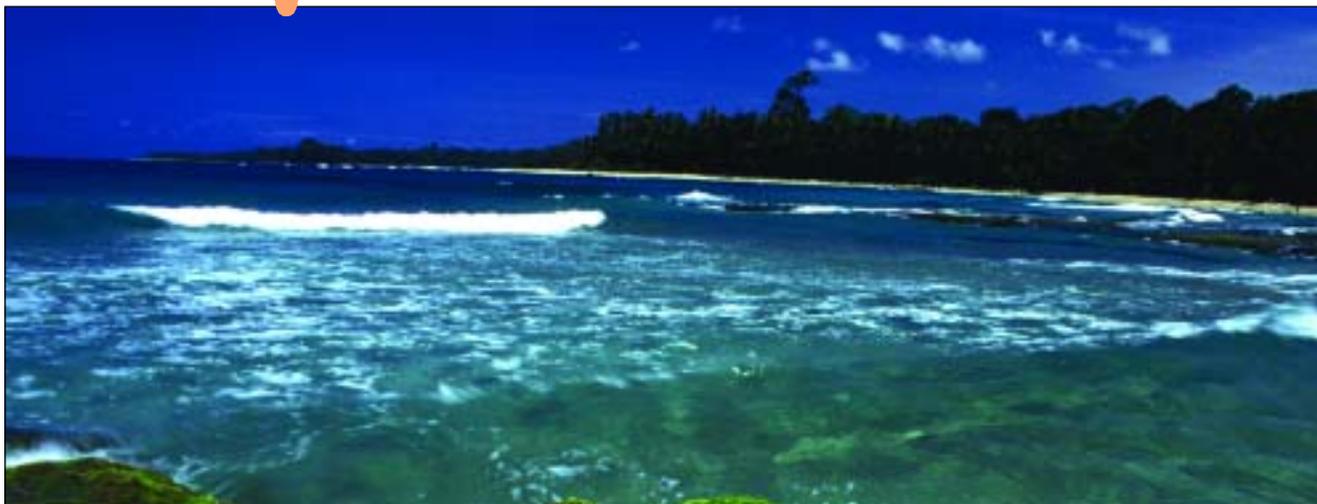


# OIL EXPANSION IN PARADISE

How you can help to stop an ecologic, economic and social disaster in Costa Rica



## HOW DID THIS ALL GET STARTED?

The search for "black gold" in Costa Rica is nothing new, leading to few results in the past. Starting again in 1997, the Costa Rican government began looking for foreign investors in its oil reserves, when President José María Figueres was on board. The country had been divided into 22 blocks which were posted for bids to foreign oil companies. In 1998, the government of Miguel Ángel Rodríguez granted concessions or contracts to MKJ-Explorations of Louisiana to explore and eventually exploit oil in four blocks located within the Costa Rican Atlantic coastal area, totalling 5.634 square kilometers. Later, 80% of the concession was sold to Harken Energy Corporation of Texas, which currently does most of its oil drilling in Colombia.

Pressure for new sources of oil from the current U.S. presidential administration, whose ties to the oil industry go far back and deep, have helped fuel such developments. Let's not forget that this new liberalization of Oil resources in our country responds to a change in the Hydrocarbons Law, that was made in 1994, as a Structural Adjustment Programme condition. The new text was "suggested" for the Central American region by a consultancy made by the World Bank in the early 90's.

## RESISTANCE MOVEMENT

Strong resistance from local communities along the Caribbean of Costa Rica who would be directly affected by oil exploitation made the government and oil companies stop their efforts to exploit the natural resources of this world renowned tropical paradise. The communities and some ecologist & environmental organizations, a great deal of environmental lawyers, as well as many individuals, united in platforms like ADELA (Acción de Lucha Antipetrolera) and Oilwatch Costa Rica (national chapter of Oilwatch International). After two years and a half of intensive organizing and campaigning (from October 1999 until March 2002) the company was not able to obtain its environmental license from the respective government agency (SETENA-National Technical Environmental Secretariat). This happened on March 2002.

