



ConocoPhillips in the Peruvian Amazon



SAVE AMERICA'S FORESTS

ConocoPhillips in the Peruvian Amazon

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This report has been produced jointly by Amazon Watch and Save America's Forests, two non-governmental organizations with extensive field experience in northern Peru. Much of the information herein was gathered during a series of field visits to Iquitos and elsewhere in Loreto, in late 2008 and early 2009.

Amazon Watch works to protect the rainforest and advance the rights of indigenous peoples in the Amazon Basin. We partner with indigenous and environmental organizations in the Amazon in campaigns for corporate accountability, sustainability, human rights, and the protection of ecological systems.

Save America's Forests works to protect the forests of North America and the western Amazon by generating and advancing science-based conservation strategies.

Cover photo: Headwaters of the currently pristine Nanay-Mazán-Arabela region.

Photo © M. Hidalgo



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EXECUTIVE SUMMARY AND RECOMMENDATIONS

THE TROPICAL RAINFORESTS OF THE PERUVIAN AMAZON, second in expanse only to that of Brazil, has emerged as a flashpoint for the oil industry in Latin America and for ConocoPhillips in particular: the company is now the leading holder of exploration acreage in Peru with over 10.5 million acres. The Peruvian state exhibits a weak regulatory capacity and little political will for protecting the environment, indigenous rights or public health. As such, ConocoPhillips' adherence to Peruvian state requirements does not go far enough to guard against potential liabilities from human rights and environmental impacts of its operations.

Depending on ConocoPhillips's course of action, the company will emerge either as a leader in the field of corporate social responsibility among the oil industry in Latin America or become the subject of visible criticisms, campaigns, and legal actions brought by a growing group of civil soci-

ety organizations, indigenous federations and institutional shareholders. Focusing on the enormous stretch of land under ConocoPhillips' control in Peru, this report details some of the downside risks facing the company and provides concrete recommendations for consideration.

CONOCOPHILLIPS IN THE PERUVIAN AMAZON

Since its acquisition of Burlington Resources in 2006, ConocoPhillips has been an increasingly significant player in efforts to develop oil and gas resources in the Amazon Basin. ConocoPhillips currently holds exploration and drilling rights to five concessions covering over 10.5 million acres of tropical rainforests in Peru, a larger territory than that occupied by any other U.S. oil company in the Amazon Basin. ConocoPhillips' holdings in Peru comprise what could be considered a "mega-concession" of five interconnected blocks stretching from the Peru-Ecuador border, southeasterly into the Loreto region.

Expanding operations into this area, however, is fraught with risks—both for ConocoPhillips and for the local population and environment. ConocoPhillips more than doubled its Peruvian holdings in late 2006 and 2007, and has indicated to shareholders that operations in Peru are a significant component of its long-term strategy. In 2007, ConocoPhillips held 68.5 million acres of exploration and production areas worldwide, nearly one fifth of that in Peru alone. This situation calls on ConocoPhillips—given the sheer scale of its operation in the Amazon—to be an industry leader in upholding the highest global standards of corporate social and environmental responsibility.

ECOLOGICAL CONCERNS

The western Amazon is a unique region where South America's plant, amphibian, bird, and mammal diversity all reach maximum global levels. While the lion's share of deforestation is occurring in the so-called "Arc of Deforestation" along the forest's eastern and southern frontier in Brazil, recent developments in the western Amazon are of tremendous concern. This area, identified as one of the world's remaining "mega bio-diversity hotspots", is under threat from the cumulative impacts of expanding extractive industries and the accompanying infrastructure mega-projects. High levels of species endemism point toward likely extinction of species as a result of ecological disruptions.

ConocoPhillips' five-block "mega-concession" is located in the core of the Napo Moist Forests eco-region, the richest part of the western Amazon. Several protected areas have been proposed or established in the region, most notably the Pucacuro Reserved Zone and the Alto Nanay-Pintuyacu-Chambira Regional Conservation Area (RCA). ConocoPhillips' blocks cover most of both of these reserves. These two natural protected areas jointly cover an area of roughly 45.6 percent of said concessions.

In 2007, the Chicago Field Museum performed a Rapid Biological Inventory, detailing the biological importance of

the region covered by the Alto Nanay-Pintuyacu-Chambira Regional Conservation Area. The study's recommendations include, "Restrict[ing] intensive commercial use in Nanay-Mazán-Arabela Headwaters. The area's soft substrates and steep gradients are subjected to an almost continuous natural erosion, making the headwaters extremely vulnerable to any activity that increases the rate of erosion—timber extraction, oil extraction, mining, or large-scale agriculture. If intensive use is permitted in the area, the increase in erosion will trigger heavy sedimentation in the three watersheds, resulting in economic, biological and social losses for Loreto."

INDIGENOUS COMMUNITIES

ConocoPhillips' 10.5 million acres of holdings in the Peruvian Amazon are home to indigenous peoples including the Kichwa, Iquito, Arabela Abijiras, Taromenane, and Pananjuri and indigenous people living in voluntary isolation of unknown ethnic origin. Any exploration or production activities will affect these people's livelihoods, traditional lifestyles and ancestral territory. As ConocoPhillips moves forward with exploration plans, it finds itself in a hazardous position due to the company's failure to adopt transparent and comprehensive policies with regard to indigenous rights.

In order to preserve their culture and exercise their right to self-determination, indigenous peoples must ultimately have the right to deny entry to an oil company or any other outside entity that wishes to exploit their lands. Without a straightforward promise not to work in any indigenous territory in which it has not obtained free, prior, and informed consent, ConocoPhillips risks future conflict which could imperil the company's reputation and the financial viability of its projects in Peru.

INDIGENOUS PEOPLES LIVING IN VOLUNTARY ISOLATION

The existence of isolated indigenous groups, voluntarily living deep in the most remote regions of the Amazon away from contact with modern civilization, has increasingly come to the international public's attention in recent years. In recent decades, forced contact of isolated groups in Peru has resulted in widespread deaths. Beyond death by diseases otherwise common to most humans, isolated peoples are also vulnerable to violence that often ensues when outsiders enter their territory to extract resources.

It is into this controversy that ConocoPhillips has jumped by holding minority control (35%) of Block 39, run by Spain's Repsol YPF, and Block 104. These two blocks overlap the proposed Napo Tigre Territorial Reserve, a designation AID-ESEP and anthropologists have been advocating for given evidence of four groups living in voluntary isolation in the

area. The evidence that indigenous peoples in voluntary isolation inhabit the Block 39 area is sufficiently strong that the situation has been elevated to the level of the Inter-American Commission on Human Rights. By continuing to partner with Repsol in this concession, ConocoPhillips is running the risk of being directly implicated in a series of foreseeable deadly events.

CONCLUSIONS / RECOMMENDATIONS

Even if ConocoPhillips endorses human rights principles in theory, the lack of a concrete, specific indigenous rights policy leaves unanswered important questions about how those stated principles will or will not be implemented in actual practice. By operating in environmentally and culturally sensitive rainforest areas without a clear mandate from local communities, or clear and consistent procedures for its local representatives to follow, ConocoPhillips exposes itself to significant financial and reputational risk. Even one project undertaken against local opposition has the potential to undercut the company's reputation globally.

