

EXECUTIVE SUMMARY

The Judicial Inspection of well SSF-07 was conducted on September 14, 2005. This Report presents a description of field activities, analytical results for soil and water samples collected by my technical team during the Judicial Inspection, as well as responses to all the questions posed by the plaintiffs, the defendant and the Court.

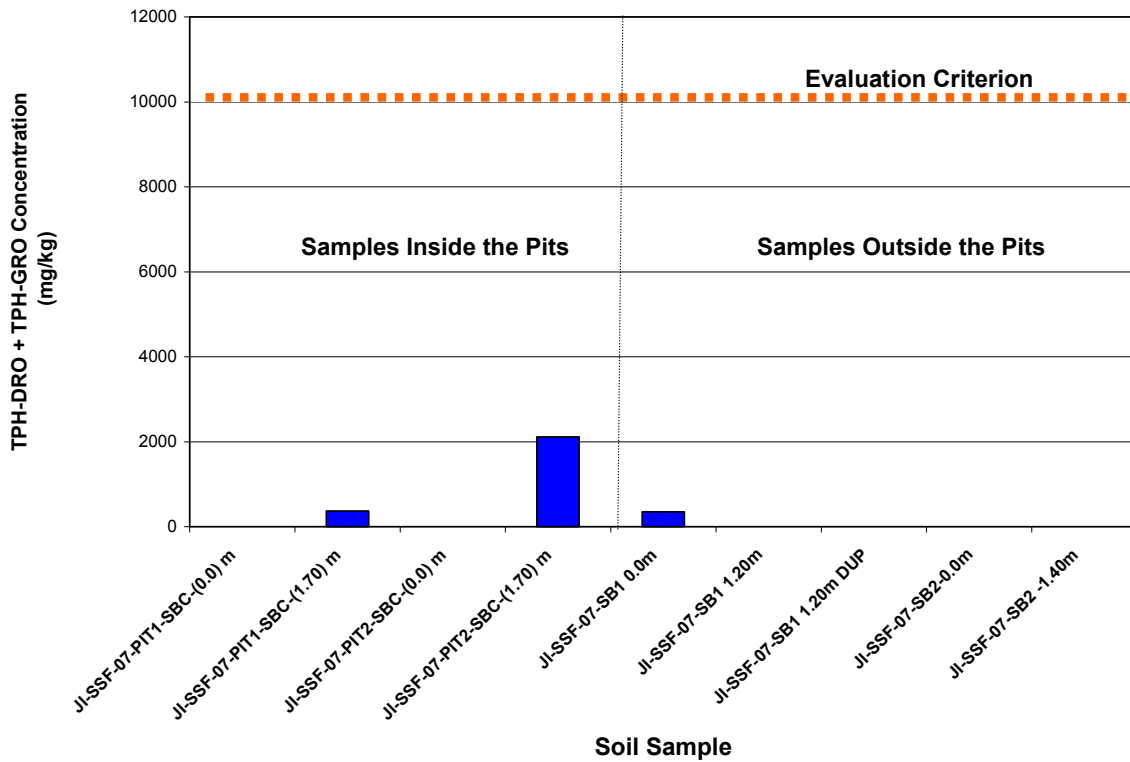
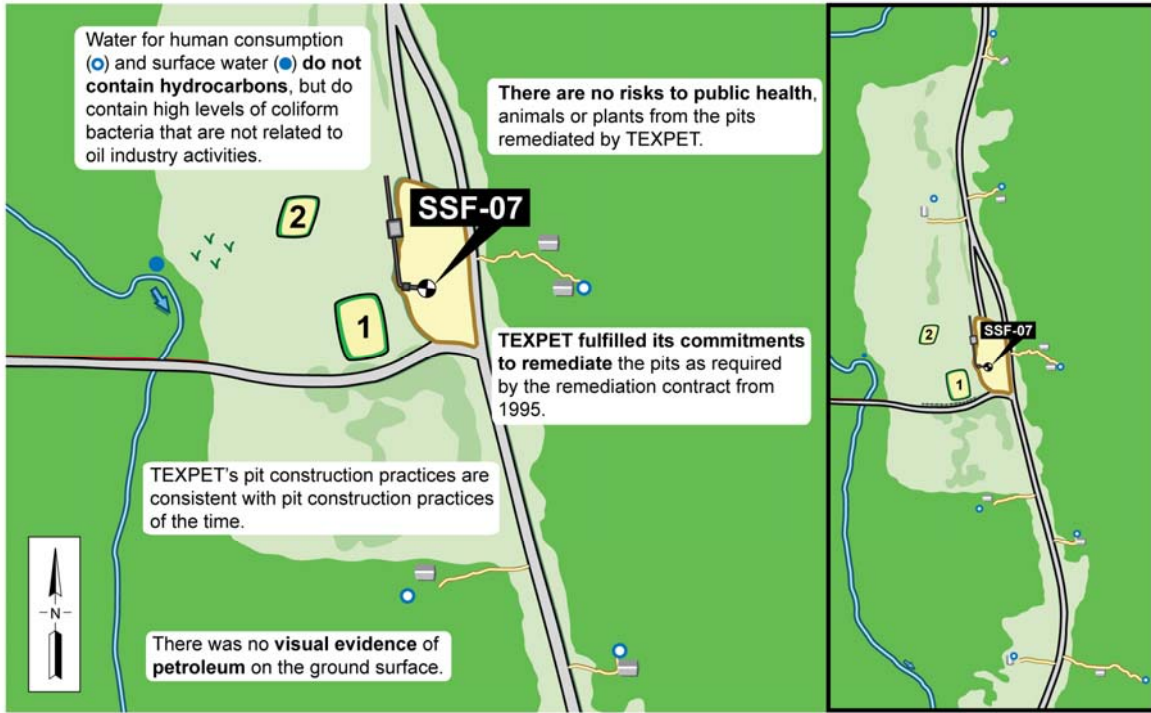
Well Shushufindi 07 is located in the Precooperativa 18 de Noviembre, canton of Shushufindi, province of Sucumbios. The well was drilled in August of 1972 and is currently in operation. Petroecuador, the state entity, is in charge of the operation of the well since June 1990.

