

CRUDE ACCOUNTABILITY

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

Dear Mr. Watson:

As you prepare to assume the leadership of Chevron next month, your reputation is as a veteran of the energy industry, and a financial expert with international experience, knowledge of every aspect of the business, and a view to the long-term. Yet what I find most striking is that you have been quoted as stating, "Numbers tell only part of the story. People get things done".ⁱ It is my hope that your desire to humanize the numbers will be conveyed in the decisions you make as you become Chevron's new CEO.

With this in mind, I would like to bring to your attention the stories behind the numbers in Kazakhstan and Turkmenistan, and ask you to mobilize Chevron to act sustainably and with respect for human rights and the rule of law in these two Central Asian countries. Specifically, I ask that you do the following: 1) express to the government of Kazakhstan Chevron's readiness to finance the relocation of the villagers of Berezovka and 2) demand significant and measurable human rights improvements in Turkmenistan before investing in the South Iolotan Gas Field.

Kazakhstan

Chevron was the first major foreign oil company to secure operations in Kazakhstan in 1993 and has since become the country's largest private oil producer. Building on Chevron's long-standing relationships with your fellow Karachaganak Petroleum Operating consortium members and the government of Kazakhstan, I urge you to demonstrate Chevron's commitment to rule of law, transparency and corporate responsibility by setting the wheels in motion for the just relocation and compensation of the nearly 1300 villagers of Berezovka. In so doing, you can demonstrate to the people of Kazakhstan and the world that Chevron's bottom line, under your leadership, extends beyond numbers.

The residents of the village of Berezovka, located 5 kilometers from the Karachaganak Oil and Gas Condensate Field, have been campaigning for the past seven years for compensation and relocation to a safe and environmentally clean location of their choosing. After the start of field operations, the health of this traditional agricultural community began to decline precipitously, with an independent 2003 study documenting nearly 45% of the population suffering from chronic illnesses.ⁱⁱ Over the next several years, community and government monitoring programs found an alarming level of toxins in the vicinity of the field, resulting in punitive fines levied against KPO, in which Chevron has a 20 percent share. According to Kazakhstani law, which stipulates a five-kilometer Sanitary Protection Zone inside of which people are not allowed to live, the villagers should have been relocated upon the start of field operations.

Turkmenistan

Last month, Chevron announced it is in negotiations with the government of Turkmenistan regarding the development of the massive South Iolotan Gas Field, considered one of the five largest deposits in the worldⁱⁱⁱ.

Turkmenistan is one of the world's most repressive countries and has a poor human rights record. It consistently receives the lowest ranking of "not free" in Freedom House's comparative assessment of global

political rights and civil liberties across 193 countries, placing it on a par with Burma.^{iv} According to the Failed State Index 2009, estimated for 177 countries, the situation in Turkmenistan (59th place) is ranked as dangerous.^v The Fund for Peace also found that an alarming level of human rights violations persists in Turkmenistan, with a score of 8.9 out of a possible 10 points for “suspension of arbitrary application of the rule of law and widespread violations of human rights”.^{vi} In October, the Turkmenistan government imprisoned well-known environmental activist, Andrey Zatoka, on fabricated charges, sentencing him to five years in prison. On appeal, the sentence was suspended, but only on the condition that Mr. Zatoka renounce his Turkmen citizenship and leave the country forever. International pressure on the Turkmen government played a significant role in securing Mr. Zatoka’s release.

As a leader in the international community, Chevron has an opportunity and a responsibility to call upon Turkmenistan to uphold basic human rights. I encourage you to insist that measurable and significant improvements in human rights and the rule of law be a condition for any future Chevron investment in Turkmenistan. In fact, in 2008, Jay Pryor, Chevron’s VP for Corporate Business Development listed the rule of law as critical to any effective partnership.^{vii}

By insisting on human rights improvements and respect for the rule of law in Turkmenistan you can establish Chevron as a leader in corporate responsibility rather than merely engaging with one of the world’s most repressive regimes to secure hydrocarbons. Engaging with Turkmenistan without these conditions will only strengthen anti-democratic tendencies both in and outside of Central Asia.

Crude Accountability would be pleased to provide you with additional information on the situation in Kazakhstan and Turkmenistan, and to speak with you about the opportunities for Chevron to operate in an environmentally and socially just manner. You can find additional information about the situation at Karachaganak and download our report, “Turkmenistan’s Crude Awakening: Oil, Gas and Environment in the South Caspian” at www.crudeaccountability.org.

We look forward to your response.

Sincerely,



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ⁱ http://images.businessweek.com/ss/09/04/0430_ceos_tomorrow/26.htm

ⁱⁱ <http://www.crudeaccountability.org/en/index.php?page=karachaganak>

ⁱⁱⁱ <http://www.reuters.com/article/idUSL19662520091118>

^{iv} <http://www.freedomhouse.org/template.cfm?page=363&year=2009>

^v http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=391&Itemid=549

^{vi} http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=391&Itemid=549

^{vii} <http://www.chevron.com/news/speeches/release/?id=2008-04-17-jpryor>