Shareholder groups representing millions of shares in the company have taken notice, and have filed resolutions calling on ConocoPhillips to adopt a detailed indigenous rights policy including the right to free, prior and informed con-

sent. Such a policy would ultimately safeguard ConocoPhillips's desire to be seen as an industry leader in social responsibility, and would help assure shareholders that the value of their investment will not be compromised by conflict over its work in indigenous territory in Peru.

ConocoPhillips has a responsibility to consider the cumulative and long-term impacts of its operations, and to meet international law and industry standards. ConocoPhillips should go above and beyond Peru's woefully inadequate legal requirements. To this end, Amazon Watch and Save America's Forests make the following recommendations to ConocoPhillips:

- (1) Withdrawal from these concessions;**
- (2) Use Strategic Environmental Assessments;**
- (3) Increase transparency in decision-making and policy review processes;**
- (4) Establish a "No-Go Zones" Policy; and**
- (5) Establish a Free, Prior, and Informed Consent Policy.**



PHOTO © M. HIDALGO



Game Hunters on the Upper Mazan River

INTRODUCTION

The tropical rainforests of the Peruvian Amazon, second in expanse only to that of Brazil, has emerged as a flashpoint for the oil industry in Latin America and for ConocoPhillips in particular: the company is now the leading holder of exploration acreage in Peru with over 10.5 million acres. The Peruvian state exhibits a weak regulatory capacity and little political will for protecting the environment, indigenous rights or public health. As such, ConocoPhillips' adherence to Peruvian state requirements does not go far enough to guard against potential liabilities from human rights and environmental impacts of its operations. How can ConocoPhillips ensure that their operations in the ecologically and culturally sensitive rainforests of Peru are in compliance with international laws and best practices, effectively safeguarding the environment and the rights of indigenous peoples? What are the potential downside risks to the project viability, company's reputation, and the financial bottom line of the company's growing holdings in contested areas in the Peruvian Amazon? Is management taking adequate measures to reduce the company's exposure to downside risks in Peru?

Depending on ConocoPhillips' course of action, the company will emerge either as a leader in field of corporate social responsibility among the oil industry in Latin America or become the subject of visible criticisms, campaigns, and legal actions brought by a growing group of civil society organiza-

tions, indigenous federations and institutional shareholders. Focusing on the enormous stretch of land under ConocoPhillips' control in Peru, this report details some of downside risks facing the company and provides concrete recommendations for consideration.



Indigenous children from the community of Buena Vista playing in the Arabela river

CONOCOPHILLIPS IN THE PERUVIAN AMAZON

CONOCOPHILLIPS IN PERU

Since its acquisition of Burlington Resources in 2006, ConocoPhillips has been an increasingly significant player in efforts to develop oil and gas resources in the Amazon Basin. ConocoPhillips currently holds exploration and drilling rights to over 10.5 million acres of tropical rainforests in Peru, a larger territory than that occupied by any other U.S. oil company in the Amazon Basin. ConocoPhillips' holdings in Peru comprise what could be considered a "mega-concession" of five interconnected blocks stretching from the border of Peru-Ecuador Border Loreto region (see map on page 7).

Opposite Page: ConocoPhillips' "mega-concession", composed of oil blocks 39, 104, 129, 123, and 124. Red hatch lines in Block 104 show where seismic testing was carried out, overlapping the Pucacuro natural protected area and part of the proposed Napo Tigre territorial reserve for indigenous tribes living in voluntary isolation.

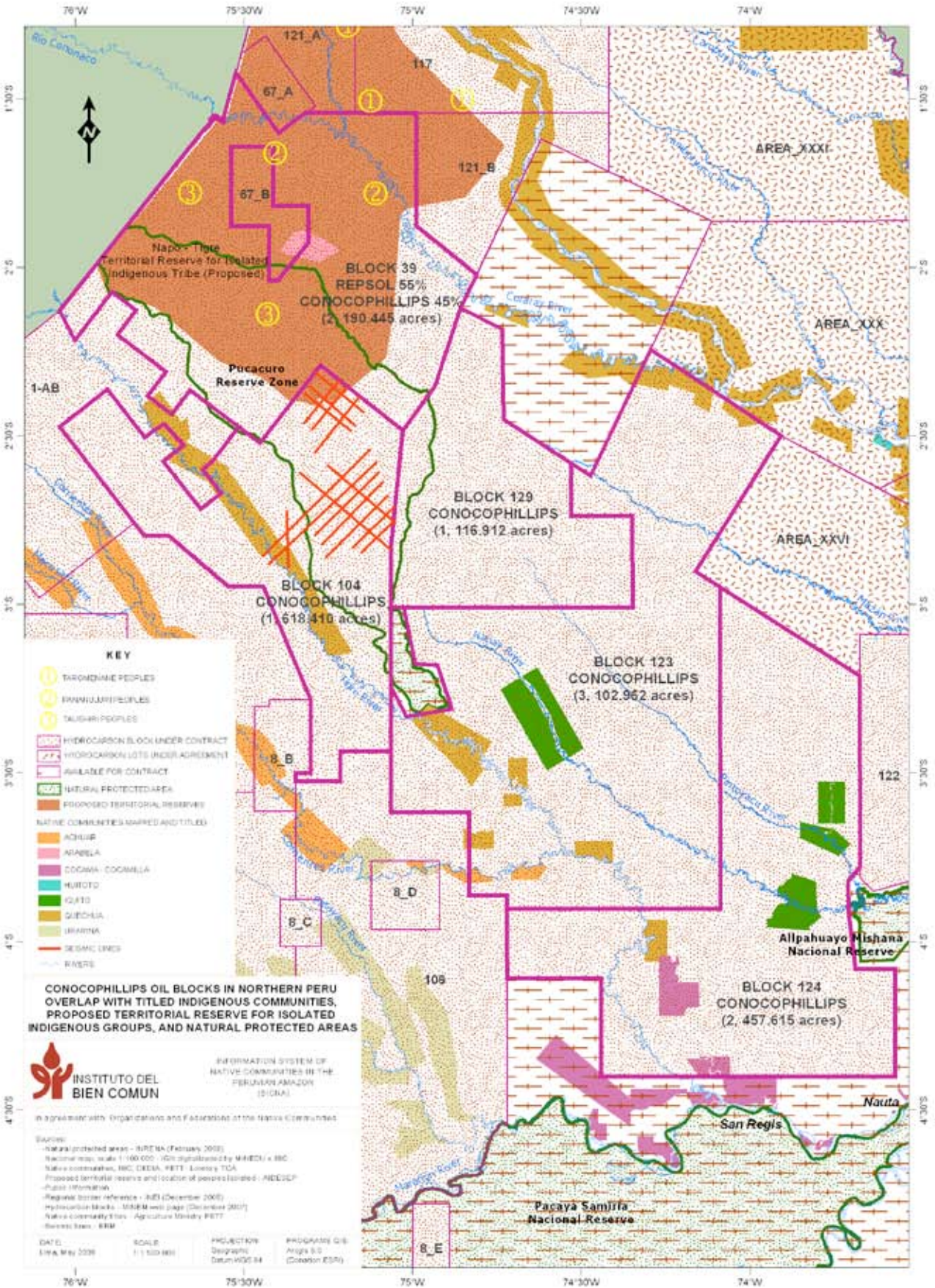


TABLE 1: CONOCOPHILLIPS' PERUVIAN CONCESSIONS

Block	Size in Acres	ConocoPhillips' Stake	Concerns
39	2,191,370	35% ownership (with Repsol and Reliance Exploration)	Overlaps proposed reserve for un-contacted peoples, natural protected area, and titled indigenous lands
104	1,619,218	65% ownership (with Cepsa Peru)	Overlaps proposed reserve for un-contacted peoples, natural protected area, and titled indigenous lands
123	3,111,684	100% ownership	Overlaps regional conservation area and titled indigenous lands
124	2,448,997	100% ownership	Overlaps regional conservation area and titled indigenous lands
129	1,167,402	100% ownership	Overlaps regional conservation area
Total acreage:	10,538,671		