Based on the field activities conducted during the Judicial Inspection and subsequent review of reports and documents related to remedial activities at Shushufindi 07, the following conclusions can be highlighted:

- 1. There are no risks to public health, animals or plants from the activities conducted by the Petroecuador-Texaco Consortium.***
- 2. There are no risks to drinking water from crude oil.***
- 3. There was no evidence of widespread petroleum contamination in the area surrounding the Shushufindi 07 wellsite.***
- 4. TEXPET's pit construction practices were consistent with international practices of the time.***
- 5. TEXPET fulfilled its remediation commitments related to well Shushufindi 07.***

These conclusions are summarized in the following figures:

Graphical Presentation of the Conclusions



Notes:

1. TPH-DRO = diesel range total petroleum hydrocarbons.
2. TPH-GRO = gasoline range total petroleum hydrocarbons.

The conclusions from this report are discussed below in more detail:

– **THERE ARE NO RISKS TO PUBLIC HEALTH, ANIMALS OR PLANTS FROM THE ACTIVITIES CONDUCTED BY THE PETROECUADOR TEXACO-CONSORTIUM.**

According to the analytical results for samples collected during the Judicial Inspection, soil that could come into contact with residents or animals of the area does not contain concentrations of hydrocarbons; benzene, toluene, ethylbenzene and xylenes (BTEX), polycyclic aromatic hydrocarbons (PAH), and metals that would pose risks to public health. In addition, the analytical results also are below risk to public health criteria (USEPA, 1996) and comply with the criteria set forth in the Remedial Action Plan (see tables 2A and 2B).

Therefore, there are no risks to public health or the environment from the activities conducted by the Petroecuador-Texaco Consortium.

– **THERE ARE NO RISKS TO DRINKING WATER FROM CRUDE OIL.**

The analytical results for the surface water sample collected from the stream located west of the platform and for 9 drinking water samples from nearby areas indicate that the water is free from hydrocarbons. This demonstrates that the drinking water does not pose risks to public health or the environment due to petroleum. Also, all analytical results are below Decree 2144 criteria and guidelines from WHO and USEPA, as well as human health risk criteria from USEPA (1996), except for the microbiological analytes (see tables 4 and 5 and Appendix J). The absence of petroleum-derived compounds in these samples proves that there are no petroleum residues in the ground that are mobile or that could adversely impact drinking water sources.

