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President of the Republic of Ecuador

Abogada
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Minister of the Environment

FROM: Save America's Forests – United States
Land is Life – United States
Friends of the Earth – United States
Environmental Defense – United States
Amazon Watch – United States
Rainforest Rescue – Germany

RE: Petrobras September 2006 Environmental Impact Study for Block 31

DATE: September 29, 2006

Ecuador's Yasuní National Park and adjacent Waorani Ethnic Reserve, located in the Western Amazon near its intersection with the Equator and Andes Mountains, is one of the most biodiverse parts of the entire Amazon basin. A 2004 report prepared by 50 of the Park's scientists concluded that Yasuní may well be the single most biodiverse forest on Earth. In addition, the Park and Ethnic Reserve are the last refuge for not only the Waorani, but also the Tagaeri and Taromenane, the last two known groups of people living in voluntary isolation in the Ecuadorian Amazon.

Yasuní, therefore, is of global conservation importance since it is the only national park in the region—there isn't another Amazonian park for hundreds of kilometers to the south and east. Unfortunately, Ecuador, unlike the other Amazonian countries Bolivia, Peru and Brazil, allows oil extraction within national parks.

Much of the western section of Yasuní National Park and Waorani Ethnic Reserve has been directly impacted by oil extraction, along with the secondary impacts that accompany oil roads such as illegal logging, colonization, and overhunting.

We are therefore extremely concerned about Petrobras' plans to extract oil from the intact northeast section of Yasuní National Park. Although we applaud the Environment Ministry's decision to prohibit Petrobras from building an access road into the heart of the Park, the new Environmental Impact Study clearly indicates that the construction and operation of the processing facility, drilling platforms, flow lines, and pipeline will all have significant negative social and environmental impacts. For example:

- The massive Central Processing Facility (CPF) would be constructed on the alluvial plain of the Tiputini River. The Tiputini is world renowned for its extraordinary birding and wildlife. Sixteen hectares of mature, inundated forests along the Tiputini would have to be cleared and drained, completely destroying the habitat
- The rainforest surrounding the proposed sites for the two drilling platforms is home to large mammal species considered indicators of high quality rainforest, such as tapir, giant armadillo, giant anteater, and large monkey species. For example, near the proposed site for the Apaika drilling platform is a large mineral-lick important for tapirs, and many ant nests where Endangered giant armadillos come to feed.
- Construction and operation of the CPF will impact the Kichwa community of Chiru Isla. The CPF will be built on an important hunting area for the community, the animal-rich forests along the Tiputini. Moreover, the intense noise from the machinery and generators at the CPF, along with the constant movement of vehicles, personnel and machines on the CPF access road, will certainly drive out local bird and mammal populations.
- Construction and operation of the drilling platforms will impact the Waorani. At least 86% of the people in the nearby Waorani community of Kawymeno still rely on hunting to acquire food. The drilling platforms, however, are located within their prime hunting grounds. 86% of the Waorani in Kawymeno also still fish. Waste generated at the nearby Apaika drilling platform, however, will be released into a local river. The platforms would also certainly negatively impact any future plans of ecotourism for Kawymeno.

Further, there was no analysis of alternatives in the new EIS. For example, alternative locations for the processing facility were not analyzed. Most importantly, a “NO ACTION” alternative for the whole project was not analyzed. Examination of alternatives has been a fundamental component of minimum good practice in environmental impact studies around the world for over 30 years.

Therefore, we recommend that the Environment Ministry NOT approve the new study and NOT grant the environmental license for this project. Instead, we support the Waorani call for 10 year moratorium on new oil projects on their ancestral territory. In July 2006, a group of 25 scientists—including many scientists with extensive research experience within the Park—submitted a letter to the government of Ecuador which also supported the Waorani call for a moratorium on new oil activities.

Given that the drilling platforms and flow lines are located on ancestral Waorani territory, Prior Informed Consent must be obtained from the Waorani people. The right of Prior Informed Consent from indigenous peoples for activities that will impact their land and resources is enshrined in international law, namely ILO Convention 169 (which Ecuador has ratified). The Convention states that the consultations must be carried out in “good faith” and with the aim of “achieving consent.”

Prior Informed Consent must be obtained from both the impacted communities and the representative organizations. Instead, Petrobras has only consulted the single Waorani community located within Block 31 (Kawymeno), and ONHAE and AMWAE have not even been consulted. This violates the Ecuadorian Constitution, international law, and Waorani bylaws. The Ecuadorian Constitution guarantees the collective right of indigenous peoples to be consulted about oil projects on their lands. Thus, the representative organizations must be part of the process. Internationally, ILO Convention 169 states that governments should consult indigenous peoples in an appropriate manner and “in particular through their representative organizations.” And the Waorani bylaws declare that ONHAE is the only legal entity able to sign agreements in the name of the Waorani. We request, therefore, that the government extend the comment period for at least another month to allow ONHAE and AMWAE adequate time to be consulted and deliver comments.

Furthermore, before further discussion of this project moves forward, a comprehensive Social Impact Assessment should be completed. Such an assessment should be conducted by an independent institution with no financial or other interest in Petrobras’ project. The Social Impact Assessment should be carried out in partnership with ONHAE and AMWAE and take into account the effects that the project will have on the survival of the peoples living in voluntary isolation in Block 31.

If development does proceed, the implementation of the following technical changes proposed by the Scientists Concerned for Yasuní would significantly reduce, but not eliminate, the negative impacts of project.

First, a new CPF should not be built next to the Tiputini and feasibility studies should be undertaken on the expansion of the processing facility at Eden Yuturi Camp (CEY) in Block 15 to process the oil coming out of Block 31. Given that this expansion would take place on the territory of the El Eden Kichwa community, the project could only proceed with their prior informed consent.

Second, if the new CPF is eliminated, the new access road leading from the Napo River would not be necessary and should be eliminated as well and immediately reforested.

Third, the Apaika drilling platform should not be constructed and Extended Reach Drilling (ERD) should be used from the Nenke platform to access the oil within the Apaika field. Current ERD technology allows drilling from a remote location up to 11 km away. For example, the oil company Total drilled the Ara field in Argentina from over 10 km away. Several other companies, such as BP and Phillips, have accessed fields from over 8 km away. Given that the distance between the Nenke and Apaika platforms is only ~5km, there is no need to construct both platforms.

In conclusion, we stress that Petrobras’ new project design, although better than the original design with the access road, will cause significant impacts to the biodiversity and indigenous peoples of Yasuní National Park and its surroundings. Thus, we do not

support this new development. If the project proceeds, however, we feel that the utilization of the existing processing facility in Block 15 and Extended Reach Drilling would greatly reduce the environmental and social impacts of the project.

We thank you for your close attention to this matter.

Respectfully,

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