

The shadow of oil

Translated by Paulina Novo

After constant oil spills in the Peruvian Amazon, the discourse that has prevailed among media, companies and the State is to attribute the responsibility to indigenous communities. This narrative, which explains the spills from the perspective of "third-party attacks" or "sabotage", has been contrasted with official information from the supervisory agencies¹ The outcome makes evident that **65.4% of the spills which have impacted Amazonian territories in the last twenty years have been caused by the precariousness of the infrastructure and the lack of adherence by companies to environmental regulations.**

According to information from the Supervisory Agency for Investment in Energy and Mining (Osinermin) and the Environmental Evaluation and Inspection Agency (OEFA), from 2000 to 2019, 474 spills were registered in the Amazon oil fields in Peru and in the North Peruvian Pipeline (ONP). The second cause of spills is actions by third parties, which represent 28.8% of spills, and 5.8% of these events are attributed to natural causes. In the last five years alone, there have been more than 100 oil leaks.

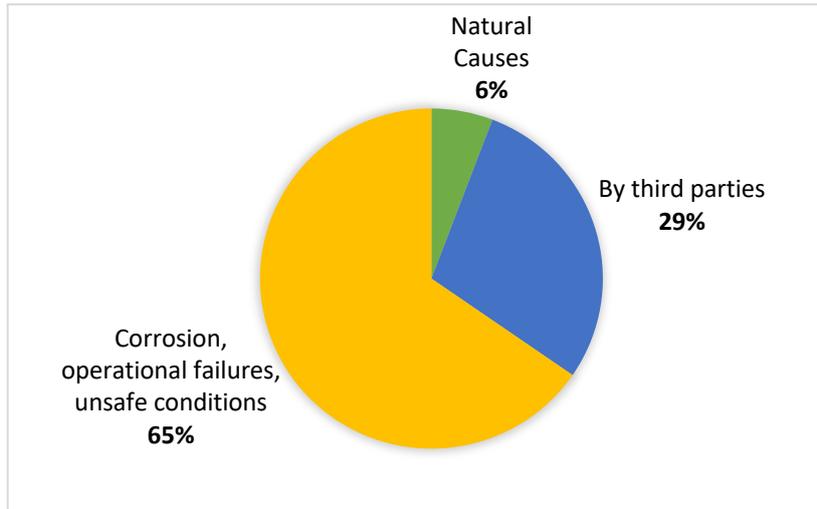
Number of spills per block

Block	Number of spills
ONP	94
Block 192 / 1AB	189
Block 8	155
Block 31	28
Block 64	1
Block 67	4
Block 95	2
Block 131	1
Total	474

¹ After processing official figures from the OEFA (the Environmental Evaluation and Inspection Agency) and Osinermin (Supervisory Agency for Investment in Energy and Mining), accessed by the researchers through various requests for public information, the researchers calculated the total number of spills. In the case of Osinermin, the information provided covers from 2009 to 2019, while the OEFA provided information from 2011 onwards. That is except for the data on the former block 1AB in which the Osinermin data used is from year 2012 to 2019. The following years are complemented with the information from OEFA.

Source: Osinergmin and OEFA. Own calculation.

Percentage of spills in the Amazon blocks and the ONP (2000-2019) by cause



Source: OEFA and Osinergmin. Own calculation.

What is the basis of this public and predominant discourse about the practices in the activities of oil extraction and the impacts of spills on communities? Are these messages conditioned by biased or even unsupported ideas? These are some of the questions that researchers Aymara León and Mario Zúñiga answer in their report: "The shadow of oil". **The goal of this research, which begins with the analysis of first-hand figures, is to open the debate around the discourses, practices and images on the benefits and effects of hydrocarbon extraction in the Amazon.** In addition, it offers proposals to improve the character of environmental regulations inside institutions.

The situation of block 192 (ex block 1AB) and the North Peruvian Pipeline (ONP) provides us with the most insightful data on the practices and impacts of oil activity in Peru. During the operations of the company Pluspetrol Norte in the current block 192, the State together with the indigenous federations carried out the identification and prioritization of the 32 sites impacted by oil for remediation. Although according to official figures, there are 1,199 places impacted by hydrocarbons in this block. In other words, the 32 prioritized sites only represent 2.6% of the total.

Another relevant contrast is that of the discourse of oil sustainability with an environmental balance **versus** the actual data. To point out an example: **the estimated investment to remedy 32 of the 1,199 sites impacted in block 192 is 628.3 million soles. An unattainable figure if we take into account that in 2019, the Government transferred 183.4 million soles for remediation.** That budget is only enough to remedy ten of the total sites. Furthermore, while the government has committed to transferring a similar amount for remediation this year, that would be enough to serve six more sites.

The researchers in this report explain **that if all the funds from the oil canon in 2012 (the year in which the activity in Loreto generated the most resources due to the fact that crude oil reached its highest prices worldwide) were put together, there would be a total of 280.5 million soles (equivalent to \$ 85 million) available for remediation. This budget would not be enough to remedy even 19 of the 32 sites prioritized by the State and communities.**

Another shocking revelation is that although 32 sites, which by number seem to be few sites affected by hydrocarbons, the volume of contamination in these places adds up to an area of 364,749 m³, which is equivalent to 231.5 national football stadiums filled with the amount of pollution. To this entire scenario must be added the great value that these territories have for the communities that inhabit them, and the immeasurable repercussions that oil activities have on their lives.