It should be noted that all water samples contained total and fecal coliforms, which could cause various types of diseases in people or animals that consume the water. These diseases are not related to crude oil.

– **THERE WAS NO EVIDENCE OF WIDESPREAD PETROLEUM CONTAMINATION IN THE AREA SURROUNDING THE SHUSHUFINDI 07 WELLSITE**

The analytical results for soil, surface water and groundwater samples collected outside the areas remediated by TEXPET prove that the concentrations of petroleum-derived constituents (e.g., PAH, BTEX) and metals are below laboratory detection limits or well below Decree 2144 criteria and WHO and USEPA guidelines, as well as human health risk criteria from USEPA (1996), except for the microbiological analytes (see tables 4 and 5 and Appendix J). Similarly, the analytical results for soil samples indicate that the concentrations of petroleum constituents (e.g., BTEX, PAH and metals) are well below the criteria in effect in Ecuador, Latin America and the United States when remedial activities were conducted by TEXPET. The absence of petroleum-derived compounds in these samples proves that there are no petroleum residues in the ground that are mobile. These data confirm observations made during site reconnaissance activities at the wellsite and surroundings: there was no visual evidence of impacts to soils or surface water. There also was no evidence of produced water and/or crude oil discharges to the surroundings or neighboring water bodies.

– **TEXPET’S PIT CONSTRUCTION PRACTICES WERE CONSISTENT WITH PIT CONSTRUCTION PRACTICES OF THE TIME.**

During the time period that the Petroecuador-Texaco Consortium operated in the Ecuadorian Oriente, there were no international technical standards for the design and construction of pits at petroleum facilities (see Appendix K). Based on a review of reference information from various international petroleum organizations, such as the Regional Association of Oil and Natural Gas Companies in Latin America and the Caribbean (ARPEL) in 1992, the American Petroleum Institute (API) and government agencies in petroleum-producing countries (e.g., USEPA or Venezuelan regulations), it can be concluded that the pits at the SSF-07 wellsite were constructed in a similar manner to pits constructed in other countries during that time period. In fact, earthen pits are still being used in surrounding countries, such as Venezuela.

– **TEXPET FULFILLED ITS REMEDIATION COMMITMENTS RELATED TO WELL SHUSHUFINDI 07**

According to the reference information reviewed and the analytical results provided by an internationally certified laboratory for samples collected, TEXPET closed the pits in accordance with the criteria and specifications agreed upon with the Government of Ecuador and Petroecuador. Further, the analytical results also prove that the remediation also met USEPA’s (1996) criteria for metals, BTEX and PAH based on risk to human health.

The conclusions presented above also are based on the following:

- The traces of degraded hydrocarbons found in the ground do not pose a risk to human health, animals or vegetation.
- There is no release or discharge of crude oil from the remediated area to groundwater.
- The remediated pits have a surface cover over the remediated soil (see Figure 8).
- The traces of degraded crude oil found in the subsurface do not have the potential to migrate because its residual saturation is well below the concentration required for migration to occur.
- The solubility of degraded crude oil in water is extremely low; therefore, it has not caused an impact to water sources.
- Conservative hydrocarbon volatilization estimates indicate that the volatile fractions have been degraded and that calculated concentrations are minimal.
- The risk evaluations conducted to investigate the exposure routes for the traces of hydrocarbons indicate that:
 - *There is no direct exposure.*
 - *There is no exposure from ingesting surface water or groundwater.*
 - *There is no exposure from inhalation of soil vapor.*
- The drinking water sources in the areas surrounding the Shushufindi 07 pits included a stream used for farming purposes, located approximately 160 m west of the wellhead, and 8 drinking water sources located to the north, south and east of the wellhead (see Figure 5). Neither TPH nor BTEX were detected in any of the samples, or their concentrations were very close to the laboratory detection limit or below the criteria established by Decree 2144, WHO recommended guidelines and USEPA’s (1996) human health risk criteria.