

PETROLEUM IN INDONESIA 2003

1. EXXONMOBIL IN ACEH - SUMATRA

Aceh is located in the Northwestern of Sumatra Island with the area of approximately 57,365.57 km square or 12.26 % of size of Sumatra Island. It consists of 119 islands, 73 major rivers and 2 lakes. Aceh is surrounded by Malacca Strait in the north, North Sumatra Province in the east, Indian Ocean in the south and the west. The capital of Aceh is Banda Aceh or previously known as Kutaradja.

The first Islamic Kingdom in Aceh was Perlak, established in 804. Under the reign of Sultan Iskandar (1607-36), Aceh was the most powerful state in the region. On that time, Aceh was dominance in trades and politics. Since the death of Sultan Iskandar Thani in 1641, Aceh influence gradually decline.

This initiated British and Dutch to occupy the area. Aceh war against the Dutch from 1873 - 1942 was the longest and the most expensive (in money and human life victims) fought ever for the Dutch, costing them more than 10,000 lives.

After Indonesia declared its independent in 1945, Aceh became part of this country. Aceh had a big role in building the country. But only eight years after that, Aceh under Teungku Daud Beureueh fight against the "centralized" government.

Aceh was immersed into North Sumatra Province. The result, huge protest by Acehnese people against central policy in Jakarta requested Aceh to become a special and autonomy province.

In 1976 Hasan Tiro declared independent for Aceh. This movement believed that Acehnese people will not be able to actualize their specific identity in the country where ideology and the government system are wrong. Once again, the government under Soeharto regime face this movement repressively by military approach.

Started in 1989 until 1998, Aceh province totally under military operation. Under the military operations there were so many human right abuses. Killings, disappearances, rapes, torture and forced displacement are the examples of the abuses. A number of mass graves were found. These actions not only against human right but also become crimes against humanity.

Some people also believes that these acts could be classified as the crime of genocide. In Aceh the oil company Exxon Mobil has being extracting oil for Several

years. Due to the opposition of the people to operation of the oil company, ExxonMobil's gas operations to close down for several months in 2001.

A peace agreement between the Indonesian government and the Free Aceh Movement (GAM), has been given a cautious welcome. Industry analysts expect it to improve the investment climate both in Aceh and in Indonesia as a whole. The deal, signed in December, has thus far provided a welcome break for ordinary Acehnese from the daily round of killings and acts of terror during the conflict. But there could be problems ahead if the two sides put too different an interpretation on the loosely termed agreement, which includes the difficult question of 'decommissioning' or storage of GAM arms and the 'relocation' (not withdrawal) of Indonesian troops.

As the two-month period of monitoring actions by the two sides was drawing to a close, a growing number of violations of the 'cessation of hostilities' accord were being recorded by the Joint Security Committee, putting the future of the agreement in doubt.

For Acehnese living near the ExxonMobil operations in North Aceh, the deal will hopefully reduce the numbers of Indonesian troops stationed to guard the site, although post-Bali fears of terrorist attacks may well persuade ExxonMobil and Jakarta that current numbers should be maintained. This is the security force that stands accused of subjecting local people to torture, killings and disappearances, prompting a lawsuit against ExxonMobil in the US (see DTE 53/54:9).

The accord may also mean that local villagers have more of a chance of bringing long-standing complaints over land-grabbing and pollution to public attention - or at least as much of a chance as communities in other parts of the country.

In November, the head of Aceh's environmental protection agency, Bapedalda, said his office had received pollution reports from local residents, but had not been able to investigate due to the security situation. People living in Lhoksukon and Pasai subdistricts had complained of itchy skin, dying trees and hazardous waste polluting their river. Previously, ExxonMobil denied that its waste was polluting the local environment, stating that the waste was shipped by a contractor for treatment in Bogor.

Source: RESISTANCE OILWATCH NETWORK BULLETIN Number 36 - March 2003

2. SULAWESI TARGETED FOR EXPLOITATION

Central Sulawesi is being billed as Indonesia's next big gas producer by Indonesian companies with exploration projects in the province.

Indonesia's state-owned oil and gas company, Pertamina, and Exspan Tomori Sulawesi -a subsidiary of Medco- say the province has huge potential for natural gas exploitation.

General affairs manager of the company's joint co-operation body, Tri Siswindono, said Central Sulawesi could easily become Indonesia's biggest natural gas producer. With 20-28 trillion cubic feet (tcf), the Donggi and Senoro fields hold up to twice as much gas as Aceh's Arun field, operated by ExxonMobil, which has around 14 tcf left. The combined Sulawesi fields had almost three times as much as Papua's Tangguh project, he said.

The joint operators are planning to build a liquefied natural gas (LNG) plant to process the gas, to start production in 2007 at the latest, according to Pertamina director Baihaki Hakim. He says the markets are there - Marathon wants to buy 6 million tonnes of LNG per year and the Philippines and Japan have also declared an interest in buying Donggi LNG.

