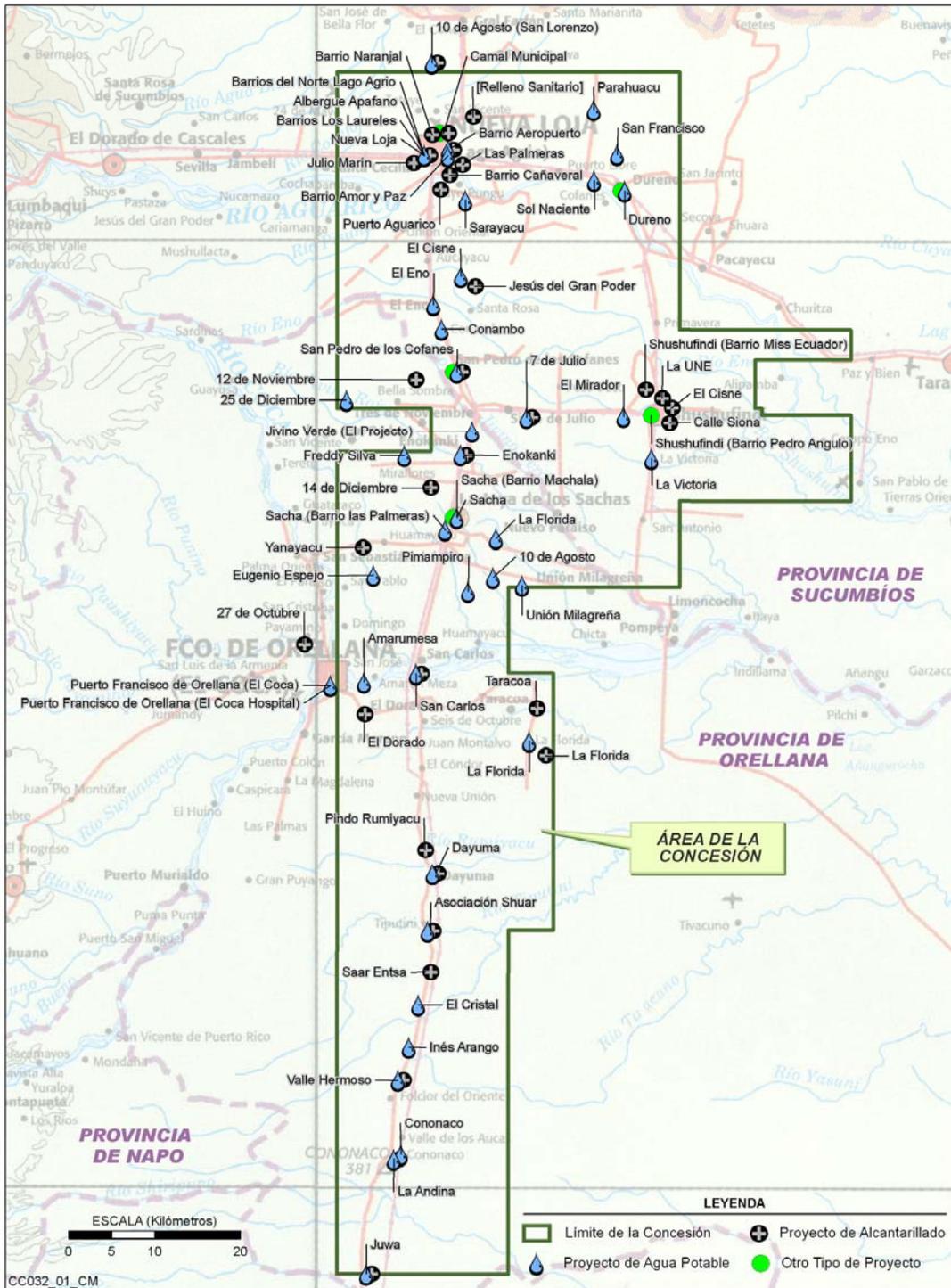
Drinking Water System in the Community of San Carlos (Photo taken, Mar., 2006)



