

# PETROLEUM IN INDONESIA 2002

## 1. COMMUNITY STATEMENT REJECTING OPIC SUPPORT OF PT UNOCAL. POSITION STATEMENT From the COMMUNITIES IMPACTED BY PT UNOCAL. REJECTION OF FINANCIAL SUPPORT FROM OPIC (Overseas Private Investment Corporation) TO PT UNOCAL

We regret to be informed that the Overseas Private Investment Corporation (OPIC) is financing the PT Unocal West Seno I and II projects using US taxpayer dollars. PT Unocal is a company that has committed "Human Rights Violations" against the Marangkayu community. For several years, we, the community, have been suffering as a result of the operations of PT Unocal in the Kutai district of East Kalimantan, Indonesia.

After reading a letter from OPIC dated February 11, 2002 directed to JATAM in Jakarta, we, the community was heavily disappointed with the contents of this letter. We, the community, who have been continuously experiencing negative impacts as a result of the oil dredging being carried out by Unocal found several discrepancies in this letter:

1. The "due diligence" process that OPIC stated as occurring from January 11-18, 2002, failed to directly meet with the community that up until now have become victims of PT Unocal. Therefore, it is clear that OPIC failed to describe actual conditions.
2. The statement regarding the results of the "due diligence trip" that PT Unocal has conducted joint efforts to communicate constructively with villages near the Santan Terminal is an outright lie. To meet with us, the community, PT Unocal has never made themselves easily available nor during such meetings with PT Unocal, the company has never allowed an opportunity for constructive communication between us, therefore we regard OPIC's conclusions to be without merit.
3. The existence of the KMM (Marangkayu Community Committee) is only a strategy of PT Unocal to escape responsibility of their human rights violations. KMM represents the interests of PT Unocal. The idea to form such a committee came from PT Unocal, the East Kalimantan local House of Representatives, the East Kalimantan local police chief and the military commander at a meeting on October 12, 2000 at the East Kalimantan local House of Representatives. To gain justification, they recruited individuals from the community and an international NGO funded by PT Unocal. Community representatives were not involved. The work of KMM has been regarded by the community as manipulative and not in accordance with targets. KMM's existence has also caused more disadvantages for the community because this group has caused horizontal

conflict. For these reasons, the community rejects the existence of KMM and demands the disbanding of KMM. OPIC only communicated with KMM and has not considered the existence of the community-based organization LMPLH (Lembaga Masyarakat Peduli Lingkungan Hidup/Institution of Environmental-Concerned Community).

4. OPIC has not referred to the seizure of the community lands by PT Unocal by force that have been ongoing since 1970.
5. OPIC pointed out the community development efforts of PT Unocal in their letter, however PT Unocal only began conducting such efforts after a shooting incident occurred during a demonstration on October 8, 2000, also known as "Dark Sunday." The community were protesting the actions of PT Unocal and the government and PT Unocal responded by calling the police force, who came in and shot community members. Because of this, we, the community, refer to PT Unocal's community development as "Bleeding Community Development." Furthermore, based on OPIC's conclusions regarding community development, we would like to state the following on the implementation of community development in the field :
  - The education fund program is often enjoyed only by the children of PT Unocalem ployees;
  - Drinking water has only been made available to two neighborhoods (1/4 of the village area) and therefore the statement that drinking water has been provided to two villages is a lie;
  - Support for shrimp ponds is insignificant since the shrimp are dead.
6. The OPIC team only talked to people from PT Unocal and NGOs supporting PT Unocal (Care International, KAPITAL, Pesut and Cori) that have up until now been funded by PT Unocal. These groups have attempted to create divisions in our community.
7. Efforts by PT Unocal to improve wastewater management over the last two years have been insignificant. Pollution is still occurring, this includes among others:
  - Rice fields around the site still reap less harvest ever since the area became polluted with waste from PT Unocal.
  - Shrimp ponds are increasingly being destroyed. PT Unocal efforts to provide assistance for the shrimp farming have not been adequate and brought no results. The pollution is continuing and has caused critical massive deaths of shrimps that have been increasing over the last two years. The shrimp farmers are now only harvesting water.
  - PT Unocal's waste discharge area has been extended and this has increased pollution to the area significantly with the waste dispersal area increasingly becoming wider. Before the extension, the shrimp pond farmers still could harvest Bintik shrimp and crab, but after the extension of the waste pipe, Bintik shrimp and crab have also died.