According to Pertamina, the project will mean building a new town at Donggi with potential for thousands of jobs. The area is close to Morowali nature reserve, home of the Tau'taa/Wana indigenous people.

The project is being promoted by Pertamina as a matter of national pride because it will be the first in which the company will carry through a "mega-project" independently, rather than as partners with foreign operating companies.

The environmental group WALHI Central Sulawesi has appealed to environment minister Nabel Makarim not to be in hurry to approve Exspan and Pertamina's oil and gas projects in the region, as the developments are likely to cause damage to the environment, harm livelihoods and prospects for tourism. In the Tiaka area, for example, which lies 11 nautical miles off the coast in Tolo Bay, oil exploration activities have already damaged coral reefs, according to the group.

A report by Indonesia's Tempo Magazine, described how oil and gas exploration, along with forest destruction, has contributed to the decline of the endangered aleo bird population on Banggai Island. A gas leak in 2001 killed maleos and others birds, whilst also causing islanders to suffer nausea and headaches. Tiaka Island, which was turned into a helipad and tanker terminal, was also home to 400 families of indigenous sea-faring Bajo people. 'A protest by the Bajos was answered by a terse "Stay or get out of the area".' Exspan also wants to convert Bangkiriang, a forest wildlife reserve, into an oil exploration and exploitation area, according to Tempo.

WALHI is also opposing the project's plans to build a 100 ha artificial island in Tolo Bay, by dredging 3 million tonnes of sand and gravel, to create space for storing oil drilling equipment. WALHI says the plan puts coral reef ecosystems covering almost 44 hectares under threat. A survey conducted by WALHI volunteers found that around 80% of the corals on the Tiaka Reef were in a good condition, and were inhabited by hundreds of species of fish and molluscs, including the Napoleon Wrasse (*Cheilinus undulatus*) and giant clams (*Tridacna*).

The planned conversion of the reef into a storage island would also limit the access of local people to marine resources. WALHI says the environmental impact analysis (AMDAL) for the oil and gas development was carried out without the participation of local people who will suffer the direct impacts. The NGO is also warning that the dredging of riverbeds and land sites for excavating sand and gravel will bring the threat of floods and landslides to local villagers and their farmland. WALHI says it is not opposed to the development, but insists that developers abide by environmental laws and protect the rights of local indigenous communities.

Central Sulawesi's provincial governor Prof Aminuddin Ponulele previously said he would issue a licence for Exspan and Pertamina to create the artificial island based on the recommendation of the provincial AMDAL commission. This stated that the area consisted only of sandbars and that the development would not threaten the surrounding marine life. The commission also said that its survey had found that the corals in the oil drilling area were mostly already dead. Exspan and Pertamina also reported that more than 80% of the corals were damaged.

The companies plan to start extracting oil from Tiaka in June 2003, with a production capacity of 6,500 barrels per day (bpd). US company United Texas Petroleum first discovered oil in Tiaka in the 1980s, but decided that the field's prospects were not good enough for further development.

Pertamina and Exspan then took over exploration in the field. According to Tempo, the Banggai district head gave his firm support for development: " Nothing should stand in the way of Exspan's plan to develop the natural resources of Banggai", he said. "This is a matter of prestige for Banggai."

References: Pertamina website editorial, January 2003 – see <http://www.pertamina.com>; Media 13/Sep/02; Walhi kecam Keras Tindakan PT Exspan Menimbun Laut, posted on Walhinews 02/Sep/02; Asia Pulse/Antara 29/Aug/03; Tempo Magazine 8-14 Oct/02).

Source: RESISTANCE OILWATCH NETWORK BULLETIN Number 38 - May 2003

3. WEST PAPUA: MORE DOUBTS EMERGE OVER BP'S TANGGUH PROJECT

BP has announced the findings of two studies it commissioned to examine the potential impacts of the Tangguh gas project in Bintuni Bay, West Papua, on human rights, local communities and the environment.

The questions raised by the reports and the way in which the information has been managed by BP throw further doubt on the company's claim that the Tangguh project will be a model of corporate social responsibility.

The giant Tangguh gas extraction and liquefied natural gas processing (LNG) project, due to start construction this year, is highly controversial. The project has caused alarm because it is being developed in a disputed territory where human rights abuses by the military and police forces are carried out with impunity. The project is bringing huge changes to local communities and their way of life, which is largely dependent on the Bay's natural resources. The development is located in a fragile, forested environment, near the largest remaining mangrove stands in Southeast Asia.

a) HUMAN RIGHTS IMPACT REPORT

The first study, a Human Rights Impact Assessment (HRIA), compiled by former US State Department official Bennett Freeman and US lawyer Gare Smith, was presented to BP in April 2002. This is the first time that BP has conducted a study focused solely on human rights. But the report was not published in full, despite clear public interest in its findings. BP only put out a 7- page summary of recommendations. Even then, it took the company ten months to do this. The summary, plus BP's 21-page response, was only made available in February this year, despite repeated requests from NGOs.