Source: PeruPetro

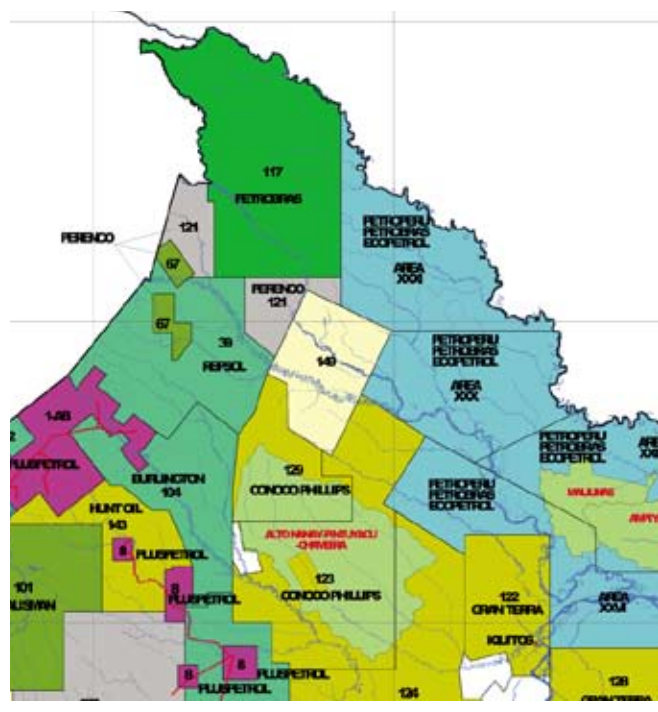
At the company's annual meeting in 2008, ConocoPhillips acknowledged that recent political developments have limited the company's options in the region, with Ecuador and Venezuela effectively off the table in the near future. Within this context, the company has indicated it is pinning its hopes for its Latin America holdings in Peru on the five concessions that make up a de facto "mega-concession." Recent discoveries of heavy crude reserves in Blocks 67 have raised the expectations of ConocoPhillips and partner-operator Repsol for similar discovery in the adjacent block 39.

Expanding operations into this area, however, is fraught with risks—both for ConocoPhillips and for the local population and environment. ConocoPhillips more than doubled its Peruvian holdings in late 2006 and 2007, and has indicated to shareholders that operations in Peru are a significant component of its long-term strategy. In 2007, ConocoPhillips held 68.5 million acres of exploration and production areas worldwide, nearly one fifth of that in Peru alone. At the same time, ConocoPhillips has largely ceased operations elsewhere in South America—in Ecuador due to a long history of local opposition to drilling, and in Venezuela due to unfavorable conditions imposed by the Chavez government.

This situation calls on ConocoPhillips—given the sheer scale of its operation in the Amazon—to be an industry leader in upholding the highest global standards of corporate social and environmental responsibility.

CONOCOPHILLIPS INHERITS CONTROVERSY FROM BURLINGTON RESOURCES

In March 2006, ConocoPhillips acquired Houston-based Burlington Resources. In doing so, ConocoPhillips inherited



Together, the Pucacuro Reserved Zone and the Alto Nanay-Pintuyacu-Chambira Regional Conservation Area (seen above) cover almost half of ConocoPhillips' five-block "mega-concession"

a history of controversy due to Burlington Resources' manipulative dealings with local communities, and complicity in human rights violations. Burlington Resources' grim history in the Amazon centers on two oil production blocks in southeastern Ecuador, located in the territory of the Achuar, Shuar, and Kichwa indigenous peoples.

In Block 24 in Ecuador, acquired in 1999 from ARCO, Burlington Resources fomented division within communities historically and categorically opposed to oil production. The company repeatedly attempted to consult with individual leaders and communities without the permission of tribal authorities, despite a legal injunction explicitly prohibiting it from doing so. Resolute opposition from the local indigenous federations forced Burlington Resources to suspend operations and declare *force majeure* in 2001—usually invoked only in cases of natural disasters such as floods or earthquakes—to exempt it from fulfilling its contract with the Ecuadorian government. The issue was the subject of a front page *New York Times* article in 2004.

In adjacent Block 23, where Burlington Resources operated as a partner with Argentine company CGC, members of the Sarayacu indigenous community were subjected to beatings and kidnappings in 2003 and 2004, by the Ecuadorian military serving the oil company contractors. In 2003, the Inter-American Commission on Human Rights ruled that Ecuador must take precautionary measures to protect the lives and safety of the community. Most recently the Inter-American court on Human Rights ruled that the Ecuadorian Government and CGC must guarantee the removal of the dynamite buried throughout the Sarayacu territory for planned seismic testing operation and the restoration of the area affected.

In 2007 and 2008, ConocoPhillips publicly stated that it has put blocks 23 and 24 on hold indefinitely even though these blocks are still considered among its Ecuador holdings. The legacy of Burlington Resources' grave mistakes in Ecuador pose some threat to ConocoPhillips given the company continues to operate under the Burlington Resources name in Ecuador and Peru.



THE AMAZONIAN CONTEXT

The intrinsic value of the Amazon rainforest is well understood: the region contains some of the greatest biological and cultural diversity on the planet and generates an estimated 20% of the world's fresh water. In addition to providing these irreplaceable ecological services, the Amazon rainforest is increasingly seen to be a critical element in the regulation of global climate and rainfall patterns.

Historically, the Amazon has been primarily viewed as a vast and virtually de-populated source of natural resources to be extracted and sold to global markets. The 20th century brought some hydrocarbon activity to the Andean Amazon region, although in the global scheme, the oil field discoveries have been marginal. Interest in exploration increased in the last five or so years, fueled by soaring gas prices. The global economic slump and the accompanying reduced gas prices are likely to only temporarily dampen the enthusiasm to exploit Amazonian oil reserves until the economy recovers, whether sooner or later.

Prior to the recent economic downturn, the Peruvian government created and auctioned off dozens of hydrocarbon concessions throughout the Peruvian rainforests. Since 2005, the area of the Peruvian Amazon designated to this patchwork of oil concessions has jumped from roughly 15% to well over 70%. The current economic situation appears to not have curbed the Peruvian government's eagerness to sell off its oil potential: In late April of 2009, PeruPetro, the country's oil licensing agency, signed contracts with international oil companies for 15 Amazonian blocks.

While the government has declared the country as a "place to carry out new business", Peruvian indigenous federations, human rights organizations, and environmental groups have expressed strong and reiterated concern about this haphazard "oil rush".

