

CRUDE ACCOUNTABILITY

P.O. Box 2345, Alexandria, VA 22301, 703.299.0854
www.crudeaccountability.org

June 9, 2010

Mr. John Watson
Chief Executive Officer
Chevron Corporation
6001 Bollinger Canyon Rd.
San Ramon, CA 94583

Dear Mr. Watson:

Two weeks ago, I participated in Chevron's annual shareholder meeting in Houston, raising concerns regarding Chevron's operations in Kazakhstan, specifically at the Karachaganak Oil and Gas Condensate Field.

The Karachaganak Field—and by association, Chevron—is continually in the center of attention in Kazakhstan due to its massive environmental pollution and numerous violations of Kazakhstani legislation. In 2005, Karachaganak's regional environmental authority temporarily revoked the operating license of the consortium, Karachaganak Petroleum Operating B.V. (KPO), due to environmental violations, including emitting 56 thousand tons of toxic waste in the atmosphere in 2004, improper storage of toxic solid waste on the field, and dumping toxic effluent into the water table.ⁱ Again, the consortium was found to have dumped an excess of waste in 2008, resulting in a \$21 million fine in February 2010.ⁱⁱ Two months later, in April 2010, the financial police of Kazakhstan filed a criminal case against KPO for \$1 billion 272 million for overcharges in extracting oil for 2002-2007.ⁱⁱⁱ

The aforementioned environmental and legal violations have greatly damaged Chevron's reputation in Kazakhstan. Nevertheless, you have a high profile opportunity to demonstrate that Chevron, under your leadership, is committed to improving its destructive track record in my country. As you know, the residents of the village of Berezovka, located within the Sanitary Protection Zone of the Karachaganak Field, should have been relocated upon the start of Field operations in accordance with Kazakhstani law. More than 45 percent of Berezovka's 1300 residents are suffering from chronic health problems and they are campaigning for their right to live in a healthy environment.^{iv} Despite the clear violation of host country law and violations of the corporate responsibility principles described in The Chevron Way, Chevron and your partners in KPO have not made reparations to the villagers for the years of violations and have not made efforts to relocate the village.

Therefore, during the meeting I asked you, Mr. Watson, to address this specific question:

How will Chevron, which has based its value on respect for the law, environment and its leadership in the area of business practices, participate in the relocation and re-establishment of the rights of the residents of Berezovka?

In response, you spoke repeatedly of Chevron's "deep commitment" to Kazakhstan, your familiarity with the Berezovka case, and your desire to see a "favorable resolution" to the conflict.

In response, I ask the following:

What concrete actions does Chevron plan to undertake in order to ensure the relocation of the residents of Berezovka, bringing the Karachaganak Gas and Condensate Field into compliance with Kazakhstani law and The Chevron Way?

The villagers of Berezovka, the citizens of Kazakhstan, and the international community are all watching Chevron's actions in regards to the Karachaganak case and looking to Chevron to step out from behind the feeble shield of non-operatorship and display the strong corporate leadership expected from the country's largest private oil producer.

I look forward to your response.

Sergey Solyanik
Consultant

Crude Accountability
Almaty, Kazakhstan
ss_grs@yahoo.com
www.crudeaccountability.org

ⁱ Alla Zlobina, "Environmental Dregs," Uralsk Weekly, 7 Apr. 2005.

ⁱⁱ "Karachaganak players hit with \$21 m fine." 26 Feb. 2010.

ⁱⁱⁱ <http://panorama.kz/>, 30.04.2010

^{iv} http://www.crudeaccountability.org/en/uploads/File/karachaganak/health_survey_results_2003.pdf