Risk Alert: GeoPark

May 2022

INTRODUCTION

COMPANY BACKGROUND

SNAPSHOT OF GEOPARK’S OPERATIONS IN THE COLOMBIAN AMAZON

SOCIAL RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

POLITICAL RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

LEGAL RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

ENVIRONMENTAL & CLIMATE RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

REPUTATIONAL RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

GEOPARK’S LEGACY OF FAILURE IN THE PERUVIAN AMAZON

GEOPARK’S RISKY NEW FRONTIER IN THE ECUADORIAN AMAZON

CONCLUSION
INTRODUCTION

GeoPark’s current attempts to expand operations into the Colombia Amazon are facing a significantly greater set of risks than the company faced in the Peruvian Amazon’s Block 64 (see Peru section below). Given a history of contamination, lack of social license to operate in many of the blocks, and a worsening situation of illegal armed actors operating in and around the company’s assets in Putumayo, GeoPark is facing serious social, political, legal, and reputational risks in pursuing operations there, which we elaborate in this risk alert. We also briefly call attention to some of the risks involved in GeoPark’s intentions to expand operations in the Ecuadorian Amazon.

This risk alert was written by Amazon Watch staff. It is the product of eight years of accompaniment of communities negatively affected by GeoPark in Peru, Amerisur in Colombia, and now GeoPark / Nueva Amerisur in the Colombian Amazon. We have endeavored to cite public information when possible, but also include information and perspective provided in private conversations that we can’t cite, for privacy and security purposes. The document has benefited immeasurably from a week-long field mission carried out in Putumayo in early May of 2022, which has allowed us to ground-truth information received from articles and other documents. This is an initial version of this assessment, and we hope to issue updated versions as we have access to more information.

COMPANY BACKGROUND

NYSE: GPRK

GeoPark is a Chilean oil and gas explorer, operator, and consolidator. At present GeoPark has projects in Colombia, Ecuador, Chile, Brazil, Paraguay and Argentina, and it formerly operated in Peru. An independent company founded in 2002, GeoPark is currently the third-largest oil operator in Colombia and the first private oil and gas producer in Chile. It also has a non-operating working interest in one of the largest non-associated gas fields in Brazil.

In November 2019 GeoPark announced its planned acquisition of Amerisur, a British petroleum exploration and production company operating in Colombia and Paraguay, for $315 million USD in an all-cash buyout, financed by Citigroup and Itaú in the form of a $315 million bridge loan. The acquisition was finalized in January 2020, as was a $350 million bond issuance, also underwritten by Citigroup and Itaú.

On March 9th, 2022, GeoPark announced that its Chief Executive Officer, James F. Park, would be stepping down effective July 1st, 2022, to be succeeded as CEO by current Chief Financial Officer Andres Ocampo.

Key Officers
Chief Executive Officer: James F. Park (until 1 July 2022)
Chief Financial Officer: Andres Ocampo
Chief Operating Officer: Augusto Zubillaga

Financials
Share price: $15.10 USD (as of 11 May 2022)
Market Capitalization: $1.05 Billion
Average vol (m3): 170,538

SNAPSHOT OF GEOPARK’S OPERATIONS IN THE COLOMBIAN AMAZON¹

Andaquíes: GeoPark is in the process of relinquishing its contract for this block.
Coati: Operations in this block are suspended while prior consultations with impacted communities are carried out.
Mecaya: Operations in this block are suspended while prior consultations with impacted communities are carried out.
Platanillo: The only one of GeoPark’s Putumayo blocks currently in active production. Average net production in 2021 was 1,766 bopd.
Putumayo 8 (PUT-8): currently in exploration.
Putumayo-9 (PUT-9): Exploration activities suspended on June 25, 2019, due to a decree from the municipal government of Puerto Gúzman prohibiting hydrocarbon exploration and production activities in the municipality.
Putumayo-12 (PUT-12): on February 23, 2021, GeoPark requested the termination of its contract with Colombia’s national hydrocarbons agency for this block due to force majeure events related to legal opposition by local communities.
Putumayo 14 (PUT-14): Exploratory activities have not yet begun because prior consultation with two local Indigenous communities is currently underway.
Putumayo 30 (PUT-30): GeoPark’s request to terminate this contract is currently being finalized.
Putumayo-36 (PUT-36): Exploratory activities have not yet begun both because of the need to carry out prior consultation with one Indigenous community, and because this block is impacted by the Puerto Guzmán municipal ban on hydrocarbon activities (see above).
Tacacho: Exploratory operations are currently suspended “due to the occurrence of force majeure events related with social and public order conditions of the area.”
Terecay: Exploratory operations are currently suspended “due to the occurrence of force majeure events related with social and public order conditions of the area.”

