

PETROLEUM IN PERU 2004

1. RESISTANCE OF THE ACHUAR PEOPLE MAKES BURLINGTON WITHDRAW FROM BLOCK 64

The US oil company Burlington Resources is awaiting the formal approval of the Peruvian Ministry for Energy and Mines to withdraw from Block 64. The motives put forward by the company include indigenous opposition to exploration activities. Burlington reached an agreement with the US company Occidental Petroleum, operator of the block, to withdraw from it and transfer its 25% participation to OXY.

The block is in found in “circumstances beyond control” due to the opposition of chuar indigenous groups. When it leaves Block 64, Burlington will still keep its other participation within Peru, continuing its exploration work in Blocks 70 and 87.

The North of the Peruvian Amazon constitutes a vast collection of rivers and currents, lakes, marshes and forests, including the marsh named the Abanico wetland complex of the Pastaza River. This area was declared to be a RAMSAR site two years ago. Furthermore it is the habitat to nine animal species found in Appendix I of CITES and 17 species registered in the Red List of the UICN. But above all, this region is the territory of the indigenous Achuar people of Peru. Traditional Achuar territory comprises the Morona, Pastaza and Corrientes basins and tributaries in the Loreto Department. This bi-national indigenous people shares its territory with Ecuador where they have also defended their forests and biological resources.

In Peru the Achuar population is made up of approximately 14,000 people, distributed between 80 communities and organised through three federations: ATI, ORACH and FECONACO.

For a decade the Achuar have managed to resist the strong pressure of oil companies who aim to enter Block 64, but they suffer the pressurising strategies of the companies every day.

In spite of the persistent resistance of the Achuar people, the framework for conomic liberalisation in Peru legislation establishes the State’s right to grant concessions to use hydrocarbon resources, even if they are found in forests with high biodiversity and extreme fragility, or in titled indigenous land. In this context, Block 64 has been handed over on the basis of a 30-year old contract system for oil deposits and a 40-year contract for natural gas, causing serious conflicts in the imposition of rights and for the destruction of the Amazonian environment.

It was in such a way that in 1995 the Peruvian Government established Block 64, with 953,790 hectares in Achuar territory, and handed over the exploration concession to the US company Arco.

The ILO Convention No. 169 is in effect in Peru, and prescribes due consultation by the State of indigenous villages when activities to use natural resources are planned within their territories, but neither the oil company nor the Government took the presence of these peoples into account before deciding about their rights.

When the Achuar people were informed of the government decision to hand over Zil concessions, they manifested their disagreement, basing their stance on the previous dramatic experience of oil exploitation in neighbouring blocks 1AB y 8-8X. This was carried out in a highly irresponsible fashion by the OXY company (now in the hands of Pluspetrol) and to this day, 33 years later, operations that cause high contamination of rivers and ground, loss of forest resources, serious and irreversible impact to ecosystems and the health of the indigenous population continue in the intervention areas. According to the Achuar, lead and mercury deposits left behind from past oil work has remained, filtering into underground water supplies and killing the oldest members of the Achuar population; they warned that they are willing to rise up in arms against the oil companies.

The Achuar maintain that they live in peace in their territory thanks to their respect for nature, and express the commitment they must keep up with their ancestors by offering permanent protection to their forests: their ancestors wanted to leave their children with healthy land to live on, did not want damage caused to the land, forests, their sacred places, animal shelters, the air and clean water, did not want their social life to be interrupted by stopping them from using their many intercommunication paths between families kept in the forest, did not want customs to be lost, but rather wanted them to keep feeling proud of being Achuar. The old Achuar warriors stated that they were determined to defend their land, if necessary with their own lives.

The tenacious decision of the Achuar of Block 64 to defend and protect their environment, their forests, their life and culture permanently was a very arduous process. According to the Achuar, during the dictatorial government of Fujimori, civil servants received funding from the oil company to organise strategies to divide up and persuade the population to accept oil activities, with gifts and investment in health, education and other community public services, carried out by a Multi-sector Commission made up of officials from all the Ministries responsible for public services and under the leadership of the Defence Ministry.

Fujimori's government also used more perverse resources, such as false accusations, intimidation, telephone tapping, military investigations and threats to

the Achuar and staff of the Racimos de Ungurahui, a non-governmental organisation that supports the Achuar in their struggle.

Thanks to the hard struggle of the Achuar, and their persistent resistance to government pressures, Arco abandoned Block 64. Nevertheless, in 2001 the block was transferred to the Occidental Petroleum Company (OXY), the operator with 50% of the interests in Block 64.

The remaining 50% is held jointly by North American partners Burlington Resources (who announced its withdrawal) and Repsol-YPF from Spain.