The panorama worsens with another sign of reality: while the responsibilities to assume the costs of the liabilities between the extractive companies and the State are established, the impacted and contaminated sites (which are the costs of the oil activities not foreseen by the State), the Indigenous communities bear these "externalities" with their family finances, health and food security. It is relevant for the analysis to know that the rehabilitation plans proposed by the State are calculated exclusively based on the costs of environmental remediation, and do not take into account the health of the population.

Another discourse debunked by the official numbers, is that of the state-of-the-art technology used by companies which they claim has reduced the risk of spills. **Despite the fact that the legal framework requires the state and private operators to have tools to predict and prevent spills, Osinergmin reports show that there is little progress in adapting the Hydrocarbon Pipeline Transportation Regulations.** This evidence leaves unsubstantiated the narrative which seeks to exonerate companies from their responsibilities in spills.

An example of this reality is Petroperú, the current operator of the North Peruvian Pipeline (ONP). Among other unmet obligations, the state company reported to Osinergmin only an 11.5% advance in the implementation of the Automatic System for Supervision, Control and Acquisition of Data and Monitoring of Operating Conditions (SCADA), a system used to collect information in real time from sensors installed in the pipeline to monitor from remote locations. Regarding the internal corrosion protection of the ONP, Petroperú reported an advance of 39%, while in 2019 the demand for Cathodic Protection of the pipeline (which prevents external corrosion) had progressed only 14%.

The authors also highlight the lack of compliance with the regulation stipulating that the pipes installed on the surface must be on structures designed to support them without causing excessive strain. Along the same line, the Congress of the Republic's report that investigated oil spills in the ONP, concluded that there is a lack of priority in emergency prevention. This research indicates that in 2014 only 12.5% of corrosion monitoring was carried out, less than 40% of the predictive activities were implemented, and only 44% of the budget assigned for that task was spent.

The information accessed by this report confirms that this is not a reality exclusive to Petroperú, but shared with the private operators of the oil blocks in the Amazon. In 2014, Pluspetrol Norte made its last report to Osinergmin about block 192, the company reported a progress of only 46% on protection against corrosion of the metal installations exposed to the environment, and 88% of progress on their obligation to have the SCADA system. The company also acknowledged they had not incorporated the leakage detection function to the system, which is the most important function.

All these shortcomings, both in the ONP and in all the other oil blocks in the Amazon, represent a latent threat to the territories where oil infrastructure is present and to the indigenous peoples who live in them.

This research provides clarifying data on environmental remediation. **The evidence collected based on technical studies shows that it is very common for sites that have been impacted by hydrocarbons not to return to their natural state.** On the one hand, it is physically impossible to 100% remedy an impacted site and, on the other, the cost / benefit ratio does not justify it. Registered cases such as the plans for rehabilitation of the impacted sites in the Pastaza, Corrientes and Tigre river basins have shown how the discussions have become more complex when choosing the type of procedure for rehabilitation and also, due to the high consumption of fossil fuels, the cost and pollution that this activity generates.

Even though there are remediation technologies that can reduce the environmental impacts of pollution, it is noted that the mere availability of the technology does not guarantee proper use of it by companies. The history of the Ushpayacu pond, in the former block 1AB provides evidence to support this. Although at the time its remediation was approved by the regulatory authorities and although it met the standards planned by the company, some years later concentrations of hydrocarbons and barium were detected on this site. The cost of its remediation currently exceeds 75 million soles.

Another of the major obstacles to achieving environmental justice are the legal tricks companies are using to avoid assuming their responsibilities. The OEFA has pointed out the “non compliance” on the administrative responsibility of different operators in reference to its mandates and to date, it has imposed 58 corrective measures requiring the appropriate clean up of the impacted sites. Of the total, 15 are pending compliance and 18 have been breached. **Pluspetrol Norte has been identified as the main polluting company, and responsible for most of the spills in the Amazon. Both ex-block 1AB (which Pluspetrol Norte operated until 2015) and block 8 (where it currently operates) account for 94% of the total barrels spilled between 2000 and 2019.**

In light of all this information, **the investigation concludes that the narratives which point to the indigenous communities as the main culprits of the oil spills are "stigmatizing and reproducing racist and colonial practices".** There are warning signs telling us that these narratives have a direct correlation with relationships and decision making about the peoples and their territories. One of the most serious has been the call by companies to the government for intervention and militarization of communities after the spills. This discourse is also used to shirk responsibilities of the operating companies to carry on remediation of the sites, as well as to block indigenous rights to compensation for the spills.

After an in-depth analysis of a significant number of sources, this work is placed in the middle of the debate and offers new perspectives in the face of all the loopholes of the National System of Environmental Management (SNGA). It considers pertinent that standards and protocols are not exported into Peru, but rather that we create our own procedures that coincide with our reality and contribute to reversing the lagging place in which our country finds itself in matters of environment.

This effort also puts the economic approach that prevails in the environmental legislation regarding hydrocarbons in the spotlight. From this perspective, the current regulation aims at not hindering investments in the sector at the expense of the rights and autonomy of indigenous peoples. **As a counterbalance, there is a proposal to integrate and better coordinate with indigenous peoples and peasants, whose work in the inspection and protection of their territories against spills have made a difference and have warned about more cases which the official agencies did not report.**

One of the researchers' most ambitious approaches is to call for the transition of the energy matrix both nationally and in the indigenous communities, whose lives have been impacted by 50 years of oil extraction. It proposes to progressively have it replaced by other energy and development alternatives and for the State to promote clean energy, even if this implies confronting the interests of the oil sector. This is a way to end Peru's history of energy dependence on hydrocarbons for which our environment has paid a high cost.