¹ Information in this section is derived from GeoPark’s 2021 20-F filing with the SEC, available here: https://otp.tools.investis.com/clients/us/geo_park/SEC/sec-show.aspx?Type=html&FilingId=15701401&CIK=0001464591&Index=10000.
SOCIAL RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

Prior to the 2019 GeoPark acquisition of the company, Amerisur had been operating and exploring in oil blocks near the Indigenous Siona community of Buenavista, as well as the Campesino Reserve Zone of Perla Amazonica since 2008. The archetypal conflict with the Siona of Buenavista was covered in Colombian and international media, including a three-part series of detailed English-language articles that ran in The Guardian between 2018 and 2019.

By acquiring Amerisur, Geopark also acquired these ongoing conflicts with local communities. A number of these communities have opposed oil exploitation due to claims of water contamination, underhanded dealings, and exacerbation of threats and violence by illegal armed actors catalyzed by oil operations in the area. These include but are not limited to the following cases, which we review briefly here but will also reference in the following sections on different types of risk:

The Siona Resguardo of Buenavista

The Siona Reservation of Buenavista has garnered national and international media coverage for their long-standing resistance against extractive industries within their ancestral territories,

---

2 Campesino is a Spanish term best translated as family farmer. We will use the Spanish term here.
including Amerisur. In addition to the Siona's well-documented opposition to Amerisur's operations, following the announcement of GeoPark's acquisition of the company, the Siona released a statement warning that they would continue to oppose oil extraction in their territory, and that "by acquiring Amerisur, [GeoPark] also acquires its liabilities for human and indigenous rights violations against our people and our territory."

The Siona people of Colombia are included within the Colombian Constitutional Court Ruling 004 of 2009, regarding the risk of extermination of Indigenous people from forced displacement or natural or violent deaths of their members. Though a protection plan was devised with the government, the Siona claim that such plan has not been implemented and they continue to be at risk of cultural and physical disappearance. Many other Indigenous peoples included in the Ruling 004 have noted a similar lack of compliance and effective protection.

The Siona of Buenavista are also beneficiaries of precautionary measures from the Inter-American Commission on Human Rights (IACHR), issued on 27 July 2018. According to the Commission, “the Siona people are in imminent danger of being exterminated,” and noted the many risks to them, including “alleged threats, acts of intimidation, illegal occupations of homes, clashes involving firearms, restrictions on the free movement of Siona persons and the alleged presence of armed agents who seek to consolidate their activities within the reservations.”

In its 2021 20-F filing with the U.S. Securities and Exchange Commission, the company reported that in February of that year it filed a request to terminate its contract for the PUT-12 block, “due to the occurrence of force majeure events related with judicial procedures initiated by ethnic communities.” This is a direct reference to the conflict with the Siona Resguardo of Buenavista, as the PUT-12 concession directly overlaps the territorial expansion that the community has requested dating back years.

The Campesino Reserve Zone of La Perla Amazónica

The Campesino Reserve Zone of La Perla Amazónica was created in 2000, as “an alternative in rural development for the colonist and campesino population, which for years has searched for an agrarian reform to put an end to the unequal distribution of land in Colombia.” The Zone’s 22 thousand hectares (roughly 54,000 acres) is composed of 24 different hamlets, along the Colombian / Ecuadorian border. Campesino Reserve Zones are legal entities recognized under Colombian law that provide special benefits and protections to the family farmers that make up each Zone.

The eastern-most hamlets of the Zone overlap the Platanillo oil concession. Much of the rest of the Zone is also covered by the PUT-8 concession. Over the course of the Zone’s two plus decades, its leaders have denounced oil contamination in their waters and spoken out against any expansion of new oil platforms.
The leaders of the Perla Amazónica have been subject to increasing threats on their lives, in particular as illegal armed actors like the Comandos de la Frontera strengthen their presence in the region. Jani Silva, recognized by Amnesty International as an environmental defender at high risk, stated in an article that “We began to raise environmental issues with the oil company, and that's when the threats started.”

The threats against Jani led her to move to the regional center of Puerto Asis several years ago, and she is only able to return to the Zone under accompaniment of national and international human rights observers. According to the testimony of an anonymous member of the Comandos, the commander who goes by the nom de guerre “Leonel,” had “ordered actions against Jani Silva up to eliminating her, to end the ADISPA organization, to controls the organization’s activities and financial resources from international cooperation, to assure continuation of the coca planting and processing business and the extractive industries.”