8. PT Unocal has broken the law with respect to their new West Seno projects. Based on stipulations of the Environmental Act No. 23/1997 and Oil and Gas Act No. 22/2001, when there is a new project it must first be socialized to the public so that local communities are aware of the new project in their area. Following this, an environmental impact analysis (AMDAL) must be socialized to the community. We, the community, have never received any information on the plans of the new PT Unocal project and the impacts for the community. And there was never any public consultation done of the environmental impact analysis with the community. The actions of PT Unocal clearly have “broken the law.”

Because of this, we, the Marangkayu community, joining together with the Lembaga Masyarakat Peduli Lingkungan Hidup (LMPLH), a community-based organization supporting and made up of communities victimized by the operations of PT Unocal, hereby state our position:

1. We demand that the OPIC team return to the field and talk directly with the community affected by PT Unocal in the Marangkayu area;
2. We demand that OPIC stop financial support for the PT Unocal's new oil and gas project until all problems with the community affected by PT Unocal are resolved;
3. We demand that OPIC pressure PT Unocal to immediately resolve all impacts of exploitation on the Marangkayu community;
4. We appeal to the US public and NGOs to protest and persuade the American government and OPIC to stop financial support of PT Unocal until issues are resolved for the community impacted by PT Unocal.

Marangkayu, 04 April 2002

Impacted Community of PT. UNOCAL

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**Source:** RESISTANCE OILWATCH NETWORK BULLETIN Number 30 – July 2002

The non-profit organisation from Indonesia PELANGI, has launched the book "Life After Oil". The book states that around 84% of power generation in Indonesia are fossil-fuel-based. In 1885 –about 15 years after the first oil mining in the world – Royal Dutch or Shell started oil drilling in Indonesia. Since then, oil and gas became the "primadona" of the country's economy eventhough its direct contribution to Indonesia's GNP continued to fall, from 12.3% in 1991 to 9.5% in 1996.

Various environmental, social and political impacts always occur in oil producing regions in Indonesia. Indonesia, like many other countries, is heavily dependent on fossil fuel. However, it is estimated that in 20 years, Indonesia will run out of oil and change its role, from an oil exporter to a total oil importer.

Life after Oil attempts to raise the awareness that fossil energy resources are running out. Pelangi strives to prepare the Indonesian society to enter the era where the scarcity of fossil fuels make it no longer be the ultimate choice, and turn to renewable energy.

***More information: [pelangi@pelangi.or.id](mailto:pelangi@pelangi.or.id). [www.pelangi.or.id](http://www.pelangi.or.id)***

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**Source:** RESISTANCE OILWATCH NETWORK BULLETIN Number 30 – July 2002

### 3. INDONESIA: SAENGGGA COMMUNITY BLOCKADE BP BASE CAMP

Many people believe that patience is a key to winning any struggle. However, acts of patience are meaningless when one side is playing unfair, manipulating information, denying aspirations and breaking agreements.

About fifty people from Saengga Village, Babo Regency, Manokwari District, Papua, blockaded the BP Indonesia Base camp on May 13, 2002. The Saengga community is no longer patient and has recognized the unfairness they have been dealt. The Saengga community expressed their disappointment with the failure of the Manokwari government and BP Indonesia to act based on agreements made at a workshop held from April 24 to 27, 2002.

"This climax in a series of events has resulted with the Saengga Village community demanding that commitments be fulfilled that were made by the Manokwari local Level II Government and BP Indonesia," analyzed the Manokwari NGO Alliance for Tangguh Advocacy in a May 13, 2002 press release. The press release also stated that "up until now, there has yet to be a sign that BP Indonesia and the Manokwari Local Level II Government will facilitate discussions about agreements made in the Saengga Workshop with the community in Manokwari."