LORETO: EPICENTER OF PERU'S MODERN DAY OIL RUSH

In the last four decades, Peru's northern region of Loreto has been the country's most

important in terms of oil extraction. As a result of the recent hydrocarbon concession fire sale, the region currently accounts for 70% (47 out of 67) of the total concession in the Peruvian Amazon. Additionally, the majority of all oil extracted from Peruvian concessions in recent years has come from the Block 1AB and Block 8 concessions in Loreto, located along the border with Ecuador. Reserves of heavy crude have been found in the areas of Blocks 67 and 39 (a 35% share of which is held by ConocoPhillips, along with Spain's Repsol and Reliance Exploration.)



The Peruvian Amazon for sale: Oil and gas concessions now cover over 70% of the Peruvian rainforest. These oil blocks also overlap dozens of titled indigenous territories (yellow), areas inhabited by tribes living in voluntary isolation (brown and reddish) and natural protected areas (green).



Illegal logging, facilitated by extensive waterways and a lack of state vigilance, poses a threat to the region's virgin forests.

ECOLOGICAL CONCERNS

THE WESTERN AMAZON is a unique region where South America's plant, amphibian, bird, and mammal diversity all reach maximum global levels. While the lion's share of deforestation is occurring in the so-called "Arc of Deforestation" along the forest's eastern and southern frontier in Brazil, recent developments in the western Amazon are of tremendous concern. This area, identified as one of the world's remaining "mega bio-diversity hotspots", is under threat from the cumulative impacts of expanding extractive industries and the accompanying infrastructure mega-projects. High levels of species endemism point toward likely extinction of species as a result of ecological disruptions.

ConocoPhillips' five-block "mega-concession" is located in the core of the Napo Moist Forests eco-region, the richest part of the western Amazon. The following information paints a picture of the ecological significance—and vulnerability—of this region.

PLANTS. The estimated regional flora of the ConocoPhillips block area is between 3000–3500 total species, one of the richest plant communities in the world. Most notably, this area contains the most diverse tree communities in the world.

AMPHIBIANS AND REPTILES. The ConocoPhillips block zone is also home to very high herpetological diversity, with an estimated 100+ amphibian species and at least 80 reptile species. In fact, this section of northern Peru is recognized as one of the richest regions in the world for amphibians. Among this richness is at least one *Atelopus* species, member of a genus that is experiencing devastating declines throughout its range in Central and South America.

BIRDS. The ConocoPhillips block area also contains extremely high bird di-



These photos illustrate several animals representing the region's phenomenal bio-diversity, which includes thousands of plant, bird, and amphibian species. Numerous such species are endemic or unique to the Napo Moist forest ecosystem.

versity, accounting for some 500 species. This extraordinary bird diversity includes numerous regional endemics restricted to the Napo Moist Forests. At least nine bird species in the ConocoPhillips block area are considered threatened in Peru according to a 2004 government listing of rare and endangered species in the country.

MAMMALS. The Peruvian Amazon is a global center of mammal diversity, and one of the only places in the world capable of supporting over 200 species in any given area. Around 60 species of medium and large mammals alone are predicted to occur in ConocoPhillips block zone. Most notably, this area potentially supports 15 primate species—one of the highest totals in the world. The ConocoPhillips block area is a refuge for at least 20 threatened mammal species, including 12 that are listed as threatened in Peru by a 2004 government decree. Two of these species—the White-bellied Spider Monkey and the Giant Otter—are globally endangered.

FISH. The ConocoPhillips blocks are located in a unique area where a group of headwater streams originates along a

small divide in the lowlands, not further away in the Andes like most of the region's waterways. These rivers contain high fish diversity for a headwater region, accounting for some 240 species.

Despite this incredible diversity, the ConocoPhillips block region is still understudied. A recent analysis by the Chicago Field Museum revealed that much of the area has received very little field study, even for well-known taxa such as amphibians, birds, and mammals.

One of the likely factors behind the extraordinary biological diversity of this region is the ever-wet and ever-warm climatic conditions caused by its proximity to both the equator and the Andes. In other words, the Napo Moist Forests are wetter and warmer than just about anywhere else in the Amazon. Most importantly, the northwest Amazon—where the five-block ConocoPhillips complex is located—is predicted to maintain wet rainforest conditions even as climate change-induced drought grips the eastern Amazon in coming decades.

Several protected areas have been proposed or established in the region, most notably the Pucacuro Reserved Zone and the Alto Nanay-Pintuyacu-Chambira Regional Conservation Area (RCA). Remarkably, around 99.5 percent of this region is considered to be primary rainforest. ConocoPhillips' blocks, however, cover most of both these reserves. These two natural protected areas jointly cover an area of 1,945,276 hectares, or roughly 45.6 percent of said concessions. Beyond these two protected areas, the Pacaya Simiria reserve is found immediately to the south of block 124, for a stretch sharing the Tigre River as a common boundary.

The Pucacuro Reserved Zone, according to the governmental resolution that created it, "has as its objective the protection of a representative demonstration of the eco-region of rainforests of Napo and the endemic center of Napo, which has been classified as one of the most important areas in the

THE CHICAGO FIELD MUSEUM RAPID BIOLOGICAL ASSESSMENT

In 2007, the Chicago Field Museum performed a Rapid Biological Inventory, detailing the biological importance of the region covered by the Alto Nanay-Pintuyacu-Chambira Regional Conservation Area. This area is found within the heart of the area comprised of Blocks 123, 124, and 129. According to the study, “The [Alto Nanay-Pintuyacu-Chambira] headwaters form part of the proposed Nanay-Pucacuro biological corridor, an area harboring spectacular biodiversity and rich in endemic species. In its entirety, this corridor protects a representative sample of Loreto’s biodiversity, ensures habitat

connectivity for migratory species or species with large home ranges, provides a refuge for flora and fauna threatened in areas with more intensive use in Loreto, and engenders source populations of flora and fauna for adjacent areas where resources are used more intensively by local residents.”

The study’s recommendations include, “Restrict[ing] intensive commercial use in Nanay-Mazán-Arabela Headwaters. The headwaters, which provide essential ecosystem services to a large part of Loreto and supply water to Iquitos, are extremely

fragile. The area’s soft substrates and steep gradients are subjected to an almost continuous natural erosion, making the headwaters extremely vulnerable to any activity that increases the rate of erosion—timber extraction, oil extraction, mining, or large-scale agriculture. Excluding the timber concessions from the region is critical; however, this alone is not sufficient to protect the headwaters. If other intensive use is permitted in the area, the increase in erosion will trigger heavy sedimentation in the three watersheds, resulting in economic, biological and social losses for Loreto.”

world for the conservation of biodiversity given its exceptional richness of species and endemism.” The vast majority of the seismic testing carried out in Block 104 to date has been within the boundaries of this reserve.

Pucacuro is currently classified as a “Reserved Zone”, indicating that it is essentially a natural protected area-in-waiting, but its specific classification has yet to be determined. Six local indigenous communities have petitioned national Peruvian authorities that the area be classified as a Communal Reserve, which would provide them control over how the area would be administered. In 2008, however, central government officials suggested that it should be classified instead as a National Reserve, resulting in an impasse. Local experts have suggested that this tension relates to who will receive the economic compensation paid out by the oil blocks.