Given this situation of risk that dates back years and has worsened as of late, Jani Silva and other leaders from the Perla Amazónica are recipients of precautionary measures from the IACHR, issued on 3 December 2018.

Other cases

During a week-long field mission to Putumayo in early May of 2022, Amazon Watch received testimonies of Indigenous concern about oil contamination in other concessions operated by GeoPark, such as the Coati block located in the Valle del Guamuez. As we compile further documentation about those cases, we will include them in future versions of this document.

POLITICAL RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

In acquiring Amerisur in 2019, Geopark assumed control of twelve oil blocks in the Putumayo region. This region is very complex because the oil industry coexists with illicit activities, such as coca cultivation by illegal armed groups. Putumayo is geographically strategic for drug traffickers due to its proximity to the Ecuadorian and Peruvian borders, the presence of corridors that interconnect urban and rural areas with the borders, and a low presence of the Colombian State. According to the latest U.N. monitoring of territories affected by illicit crops in Colombia, one third of the total area of coca leaves planted in Colombia is concentrated in five municipalities.

Coca production increased rapidly in Putumayo in the 90s. As part of the government’s efforts to fight coca production, it presented oil drilling as an economic alternative. The army was deployed to the region to protect the oil industry, and industry players began making payments to the armed forces for this protection. As a revealed recent report from a Colombian investigative outlet, Amerisur (now Geopark) signed contracts with the Ministry of Defense for
more than $363,000, in order to provide protection and security for company activities and infrastructure, as well as for the fixed and mobile facilities of the company. The signing of the Peace Agreement with the FARC in 2016 created a sense of stability and thus increased economic expectations for oil activities in Putumayo. Direct attacks on oil infrastructure have reduced, and many in the oil industry decided to expand oil operations. Amerisur, for its part, invested in 2019 four times the amount allocated for 2018, intending to drill oil wells under exploration.

Unfortunately, the Peace Agreement did not lead to an end of armed conflict in the country, but rather a reorganization of illegal armed actors. Some FARC members deserted during the negotiations process, or completely rejected the Agreement. Many of these former FARC fighters then formed new groups, referred to as “dissident” groups. In addition, successor groups to the right-wing paramilitary group Self-Defense Forces of Colombia (AUC) continued to operate. In Putumayo, this new paradigm has produced two main illegal armed groups: La Mafia-Sinaloa, which would later be called Comandos de la Frontera (Borders Command in English), was formed by dissidents members of the FARC's 48th and 32nd Front, a demobilized paramilitary group called “La Constru”, and other criminal groups working in the region. The second one, the Frente Carolina Ramirez, was formed by dissidents of the First and Seventh FARC Fronts.

Both groups started a bloody war over the control of the strategic territories in Putumayo. One of the disputed territories between the Comandos de la Frontera and the Frente Carolina Ramirez is the municipality of Puerto Asis, where most of Geopark’s oil exploration blocks are located. This municipality clearly represents this coexistence between oil concessions and coca leaves production. The natural resources located in the region make it attractive for any illegal armed group to exploit. There are fifteen oil blocks in Puerto Asis, and at the same time it is one of the biggest producers of coca leaves in the region. Although the Comandos de la Frontera currently controls the area, the Frente Carolina Ramirez is seeking to contest this and other areas (see Insight Crime graphic, below).
Apparently in order to avoid being identified just as a drug trafficker organization, in 2021, the Comandos de la Frontera joined the group La Segunda Marquetalia, under the lead of Ivan Marquez. This affiliation appears to be an attempt to confer the Comandos de la Frontera with some modicum of political legitimacy; the U.S. government considers La Segunda Marquetalia as a foreign terrorist organization and has included it on the U.S. sanction list. Name changes and shifting alliances aside, the Comandos de la Frontera continue to act as a narco-paramilitary organization, motivated by illicit economic interest and at the service of oil industries.

Allegations of collaboration between the Colombian Military and the Comandos de la Frontera

According to recent journalistic reports in the Colombian national press, local communities in Putumayo perceive the Comandos as having an alliance with the Colombian Army, because the
Army does not fight them in the same intensity as they fight the Frente Carolina Ramirez. This was reiterated to the Amazon Watch field team on multiple occasions by diverse contacts during the recent Putumayo field visit.

As referenced above, GeoPark has documented security arrangements with the Colombian Army. An analyst on the Colombian conflict told Amazon Watch in an interview in May 2022 that they believe the company may communicate, and perhaps coordinate, with the Comandos de la Frontera via its relationship with the military.