The HRIA summary recommendations cover many of the concerns that Papuan and international NGOs have raised. They include the recommendations that BP should:

- Pay a "fair" price for land based on the value of comparable land owned by subsistence cultures elsewhere in Papua;
- Help local and provincial governments develop guidelines to demarcate the boundaries of traditional lands;
- Pay restitution for trees felled and for loss of fishing grounds;
- Encourage the central government to guarantee revenues as outlined under Special Autonomy;
- Establish laws regarding the sale and use of communal land and squatting on indigenous lands, to limit immigration;
- Establish training courses to challenge existing assumptions regarding racial superiority/inferiority;
- Give Papuans preference in securing senior positions.

On the issue of human rights and security, the authors recommend that the company should:

- Urge the highest levels of the Indonesian government to limit TNI (Indonesian armed forces) and Brimob (special forces police) deployments and, if necessary, seek support for this position from the US and UK governments;
- Develop a written policy regarding the provision of equipment to state security forces;
- Use the ICRC (International Committee of the Red Cross) for security force training;
- Take into account past human rights records of military personnel deployed in the region, raise specific cases at the highest levels, seek investigations and accountability for abuses committed in the project area and unimpeded access for NGOs investigating alleged abuses;
- Provide a local security and human rights "hotline" for emergency use.

BP's lengthy responses to these issues are varied, but they largely consist of confirmation that the concerns are already being taken care of as recommended by the report, or are being addressed in a way that is considered more appropriate.

b) NEW CONCERNS

Several concerns have emerged recently which could make it more difficult for BP to fulfil its commitments at Tangguh. They include:

- The Bali bomb and its aftermath, including recent anti-terrorist legislation. This could lead to the criminalisation and branding as terrorists of local people who protest against projects in their areas (see also DTE 56:14)
- The trials of the seven Kopassus soldiers accused of involvement in the murder of proindependence leader, Theys Eluay, in which maximum sentences of three and a half years were handed down by the military court. The TIAP report refers to the outcome of these trials as "a first test" of the viability of Special Autonomy (p.10) and Papua's 'new relationship' with Indonesia.
- Increase in military powers: a new military bill will, if passed, increase the military powers to intervene in domestic security affairs. Critics say the bill paves the way for a military take-over of the country. Most contentious is a provision which gives the TNI commander powers to mobilise troops in an emergency, without a Presidential decision.
- The division of Papua into three provinces, which will stall Special Autonomy and raises the potential for more tension and conflict in West Papua (see also main text).

Bintuni, where Tangguh is located, has already been declared a new Kabupaten (district) under separate administrative changes agreed last year. This also entails boosting levels of military and police along with the setting up of a new district government apparatus.

Source: RESISTANCE OILWATCH NETWORK BULLETIN Number 39. - June2003

4. IRIAN JAYA: TANGGUH UPDATE

a) RESETTLEMENT: construction of the resettlement village for the families moved from the project site, started on February 5th. The houses being constructed for the resettled villagers will use 30 cubic metres of timber each. BP has said the wood will come from legally licensed producers (but there is disagreement within Indonesia as to what constitutes "legal" see DTE 56:6 and DTE 53/54:10). AMDAL (Environmental Impact Assessment): the final AMDAL, approved by central government in October 2002, is now being "socialised" to local NGOs and communities. BP is asking communities to get involved in implementing the AMDAL and monitoring the project's progress. WALHI and other organisations state that the AMDAL is invalid because there had been no legal authority to approve it, since the environmental agency Bapedal was merged with the environment minister's office. However, BP argues that the environment minister who approved the AMDAL did indeed have the legal authority to do so.

b) LAND RIGHTS: The land required for the project was in an area classified by the Indonesian government as 'production forest'. The land is also claimed by local communities. According to BP, the process ran as follows: the land was relinquished to the government by local communities (this was prior to BP's involvement in the project, when the US company ARCO was in charge), then the government issued HGU (construction) rights to BP which will last for 30-50 years. The land will then revert to the government. BP told NGOs in West Papua that the Indonesian government has promised to return the land to the original adat owners. However, it is not clear whether this commitment is on paper and how legally binding it is.

c) CONSTRUCTION OF FACILITIES: in April BP announced that a consortium of Kellogg, Brown and Root (US); JGC Corporation (Japan) and PT Pertamina Engineering (Indonesian-Japanese joint venture) had won the bid for engineering, procurement and construction for the Tangguh LNG complex, worth around \$1.4 billion. Work to upgrade an old airstrip started in November 2002. This will be used until another airstrip is constructed at the project site.

d) WATER AND WASTE: a desalination plant will be constructed to provide drinking water at the project site, but not for local communities. Hazardous waste will be stored and then taken to a suitable disposal facility (at present there is only one of these in Bogor, West Java). Other waste will be recycled, incinerated, composted or put in a landfill which will be built at the site.

