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Rain forest pays the price of oil; Suit claims Texaco polluted Ecuador

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Reporter David Talbot and photographer Justin Ide traveled to the once-pristine rain forest of Ecuador to report on a class-action lawsuit alleging that Texaco Inc.'s oil exploration there has left a legacy of disease and environmental damage on a colossal scale.

Initiated by an Amherst environmental lawyer and aided in part by Bay State experts, the suit could set a precedent for bringing U.S. corporations to account before U.S. juries for alleged misdeeds abroad.

Texaco, which pulled out of the region in 1992, denies charges of massive toxic dumping and wants the case heard in Ecuador. Meanwhile, many of its pumps, pipelines and waste pits are still in use, just part of the landscape for people like Segundo Ruiz, left, whose home is 200 yards from this pit.

SHUSHUFINDI, Ecuador - Atop a barren hillock edging the rain forest, a brownish-gray pit of toxic waste water is mottled with oily patches. The air smells like a car-repair shop, with a sulfurous, rotten-egg note.

Nearby, pumps roar as they fill tanks with a primordial brew from as much as 8,000 feet below the Earth's surface. Crude oil floats to the top of the tanks, and the chemical-laced waste water is continually piped into the open dirt pit.

Beneath a blazing equatorial sun, the waste flows down a dirt track and into a creek, coated with a light sheen of oil, that feeds a tributary of the Amazon River.

The waste system is one of at least 300 like it that dump as much as 4.3 million gallons of the chemical-laced water into Amazon tributaries every day. The pits were built by Texaco Inc. in partnership with Ecuador some 30 years ago, in a 2,000-square-mile swath of rainforest known as the Oriente.

Shushufindi could hardly be more remote from the lives of average Americans, but oil exported from here all goes to the United States. And the region is now the focus of a class-action lawsuit against Texaco, waged in part by lawyers and scientists based in Massachusetts.

The once-pristine wilderness one of the most species-rich regions on the planet - has been transformed by roads, oil wells, pits, pumping stations, pipelines and the settlements of colonists who followed the oil roads. Production waste flows into rivers lined with Indian villages,

farming settlements and jungle foliage.

Miguel Villa, 55, a taxi driver, knows that when cows suddenly die after drinking stream water, the government - which now owns the oil infrastructure Texaco built - compensates farmers. "I am afraid for the future," he said, his face bathed in the orange glow of an adjacent methane gas burn-off stack. "I do not know the consequences of this."

To Amherst environmental lawyer Cristobal Bonifaz, the consequences are these: widespread skin, respiratory and other diseases; a rise in miscarriages; increased cancer rates and risks for as many as 30,000 impoverished Indians and settlers; and widespread environmental damage.

"They poisoned the rivers, killed the fish and made the people sick," said Bonifaz, an Ecuador native who launched a class-action lawsuit on behalf of Oriente residents in U.S. District Court in New York, near Texaco's world headquarters in Westchester County.

He claims Texaco used cheap and dirty extraction techniques, spilling waste into creeks and rivers rather than spending more to pump it back into the ground, as he said is common practice elsewhere. In addition, pipe breaks over the years dumped more raw crude into the jungle than the Exxon Valdez spilled into Alaska's Prince William Sound in 1989, he says.

And he estimates the cost of fully cleaning sites like the Shushufindi pit at \$ 600 million - a figure that would rise to \$ 1 billion with the costs of providing health care and clean drinking water systems.

Texaco says the company acted responsibly and used standard industry practice at all times. And the company gave Ecuador \$ 40 million in remediation money in 1995, three years after the company pulled out of the region, handing over operations to the state oil company, Petroecuador. Bonifaz said the cleanup only touched a few of the sites, and that in any case \$ 10 million of the funds went missing after Texaco gave it to Ecuadorean officials.

"We have seen no credible scientific evidence to support those allegations," said Faye Cox, a Texaco spokeswoman. "What we have seen is anecdotal, and not what we - or a court of law, in our opinion - would consider scientific evidence. There are many other things affecting the environment in that region. There's colonization, there's agriculture. You can't just look at Texaco's former operations there in partnership with Petroecuador and say that is solely what is affecting the environment."

Cox said Texaco believes the \$ 40 million all went to cleanup efforts, and that none is missing.

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"This has the potential of being a groundbreaking case," said Arthur Berney, a professor of constitutional law at Boston College Law School, who filed a brief supporting the lawsuit. "It is going to cause the corporations of the United States to think twice about how they conduct their businesses abroad, whether it be the kinds of harm that occurred with Texaco, or in the workplace, as with some of the footwear manufacturers in Indonesia."

From rashes to cancers

The problems are very real to Humberto Piyaguaje, a 34-year-old Secoya Indian from the Oriente. When big oil came to town, indigenous people began suffering from maladies their cultures never knew, he said.

"There are times when they bathe in the river, their body gets full of rashes, and that never happened before. Recently I went bathing in the river, and my body got rashes," Piyaguaje said, speaking through a translator in the jungle town of Lago Agrio. "The people have a lot of problems, but they don't know (the causes) because they don't have doctors."