Burlington is a company with great influence in the North American government, since one of the main shareholders is linked to the people very close to President George Bush.

The extraction operations have still not been started, but OXY has begun with a plan to divide up the organisation of the Achuar, and have achieved so in seven communities found far away from most of the Achuar communities within the area of Block 64; these communities have signed an agreement accepting a payment in exchange for oil activities being carried out on their land. A scholarship programme in Lima is also being developed jointly with the Ministry for Energy and Mines, to train young indigenous people as facilitators and community relations representatives for the company in their communities; these young people are already working on forming links and offering benefits that the oil company will bring when it comes into the communities.

Achuar organisations have decided to act with greater precision this time, and strengthen their organisation for this new intensive stage of oil intervention with OXY, for which reason they are planning a communication strategy with communities, with permanent meetings to encourage conversation and follow up the problem, holding training workshops on indigenous rights, principally aimed at leaders who will then replicate them in their villages. There are plans to boost indigenous development plans and to pay attention to problems in all aspects of indigenous life, identified in the Achuar Life Plan and entrusted to the organisation.

These peoples are also working intensely to consolidate the unity of the Achuar people between Ecuador and Peru. The territory of the Achuar was the scene of a war between the two countries for over 50 years. Since the signing of the peace accord between Ecuador and Peru in 1998, the Achuar have actively participated in meetings oriented to planning actions to exercise the fundamental right of all people to live united in peace.

The Achuar in Ecuador, who share the same problem of having oil blocks superimposed on their land in Ecuador and Peru, have decided to maintain the

permanent protection of their forests and not accept the development of oil activities in their land.

Sources: OILWATCH .- RESISTANCE Number 44 .- March 2004

2. SITUACION ACTUAL DE LA PRODUCCION PETROLERA EN EL PAIS

Annual oil production in Peru amounts to over 90,000 bpd of crude and 44,542 thousand cubic feet of gas per day.

The main companies operating in Peru are:

**Cuadro No1.
CURRENT EXPLOITATION CONTRACTS**

COMPANY	BLOCK
PLUSPETROL NORTE PLC (55%) - REPSOL/YPF (SPAIN) OWN 66% OF PLUSPETROL SHARES China National Petroleum Corporation (CNPC) (45%)	1-AB
G. M. P. S.A. (100%) -COREA	I
CIA. PETROLERA RIO BRAVO S.A. (50%) - MÉXICO PAN AMERICAN INTERNATIONAL PETROLEUM CORPORATION, PERUVIAN BRANCH (50%) -ESTADOS UNIDOS	IV
MERCANTILE PERU OIL & GAS (100%)	III
EMPRESA PETROLERA UNIPETRO ABC S.A. (100%) - BRASIL	IX
G. M. P. S.A. (100%) -COREA	V
SAPET DEVELOPMENT PERU INC. SUCURSAL DEL PERU (100%) - ESTADOS UNIDOS/CHINA	VII / VI
PETRO-TECH PERUANA S.A. (100%) - ESTADOS UNIDOS	Z-2B
THE MAPLE GAS Co. DEL PERU, SUCURSAL PERUANA (100%) - ESTADOS UNIDOS	31-B - 31-D
AGUAYTIA ENERGY OF PERU SRLtda (100%) – The shareholders Aguaytia Energy of Peru S.R.L., are subsidiaries of: Duke Energy International Company; El Paso Energy International Company; Dynegy (Illinova Generating Company); Scudder Latin American Power Fund; Pennsylvania Power & Light (PP&L) Global, LLC and The Maple Gas Corporation	31-C
PEREZ COMPANC DEL PERU S.A. (100%) - ARGENTINA	X
PLUSPETROL NORTE PLC (60%) REPSOL/YPF SPAIN OWNS 66% OF PLUSPETRO SHARES KOREA NATIONAL OIL CORP, PERUVIAN BRANCH (20%) – KOREA DAEWOO INTERNATIONAL CORP., PERUVIAN BRANCH (11 2/3 %) – SK CORPORATION (8 1/3 %) – KOREA	8
PETROLERA MONTERRICO S.A. (100%) - PERÚ	II
PETROLERA MONTERRICO S.A. (100%) - PERÚ	XV
PLUSPETROL PERU CORPORATION PLC (36%) / - REPSOL/YPF SPAIN OWN 66% OF PLUSPETROL SHARES HUNT OIL COMPANY OF	88

PERU L.L.C., PERU BRANCH (36%) - UNITED STATES SK CORPORATION, PERUVIAN BRANCH (18%) – KOREA TECPETROL DEL PERU PLC (10%) - ARGENTINA, OF TECHINT GROUP	
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Sources: <http://www.minem.gob.pe/hidrocarburos/mapas/graf/mapa9.pdf>