e) GAS LEAKS: BP says that every effort is being made to ensure that leaks from the 25 km of undersea pipelines do not happen. But how far can this be trusted when leaks occurred very recently at its Java operations (see DTE 56:11)? Globally, BP's safety record has also come under scrutiny. Hypothetical modelling of a leak in the AMDAL shows that the environmental impacts would be "not severe", but that economic and political impacts would be "significant".

f) IMPACT ON FORESTS: As the LNG site is on state 'production forest' land, BP is required to reforest an area twice as large as the area it is taking. BP says it is currently in discussion with the forestry department on this.

g) SHAREHOLDINGS AND FINANCING: In February BP sold 12.5% of its shares in Tangguh to China's CNOOC for \$275 million, leaving BP with 37.2% of the project. In the Annex to the TIAP report BP notes that \$2,250 million of financing is required for the first 2 gas trains.

h) LNG SALES: Pertamina said in March it was in talks with Japan's Tohoku Electric Power Co Inc with prospects for the company to buy 2 million tonnes. Tangguh will also take part in a tender to supply 1.6 million tonnes of LNG to Taiwan. Tangguh already has a contract to supply 2.6 million tonnes per year to a planned terminal in Fujian province, China, starting 2007. In 2001, Pertamina signed a memorandum of understanding with GNPowder to supply 1.3 million tonnes of LNG to the Philippines.

i) REVENUES FOR PAPUA: estimates range from US\$100m/year by 2016 to US\$225m/year at peak depending on how many LNG 'trains' are constructed.

Source: RESISTANCE OILWATCH NETWORK BULLETIN Number 39. - June 2003

6. NATURAL GAS RELEASE CONTAINED AT LAWE-LAWE TERMINAL ON EAST KALIMANTAN, INDONESIA

Balikpapan, 6 May 2003 - Unocal Indonesia Company announced today that it has resumed normal operations following a temporary gas release that occurred at Lawe-Lawe Terminal near Balikpapan, East Kalimantan, at 20:00 hrs on the evening of May 5. The incident was quickly contained. The company has formed an investigation team to determine the cause of the release and is taking remedial actions to deal with the impact of the incident.

The incident has been reported to the Executive Agency for Upstream Oil and Gas Business Activities (BPMIGAS), the Regional Environmental Impact Management Agency (Bapedalda), and the local security officials involved in handling the situation.

Shortly after the gas release, several people in Girimukti village, Penajam Paser Utara regency, near the Lawe-lawe Oil and Gas terminal in the operational area of Unocal Indonesia Company complained of health problems including dizziness, nausea, and shortness of breath caused by inhaling the petroleum gas vapors.

Unocal's medical team provided immediate medical care to the local residents who experienced these health problems. A total of 28 people were treated and all but one was subsequently released. One person was kept for observation in a Balikpapan hospital as a precaution. Conditions in the local area were back to normal by 23:00 hours on May 5, with no trace of gas evident and no environmental damage.

Unocal Indonesia Company has apologized to the public, and particularly to the local community of Girimukti village, for this unfortunate incident, and is working together with local community leaders to mitigate the impact of this unexpected event.

Source: RESISTANCE OILWATCH NETWORK BULLETIN Number 41 – September 2003

7. BP IN INDONESIA WHAT IS BEHIND THE ADVERTISING OF THE BP TANGGUH PROJECT?

The Bay of Bintuni, in East Papua, is a natural gas area that has not yet been explored. Bp that it's natural gas project in Tangguh (GNL) in the Bay of Bituni reinforces its place in the energy market in Asia and the Pacific; it will also permit them to be the only foreign investors in Indonesia.

Indonesia, as in other developing countries around the world, has bountiful resources, captured by large mining, oil and gas corporations. These powerful multinationals have been strongly criticized for ignoring the needs of local communities, causing, wherever they operate, implacable disorder that ends in numerous social and environmental impacts.

BP Indonesia is the operator in Tangguh and has 37.16% shares. Other property is in a consortium of companies that includes the states oil company, Pertamina. Other important shareholders are CNOOC Ltda. (China) with 12.5% and the British BG Group Plc with 10.73%. An entity composed of the Mitsubishi Corporation (Japan) and the INPEX Corporation has 16.3%.

According to the top executives at BP, in September 2003, BP assured that it would continue with the development of the giant gas camp, Tangguh, in Indonesia, with an investment of 3 billion dollars and is waiting to soon add a Japanese buyer to its list of clients. BP Tangguh is concentrated in the Japanese market after having sealed with buyers in China and in South Korea for close to 4 million tons of liquid natural gas per year, a volume that will make this project marketable. In 2002, CNOOC and BP signed a contract for 25 years to deliver 2.6 million tons of liquid gas per year to Tangguh, starting in the year 2007. BP also signed preliminary agreements for storage with South Korean buyers for 1.15 million tons per year. A part from South Korea and Japan, Taiwan, Philippines, Thailand and India are possible buyers for gas in Tangguh. BP says that there exists 14.4 trillion cubic feet in Tangguh, tested and certified, while probable reserves reach 24-25 trillion cubic feet. They hope that a large part of financing from this project will come from the Japanese Bank for International Cooperation.