He added: "Especially the ones that have the most problems are the children, because they love to be in the river. They have vomit and skin problems and stomachaches and diarrhea a lot."

Once the question of jurisdiction is settled - U.S. District Court Judge Jed Rakoff is due to rule soon on Texaco's bid to move the case to Ecuador - the plaintiffs will face the monumental scientific task of pinning blame for diseases on Texaco, the nation's 10th-largest corporation.

Bonifaz said, "People told me it's crazy, you don't want to litigate against Texaco, the place is so remote; anyway it will cost hundreds of thousands of dollars, and it is going to be dismissed - Bhopal got dismissed in the same court."

Bhopal, India, was the site of the world's worst industrial disaster: a 1984 chemical leak from a Union Carbide pesticide factory that killed 2,000 people in one night and, over time, killed perhaps 6,000 more. Although lawsuits on behalf of the victims were thrown out of U.S. courts, Indian courts assessed damages at \$ 470 million. (In the Exxon Valdez case, the company paid \$ 1 billion to settle state and federal charges and lawsuits, but is still appealing a civil jury's record \$ 5 billion punitive award to 35,000 fishermen and others.)

But Bonifaz rejected the warnings. Several months before filing the lawsuit in 1993, he traveled with a small party of fact-finders - including Tony LaMontagne of Jamaica Plain, a researcher at Boston's Dana-Farber Cancer Center - to collect jungle water samples and gather health information in the Oriente.

"Yes there is exposure, and yes there are health effects: dermatitis, cancers, reproductive effects such as spontaneous abortions. Only a larger study - a more in-depth study - would take you further along the conclusiveness scale: Did Texaco's oil-waste dumping lead to these particular health effects in these particular people?" LaMontagne said.

"This would take a serious epidemiological study that nobody has stepped forward to do," he said, explaining that such studies are difficult in the best of circumstances. "These are people who have no health records. These are people who are coming and going from the jungle. These are people who have no voice."

Last month, a study carried out in Ecuador, with technical assistance from the University of London, claimed that residents of the oil zone face three times the general cancer risk of other Ecuadoreans. In particular, oil-zone residents suffer 30 times more larynx cancer, 18 times more bile duct cancer, 15 times more liver and skin cancer and five times more stomach cancer, the study said.

Cox, the Texaco spokeswoman, said the study was preliminary and that the company's consultants don't consider it complete enough to even analyze. "We need a complete report to give a full scientific analysis," she said.

LaMontagne said the study, because it compares one region to another, was not a full epidemiological study - but provided another reason to perform one.

Lacking hard answers, residents of the region - indigenous families in particular - will sometimes turn to superstition to explain odd diseases. For example, the Secoya people were mystified at the recent death of a healthy 36-year-old man in their community, Piyaguaje said.

"He had headache and fever, and his face was very pale, like he didn't have any blood," he said. "So they give him new blood and he was fine, but in two days he was the same. It was like he was leaking blood, they give him new blood, and it disappeared in his body."

When he died, his body was covered in black spots. Because he had recently traveled to Peru, his fellow Secoyas concluded he must have been cursed by a Peruvian shaman while there, Piyaguaje said.

Manuel Silva, an Ecuadorean farmer who became a leader with the grassroots Front for the Defense of the Amazon, said one chief Amazon tributary, the Napo River, is now virtually devoid of fish. Bonifaz blames Texaco's operations; in a separate lawsuit, he is representing Peruvian Indians who live downstream along the Napo River. That river's fishery has been destroyed, causing hunger among some of the 25,000 affected Peruvians, he said.

"They base their lives on the rivers, fish in the rivers. And the Indians are having a lot of unknown diseases that they didn't know before. And the shamans - these diseases are unknown to their culture, so they have no answers," Silva said during an interview in his office in sweltering Lago Agrio.

"Many people just faint for no reason, and they lose their memory. It is very common for people to lose their memory, especially the people who live close to the pits and the flares," Silva said, referring to the numerous iron stacks that burn off natural methane gas that comes up with the oil and waste water.

Wild west in the jungle

Towns like Shushufindi and Lago Agrio - along with thousands of miles of dirt roads lined by oil pipelines - sprang up only after Texaco discovered oil in the remote, roadless jungle in 1964.

The job of these oil crews from places like Texas and Oklahoma was daunting. They laid 300 miles of iron pipe up and over the Andes mountains to a Pacific Ocean terminal, and drilled hundreds of wells in a region that was

as impenetrable and full of Indians as when Gonzalo Pizarro's party of spice- and gold-seekers arrived in 1541.

Drilling for crude oil brings up vast quantities of methane and tainted water - called "production water" - such as the contents of the Shushufindi pit. This water, which below ground is intermingled with oil, is the focus of much of the pollution concern. It is laced with salts, heavy metals and oil byproducts, some of which the plaintiffs contend are cancer-causing. Texaco contends the substances are not carcinogenic and that in any case, it is subject to extensive dilution in rivers and therefore cannot cause harm, Cox said.