Allegations of collaboration between GeoPark and the Comandos de la Frontera

Organizations and press, both Colombian and international, have published denunciations about alleged links between the Comandos de la Frontera and GeoPark as well as other oil companies in the region.

The Interfaith Justice and Peace Commission (the Commission) is one of Colombia’s most well respected human rights organizations, having accompanied vulnerable civilian populations for decades in some of the country’s most violent regions.

As detailed in the Commission’s public [denunciation](#) issued on 23 December 23, 2020: Displaced campesinos told the Commission that the Border Command is supported by military units in their violent confrontations with residual guerrilla units. “In the last two weeks the campesinos have been called into meetings with the Border Command. According to the testimonies of the displaced who said they won’t return to their lands, members of the Border command, dressed in camouflage and carrying long guns, said that no one can oppose the seismic process that the company Nueva Amerisur [as GeoPark is revered to in the region] is carrying out in Block PUT 8. One of the armed men said, “We are negotiating with the company, and we are going to assure their operation in the zone.” They added that they are very upset by the denunciations and demands for environmental protection from the La Perla Amazónica Campesino Reserve Zone (ZRCPA). They added in various meetings they would work to destroy the zone.”

According to the Commission’s [denunciation](#) from April 25, 2021, a member of the Comandos de la Frontera who feels compelled to work with the illegal group but is in disagreement with their methods provided information in the Bogotá office of the Commission. “According to the source, ‘Leonel’ moves around the territory of the La Perla Amazónica Campesinos Reserve Zone, publicly reiterating to the communities that the Comandos has direct negotiations with the company for their oil operations in these lands and no one can oppose their development.”

Other documents, published by reputable sources, have not specifically referenced GeoPark but have listed regions where GeoPark has operations. For example, in an official [Early Warning document](#) dated July 1, 2021, Colombia’s Human Rights Ombudsman (Defensoría del Pueblo) underscored a series of risks to the civilian population in the department of Putumayo. In a section outlining the interaction between the growing oil industry in this region and the ongoing violent conflict, the report notes, “We have received community denunciations about alleged
pressure on the communities exercised by illegal armed actors like The Mafia, now known as the Comandos de La Frontera, apparently with the goal of facilitating activities associated with said economy, especially communities located in the La Perla Campesinos Reserve Zone in the municipality of Puerto Asis.” (Pg. 16) While this doesn’t document direct collaboration between GeoPark / Nueva Amerisur and the Border Command, it does reiterate the community denunciation of being threatened by the Border Command on behalf of the oil company’s interests.

According to a recent analysis based on a field visit by investigators with the investigative reporting outlet Insight Crime, “the Border Command has focused on controlling the almost 23 kilometers of the Puerto Vega-Teteyé corridor, a strategic area for the production and trafficking of cocaine to Ecuador. Oil companies also have a presence there, and are forced to pay extortion to the criminal group in order to operate there.” This would implicate GeoPark in the PUT-8 block and Gran Tierra in the Suroriente bloc.

These allegations are entirely consistent with Colombia’s long history of national and international companies – particularly those operating in rural areas – at best making extortion payments to illegal armed groups, and at worst directly collaborating with them to squash dissent from unions and communities. International investors must understand that the specific context in Putumayo, and Colombia’s broader history, render it virtually impossible for GeoPark / Nueva Amerisur or any company whose business is the extraction of natural resources to do so without some kind of financial relationship with illegal armed groups operating in the same region.

LEGAL RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

Previous harms to local communities and ecosystems, as well as anticipation of future contamination from, have led to a number of ongoing legal actions against GeoPark.

Legal actions in the United Kingdom after Geopark’s acquisition of Amerisur

Just days after Geopark announced its intention to acquire Amerisur, British-based Law Firm Leigh Day presented a legal action representing fifteen Colombia peasants before the Queen’s Bench Division, one of the three Divisions of the United Kingdom’s High Court of Justice. The claim seeks the liability of the parent company (Amerisur Resources Plc.) for the operations of its Colombian subsidiary (Amerisur Exploración Colombia Limited).

The basis of the claim is the contamination of land and waterways in Putumayo caused by oil spills for which Amerisur was responsible. In June 2015, the former FARC seized five trucks transporting oil and forced them to empty the crude oil near the village of Los Achapos, in Puerto Asís, Putumayo. The trucks were under the operation of the subsidiary Amerisur Exploración Colombia Limited, and caused the spill of more than 722 barrels. As a
consequence, wetlands and rivers in the region were affected. Those wetlands served as a source of water by the communities for drinking, bathing and fishing. According to Geopak’s response to the independent media outlet Cuestión Pública, the remediation activities did not begin until the end of 2019, years after the spills happened.