Tangguh gas fields were discovered during the brutal Suharto regime, when foreign investors received preferential treatment and when decisions regarding the use of resources were made by the military. As many other investors, ARCO, the company that developed Tangguh before fusing with BP in 1999, was promised access to land that belonged to indigenous communities, without previous consent from communities.

a) MILITARIZATION

BP has said that it would like a demilitarized zone around Tangguh. However, BP still has to face demands of local communities and increasing discontent. The criticisms against BP projects have damaged their intents of self-promotion as one of the most illustrated mining companies.

One of BP's biggest concerns in Tangguh is the flow of people coming and going from Papua at the moment of construction, which could mean social conflicts. There is a great possibility that Papua immigrants dominate the market, as has been seen in other places in the province.

The construction of the plant has been postponed due to problems with finding gas buyers. At the moment, it is planned that construction will begin in the middle of 2004. More than 100 local persons work in security, transport and cleaning base camp. BP may be provoking false hopes. For example, the local inhabitants want a massive project with dozens of job offers and income generating factors, but this is very questionable and will cause conflict with the need to limit environmental impacts on this fragile mangrove ecosystem.

Only an hour in plane, crossing the Papua mountains, one finds the notorious operations of McMoRan Copper and Gold Inc., in Freeport, the biggest copper and gold mine in the world. The mine has been strongly criticized because of its environmental history; because of not employing sufficient local inhabitants and for using American soldiers to protect the mine and that have terrorized and killed hundreds of local inhabitants. There is great apprehension within the community towards the mine and activities related to gas and oil in Indonesia, they fear that their home will be transformed into another "Freeport". The people that live close to Tangguh fear more human rights violations because of the presence of the Indonesian military (TNI) and the mobile police brigade (BRIMOB). BRIMOB is already present close to the concessioned exploration sites, operated by Grupo Jayanti Timber.

BP intends to implant security composed of local inhabitants, and plans to train them as well. However, the possibility of BP actually doing this is limited. The corrupt military see corporate inversion as an opportunity to obtain money under the appearance of protecting operations that are economically important for the country. It is known that the military incite and create conflict, attributing them to the independence movement (OPL – Organization for a Free Papua), and to then take advantage of the fabricated instability in order to obtain money from the protection of those companies interested in affected areas.

BP has made it clear that it will not sign any security contracts with the army even though they clearly want a contract with BP. If this project is of national economic interest, as it clearly is, under Indonesian law it should be protected by the military and they will surely use this pretext in order to impose presence in Tangguh.

The temporal closing of gas extraction operations of Exxon Mobil in Aceh (province that is also looking for independence from Indonesia), because of security reasons, has made it more difficult for BP to convince its colleagues that Indonesia is safe enough in order to invest.

For functionaries in the Indonesian government, security could be used as an excuse in the future for the political rupture of East Papua. The withdrawal of ExxonMobil implicated more military operations in Aceh and therefore new human rights and civil rights abuses against the inhabitants of this province. This is what is also expected to happen in Tangguh, and security will be necessary in order to avoid any obstacles and assure the offer of potential buyers.

Security in East Papua has resurfaced in the judicial sense after the assassination of Thies Eluay, leader to the independent movement, by unknown men on the 10 of November 2001. Several protests broke out because the assassination of Thies Eluay; his allies accused the military for his death. Many observers fear that new violent demonstrations will break out in this region in the future.

Some community leaders in the Wasior district, where 10 people died in 2001 protesting the police, accuse the military of creating disturbances in neighboring towns. After the slaughtering, operation "disturb and destroy" began. This meant arrests, beatings and torturing perpetrated against local inhabitants, including women and children. In June of 2001 a woman was shot and killed. Close to 5000 people have run from their homes trying to find safety. Between 300 and 600 members of the BRIMOB, regular police and troops have been sent to the region, increasing the number to 2000. The people who stayed in Wondoboi were prohibited from looking after their gardens, collecting sagú, hunting and fishing.

Evidentially, BP advances with its operation plans in this area during this time of tension, conflict and human rights abuses. The Indonesian military enjoys renewed force under the mandate of current president Megawati Sukarnoputri, after a declining state ruled by Suharto in 1998. For a long time the army had been looking for a way to cover their costs. An ambush that terminated the life of two American teachers and one Indonesian, one year ago close to the Freeport mine, put the area and the military that protected it, under international vigilance.