Bonifaz estimates that the equipment Texaco built still dumps 4.3 million gallons of production waste water into creeks every day - a figure that may well be increasing as oil

deposits are depleted and more water is brought to the surface. He also estimates that broken oil pipes over the past 30 years spilled at least 16 million gallons of crude oil - about 50 percent more than the 10.8 million gallons spilled by the Exxon Valdez.

While stopping short of denying these figures, Cox said the water waste was harmlessly diluted, and that the worst crude oil spill was caused by a 1987 quake that severed the main pipeline in a remote stretch in the Andes mountains.

Texaco began pumping oil in 1972 and pulled out as planned in 1992, leaving its facilities in the hands of Petroecuador, the state oil company, which now operates the infrastructure, including the Shushufindi pit. Saddled by a \$ 13 billion foreign debt - brought on in part by its own corruption and mismanagement - the Ecuadorean government is more dependent than ever on oil exports, and less able to pay for environmental improvements.

This year, inflation sparked Ecuador's worst financial crisis in 70 years, triggering labor riots that featured tire-burning on major roadways to halt traffic. Along the dirt roads of the Oriente, clots of protesters timed their road blockades to the shift changes of oil workers.

Meanwhile, near disused wells, waste pits lie fallow: black, dead depressions in the earth, slick with dirty crude-oil residue. One such pit lies across a dirt track from coffee farmer Segundo Ruiz's wooden shack in San Carlos, about an hour's drive down an oil-coated dirt road from Shushufindi.

Fourteen children scampered in the four-room shack during a recent visit. Women hovered over two babies amid a droning roar of fire. Adjacent to the shack, four iron stacks burn off methane 24 hours a day.

The members of the extended family are some of the Ecuadorean settlers who followed the new oil roads to establish farms - themselves a force in hacking down the rain forest. The settlers, along with indigenous Indians from five tribes - Cofan, Secoya, Quechua, Shuar, Huaorani - are potential plaintiffs in the Ecuadorean suit.

A company's legacy

As testimony to Texaco's domination of the region's initial rapid development in the 1970s, the town of Lago Agrio was actually named by the company. The name is the Spanish translation of the site of Texaco's first major oil field, at Sour Lake, Texas.

Lago Agrio is a town of low-slung concrete buildings and no pavement on the streets, where Pentecostal churches pack families in on Saturday nights and dirty-faced boys beg for food scraps outside restaurants.

About 50 miles farther south down a dirt road, at a fork in the Coca and Aguarico rivers, lies the town of Coca, which has a long history as a missionary outpost. A health clinic there is equipped with an infant scale with a fresh towel, a sterilizer, a stretcher. The wall was decorated with a poster advertising a nasal decongestant.

"We can only diagnose simple things here because there is no means to diagnose more serious things like cancer. We don't even have the most elementary lab for blood and urine analysis," said Dr. Manuel Charco, who manned the clinic while watching a soccer game on television one night recently. "We all know there are problems, and have been many problems over the years, with pollution."

Outside the shacks of many farming settlers - who live along the region's network of dirt roads lined by feeder oil pipes - a common fixture is a rusted black 55-gallon drum bearing Texaco's red-star logo; the ubiquitous barrels are commonly used for storage - or even as rainwater cisterns.

And in the towns, there is always money to be made from the oil workers. As he stopped for a drink at Papa Dan's, a bar in Coca, Bruce Bryan, 47, an Oklahoma native working as a tool pusher - responsible for all operations of a drilling rig - said he thought Texaco was getting a bad rap.

"I'll tell you exactly how I feel about it. Texaco built all these roads, they basically made this city of Coca grow, they built the station in Lago Agrio," he said. "And ever since they did it, Petroecuador has done nothing but go down."

Bonifaz said Texaco was the culprit: "What we are blaming Texaco for is they dug the original wells, they controlled operations until 1992, they never reinjected this waste into the ground as they do elsewhere."

At the gated oil camp and pump station at Sacha, near San Carlos, a manager with Petroecuador - who gave a reporter a tour on the condition his name not be published - proudly showed off new rubber-lined pits, which replace dirt pits for the watery waste. Some of this waste is now reinjected, he says. Cox said Texaco paid for installation of 10 such reinjection systems. Bonifaz said much waste still flows into rivers.

Farther back in the compound, past another chain-link fence, was a 20-foot waste lagoon held back by an earthen berm. Clots of brown crude oil drifted atop it. Three dragonflies hovered, searching in vain for a meal of waterbugs. Through the berm, pipes allowed the waste to overflow into a stream.

"We still cannot process all of the production water," the Petroecuador official said.

And still farther back in the complex, a system of pumps and seven oil tanks sat idle. They were designed to recover dirty crude oil from disused waste pits, cleanse the oil and pump it into the pipelines, he said.

An adjacent wooden shack, roofed with corrugated tin, was painted with the bold red Texaco star logo so familiar along American thoroughfares. Next to the logo was a stylized painting of trees, clouds and a bird in flight. The painting was accompanied by an inscription: "Potege Tu Ambient" - Protect the Environment.

The trouble, the Petroecuador official said, is that the equipment is not functioning. After doing some checking, Cox said the equipment was handed over in working order in 1992. And that makes it Ecuador's problem to fix.

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