The Alto Nanay-Pintuyacu-Chambira Regional Conservation Area, according to the Chicago Field Museum, harbors spectacular biodiversity and is rich in endemic species, ensures habitat connectivity for migratory species or species with large home ranges, provides a refuge for flora and fauna threatened in areas with more intensive use in Loreto, and engenders source populations of flora and fauna for adjacent areas where resources are used more intensively by local

residents. However, this reserve is largely covered by ConocoPhillips Blocks 123, 124, and 129.

Thus, one of the main threats to the area covered by the ConocoPhillips blocks is clearly oil exploration and development in these remote and road-less parts of the jungle. In fact, the Chicago Field Museum report indicated that proposed oil development in the region represents a particularly major threat to the fish and amphibian diversity due to high contamination risk of aquatic habitats. The vast majority of the bird species in the area are forest specialists, so any oil infrastructure-related deforestation could have substantial impacts upon the avian fauna. The region is also full of moderately valuable timber species, so any new oil project-related access routes, or an influx of workers to the area, could spark an increase in illegal logging.

In summary, the ConocoPhillips block zone is of outstanding global conservation significance due to its 1) extraordinary biodiversity, 2) role as a refuge for numerous species threatened in other parts of their range, 3) role as a refuge for a number of regional endemics restricted to this area, 4) likelihood of maintaining wet, rainforest conditions in the face of intensifying climate change (unlike the eastern Amazon), and 5) system of protected areas aimed at conserving the area.

THE AMAZON, CLIMATE CHANGE, AND OIL COMPANIES

The Amazon rainforest—the world’s largest—is at grave risk. This three million square mile expanse is approaching an ecological tipping point which, if passed, could effectively result in a total collapse of the eco-system as we know it. Furthermore, tropical deforestation is the largest source of global-warming gases accounting for an estimated 20 to 25 percent of all global emissions. On one hand, there are economic and social tendencies leading to de-forestation, including road construction, the expansion of the agricultural frontier, and extractive industries such as oil, gas, mining, and logging. On the other hand, changing atmospheric conditions—regional warming and declining rainfall—are themselves being increasingly seen as a threat to the survival of the Amazon.

In March of 2009, researchers with the Hadley Centre in Exeter (UK) announced that, “[t]he Amazonian rainforest is likely to suffer catastrophic damage even with the lowest temperature rises forecast under climate change, researchers have found. Up to 40 percent of the rainforest will be lost if temperature rises are restricted to 2C, which most climatologists regard as the least that can be expected by 2050. A 3C rise is likely to result in 75 percent of the forest disappearing while a 4C rise, regarded as the most likely increase this century unless greenhouse gas emissions are slashed, will kill off 85 percent of the forest.” [Source: “85 Percent of Amazonian Rainforest at Risk of Destruction, Researchers Warn” by Lewis Smith,

published on Wednesday, March 11, 2009 by the *Times Online* (UK)]

Like the melting of the icecaps and the thawing of the tundra, the Amazon could be entering into a self-perpetuating “positive feedback loop.” The worst-case “die-back” scenarios outlined above would send giga-tons of carbon into the atmosphere, accelerating man-caused carbon emissions, seriously exacerbating global climate change writ large, and hastening the decline of the Amazon.

Oil and gas companies working in the rainforest inherit a double responsibility in regards to climate change. Their operations often contribute to local processes of deforestation through the construction of roads, pipelines, and oil platforms. Pollution from oil extraction and transportation aggravates this situation. On a more global scale, every barrel of oil produced is ultimately being transferred into the atmosphere, adding to the balance sheet of man-caused carbon emissions.

ConocoPhillips has already come under fire for its involvement in oil sands production in Canada, which is environmentally destructive and expected to be a major source of carbon emissions. With the added fact of 10.5 million acres of exploration blocks in the endangered Amazon rainforest, ConocoPhillips’ stated commitment to “taking action on climate change” rings hollow.

Illegal logging, facilitated by extensive waterways and a lack of state vigilance, poses a threat to the region’s virgin forests.



PHOTO: A. JONES



PHOTO © A. NOGUELES

Indigenous community members using medicinal plants to cure a sick child in the community of Santa Cruz along the Mazan River

INDIGENOUS COMMUNITIES AND CONOCO-PHILLIPS

CHAPTER OVERVIEW

ConocoPhillips' 10.5 million acres of holdings in the Peruvian Amazon are home to indigenous peoples including the Kichwa, Iquito, Arabela Abijiras, Taromenane, and Pananjuri and indigenous people living in voluntary isolation of unknown ethnic origin. Any exploration or production activities will affect these people's livelihoods, traditional lifestyles and ancestral territory. As ConocoPhillips moves forward with exploration plans, it finds itself in a hazardous position due to the company's failure to adopt transparent and comprehensive policies with regard to indigenous rights.

It has been widely recognized in international law that indigenous peoples' rights require special protection above and aside from universal human rights principles. International agreements, including the 1989 International Labor Organization Convention No. 169 (ILO 169) and the United Nations Declaration on the Rights of Indigenous Peoples ratified by the UN general assembly in 2007, have established that indigenous peoples

have the right to choose their own course of development and to make decisions about the use of their territory. It follows that no development project should take place on indigenous territory without the explicit consent of those people being directly affected.

As per exploration timelines established within contracts ConocoPhillips signed with the Peruvian state, the company has been car-

rying out informational workshops with local communities within oil blocks 123, 124 and 129. The latest information we have about the blocks, according to monthly updates published on the Perupetro website and correspondence with ConocoPhillips, include:

- Block 104: ConocoPhillips carried out 417km of 2D seismic testing in September and October of 2008, most of it within the Pucacuro Reserved Zone. Assuming its tests demonstrate the presence of oil, the company would either move onto more precise seismic testing known as 3D or straight into exploratory drilling. In either case, it would be required to carry out a new EIA process.
- Blocks 123 and 124: Carried out initial workshops in nineteen communities in September of 2008. “Discussion groups and informational meetings have been held this year in each of the 67 communities in Blocks 123 and 124 with at least six more rounds of these community informational meetings planned for the rest of

the year.” “Planned activities in Blocks 123 and 124 call for the acquisition of seismic data to fulfill contractual obligations to the Peruvian government. These activities are scheduled for 2010.”

- Block 129: Carried out initial workshops in two communities in September of 2008.

The chasm between the Peruvian legal requirements and international human rights norms underscores the importance of explicit and detailed commitment on the part of ConocoPhillips to the latter.

However, ConocoPhillips has not provided a clear, consistent policy with respect to indigenous peoples. ConocoPhillips has told shareholders’ groups that it does not have the capacity to provide detailed information about its consultation process or the results. This lack of transparency is worrisome in the questions it leaves unanswered about ConocoPhillips’ consultation process. In particular it is unclear how ConocoPhillips identifies relevant stakeholders and appropriate indigenous authorities with whom to consult; what

ENVIRONMENTAL IMPACT ASSESSMENTS AND COMMUNITY CONSULTATION PROCESSES IN PERU

Within Peru, the community consultation process is combined as part of the process to develop the obligatory environmental impact assessment (EIA). While the EIA is being prepared by a government-approved consulting firm, a series of three “informative workshops” are carried out with communities. At the end, the study is presented in a “public hearing”, at which point communities and other stakeholders have a window of 15 days to submit comments to the Peruvian Ministry of Energy and Mines, the authority responsible for approving the study.