The military denies being involved and blames the separatist rebels. However, some human rights groups in Papua asserted that the military could have prepared the ambush to obtain higher payment for security. Documents from Freeport demonstrate that the costs of "security provided by the State" were 10 million dollars for 2001 and 2002.

b) MANGROVES

The Bay of Bintuni is the home to around 300000 hectares of mangrove. The transformation of the Bay implies large and permanent modifications to the largest mangrove reserve in South Asia, and the second largest in the world, home to 7 tribes and numerous local communities, as well as exceptional marine biodiversity in the Arafura Sea (part of the Austral-Indonesian waters).

The Bay of Bintuni is the base for an important shrimp exporting industry while there exist more than 3000 homes on coastal lands. The mangrove ecosystem is threatened by a timber export industry. Interest in protecting this area led to the development of the Bay of Bintuni Natural Reserve, which will protect approximately 267000 hectares of mangrove, 60000 of which are in the bay. Indonesian mangroves are dwindling at an alarming rate.

The coastal areas of Java and Sulawesi adjoined the mangroves at one point but now this is a rarity. The Bay of Bintuni is condemned to lose its mangrove ecosystem when it will become the site for the construction and operation of the Tangguh LNG Project, and when the installations are done, the extraction and processing of gas.

A BP study has anticipated the environmental impacts: auditory and "light" contamination, emissions of gas including the sulfur dioxide, carbon dioxide and hydrogen sulfur. The production of liquid and solid waste of the gas drilling fields, of the GNL process, of the vehicles and embarkations. Solid waste includes active carbon contaminated with mercury and sanitary waste. Harbor activities could interfere with local fishing activities, shrimp collection and transport between villages. The airport could attract "unauthorized settlements" putting additional weight on the local ecosystem. Complete report available at: http://www.bp.com/location_rep/indonesia/index.asp).

Indonesian and foreign human rights groups and ecological groups have become very critical of the Tangguh project. Apart from destroying a vast extension of important protected areas. Objections and protests are based on a series of exploitation activities that did not have the much-promised result that the company had promoted and written in bulletins.

For example, the training grounds of the Tanah Merah refinery were purchased for a fraction of a dollar per meter squared. The company has been very aggressive "in its relations with nearby communities", and according to members of local communities, public consultations are only a way of obtaining community consent.

The Environmental Impact Report for the Tangguh project (BP, 2002) faced certain controversies when the community when it brought attention to points not resolved such as the destruction of sagú forests, the relocation of the GNL plant from Weriagar to Tanah Merah, the possible death of 48 children caused by seismic exploration activities, and the question of compensation for damage to their land.

In the Berau-Bintuni area there are 9 indigenous groups that depend on local natural resources such as shrimp, fish and sagú for income. The political and legal situation in East Papua does to let them veto projects on their lands. The sagú trees, which provide food for local inhabitants, were destroyed during seismic activities in 1996 and 1997. The destruction of their primary food source is a clear violation of the human right to self-feeding. BP has manipulated the right of the local population to be informed of the impacts of production of GNL. The Ecologist

reported that all available information to local inhabitants was already delivered by BP, or by NGOs paid by BP or by Indonesian government officials. The fact that the area is remote, as in the case of Freeport, facilitates the control of information by authorities. It is probably because of this that 48 children met a tragic death in Weriar in 1996, information that was never openly released at the time.

According to *The Ecologist*, the babies died a little after ARCO (BP bought ARCO in 1999) began to drill for gas close to the river, the only source of water for the condemned. The local population wanted to report the deaths to the regional government, "but when troops came to protect the site, it was clear that they should not cause a scandal". The inhabitants affirm that test drilling done by ARCO poisoned the water and caused the death of 48 babies in the town close to Weriar. BP insists that the cause of death was an outbreak of measles and did not have anything to do with the drilling. A little while after, BP created a fund so that a neutral entity from the district's capital could investigate demands and arbitrate conflict. In 2002, in a conciliation audience, in which members of NGS, representatives of local communities, government functionaries and BP assisted, it was agreed that an independent investigation be carried out. According to a recent report, this process seems to be in a street with no exit due to the fact that the local population is opposing the examination of the bodies for a forensic analysis and because the NGO in charge of the investigation does not have the budget.

On April 15, 2002, the Environmental Impact Study was submitted to a public audience where it was evaluated. The audience marked it as incomplete especially in terms of the inadequate information regarding community opinion on the impacts of the Tangguh project. It was also difficult to access the EIA as well as other documents such as the terms of reference, the environmental monitoring plan, and the environmental management plan, among others. Based on these aspects, it was clear to the audience that the report would not obtain approval from the Ministry of the Environment. Only one document related to the EIA was found in the town of Aranday Regency while the other towns had received nothing.

According to new Indonesian regulations regarding EIA, communities have the right to receive information regarding projects to be developed on their lands, before the elaboration of an EIA. The NGO Manokwari Alliance for Assessment in Tangguh noted certain discrepancies in BP's declarations regarding the participation of communities. BP said that 52 communities in 3 districts were involved in the evaluation of the terms of reference for the EIA. However, the Alliance declared that in the public audience and in the evaluation of the EIA there were only 9 communities involved.