Local opposition to this latest oil exploration plan in Costa Rica has come from a wide variety of local development and tourism associations, small agricultural growers, fishermen's groups, NGOs, and other community groups, who feared the disastrous impact of this oil exploration on their lives and livelihoods. They formed a coalition called ADELA (Acción de Lucha Antipetrolera -Action of Anti-Petroleum Struggle-) and organized to oppose the government and oil companies' efforts. ADELA filed a lawsuit with



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## Oil blackmail: a peak of what we can expect from cafta

OCTOBER 1ST, 2003. As if it were a joke, the Costa Rican government qualified Harken Energy's intention of demanding the Costa Rican government for 57.000 million us dollars, via an international arbitration through the International Center for the Solution of Investment Differences. This is an Institute that is part of the World Bank, and has it's headquarters in Washington DC., USA.

For Oilwatch Costa Rica ecologists, one of the groups that promotes the anti-oil campaign, "this outraging demand is one story that will become everyday business when transnational corporations consolidate their rights through the Free Trade Agreements that are being negotiated currently, like CAFTA and FTAA, among others. We know that the principles of compensation in the investment chapters on these Free Trade agreements are completely unproportional in the relationship State- Cooperation", said Alicia Casas, Oilwatch Costa Rica member.

The company violated the contract when it was not able to get the environmental permit for operating. We consider there is no case in this demand, it seems more like a big blackmail and a way of getting public attention from the anti-independence sectors in Costa Rica and the US".

Fabian Pacheco, from Oilwatch/AESO (Social Ecology Association), said "Costa Rica has legally applied the contract, and Harken has not met the requirements with the mediocre Environmental Impact Assessment that it presented. If this company would have wanted to continue the due process, they would have claimed a contentious case against the technical decision of SETENA".

In fact, many of the anti-independence sectors had been heating their engines to support this demand, and make it look like this is the result of a romantic, nonrealistic decision from the government. For Mauricio Alvarez, spokesperson of Oilwatch/AESO "this is not an isolated blackmail, nor does it fall on cold ground. Some weeks ago, some of these sectors have been insisting, through tabloids about the inadequate anti-oil position of the government. These conservative sectors cannot see the visionary character of the Costa Rican President's decision. For them, getting rid of the oil threat, as it happened with the army some years ago, is a decision that directly affects their business and interests." Alvarez also said "since we started monitoring the oil activity and this company's historial, we have realized how speculative this business is. Harken Energy, renamed Global Energy for offshore purposes since 2001, has interest or concessions from Colombia up to Belize, through the whole Caribbean coast of this region, and is determined to make Costa Rica become part of this geopolitical strategy, which is to take over a large and important territory and make the region become an important part of its transnational business. Harken has been linked in the past to George W. Bush, and according to the New York Times, and other US newspapers in 2002, while he was the company's CEO, there were irregularities in the financial reports, as well as an exaggeration of the company's property, usually no profit reported, and there was also tax evasion. We realize that in our country, during the administration of their concession, Harken passed the rights from one company name to another, never had a stable public office, and did not do a serious job in preparing and presenting the EIA".

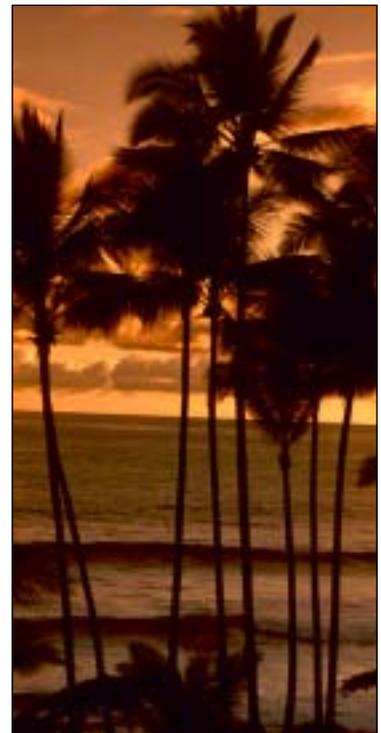
the Costa Rica Supreme Constitutional Court claiming that the government had violated the local population's rights to prior consultation and participation in the process, which succeeded in blocking oil exploration in the indigenous reserves, but allowed the company to continue its exploration efforts in offshore drilling near the ports of Limon and Moin. The group received international support for its struggle, including an independent assessment on Harken's Environmental Impact Study, that revealed serious flaws in that study. This was finally resolved with the denial of the environmental license, due to the inability of Harken to demonstrate through their EIA that their activity was viable from an environmental and social point of view. The EIA was not approved, and oil drilling in the Costa Rican Caribbean was declared not environmentally viable.