In addition to being structurally problematic, this process falls short of international standards of indigenous rights:

- First, the process should be carried out by the State, which theoretically has responsibilities to protect the rights of its own citizens, not the private company, with its direct financial interest wrapped up in seeing the project move forward. To meet international legal standards, prior consultation process needs to occur prior to the creation and the auctioning of the concession and before any contract for the concession is signed.
- Second, the process is more a pro-forma bureaucratic requirement than a mechanism designed to meaningfully consult with and obtain consent of indigenous communities about land use on their ancestral and

legal homelands. The consultations are carried out after external actors such as the state and the company have already made many of the most important decisions. By the time the communities know anything about it, the project is essentially a fait accompli.

- Third, the consultations are carried out community-by-community, often in contravention of the standard Amazonian indigenous peoples’ decision-making process that takes place at broader levels, such as that of a given indigenous people or “nation” or multiple communities within a watershed.
- Fourth, information provided to communities is often overwhelmingly technical and biased toward securing a “green light” for the company, overstating potential positive outcomes for the communities (jobs, education, health, infrastructure, “development”) while underplaying probable negative outcomes (pollution, social impacts such as cultural disintegration and disease).
- Ultimately, the Peruvian government explicitly denies communities the right to veto a project. This is a direct violation of indigenous peoples’ right to free, prior, and informed consent, which implicitly allows communities the right to reject initiatives they view as contrary to their interests.

level of meaningful participation indigenous representatives have in the consultation workshops that ConocoPhillips organizes.

In order to preserve their culture and exercise their right to self-determination, indigenous peoples must ultimately

have the right to deny entry to an oil company or any other outside entity that wishes to exploit their lands. Without a straightforward promise not to work in any indigenous territory in which it has not obtained free, prior, and informed consent, ConocoPhillips risks future conflict which could imperil the company's reputation and the financial viability

CONFLICTS WITH INDIGENOUS COMMUNITIES: COCAMA CASE STUDY

Recent information points toward latent conflicts between ConocoPhillips's activities in Block 124 and the local Cocama indigenous population, found on the block's southern border (see map). A total of 54 of these communities are represented by Cocama Association for the Development and Conservation of San Pablo de Tipishca (ACODECOSPAT). The following information was gathered via in-person interviews carried out with ACO-DECOSPAT's president Alfonso López, in addition to news articles and public statements issued by the Association. The issues raised are indicative of the tensions that often arise between communities and oil companies, given asymmetrical power dynamics between the parties and the environment created by the Peruvian government's enthusiasm to impose oil concessions on indigenous territories.

In a public pronouncement issued in July of 2008, the Association condemned the fact that the state had created oil concessions on their territory without consulting them first. Specifically, they wrote, "Now we see that the Peruvian state has signed the ILO's Convention 169, in which the indigenous peoples' "right to consultation" is recognized. However, this is not respected. We firmly reject the Peruvian state's decision to provide the oil blocks 123 and 124 within our territories without having consulted us previously, violating the above-mentioned Convention."

- Later in 2008, the communities expressed their lack of confidence in the objectivity of the company contracted to carry out the environmental impact assessment (EIA), Walsh Peru. Walsh had previously reported that a 2000 oil spill in the Pacaya Simiría National Reserve, in which eight Cocama communities are found, would have few environmental impacts. The Iquitos-based Institute for the Investigation of the Peruvian Amazon (IIAP) provided a contrasting assessment, concluding that the river would need some 20 years to recover from the disaster's impacts. Though the community requested that Walsh be replaced, ConocoPhillips has maintained Walsh as their EIA contractor to date.
- Perhaps demonstrating Walsh's institutional attitude about the environment, company representatives have

reportedly dismissed community concerns about river pollution. According to the July 2008 communiqué, "In May, one of Walsh Peru's workers stated in the community of Nueva Conquista that, 'when women wash clothing with soap in the Nahuapa River, they are contaminating the river.' The level of cynicism reflected by this statement surpasses the permissible limits."

- Community leaders have perceived a pattern of lack of respect for community perspectives and concerns on the part of Conoco, Walsh, and the Ministry of Energy and Mines. Amongst other incidents, this has included openly disrespectful attitudes displayed by biologists when the community explained their cosmo-vision and connection to the environment during a workshop.
- The Environmental Impact Assessment process, by means of cutting pathways through the jungle, has destroyed some plants of medicinal value to the communities and disrupted the feeding grounds of the local tapir population. The companies have to date refused to consider any kind of compensation, on one occasion asking community members why they would ask for compensation given that they didn't understand how to deal with money.
- Information provided to date has been extremely technical and virtually impossible for community leaders and members to meaningfully understand, much less critically analyze. The process has not provided any reason to be optimistic that it will comply with "informed" aspect of Free, Prior, and Informed Consultation or Consent.

Given a well-organized association and strong ties with local priest who advocate on behalf of the communities, the Cocama are likely to be in a more favorable negotiating position than other, more isolated and less well-organized indigenous communities. As such, we ask ourselves, "If there is an atmosphere of lack of confidence in the Cocama case, how much worst might it be with others found within the ConocoPhillips mega-concession?"



These crossed spears, left by indigenous groups deep in the forest, provide an unequivocal warning for outsiders to stay away. These were found near the Piraña oil field of Blocks 39, located in the core of the proposed Napo Tigre territorial reserve.

INDIGENOUS PEOPLES LIVING IN VOLUNTARY ISOLATION

THE EXISTENCE OF ISOLATED INDIGENOUS GROUPS, voluntarily living in deep in the most remote regions of the Amazon away from contact with modern civilization, has increasingly come to the international public's attention in recent years. Media coverage in the United States has included a cover article in *National Geographic* and stories on mainstream TV programs such as *Good Morning America*.

The term “voluntary isolation” reflects the fact that these groups have made a conscious decision to avoid forced contact, given the violence, decimation by disease, and cultural devastation implied therein. The act of isolating one's ethnic group is an expression of the inherent rights afforded to these groups, most lately via the UN Declaration on the Rights of Indigenous People: the right to self-determination, to life and health, the right to their culture, etc.

Current pushes to build road networks into the farthest reaches of the Amazon and extract valuable natural resources wherever they are found mean that indigenous groups living in voluntary isolation have few sanctuaries left to which they can flee. We are approaching a situation that will be resolved in one of two ways: either decision makers at different levels will exercise the political will to create and enforce “no go” zones where isolated groups live, or expansion for economic ends will be

forced upon them and the centuries-old process of population decimation and cultural assimilation will play itself out. Simultaneously, the ecologically sensitive areas in which they live will be threatened.

Isolated peoples' high vulnerability to forced contact

In recent decades, forced contact of isolated groups in Peru has resulted in widespread deaths. In 1984, the Yora de Kugapakori, found in the south-eastern province of Madre de Dio, were forcibly contacted by illegal loggers utilizing roads created for Shell Oil's operations. As a direct result, an estimated 42% of the Yora population died from respiratory diseases for which they had no immunological defenses. Beyond death by diseases otherwise common to most humans, isolated peoples are also vulnerable to violence that often ensues when outsiders enter their territory to extract resources.