Due to the potential risk of dissipation of Amerisur’s assets in the event of Geopark’s acquisition, Leigh Day Law Firm requested an urgent interim freezing injunction of £3 million of Amerisur’s assets on British soil, which was granted in January 2020. Therefore, part of Amerisur’s assets in the United Kingdom are frozen while the decision of the Court is pending. Later, the Court also granted the addition of 255 additional Colombian campesinos to the principal claim, bringing it to a total of 270 claimants, raising the amount that Amerisur would have to pay as part of the economic compensation for its operations in Colombia.

Legal actions in Colombia for Amerisur’s Operations in Putumayo

Lawsuit filed by the Perla Amazonica Campesino Reserve Zone

In October 2016, the Interfaith Justice and Peace Commission, in representation of the Perla Amazónica Campesino Reserve Zone, filed a class action lawsuit before the Administrative Court of Cundinamarca against various Colombian environmental authorities, including the Ministry of Environment, the National Environmental Licensing Agency, the National Hydrocarbons Agency, and CorpoAmazonía. The claim aimed to suspend all Amerisur’s operations in the Platanillo Block in Puerto Asís, Putumayo, because it caused environmental liabilities in the soil, forests, rivers, and wetlands. The suit was admitted by the Administrative Court in December 2016, and is ongoing.

Land Restitution Lawsuit by the Siona Reservation of Buenavista

In 2018, the Siona Reservation of Buenavista filed a lawsuit in the First Civil Court of the Land Restitution Specialized Circuit of Mocoa. This claim is based on the Land Restitution Program implemented by the Colombian government with the purpose of returning the lands to those who had been dispossessed of them for reasons related to the armed conflict. This is the case of the Siona’s community. The goal of the lawsuit is to integrate 52,000 hectares to the Siona Reservation of Buenavista. The concessions PUT-9 and PUT-12 would overlap with the entire expanded territory.

While the Siona Reservation awaits the Court’s decision of the land restitution claim, the Siona filed a precautionary measure requesting the immediate stop of all operations in block PUT-12. In August 2018, the First Civil Court of Mocoa granted the precautionary measure and ordered Amerisur to refrain from any exploratory activity within the territory to be expanded. As a consequence, Geopark requested the termination of its contract in the PUT-12 block.
The New Amerisur? Oil company is signaled for contamination and health damage by the Siona people (Mongabay, March 2022)

Tutela filed by the Siona of the Santa Cruz de Piñuña Blanco Reservation

In early 2019, the Siona of the Santa Cruz de Piñuña Blanco Reservation filed an Acción de Tutela (a request for an injunction to protect fundamental constitutional rights when they are violated or threatened by the action or omission of any public authority) before the Administrative Court of Cundinamarca. The Siona claimed that explosive devices were installed within the boundaries of their territory, as part of the seismic studies of block PUT-12, and requested a halt to Amerisur seismic studies within PUT-12. In August 2019, the Court ruled in favor of the Siona community, suspending Amerisur’s seismic studies, and ordered the National Land Agency to carry out a visit to determine the geographical limits of the reservation, which was released in December 2019.

Legal Action in Chile against Geopark

Source: “The New Amerisur? Oil company is signaled for contamination and health damage by the Siona people” (Mongabay, March 2022)
Colombia and Peru are not the only countries in which Geopark is involved in legal disputes. In 2016, the Chilean Environment Agency (SMA) filed charges against Geopark for carrying out fracking activities without licensing in the Magallanes region.

ENVIRONMENTAL & CLIMATE RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

Fossil fuel extraction often causes immediate damage to the local environments in which it takes place, and the high rate of greenhouse gasses emitted in its consumption has longer-term damaging effects on the climate. Many financial firms already have environmental commitments to protect biodiversity, areas of high conservation value, protected areas, and internationally protected areas (including IUCN protected areas). The oil and gas drilling that Geopark carries out in the Putumayo region of Colombia is of particular concern, because it takes place in such a biodiverse and ecologically rich region: the Amazon rainforest.

The conservation of the Amazon rainforest should be a priority for financial firms with existing climate and biodiversity commitments. It is a natural wonder that plays a crucial role in regulating the climate, making any threat to its stability an existential threat to the entire planet. The rainforest’s tree canopy generates its own rainfall, supplying fresh water to several South American countries, hosting more biodiversity than any other biome on Earth, and absorbing an estimated 2 billion metric tons of carbon dioxide from the atmosphere each year (roughly 5% of annual global emissions). Scientists estimate that 80% of the Amazon’s tree cover must remain standing in order for the rainforest to maintain these functions.