For the people that live in the Bay of Bintuni, another critical problem will be assuring spatial and social transformation of the waters and lands in north Papua, including the apparition of "poverty blocks" close to the oil company. If the Tangguh project proceeds how the company and government want it to, large scale land appropriation, suppression of voices that are against the project, as well as the

indiscriminate deforestation of the last belts of mangrove, could easily be the three most serious consequences for the local population.

Women will be affected by the transformation of the environment in many ways. Women in these communities are dedicated to the collection of fish and crab, and because of this they depend on the mangroves. Crab collecting not only provides income for the family, but is also a source of protein in their diet. The changes in the marine-scape includes the increase of water temperature in the bay and slow drainage cycle, due to the installation of pipes, fences, etc., and this will have severe impacts on the reproductive cycle of certain species in the area. After considering the changes that the Bay will suffer, a local leader (female) commented, "from now on I will give my grandchildren all the extra comforts can, since in the future they will be living on a sterile land, and I won't be here to alleviate their pain".

c) REPRESSION, TENSION AND CONFLICT

The existence of the BP Tangguh project has faced strong opposition in the area. Not long after BP announced its plans for Tangguh, the slaughter of June 2002 occurred in Wasior, sending a message of repression to local communities. The British Ambassador in Indonesia, Richard Gozney, visited Tangguh. Surprisingly, the Ambassador declared his support for military intervention. This means that for the British, success in Tangguh depends on military intervention. A large number of military and police officials have visited the area since the project was installed.

On May 13, 2002, the community of Saengga, in the Babo region in the Manokwari district protested at a BP base camp in Saengga. This was to demonstrate their discontent with the inconsistency of the local government to sign agreements during the taller that was carried out in Saengga from April 24 to the 27, 2002. Many of the agreements are about the price of land, the status and use in Saengga, which should be discussed in Manokwari, but no actions were taken in spite of the protest.

Civil society and military are not the only forces in opposition to the movement; there is also tension between local communities and those outsiders who come to work in Tangguh.

Immigrant workers have caused competition between local people and foreigners for jobs with the project. For example, resentment was born in the community where PETROSEA, a company that required specialists in mining and construction, did not take into account local people because of lack of preparation.

d) BP ADVERTIZING IS A GAME OF SMOKE AND MIRRORS IN TERMS OF THE ENVIRONMENT:

In 2002, BP changed its sign from a shield to a ray of sun, and during a period of time promoted the slogan "Beyond Oil". BP has been promoted as the biggest producer of solar energy in the world. BP achieved this by simply spending 45

million dollars buying Solares, a solar energy corporation. This is a small price compared to the 2605 billion dollars to buy ARCO, and the 110 billion to buy AMOCO in order to increase its capacity to produce oil. BP spent 100 million in honorariums for legal assessment in order to buy ARCO, an amount that is more than double its investment in solar energy. According to Greenpeace (1999), for every 10000 dollars that BP-AMOCO spent on oil exploration, 16 dollars were spent on solar energy. In addition, BP's accounts for solar energy only represent 0.1% of their income.

BP clarified that "Beyond Oil" means to "be the global leader in the production of the cleanest fossil fuel: natural gas". Natural gas emits a little less carbon dioxide while producing the same amount of energy. But when accidental emissions are taken into account, the difference, if any at all, is minimal. As a special report from CorpWatch indicated, "for climate, natural gas is better than oil, but the worst part is that it is a distraction from the real challenge of leading our societies away from fossil fuels".

During the United Nations World Conference on Sustainable Development, in Johannesburg, South Africa in 2002, a coalition of ecological groups distributed their version of the Oscars for companies guilty of greenwashing. BP received the prize for best greenwash actor for their campaign to change their image that included the adoption of a ray of sun in the form of a flower and their new slogan "Beyond Oil". According to one group of activists, BP spent more money on its new "ecological" symbol than on solar energy. The manager of BP, Lord Browne, insisted in the fact that BP is a company that "will be dominated by oil and gas for the next 30 or 50 years".

Greenpeace has launched its campaign LET'S CLEAN UP BP, Activists Against New Explorations, demanding that the company not invest in new explorations but that they invest in renewable energy such as solar or wind. Natives of Alaska assisted a meeting in London in 1999 where they faced the company's executives in regards to the devastating impacts of global warming in the environment and on their traditional lifestyle. In spite of the Arctic warming at a rate three or five times faster than average, that there is sever damage to fauna and that glaciers are melting, BP continues its oil explorations in the Arctic.

As well as increasing advertising, BP is recruiting NGOs as allies. Their objective is to establish friendships with nationally and internationally known NGOs in order to create a false image of environmental and social concern in the area that it works. BP is actually part of the Initiative on Energy and Biodiversity (IEB), which began in 2001, and which, according to Conservation International's website, tries to integrate biodiversity conservation with oil and gas.