The blockade ended in the early evening as the community went home for evening prayer. Also the community believed a community member working at BP

(Government and Public Affairs -GPA staff), Ladis Serang, would take the community demands to the company for study and discussion in Jakarta.

On May 7, 2002, sixty-three people from Saengga Village stated nine agreements made at a workshop. It was agreed that two of the agreements would be discussed later and would be followed-up by the head of the Manokwari District and BP Indonesia between the dates of April 29th and May 4th. Saengga Village delegates were supposed to be part of this discussion but no such discussion occurred.

In a community position statement, the community demanded that: BP commit to the previous nine agreements; the Manokwari government follow up on the workshop agreements and that all demands in the statement be responded to within three days.

The Saengga community demanded that the most urgent issue that needed to be followed up immediately in Manokwari was a review on the status and value of the land that at the moment is benefiting BP Indonesia. It was agreed that BP would facilitate the transportation costs of the community to the Manokwari follow up meeting and the Manokwari district government would facilitate logistics and accommodations for the community's stay in Manokwari.

Other important agreement discussed in the workshop consisted of; community access to nature, agreement on labour, community development, existence of community traditions, human rights, construction of the marine transportation infrastructure at the nearest town; construction of asphalt roads from Tobi Village to Tanah Merah; the mapping of the village and the setting up of a body or foundation to realize the previously mentioned programs (see Gravels: Nine Agreements between the Saengga Community and BP).

The developments related to the BP Indonesia operations, to exploit gas and conduct liquefied natural gas (LNG) operations in the Bintuni Bay have occurred in the Saengga Village. Therefore, the Manokwari NGO Alliance for Tangguh Advocacy, working on behalf of the community while following their own organisation's visions and missions, have taken the position to always be consistent in struggling for the rights of the marginalised community.

In connection with the Saengga community blockade, the Manokwari NGO Alliance for Tangguh Advocacy released a press statement stating that: "The actions of the Saengga Village community are in reaction to the non-transparent actions of BP Indonesia, Pertamina and the Government especially towards the Saengga Village and communities that will be impacted by the development of this LNG project."

The press statement went onto say that "the occurrences of Monday, 13 May 2002, should not have had to be done if the government, BP Indonesia and Pertamina took responsibility and followed all commitments made together with the community."

The press statement also demanded that the community, BP Indonesia, Pertamina, the government and other involved parties in this project follow up on unresolved issues through dialogue without the use of violence.

The final demand of the press statement called for a moratorium on the Tangguh project and open consultations, without pressures directed to the Bintuni Bay community and other communities that will be impacted. The provision of broad information beforehand related to the impacts of the project was another call as well as the community being given the "opportunity to deliberate and choose what is best for them."

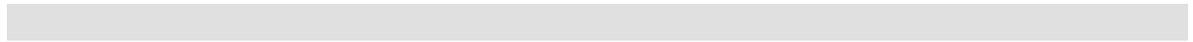
#### **a) Land Status**

For the Tangguh LNG project, BP Indonesia offered the community 15 Rupiah per square meter of land. The price of a fried banana in Papua is 250 Rupiah. Discrepancy has also been discovered between land acquisition documents of the company and those in possession of the community. BP Indonesia has claimed they have bought the Saengga Village land but Mr. Tambunan (a farmer) disputes this, stating that the contract that BP possesses covers rights to build infrastructure on the land only and there is no rights to establish an enterprise. These issues are being looked into more depth by the Manokwari NGO Alliance for Tangguh Advocacy.

Related to the land issue again is the discovery that the land of the Soway community was taken over by force. From a total of 900 hectares, 850 hectares was acquired by BP Indonesia, however the remaining 50 hectares was not to be acquired by the company. However, several community members have testified that BP are trying to pressure that this 50 hectares of land located at Tanah Merah be given to the company for location of their LNG plant.