## WHAT WAS (OR STILL IS) AT STAKE?

Costa Rica is renowned worldwide for its rich biodiversity in both the rainforests and marine coastal areas, with numerous endangered and endemic species not found anywhere else in the world. The Caribbean region is home to numerous indigenous peoples and other cultural groups, whose livelihoods of fishing and eco-tourism would be greatly threatened by oil exploration. Costa Rica also has an image worldwide of a strong commitment to protecting this biodiversity through national parks, wildlife refuges and indigenous reserves as part of a model of sustainable development, as well as its participation in international covenants and treaties on the environment and indigenous peoples.

## CLIMATE CHANGE

These international agreements such as the 1992 Declaration of Rio about the environment and development, and the Convention on Climatic Change in 1993 and its Kyoto Protocol in 1997 call for the stabilization of the global climate through the reduction of its fuel combustion. The Kyoto Protocol commits all governments to reduce their emissions by 5.7% in relationship to what they emitted in 1990. Some of the main countries that consume the most fuel such as the United States, Australia and Japan, refused to implement this measure. . Furthermore, global discussions of the dangers of global warming have made clear the need to reduce fuel combustion and emissions. Governments that signed the Convention on Climatic Change, including Costa Rica, should be investing their resources in search of new forms of production and consumption of energy that do not affect the environment and the health of people.



## WHO IS HARKEN ANYWAY?

The company has been a lot on the news since the year 2000, during the ultimately successful campaign of George W. Bush as President of the USA. For many years he was a major investor, employee and CEO of Harken. This connection is just one of many of Bush's close ties to the oil industry, which was evident in his recent energy plan that calls for more exploration and exploitation of nonrenewable energy resources such as oil, thus creating a global backdrop for the struggle over oil exploration in Costa Rica.

According to the New York Times, Times, and other US publications in 2002, while W. Bush was the company's CEO, there were irregularities in the financial reports, as well as an exaggeration of the company's property, usually no profit reported, and there was also tax evasion.

It also has had local claims in Texas for the pollution of some farms in their gas operations. These have become legal battles in court, but the legislation does not allow to judge these cases of pollution.

Harken operates in the North Caribbean of Colombia, since the early 90's. This was the first country it expanded to outside the US. Its interests have led it to defend the funding of Plan Colombia at the US Congress, as one of the stakeholders in the oil operations in that country, considered a matter of "national security" by the U.S foreign policy. The expansion of Harken to Colombia has to do with an old friendship between Ernesto Samper and George W Bush, when one was President of Colombia and the other was governor of Texas.

On the other side, most of Bush's scandals related to his oily past have to do with Harken. As Harken's CEO, he managed to close an important deal in Bahrein, winning over other very big corporations. George Bush

father was the President of the U.S then. In 1994, one week before the Persian Gulf War started, W. Bush got rid of all his shares and sold them at regular prices. When the war exploded, Harken's shares went down fastly, but W Bush was out of sight already. He could have been charged with criminal accusations, due to the fact of withholding key information from the stakeholders and using it only for his personal benefit.