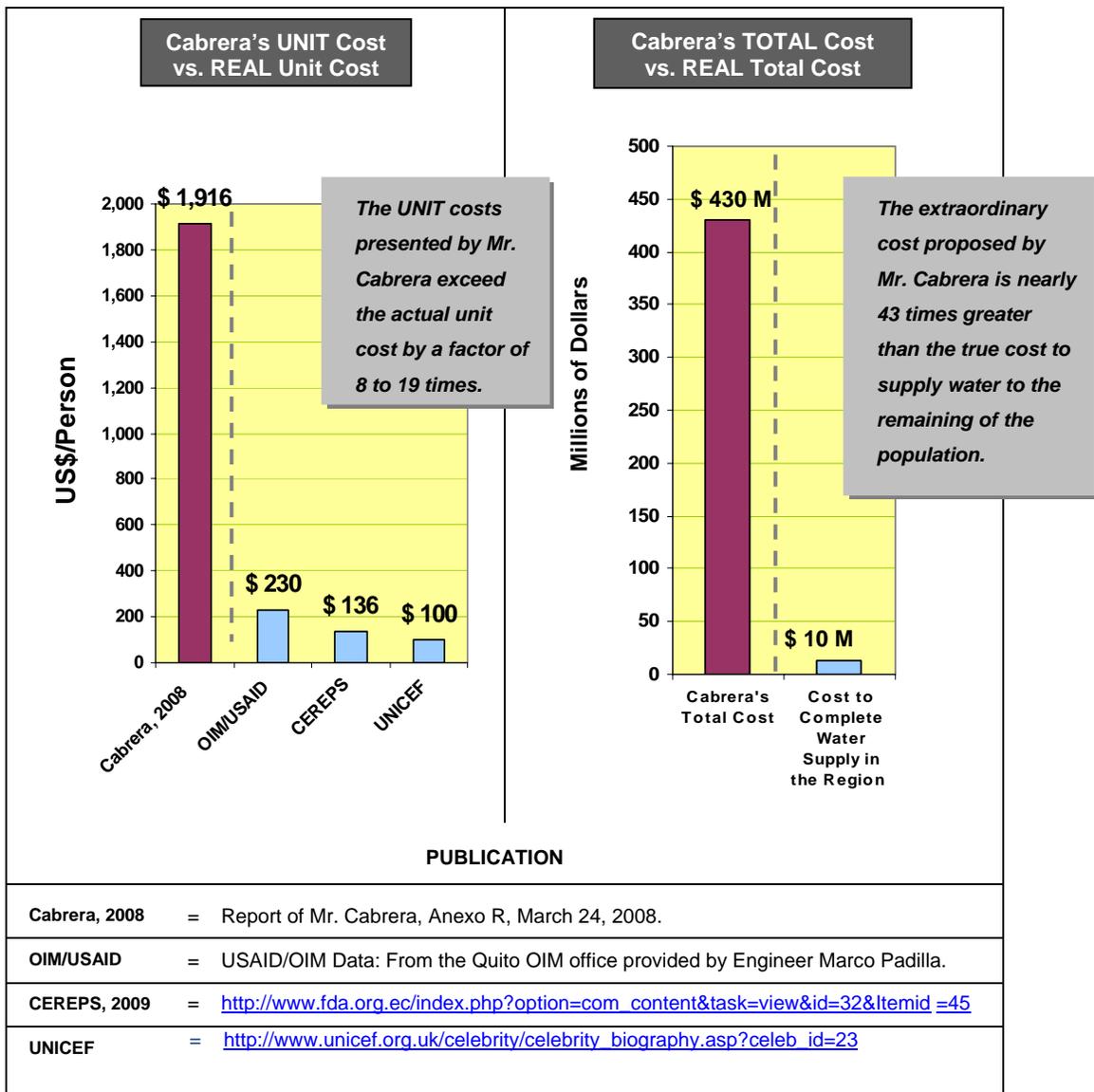
Chevron pay for construction of 3 new regional aqueduct systems, even though public water systems *already exist* and have been directly financed by Ecuadorian oil profits and U.S. tax dollars. In addition, the "Ethos Alliance" webpage, parroting the false statements of the Plaintiffs' attorneys and the movie "Crude," is presently soliciting financial contributions for the supposed construction of a drinking water system in San Carlos, where a drinking water system was built in 1994 with private funds and presently serves the local community with potable water, as verified by testing conducted during the Court-supervised inspection.

3) The Costs Recommended by Mr. Cabrera for the "New Regional Water Systems" Are Grossly Inflated and Fraudulent: Not only are the proposed regional aqueduct systems completely unnecessary, but the alleged price tag of \$430 million is hugely exaggerated compared to the true cost of drinking water systems in this region. Mr. Cabrera has based his cost estimate on unit prices ranging from \$1024 to \$1916 per person (Cabrera, March 2008), rates that are up to 19 *times higher* than the true costs realized by the many water system projects completed by UNICEF (average cost \$100 per person; UNICEF, 2009), CEREPS

(average cost \$136 per person; CEREPS, 2009) and USAID and others (average cost \$230 per person; OIM, 2008) in the Oriente in the past decade.