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**Source:** RESISTANCE OILWATCH NETWORK BULLETIN Number 31 – August 2002



#### 4. CHRONOLOGY OF PT: TOTALFINAELF'S GAS PIPE EXPLOSION

On Friday March 1, 2002, at approximately 3.30 pm, Iwan was keeping watch over fish ponds when he spotted dense black smoke coming from the TotalFinaElf operations. Iwan along with other workers did not pay any attention on the smoke. It was at approximately 4 pm, that a loud explosion came from one of the PT. TotalFinaElf operations. A gas pipe had exploded. The explosion was accompanied with white smoke and flying mud in the air. In a few seconds, the location was on fire. The fire gush reached 50 meters and surpassed the rig tower. The community living around the rig location panicked. TotalFinaElf soon evacuated everyone to avoid unexpected situation. Fish farmers were evacuated as well as other fisher folks. One worker at a shrimp gathering post said that they had been woken up at approximately 1 a.m. and were ordered to get into a TotalFinaElf speedboat to be evacuated. The farmers were worried about leaving behind their shrimp harvests. When they asked about their shrimps, one officer replied, "just leave them behind." One of the post owners asked for a written assurance for their shrimp ponds but the only response from one officer was that "if something happens, just sue Total." According to the community who lived at Banati, they saw gas coming out from a misty river surface. The gas followed the river flow into the sea while it was low tide. Based on an investigation, sixteen fish farmers and pond keepers did not evacuate. They stayed together in one small house about one kilometer from the GTS E site. One fish farmer did not go anywhere and stayed in a small hut only 100 meters away from the explosion location.

On the next day, Saturday, March 2, 2002, at 11.00 a.m., half of the community returned to their huts. They had to have reasons in order to gain permission from TotalFinaElf security officers and the police to return home. The community has observed black oil that they strongly suspect as resulting from the explosion. There is also gas caused by the explosion flowing in the river out to the sea. As a consequence, the community living near the riverside were not allowed to light any fires as well as turning on electricity generators or boat engines. H. Jarbe, a shrimp farm owner who lives nearest to the location had an opportunity to harvest 151 kilograms of shrimps a day before the explosion at GTS E. Unfortunately, all the shrimps were left to rot because TotalFinaElf officers did not allow him to approach the farm for security and safety reasons.

Twenty-four hectares of farm normally produces at least 1 ton of shrimps every harvest season. On Sunday, March 3, 2002, a layer of oil on the river surface where farmers use this water for farming was still observed. Thus, the farmers were afraid to change the water as they normally do during high tide. The Kutai Regency investigation team who tried to enter to a safe position at the gas blow out location and condensate- Tunu E5 well at the Maera rig, were stopped by TotalFinaElf management who would not allow them to enter due to safety reasons. The team had already confirmed an appointment to go to the location on Sunday, March 3, after negotiating with Pertamina Processing Unit V and

TotalFinaElf one day before. On Monday, March 4, 2002, a layer of oil was still apparent on the river surface. This was more apparent during low tide and at ponds of such farmers as Bisri and H.Onggeng. The oil also stuck to nipah palm trees near pond locations. On the same day at 9.30 a.m., an anti-pollution boat called the "Delta Converse", occupied by three TotalFinaElf officers led by a local person conducted an inventory of the community fish ponds at Bayur II. This inventory was done to gather information like: who the farm owners are and the measurement of the ponds as well as total shrimp production of each farm. Based on information from these officers, the Maera Rig was still not safe and would be abandoned in a short time. The community did not press charges but Total promised to give compensation if destruction did occur. H. Jarbe was one of the farmers who met with WALHI.

He had six ponds at the location with a total area of 94 hectares. He was forced to harvest earlier. He was only able to harvest shrimps for one month and four days when the normal period is three months. He was concerned that all shrimps would die before the end of three months since most of them were already unhealthy. Due to the gas pipe explosion at Maera Rig, which contaminated shrimp ponds with oil and gas solutions, 59 shrimp farmers' harvests failed. These figures do not include shrimp harvests of farmers from RT. Dg. Makkare. The total area of farming destruction has reached 594 hectares. The area that has been directly hit by condensate is around Bayur II and Bayur III, Sepatin Village, Anggana District, Kutai Kertanegara Regency. This was the worst contaminated area.

At these two locations, dead shrimps were able to be found everywhere. This was suspected to be due to waste flowing along the community farms.

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**Source:** RESISTANCE OILWATCH NETWORK BULLETIN Number 33 – Octubre 2002