This drama has become a significant political issue in Peru. High-level government officials have denied that such groups exist. In President Garcia's guest opinion piece published in October of 2007, titled "The Orchard Dog Syndrome", he claimed that, "Against oil, they have created the figure of the "un-contacted" jungle native; that is to say, unseen but assumed, and for which millions of hectares should not be explored." According to Peru's La República newspaper, Daniel Saba, Peru's Minister of Energy and Mines, "questioned the existence of indigenous groups living in voluntary isolation, considering it absurd to say there are un-contacted groups 'when no one has seen them. Therefore, of which un-contacted groups are they speaking?'"

These postures are contradicted by other governmental agencies that have recognized, implicitly or explicitly, that un-contacted groups exist. Government action, prompted by requests from Peruvian civil society, has led to the creation of five "territorial reserves" in southern Peru. Most recently, during a meeting in Iquitos, the government's National Institute for the Development of Andean, Amazonian, and

Afroperuvian People (INDEPA), committed itself to study the possibility of another five proposed territorial reserves in northern Peru.

It is into this polemic that ConocoPhillips has jumped by holding minority control (35%) of Block 39, run by Spain's Repsol YPF, and Block 104. These two blocks overlap the proposed Napo Tigre Territorial Reserve, a designation AID-ESEP and anthropologists have been advocating for given evidence of four groups living in voluntary isolation in the area: the Taromenane (Waarani linguistic family), and the Arabela, Pananujuri and Taushiri (Zaparo linguistic family).

Strong evidence for the existence of these un-contacted groups was originally presented in two anthropological reports—completed in 2003 and 2005, respectively—by AID-ESEP and a group of Polish anthropologists. The 2005 report was actually part of an official request to the Peruvian government for the creation of the Napo Tigre Territorial Reserve, a protected area designed for the protection of the territory of the four isolated groups.

These two reports contain 58 articles of evidence, including numerous eye-witness testimonies, regarding the presence of



This map, using Google Maps technology, plots numerous sightings of indigenous people in voluntary isolation documented in the 2003 and 2005 anthropological reports. The blue border demonstrates the reaches of the proposed Napo Tigre territorial reserve, much of which is covered by oil block 39. Map prepared by Lukasz Krokoszynski and © TerraMetrics, Europa Technologies, MapLink/Tele Atlas and LeadDog Consulting.

indigenous peoples in voluntary isolation in the area covered by Blocks 39 and 67 (i.e., mid and upper Curaray, Arabela, Aushiri, upper Napo, Pucacuro, Tangarana, Baratillo and upper Tigre rivers). Several of the described incidents occurred within just the past decade.

Near the Piraña oil field of Blocks 39 and 67 are the un-contacted Arabela peoples. The anthropological reports contain the details of two separate sightings in this area of “naked” indigenous peoples in the forest. Since the eye-witnesses were villagers from the only community in the area, Buena Vista, it is assured that the spotted individuals were not locals but indeed isolated peoples. Members of the community have also found numerous footprints of their un-contacted relatives as well.

Another sighting occurred at a nearby logging camp, where a naked male with long hair and large, bare feet was spotted. In another incident, one day upon returning to the camp the loggers found two crossed spears sticking out of the ground on the trail, a clear warning signal. At this logging camp there are also reports of missing items (such as used batteries), sounds of indigenous people imitating diurnal animal noises at night (such as monkeys and macaws), and loud noises from the banging of tree trunks, all of which have been attributed to indigenous peoples in voluntary isolation.

Between the Dorado y Piraña oil fields are believed to be the Pananujuri. In this area, there are reports from local fisherman and hunters of footprints, trails, and sounds that could not be from anyone in the local community and are attributed to indigenous peoples in voluntary isolation..

Further north, near the Paiche oil field, is the territory of the Taromenane. There have been at least four sightings in this area. A soldier from the Vencedores military post saw a naked man with long hair. In a separate incident, two other soldiers saw three naked women. In addition, a man from Buena Vista saw some naked people bathing in a small stream, and a fisherman’s wife saw two naked men. There is an interesting story from 2002, that two Ecuadorian soldiers got lost in the forest for 13 days after fleeing from an encounter with two naked indigenous men. Another soldier reportedly found a camp of the un-contacted indigenous peoples. In addition, there are numerous accounts of trails, sounds, and gardens that could only be from the isolated peoples of the forest.

The 2005 report concluded that “the zone made up of the river basins of the mid and upper Curaray, Arabela, Aushiri, upper Napo, Pucacuro, Tangarana, Baratillo and upper Tigre rivers, in the districts of Napo and Tigre, provinces of Maynas and Loreto, within the Loreto Region, constitute an area

traditionally occupied by indigenous peoples found in a situation of voluntary isolation, which use the existing natural resources in these spaces through subsistence practices such as hunting, fishing, gathering, and cultivation.”

In 2009, a separate group of anthropologists issued a report stating the methods and conclusions of the 2005 report were valid from a scientific point of view. Moreover, the anthropologists exposed and severely criticized the industry-backed efforts to undermine the report.

Adding to the evidence is the identification, within an EIA for Block 39, of three sites with ethno-archeological remains such as ceramics and hatchets, “which correspond to current native populations found in areas and sites previously occupied where we saw indicators or evidence of archeological nature.”

In a separate EIA, this one for Block 67, it actually says that there will “probably” be an encounter between the seismic crews and the un-contacted indigenous peoples. This same EIA goes on to say that, due to this high probability of an encounter with the isolated peoples, the seismic teams need to have indigenous translators present in the field. Indeed, this clash between seismic workers and un-contacted peoples may have happened in May 2008. There are unconfirmed reports that, on two separate occasions, a member of the seismic crew cutting lines in Block 39 witnessed a naked indigenous person in the forest.

Based on all of this evidence of the existence of un-contacted indigenous peoples in the middle of Blocks 39 and 67, in June 2007 AIDSESEP launched national and international legal actions. For the latter, AIDSESEP petitioned the Inter-American Commission on Human Rights, based in Washington D. C., for a protective measure known as “Precautionary Measures.” Such measures were previously granted in Ecuador, pressuring the government there to adopt policies that prohibit the entrance of outsiders, including oil companies, into un-contacted Taromenane territory. The domestic legal action was presented by AIDSESEP in the Superior Court of Loreto, soliciting the judge to halt all oil activities within the proposed Napo Tigre Territorial Reserve.

In summary, there is abundant evidence that indigenous peoples in voluntary isolation inhabit the Block 39 area. The evidence is sufficiently strong that the situation has been elevated to the level of the Inter-American Commission on Human Rights. In addition, numerous anthropologists have spoken out against more oil activity in this area. By continuing to partner with Repsol in this concession, ConocoPhillips is running the risk of being directly implicated in a series of foreseeable deadly events.

CONTINGENCY PLANS

Forced by international concern for the survival of indigenous groups living in voluntary isolation, oil companies have responded by developing “contingency plans” in the case of encounters between un-contacted people and company workers. In a letter dated 2 April 2009, ConocoPhillips’ Peru General Manager, Stephen Gast, writes, “According to information provided to us by Repsol concerning its 2008 operations in Block 39, there was no evidence of the presence of un-contacted people. Repsol planned for, and conducted contingency drills to be prepared in the even of, any encounters with isolated indigenous peoples.”