The IEB, brought together by the Center for Environmental Leadership, is joining four of the biggest energy companies and 5 of the biggest conservation organization in order to share experiences and create sufficient intellectual material to convince audiences with values and influences. The following organizations

have contributed representatives, money and other resources to the Initiative: Chevron Texaco, BP, Shell International, Statoil, Smithsonian Institute, Conservation International, Fauna and Flora International, The Nature Conservancy and the International Union for Conservation of Nature (IUCN).

There are four work groups, co-directed by representatives of energy companies and conservation organizations. BP and Fauna and Flora International are co-directing the workgroup Metrics, which focuses on indicators to measure positive or negative impacts of development of oil and gas projects on biodiversity. Meanwhile, BP and Conservation International are collaborating on the Tangguh project. The possible contribution to the biodiversity protection, if one exists, is very questionable. However, it is clear that the oil and gas companies have improved their image with this collaboration with international conservation groups.

e) IN TERMS OF INVESTIGATION IN COMMUNITIES:

In one BP publication, it is noted that 70% of investments in communities where BP is situated, are concentrated in North America and Europe. BP says that it operates in “countries with fragile social structures and limited experience in market economies”.

Meanwhile, BP received benefits of approximately 14 billion dollars in 2002 but their social investments were 80 million in total. BP said that more and more governments such as China, United Kingdom and Trinidad look to international companies such as BP for help with internal problems. This is a favorable situation for BP but disastrous for communities and local governments where BP operates.

Unfortunately, countries facing economic crisis are forced to look for foreign investors, like BP, who think that it is within their power to change and manipulate national policies when it is of their interest. The interests of BP have substituted national interests in the past in countries like Colombia, while the interests of the communities and their rights have been ignored or compromised. It is well known that BP spends tons of money in order to guarantee policies that favor their activities, like the energy policy in the United States that favors oil exploration in Alaska.

Since June 2003, BP Indonesia has implemented community development activities in 9 towns that are going to experience direct impacts from the Tangguh project. One of the current programs is the distribution of scholarships as well as capital for assistance with agriculture and the fishing industry. The town that received this money is Saengga, Tanah Merah, Irarutu III, Weriagar, Mogutira and Taroy.

BP's community development team has had meeting with the inhabitants of Irarutu III in Babo to discuss plans for an annual provision of an assistance fund of 100 million rupees while BP works in the area. At the moment, preparing for the fund includes the creation of a team to administrate it. The objective of development is

unknown. However, it is hoped that the fund will be destined to re-program the course of concerns of the inhabitants towards other things. In Saengga, the development fund is managed by a Community Development Committee and is used to install telephone booths and not to maintain the marine environment, which was once a priority.

Besides BP's advertising on community development, they have launched their Environmental Impact Assessment and have presented it as complete and as an example for all natural gas operations in Indonesia. BP has involved community leaders, the government, NGOS, environmental, social and biology experts in this. In spite of this, local communities still do not have adequate information on the impacts of Tangguh, especially negative impacts. Key environmental documents have been retained so that local inhabitants cannot access them. This goes against local environmental regulations (Keputusan Kepala Bapedal No. 8/2002) that stipulate the participation of local communities in the elaboration of EIA and the delivery of information by the company.

The sale of natural gas, which is still uncertain, has implications in several activities planned, including the relocation of the Tanah Merah community. The use of several methods to "increase consultation processes with various groups" by BP is seen as an intent to distract the attention of the community from uncertain market conditions. Local communities are badly informed regarding serious facts such as little assurance regarding the market, things that will and do affect them.

f) FOLLOWING THE GLOBAL ARCHIVES OF BP

BP has failed in many of its relations, such as in Iraq, Iran and Nigeria, when BP was seen as a weapon of the British government. The BP Baku-Tiblisi-Ceyhan oil pipeline, which runs 1100 miles from the Caspian Sea to the Mediterranean, has caused a break out of rage in more than 60 environmental and human rights organizations who warn that the project will mean regional conflicts, as well as destroy roads, houses, and the lives of thousands of people. Only a minority of the affected will receive compensation.

According to the report sent by the Colombian government and received by a high level commissions, which includes the human rights advisor to the president, and the General Control, BP, supported by local soldiers, was were involved in kidnappings, torture and assassinations. The document, which was not published, alleges that the oil company brought together information, including videos and photos, of people protesting against oil activities and passed this information to the Colombian military, which then arrested and kidnapped protestors.

An intelligence report related to the Sunday Times documents BP as using bribery and weapons to bribe the government of Azerbaijan. The 1993 coop resulted in the death of 40 people as well as violence and repression against Azeri citizens. One year later, AMOCO and BP signed an agreement for 8 billion dollars that conceded them the right to drill in the country.

In spite of its advertising and the recruitment of allies, BP continues to grow, obtaining benefits at the expense of human rights, and the rights of local populations and the environment.

By JATAM, Mining Advocacy Network, October 2003

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