Cuadro No. 2 CURRENT EXPLORATION CONTRACTS

COMPANY	BLOCK
OCCIDENTAL EXPLORADORA OF PERU, PERUVIAN BRANCH (50%) – UNITED STATES BURLINGTON RESOURCES PERU LTD., PERUVIAN BRANCH (25%) – UNITED STATES, WITHDRAWS AND LEAVES TO OCCIDENTAL REPSOL EXPLORATION PERU, PERUVIAN BRANCH (25%) - SPAIN	64
BARRETT RESOURCES (PERU) CORP., PERUVIAN BRANCH (85%) – CANADA ADVANTAGE RESOURCES INTERNATIONAL, PERUVIAN BRANCH (15%) - UNITED STATES	67
OLYMPIC PERU, INC., PERUVIAN BRANCH (100%) – UNITED STATES	XIII
GMP S.A. (100%) - COREA	XIV
REPSOL EXPLORATION PERU, PERUVIAN BRANCH (60%) – SPAIN	39
BARRETT RESOURCES (PERU) CORP., PERUVIAN BRANCH (40%) – CANADA	
BURLINGTON RESOURCES PERU LIMITED, PERUVIAN BRANCH (70%) – UNITED STATES ADVANTAGE RESOURCES SELVA, LLC, PERUVIAN BRANCH (30%) – UNITED STATES	87
MAPLE PRODUCTION OF PERU, PERUVIAN BRANCH (100%) – UNITED STATES	31-E
PEREZ COMPANC DEL PERU S.A. (100%) - ARGENTINA	99
SYNTROLEUM PERU HOLDINGS LIMITED, Peruvian Branch (95%) – UNITED STATES BPZ ENERGY INC. PERUVIAN BRANCH (5%) – UNITED STATES	Z-1
PETRO-TECH PERUANA S.A. (100%) – UNITED STATES	Z-6
BURLINGTON RESOURCES PERU LIMITED, PERUVIAN BRANCH (100%) – UNITED STATES	70

Sources: <http://www.minem.gob.pe/hidrocarburos/mapas/graf/mapa9.pdf>

Not long ago new contracts were signed between the Peruvian government and the Peruvian branch of REPSOL EXPLORATION PERU to explore Block 90 in the Southern Jungle, and another with the Peruvian Branch of BPZ ENERGY INC to explore Block XIX located in the Northeast. Petrobras ENERGY PERU PLC, which was exploring Block 99 in the Central Jungle, ended its contract with the Peruvian government. As a consequence of these changes, on 31 December 2003 Peru had 27 contracts, of which 15 are for exploitation and 12 for exploration.

Several of these contracts are found in indigenous Amazonian land:

Cuadro No. 3
UBICACIÓN DE LA COMPAÑÍAS EN LAS POBLACIONES INDIGENAS

COMPANIES	BLOCK	LOCATION	STATUS	INDIGENOUS PEOPLE
PLUSPETROL	1-AB	NORTHERN JUNGLE	In production	QUECHUA DEL PASTAZA ACHUAR
THE MAPLE GAS	31B	CENTRAL JUNGLE	In production	SHIPIBO CONIBO
THE MAPLE GAS	31D	CENTRAL JUNGLE	In production	
AGUAYTIA ENERGY	31C	CENTRAL JUNGLE	In production	
MAPLE PRODUCTION	31E	CENTRAL JUNGLE	In production	SHIPIBO CONIBO
PLUSPETROL	8	NORTHERN JUNGLE	In production	ACHUAR URARINA
OCCIDENTAL	64	NORTHERN JUNGLE	In exploration	ACHUAR CANDOSHI SHAPRA ACHUAR
BARRETT	67	NORTHERN JUNGLE	Seismic, wells Exploration	
REPSOL	39	NORTHERN JUNGLE	In exploration	QUECHUA DEL NAPO
BURLINGTON	87	NORTHERN JUNGLE	In exploration	AGUARUNA CHAYAHUITA
PLUSPETROL	88	SOUTHERN JUNGLE	In development	MACHIGUENGA YORA CHITONAHUA KIRINERI NANCY OTROS NO IDENTIFICADOS
BURLINGTON	70	NORTHERN JUNGLE	In exploration	AGUARUNA, ACHUAR CHAYAHUITA
PÉREZ COMPAC	99	CENTRAL JUNGLE	In exploration	

Sources: <http://www.minem.gob.pe/hidrocarburos/mapas/graf/mapa9.pdf>

Sources: OILWATCH .- RESISTANCE Number 44 .- March 2004