Once enough trees are gone, however, the forest will reach a catastrophic tipping point, at which it will convert from being a lush jungle (and carbon sink) to a grassland savannah. Without sufficient trees to create rain, the savannah will have less frequent and more unpredictable rainfall, leaving the region drier and more vulnerable to fire. The fires destroy any surviving trees, releasing an abundance of carbon into the atmosphere and ensuring that the canopy cover required to produce the rainfall needed for the forest to regrow, cannot be established. This phenomenon — the conversion of the Amazon from rainforest to savannah — will undoubtedly wreak havoc on its inhabitants, global weather patterns, and food and water availability.

To keep the Amazon from reaching this tipping point, deforestation and biodiversity loss must be rapidly curbed. The rainforest is currently losing ground quickly to a number of industrial activities, including oil and gas drilling. Biodiversity is essential for maintaining healthy ecosystems, providing fresh water, pollination cycles, soil fertility, and food production, as well as protecting against the spread of zoonotic illness and species extinction. Biodiversity is also inextricably linked to climate, such that good functioning of both is required for our quality of life.
The oil and gas industry in particular is a major driver of deforestation in the western Amazon, where oil companies often are the first to cut down trees in order to carve roads into previously untouched rainforest. This not only clears land for their immediate operations but also encourages further deforestation by opening up new parts of the forest to exploitation from other kinds of industries.

Oil and gas drilling and infrastructure development is also heavily linked to oil spills and improper waste management that cause environmental degradation. In 2019, almost five oil spills per week occurred in Colombia. Between 2015 and 2021, an average of two oil spills per week have occurred in Ecuador. Between 2000 and 2019, an average of one oil spill per week has occurred in Peru. Aside from killing all of the flora and fauna that come into contact with them, oil spills and waste products from oil extraction also ruin local water sources and cause exorbitantly high rates of illness in local residents. In Putumayo, the Siona people use local rivers for cooking, bathing, and drinking water, and have reported stomach problems, adverse skin reactions, and other ill effects upon contact with river water contaminated by waste dumping from oil extraction.

REPUTATIONAL RISKS FOR GEOPARK IN PUTUMAYO PROJECTS

As part of their public relations strategy, Geopark has attempted to forge public alliances with prestigious international entities, as a means of greenwashing their image and counteracting the negative press garnered by community opposition to their oil projects. It has abjectly failed, instead damaging the reputation of those institutions in the process.

Through the company’s Partnerships page on its main website, GeoPark attempts to tout collaborations with these prestigious institutions. In at least three cases (those of the Smithsonian Institution, USAID, and most recently UNDP), GeoPark has been forced to withdraw those logos given vociferous local opposition to not only those partnerships, but to the company’s operations in general.

USAID’s Amazon Best Social and Environmental Management Practices Activity

In 2018 and 2019 (prior to GeoPark’s purchase of Amerisur), both GeoPark in Peru and Amerisur in Colombia attempted to clean up their respective images through participation in the USAID-financed activity titled “Amazon Best Social and Environmental Management Practices”, a $24.5 million initiative set to run over 5 years in 2018-2022.

In Peru, GeoPark was formulating the implementation of a ‘social baseline study’ for Block 64 in mid 2019, even though Achuar and Wampis leaders had said directly to CEO Jim Park that they weren’t interested in any company efforts to promote ‘dialogue’. The Achuar Federation of Peru
(FENAP), the Wampis Nation, and Siona Resguardo of Buenavista expressed their outrage directly to USAID through written statements and private meetings in September and October of 2019.

Through private conversations with officials, we subsequently learned that USAID had cut ties with GeoPark in late 2019 and ultimately canceled the entire Amazon BMP initiative in early 2020.

“Territorial Reactivation” Project between GeoPark and UNDP Colombia

Attempting to implement a similar PR strategy of partnering with international entities, in April of 2021 GeoPark announced an agreement with the United Nations Development Program (UNDP) in Colombia, through which GeoPark would provide $1.7 million to finance a UNDP-implemented initiative for ‘territorial reactivation’ around the locations of GeoPark operations. The Siona Indigenous people of Buenavista and ADISPA (the organization representing the Perla Amazónica Campesino Reserve Zone) — both of which been supported by UNDP under the Sustainable Amazon for Peace initiative — immediately and forcefully denounced the UNDP-GeoPark alliance through a joint public statement.

