

# Understanding Chevron's "Amazon Chernobyl"

## *Summary Points on Landmark Legal Case*

*Spring 2009*

### The Trial

- The legal case, *Aguinda v. ChevronTexaco*, originally was filed in NY federal court in 1993 against Texaco on behalf of 30,000 inhabitants of Ecuador's rainforest. Chevron bought Texaco in 2001 and will bear any liability in the case.
- The lawsuit alleges that Texaco used a variety of sub-standard production practices in Ecuador that resulted in the dumping of billions of gallons of toxic waste into Amazon waterways. Five indigenous groups have had their traditional lifestyles decimated, and one group (the Tetetes) has disappeared.
- Texaco fought for nine years to avoid trial in U.S. and transfer the case to Ecuador, claiming Ecuador's courts were a fair and an adequate forum. In 2002, Texaco won that battle but was forced by the U.S. court to submit to jurisdiction in Ecuador and be bound by any ruling there.
- The *Aguinda* lawsuit was re-filed in May 2003 in Ecuador. The trial began in October 2003. As scientific evidence began to demonstrate Chevron's culpability, the company initiated a campaign to attack the trial process as unfair.

### Evidence and Damages

- The court-appointed expert and a team of 14 scientists and technical experts, in a 4,000 page report that analyzed all the evidence in the trial, including 62,000 sampling results, assessed damages between \$18 billion and \$27 billion. A final decision on liability and damages is expected in 2009.
- The court expert found that thousands of soil and water samples tested at independent laboratories confirm extensive toxic contamination at 100% of the 94 former Texaco well sites inspected during the trial. Various independent sources, including the findings of the court-appointed expert and technical teams from both sides, confirm the contamination.
- As a matter of law, Chevron is legally responsible for the full adverse impact caused by its flawed system of oil extraction while it was operator (from 1964 to 1990), and by any adverse impacts caused by its successor operators (such as state-owned Petroecuador) using that same system. Under the law, an operator cannot absolve itself of responsibility by knowingly abandoning a nuisance.

### The Environmental Impact

- Chevron has admitted that Texaco dumped more than 18 billion gallons of toxic waste into Amazon waterways, abandoned more than 900 waste pits, burned millions of cubic meters of poisonous gases with no controls, and spilled more than 17 million gallons of oil due to pipeline ruptures.
- Texaco also dumped millions of gallons of oil waste along dirt roads, never

budgeted for pipeline maintenance, and spent no money on environmental clean-up or health care for the local population. The company never conducted a single health evaluation or environmental impact study while it was the operator.

- Experts estimate the damage is 30 times larger than that of the Exxon Valdez disaster. Some call the area the “Amazon Chernobyl.”
- Texaco’s practices in Ecuador violated oil industry operating procedures dating back to the 1920s and 1930s. The company’s own environmental consultants found oilfield practices used by Texaco that were clearly sub-standard.

### **Health and Social Impacts**

- Cancer rates and other oil-related health problems in the region have skyrocketed. The court expert, using a conservative analysis based on census and survey data, estimated 1,041 excess deaths from cancer due to oil contamination.
- The indigenous groups in the region where Texaco operated have lost 95% of their ancestral land due to the impact of oil operations. The groups have been afflicted with cancers and other diseases never before seen in the rainforest.

### **Chevron’s Spin**

- Chevron has launched a multi-million dollar public relations and political campaign to evade accountability. This includes buying advertisements in newspapers in Ecuador and the U.S. to personally attack court officials and lawyers for the plaintiffs, and lobbying the governments of Ecuador and the U.S. to quash the trial.
- Chevron has promised to drag out the appeals process and has threatened the plaintiffs with a “lifetime of litigation” if they continue to press their claims.
- Chevron has tried to shift the blame to Petroecuador, Ecuador’s state-owned oil company. The lawsuit is primarily about damage caused by Texaco from 1964 to 1990, when it was the exclusive operator of the concession – damage that is still causing harm today to thousands of people.
- Chevron claims it was “released” by Ecuador in 1995 from responsibility for further clean-up, but that release expressly excludes the private claims in the Ecuador lawsuit. No court in the U.S. or Ecuador has ever accepted Chevron’s interpretation of the release, which is now the subject of a fraud indictment.
- Texaco’s remediation, which was the basis for the release, was at best ineffective and at worst a fraud. Soil sampling evidence from each of the “remediated” sites show significant contamination, often thousands of times higher than norms.
- A final decision is expected in late 2009. If the court accepts the damages assessment put forth by the independent expert, the case could result in the largest ever judgment in an environmental case.