

EXECUTIVE SUMMARY- Well Sacha 51 Rebuttal

This document is a rebuttal to the Judicial Inspection Report for Well Sacha 51. The report was prepared by the plaintiffs' expert Mr. Edison Camino Castro. Mr. Camino inspected the site on September 30, 2004, and presented his report to the Superior Court of Nueva Loja, Ecuador, on April 27, 2005.

Mr. Camino's report contains serious technical errors, as well as erroneous, arbitrary and unsupported statements. Mr. Camino's statements reveal his biased position, favoring the plaintiffs' allegations. The following are some of the most serious technical errors found in Mr. Camino's report. A detailed analysis of these issues is presented in the rebuttal document submitted to the Court.

THE CONTAMINATION THAT MR. CAMINO ATTRIBUTES TO TEXPET DOES NOT EXIST.

In his report, the plaintiffs' expert attributes to Texpet any impacts that he believes may exist, without presenting proof to support his claims. The intention of the plaintiffs' expert appears to be to demonstrate that Texpet contaminated the soil and groundwater of the area, but it becomes clear that Mr. Camino does not have the technical support to make these accusations. Mr. Camino does not present analytical results for all of the samples he collected, and misinterprets the ones he presents, either because Mr. Camino does not have the technical knowledge to evaluate the data, or with the intention to mislead the Court. For example, the following errors are noted:

- The analytical results presented by Mr. Camino do not show that there is contamination that can be attributed to Texpet. Mr. Camino did not analyze a single sample from Pit 2. The analytical results from the soil sample that he collected from Pit 1 are even below his own cleanup criteria; nevertheless, Mr. Camino ignores this fact and indicates that this pit needs to be remediated. Similarly, Mr. Camino states that pits 3 and 4 have to be remediated, even though he did not collect a sample from those pits, he only collected one soil sample between the two pits, and the analytical results of this sample are below the appropriate criteria.
- The plaintiffs' expert intentionally ignores the remediation criteria established in the Remedial Action Plan, which was approved by the Government of Ecuador and by Petroecuador in 1995, prior to the remediation activities. To evaluate the remediation activities at the site, the plaintiffs' expert tries to utilize remediation criteria that did not even exist when Texpet remediated the pits.
- Mr. Camino does not collect composite samples, and does not calculate average concentrations. Instead, he tries to extrapolate a single analytical result to the entire area of Well Sacha 51.
- The volume of soils to be remediated and the remediation costs proposed by Mr. Camino are arbitrary values, and should be rejected. For example, in his calculations, he includes pits 3 and 4, even though he did not collect any

samples from those pits, he simply collected a sample between the two separate pits. The depth that he used to calculate what he calls the "volume of soils to be remediated" is completely arbitrary. Similarly, remediation costs are more than 10 times greater than typical remediation costs in other countries, including Ecuador. Therefore, Mr. Camino is presenting incorrect information to the Court.

- Oil is not migrating, as the plaintiffs' expert suggests; the traces of oil detected at the site have low mobility, and the oil is highly degraded. The statements that Mr. Camino makes regarding groundwater contamination are not true and lack technical support. On the contrary, evidence demonstrates that groundwater has not been impacted by the oil and gas activities.
- Mr. Camino uses any traces of hydrocarbons found at the site to blame Texpet, ignoring the fact that Texpet ceased operations in this area in the year 1990, and that for the last 15 years, Petroecuador has been the sole operator in this area. This demonstrates the plaintiffs' expert's position, which is to blame Texpet, in spite of any evidence he may find, of any hydrocarbons that may be found in the area.

THERE ARE NO RISKS TO HUMAN HEALTH AND THE ENVIRONMENT

- Mr. Camino does not perform a risk evaluation at the site. The plaintiffs' expert should have considered that in order for risk to exist, there should be: a) a hazard, such as average concentrations of a substance which are above a health-based criterion, b) exposure routes, and c) receptors, people who may be exposed. Instead, Mr. Camino simply limits his evaluation to a comparison of constituent concentrations vs. incorrect cleanup criteria, criteria that did not exist during the time that Texpet performed the remediation. Later he refers to all substances as "toxic", without having performed an adequate risk evaluation.
- Mr. Camino uses the term contamination to refer to the mere presence of oil. From a strictly scientific point of view, this term is only valid when it is used to refer to concentrations that exceed appropriate evaluation criteria and present a real and quantifiable health risk. Therefore, it is not only necessary to analyze samples that are representative of the site being evaluated, but also is necessary to determine if the average concentrations can be harmful, and if there is a correlation between the substances found and the oil and gas activities. Similarly, samples with elevated concentrations of a substance are harmful if the receptors are exposed to it for a prolonged duration. If each of these requirements are not met, then there is no risk.

TEXPET REMEDIATED THE PITS IN 1996 APPROPRIATELY

- Mr. Camino tries to cast doubt on the remediation work performed by Texpet in the mid 1990s, ignoring analytical data, inspection certificates signed by representatives of the Government of Ecuador, and photographs, which clearly demonstrate that Texpet performed the remediation activities appropriately, in accordance with the Remedial Action Plan approved by the Government of

Ecuador. There is no proof that can be used to contradict or doubt that Texpet utilized appropriate remediation techniques, and that the work was approved by the Government of Ecuador once the remediation activities were concluded.

- The plaintiffs' expert, based on subjective observations which are not supported by scientific data, indicates that "the remediation work was not effective or appropriate."

The issues summarized above are discussed in the Rebuttal document submitted to the Superior Court of Nueva Loja, Ecuador. In this Rebuttal, it is demonstrated that Mr. Camino makes erroneous and arbitrary interpretations, either due to error, or in an attempt to mislead the Court.