Under pressure from the communities and other UN entities, such as the UN Permanent Forum in Indigenous Issues, UNDP Colombia sent private messages to the Siona and ADISPA on May 12th that UNDP had canceled their collaboration with GeoPark. To the best of our knowledge, that announcement was never made public. In the wake of the scandal, the UNDP Social and Environmental Compliance Unit launched an investigation into the situation to be completed in 2022 (covered in Colombian press) and the UN Working Group on Business and Human Rights expressed their concern through a series of letters to GeoPark, the UNDP, and other actors in October 2021.

Increasing international media profile of resistance against GeoPark

While GeoPark is failing to build links with international institutions, and damaging morale and the international image of those institutions in the process, it is also facing increased media coverage in both Colombian and international media outlets, articulating many of the concerns articulated in this risk assessment.

Examples include:

An article in France 24, “Colombia: dos gobernadoras indígenas siona y su territorio en disputa” (22 April 2020), an English translation of which states:

“Tensions between the oil company and the Siona people began in 2013, when the first step towards a prior consultation process was taken. In an investigation published at the
end of February 2020, environmental organization Ambiente y Sociedad highlights that Amerisur separately initiated prior consultation processes with the communities of Buenavista, Bajo Santa Elena and Santa Cruz de Piñuña Blanco. The Buenavista reservation rejected any intervention, but the other two communities signed agreements in 2014. Today, Liliana, governor of Santa Cruz de Piñuña Blanco, explains that they did not have enough information, that by doing the consultation separately they tried to divide the Siona people and that, in any case, the area where they installed the explosives for the seismic study was not included in their agreements.”

A guest opinion column published on 18 November 2022 in The New York Times highlighting the case of the Perla Amazonica’s Jani Silva as emblematic of the death threats being issued against Colombian environmental and human rights defenders. The piece noted: “In the Putumayo region, members of the Border Command, an illegal armed group dedicated to controlling drug production along the border with Ecuador, told residents that they have negotiated with Nueva Amerisur, owned by the multinational oil company GeoPark, to ensure that the company’s work would not be impeded and warned the residents not to interfere.”

Responding to that piece and private expressions of concern from institutional investors, GeoPark denied the claims of collaboration with illegal groups. 

The New York Times also recently published a detailed article about the Comandos de la Frontera, which notes, “In Putumayo, the Comandos are accused of carrying out murders, forced disappearances, arbitrary detentions and the ‘mobilization of terror,’ according to Colombia’s ombudsman’s office, which is charged with tracking human rights violations.”

Though the article didn’t reference GeoPark directly, it demonstrates an increasing international profile for the Comandos and an increasing risk that the alleged links between the Comandos and GeoPark, common knowledge within the region, will be exposed.

GEOPARK’S LEGACY OF FAILURE IN THE PERUVIAN AMAZON

GeoPark has previously demonstrated inadequate risk mitigation in the Peruvian context, where the company attempted, and subsequently failed, to set up exploratory and drilling operations in an oil concession along the Peru-Ecuador border known as Block 64.

This Amazonian concession had a known history of social conflict long before GeoPark decided to invest in Block 64 in 2014, the most recent to GeoPark’s acquisition taking place just two years prior with the departure of prior operator Talisman Energy in 2012. GeoPark assumed the block in 2014 and immediately faced opposition from both the Achuar People and the Wampis Nation, which intensified in 2015 when the Achuar federation filed a lawsuit that demanded the cancellation of Block 64 for lack of prior consultation, and again in late 2016 upon GeoPark
announcing the regulatory green-light to advance the project. A sub-par environmental impact study was produced, strenuously challenged by communities, and eventually withdrawn by GeoPark in 2019.

Communities confronted CEO Jim Park at GeoPark Santiago-based headquarters in June of 2019 during the company’s annual general meeting of shareholders. And in 2020, the Wampis Nation filed a criminal complaint against GeoPark, due to the risk posed to the Wampis peoples by the continued presence of company workers during the COVID-19 pandemic. In the face of all this community opposition, GeoPark declared force majeure and announced its irrevocable departure from Block 64 in July 2020. GeoPark’s 2020 SEC filings note that the company incurred a $34 million impairment loss, and 2019 filings note construction costs in Block 64 of at least $38.7 million between 2017-2019. The block accounted for 20% of the company’s net proved reserves in 2019.

**GEOPARK’S RISKY NEW FRONTIER IN THE ECUADORIAN AMAZON**

Geopark is a new player in Ecuador, entering in 2019 with its acquisition of the Espejo and the Perico blocks in the country’s northern Amazon together with Canada’s Frontera Energy. Both blocks were awarded to the consortium under production sharing contracts as part of the Intracampos oil tender in a 50-50 split, with Geopark as the operator of Espejo, and Fontera the operator of Perico. The concessions are in the major oil producing region, sandwiched between existing blocks and adjacent infrastructure. High API crude oil was discovered at the Jundaya-1 and Tui-1 wells in early 2022, and both are producing into Petroecuador’s Lago Agrio infrastructure system and SOTE pipeline. Together, the blocks total 33,350 acres, and exploration plans for both blocks are underway.