Distribution of Water and Sanitation Projects in the Former Concession Area (CEREPS, 2009; OIM, 2008)



Today, these existing water systems service approximately 61% of the population in the former Concession area, and water system connections for the remaining populace would cost on the order of \$10 million, based on the known costs incurred to date by CEREPS, USAID and others. There is absolutely no basis for the extraordinary cost figure of \$430 million proposed by Mr. Cabrera and the Plaintiffs' attorneys, which is nearly 43 *times greater* than the true cost to complete the existing public drinking water network in the Concession area.

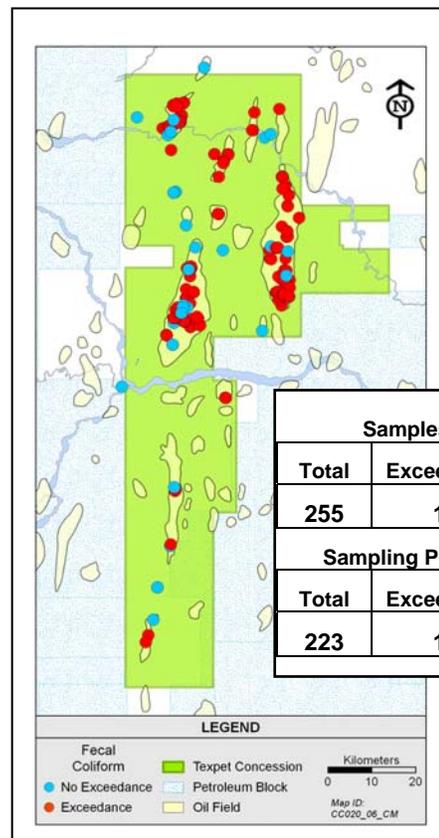
- 4) ***The Plaintiffs' Attorneys and "Crude" Ignore the True Sanitation and Water Needs of the People of the Oriente:*** Testing by certified laboratories has shown the drinking water throughout the former Concession area to be free of petroleum contamination. However, impacts by fecal coliform, which is caused by poor sanitation and unrelated to oilfield operations, are widespread. Of 223 drinking water samples analyzed for bacteria during the Court-supervised investigation, 78% (175), including over 20% of the public water systems, were found to contain unacceptable levels of fecal coliform (Connor, J., Landazuri, R.; 2008), posing a very serious health concern for the people of this region. Indeed, nearly all the rivers in the

country are contaminated with unsafe levels of fecal coliforms (Galárraga Sanchez, 2001), including rivers in the Oriente (HCPO, 2005). The Ecuadorian Ministry of Health reports that 50% of the hospitalizations in Ecuador are the result of poor sanitation, with diarrhea being responsible for thousands of child deaths every year (MIDUVI, 2002).

The water resource studies conducted by the Ecuadorian government and the Inter-American Development Bank recognize the critical need to improve sanitation throughout this region (ECORAE, 2003; BID, 2005; MIDUVI, 2002), by means of expanded sewage treatment and better disinfection of public water supplies. However, the Plaintiffs' attorneys and the movie "Crude" have ignored this fact in order to support the false claim that the public health effects well-known to be caused by bacterial pathogens, are related to non-existent petroleum contamination of drinking water supplies.

In summary, we ask that persons concerned with the welfare of the citizens of the Oriente region recognize the following proven facts:

- *Drinking water resources of the region are free of petroleum impacts, as proven by certified laboratory testing.*
- *Due to funding by CEREPS, USAID and others, public water supplies are already in place for at least 61% of the population, proving drinking water free of petroleum impacts.*
- *The huge cost figure (\$430 million) recommended by Mr. Cabrera and demanded by the Plaintiffs' attorneys for new regional aqueduct systems in the Oriente is not only inflated by more than 43 times over the true remaining water system cost for this area, but the aqueducts proposed are completely unnecessary to provide water to the remaining rural population.*
- *Bacterial contamination of water supplies is well-recognized to be the principal cause of health problems in the Oriente. Future efforts must be directed toward improved sanitation and expansion of water systems to more rural areas, not construction of new aqueduct systems to address petroleum pollution that simply does not exist.*



Samples	
Total	Exceedances
255	198
Sampling Points	
Total	Exceedances
223	175

Results of the Analysis of All Drinking Water Samples versus Drinking Water Criteria for Fecal Coliform/ E. coli bacteria

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