These contingency plans have been a source of tremendous concern for human rights groups, both Peruvian and international, for several years. In many cases, the contingency plan itself is to attempt to establish some kind of communication with un-contacted individuals. For example, Repsol’s “Anthropological Contingency Plan” would send an investigation mission immediately to any area where tracks, arrows, drawings, or spears were found. In the case of an actual sighting, the community relations supervisor would attempt to establish verbal communication to gather information.

These actions would be extremely dangerous, both for the company officials and the un-contacted people. The evidence of un-contacted groups such as spears, arrows, and drawings are often a warning sign left by those groups. An entry into those areas by a group of individuals could be interpreted as a hostile act and could result in violent confrontation, as has happened innumerable times in the past. Any contact, even nonviolent, would expose the individuals in voluntary isolation to common diseases and would likely set off a deadly chain of infections and decimation of their numbers.



Commercial boats on the Curaray River close to the community of San Rafael

CONCLUSIONS / RECOMMENDATIONS

Conoco's Need For Stronger Human Rights and Environmental Commitments

ConocoPhillips touts its commitment to principles of human rights and corporate social responsibility. The company issues an annual sustainable development report, and promises on its web site to “conduct its business consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights (UDHR).”

However, due to the complexities of working in areas populated by indigenous groups, and due to Burlington Resources’ checkered history, it is doubly important that ConocoPhillips go a step further in making concrete commitments to respect internationally recognized rights of indigenous peoples.

International conventions such as ILO 169 and the UN Declaration on the Rights of

Indigenous Peoples guarantee indigenous peoples the right to determine the nature of their own development. ConocoPhillips has promised to consult local communities, but this practice is woefully inadequate in addressing the land rights conflicts over its oil concessions in the Peruvian Amazon. ConocoPhillips has yet to adopt a clear and comprehensive policy on internationally recognized legal rights of indigenous peoples

including the right to free, prior and informed consent of those living in the company's oil concessions.

Even if ConocoPhillips endorses human rights principles in theory, the lack of a concrete, specific indigenous rights policy leaves unanswered important questions about how those stated principles will or will not be implemented in actual practice. By operating in environmentally and culturally sensitive rainforest areas without a clear mandate from local communities, or clear and consistent procedures for its local representatives to follow, ConocoPhillips exposes itself to significant financial and reputational risk. Even one project undertaken against local opposition has the potential to undercut the company's reputation globally.

Shareholder groups representing millions of shares in the company have taken notice, and have filed resolutions calling on ConocoPhillips to adopt a detailed indigenous rights policy including the right to free, prior and informed consent. Such a policy would ultimately safeguard ConocoPhillips's desire to be seen as an industry leader in social responsibility, and would help assure shareholders that the value of their investment will not be compromised by conflict over its work in indigenous territory in Peru or elsewhere.

Recommendations

With increasing activity within ConocoPhillips northern Peru "mega-concession", the company is setting the stage for industrial scale oil exploration and extraction that would have undoubtedly serious long-term environmental and social impacts given the cumulative nature of multiple operations across an enormous and inter-connected area. Conoco's operations are surrounded by other concessions—operated by a host of other oil companies—that are currently going through the same process, with many in the EIA / community consultation phase and several entering seismic exploration. The long-term impacts on the region are likely to be severe and of yet have not been meaningfully taken into consideration by either the Peruvian state—whether regional or national authorities—or multinational oil companies currently poised to ramp up oil operations across the region.

ConocoPhillips—and every other oil company, regardless of national origin—has a responsibility to consider the cumulative and long-term impact of its operations, far above and beyond Peru's woefully inadequate legal minimum. To this end, Amazon Watch and Save America's Forests make the following recommendations to ConocoPhillips:

Regarding the company's concessions in Peru:

(1) WITHDRAWAL FROM THESE CONCESSIONS:

ConocoPhillips' five-block mega-concession lies in the core of a region of outstanding global conservation significance due to its 1) extraordinary biodiversity, 2) important role as a refuge for threatened species and regional endemics, 3) largely intact and pristine state, 4) likelihood of maintaining wet, rainforest conditions as climate change-induced drought wreaks havoc in the eastern Amazon, and 5) system of large, contiguous protected areas aimed at conserving the area. Additionally, there is abundant anthropological evidence for the existence of indigenous peoples in voluntary isolation in the Block 39 area. As such, we oppose any oil exploration and development in the region, whether ConocoPhillips or any company.

(2) USE STRATEGIC ENVIRONMENTAL ASSESSMENTS:

If ConocoPhillips decides to further pursue exploration in these blocks, the company should suspend current operations pending the implementation of a Strategic Environmental Assessment (SEA), carried out jointly with Loreto's regional government. The company should adopt a general practice of carrying out prior SEA in cases, such as the northern Peru "mega-concession", where the company plans to work in extended geographic areas. This innovative practice would significantly expand the company's environmental and social due diligence process, looking at the potential cumulative and long-term impacts of the company's planned actions and potential risks to the company's bottom line and reputation. As opposed to the legal requirement of Environmental Impact Assessments (EIAs), which are carried out block-by-block, phase-by-phase, this SEA would simultaneously study all of the company's blocks, through development phase. Explicit in this process should be a procedure through which the company's No Go Zone policy (recommended below) would be implemented, declaring the most ecologically and culturally sensitive areas off-limits by the company as a result of the study.

(3) INCREASE TRANSPARENCY IN DECISION-MAKING AND POLICY REVIEW PROCESSES:

Provide a broader range of stakeholders a real-time window into the company's process of obtaining a social license to operate.

Regarding overall company policy:

(4) ESTABLISH A "NO-GO ZONES" POLICY:

Acknowledge the growing body of international human rights law. Establish a policy on No-Go Zones, areas in which the company would not operate including: (1) where there is reasonable evidence of the existence of indigenous populations in voluntary isolation, as is the case in the proposed Napo-Tigre Territorial Reserve, and (2) areas that are ecologically sensitive and likely to suffer irreparable damage as a result of industrial-scale activities, such as oil exploration and extraction. These include national and regional protected areas, such as Pucacuro Reserved Zone and the Alto Nanay-Pintuyacu-Chambira Regional Conservation Area.

(5) ESTABLISH A FREE, PRIOR, AND INFORMED CONSENT POLICY:

In recognition of the growing body of international norms regarding the right of indigenous peoples, adopt a board level policy to respect indigenous peoples' right to self-determination and their right to choose their own path of development and participate in decisions which affect their lives, resources and territories. Implement a policy of only working in areas where the company and the government have the free, prior and informed consent of the indigenous peoples affected by the project. The process must: 1) be carried out in a transparent manner to ensure that any decision is taken freely through indigenous peoples' own decision making structures; 2) occur prior to the signing of any contracts or beginning of any operations; and 3) ensure that indigenous peoples are fully informed of the short and long-term positive and negative impacts of hydrocarbon exploration and production in the region. Explicit in the policy should be a willingness to not work in areas where consent has been withheld.

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