The government of Guillermo Lasso announced ambitious plans to double oil production during his administration. But the pipeline problems, frequent spills, turn over of Energy Ministers, and corruption at state run Petroecuador have all slowed his efforts to date. Geopark has touted the blocks as “low risk” but realities in the oil patch differ. However, both blocks overlap ancestral territories of Indigenous peoples and farmer communities that have long suffered contamination and rights violations from the oil industry, and many are active plaintiffs in the ongoing landmark litigation Aguinda v Chevron as they seek remediation and justice.

Ecuador’s regional confederation of Indigenous peoples representing 13 nationalities is calling for an end to all new oil extraction and financing. The Espejo block is facing significant opposition from local communities, who have raised concerns to Amazon Watch about the impact of seismic testing, constant spills from adjacent industry operators, and health impacts from flaring. According to the risk assessment by EnviroTec for the block, seismic testing could provoke impacts such as “deforestation, loss of natural freshwater springs, noise, contamination of water and air, destabilization of soil, and therefore, could affect the health of living beings.”
But perhaps the biggest risk for oil production in Ecuador’s Amazon lies in the country’s aging infrastructure and integrity of its two national pipelines that bring crude pumped in the Amazon over the Andes to port on the Pacific coast for export. An April 2020 spill, and a second one in January 2022 collectively dumped almost a million gallons of crude into the Coca River, contaminating the drinking water and lands of thousands of Indigenous people. The country has declared force majeure on four occasions since 2020, cutting output and shutting in production, with no long term solution in sight.

The pipeline ruptures are related to aggressive erosion of the Coca River from an upstream dam, which both pipelines parallel for much of its path. Seven temporary variants have been constructed since the 2020 spill, and all have collapsed. Some 27 variants have been constructed over the lifetime of the pipelines, which also cross 92 fault lines and six volcanoes.

Recent decisions from Ecuadorian courts also could raise operating costs and legal liability for drilling moving forward. An appellate court ruled in 2021 that the industry had 18 months to phase out the use of flaring associated with oil drilling, and required new projects to use cleaner technology to capture the gas. And in absence of national law regulating the process of Free, Prior and Informed Consultation as enshrined in the country’s constitution, Ecuador’s top court
established a new precedent that gives Indigenous peoples the right to consent over any project slated for their territories. This new veto right over extraction projects may create stranded assets for companies and will raise scrutiny on claims of social license to operate.

Geopark is also considered an interested party in the government’s Ronda Suroriente, a tender of up to 12 blocks in Ecuador’s remote southern Amazon expected by the end of 2022. New exploration here, and that which is being pursued by Geopark in the Espejo and Perico blocks falls out of what is considered allowable under the recent International Energy Agency and is incompatible with the Paris agreement to limit global emissions to keep warming to 1.5°C and well below 2°C.

CONCLUSION

The world’s financial system is gradually transitioning away from the fossil fuel industry and into more renewable forms of energy sourcing. This was evidenced by the 2021 launch of the Glasgow Financial Alliance for Net Zero, a forum of 450 member firms from across the global financial sector that represent more than $130 trillion in assets under management and advice, aiming to accelerate the transition to a net-zero global economy. As part of this initiative, financial firms have pledged to take rigorous and immediate action to halve global net-zero carbon emissions by 2030.

According to a 2021 report from the International Energy Agency, there is no room for new oil and gas expansion paths in any viable path to net-zero emissions by 2050, a critical milestone to reach in honoring the Paris Climate Accords to limit global warming to less than 1.5 degrees Celsius by the end of the century. Banks and asset managers that continue to finance and invest in oil and gas expansion while also posturing to be a part of the Global Alliance for Net Zero, therefore, will face serious reputational risks, as well as pushback from shareholders, who are increasingly aware of the need to pivot energy financing and investment strategies to face the world’s shifting climate and energy reality. In April of 2022, groundbreaking new shareholder resolutions calling for firms to stop financing new oil and gas operations received high levels of support during the Annual General Meetings of several major banks.

Financial firms investing in oil and gas companies operating on or near areas without the consent of local communities also face the elevated risk of incurring stranded assets, as has occurred when local political resistance and unrest has led operators to submit force majeure requests that result in a total loss of investments.

The picture is clear: investments in GeoPark create enormous political, legal, reputational, climate, and social risks for financial firms.