There is another important scandal related to Harken. The bankruptcy of the BCAE, a huge money laundering machine that operated from Miami and Europe. The bank held the accounts for various oil corporations, but went bankrupt, thus unleashing a huge scandal that resulted in a Congress Commission to investigate the links between this bank and some major companies and politicians, as well as money laundering and CIA operations.

We realize that in our Costa Rica, during the administration of their concession, Harken passed the rights from one company name to another, never had a stable public office, and did not do a serious job in preparing and presenting the EIA. It was never clear who we were facing to or who we had to dialogue with, since there was never a stable representation of the company in our country.

Harken has currently plans to expand to Panama, Costa Rica, Nicaragua, and Belize. This is public, we still don't know where else it is expanding or plans to expand.

## LINKS

[www.savebiogems.org/talamanca/](http://www.savebiogems.org/talamanca/)  
[www.ifaw.org/page.asp?id=1014](http://www.ifaw.org/page.asp?id=1014)  
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## Oil blackmail continues

PRESS RELEASE

OCTOBER 4th, 2003. Harken Costa Rica Holding's threat has vanished as quickly as its demand was not viable. This company, property of Global Energy, has decided to withdraw its claim for \$57.000 million dollars against the Costa Rican Government. This claim was submitted for consideration on april at the ICSCD. This happens precisely when the discussion about CAFTA and its consequences is taking place in Costa Rica, and when the United States is insisting on the liberalization of two of it's favorite businesses: oil and telecommunications.

About this new development of events, when consulted by the press, Dr. Abel Pacheco, President of Costa Rica, stated "Yes, we are looking for private investment, but who said we were bidding our natural patrimony?"

Harken is now asking "only" it's invested-already money, which sums (estimated only by the company so far) up to US\$15 million. Mauricio Alvarez, Oilwatch Costa Rica spokesperson, was satisfied with the news, and pointed that "this clearly indicates the lack of jurisdictional basis that the company act on". The Costa Rican Government studied and analyzed the case, and concluded that the company had no legal basis for this claim, because it had not followed the contract procedures, when it could not demonstrate the environmental viability of the project.

Mauricio Alvarez also warned that this announcement made by the company may be part of it's strategy, because now they have something to negotiate with, since "they have stepped back in one of their claims, which was the international arbitration. This arbitration had no future, it was a trick made up for the only purpose of generating pressure on the government and get what they wanted: their supposed investment back".

This is not the first time that Harken plays these tricks. We remember when a legal claim won by the communities made it resign to the portions of indigenous reserve that where inside the contract, or develop a community consultation, and they used this news to make it look like an act of good will. On that occasion, they stated "we are resigning to these portions of the concession to improve the relationship with the communities", not recognizing that it was the Supreme Court that ordered this disposition.

About the compensation, it will be a very interesting process, and we will be able to know how when the company signed an Investment Plan with the former government, the total expected investment was about US\$3 million, and now their are talking about US\$15 million. "We have around 12 million doubts" Mauricio Alvares said. "The company reported a lower amount of investment in order to pay a very cheap 10% environmental insurance (a total of US\$30 000)" continues.

For Oilwatch Costa Rica, to talk about compensation, we would have to start by saying that the simple fact of Declaring a Territory Free of Oil Exploration and Exploitation, in the middle of an oil-addict model, is an unquantifiable act in monetary terms. According to the company's data, we would have to subtract 300 thousand barrels a day from the daily fossil fuel emissions to the atmosphere. These are effective CO<sub>2</sub> emission reductions, that can make a difference regarding climate change. Institutions and different mechanisms that exist to fight back climate change should recognize the value of this reality. We would have to quantify how much profit has Harken already made by speculating about their concessions, thus obtaining good stock sales. They sold their stock up to \$14usd. When "the market" realized that Costa Rica was not going forward, and that there was a successfull campaign demanding Harken to forget their purpose in this country, the stock fell to the floor (from \$14 to 2\$) . This clearly meaning that Harken has valued and speculated on it's oil reserve discoveries in order to get a higher value for their shares.

# TEN THINGS YOU CAN DO TO STOP HARKEN'S PLANS IN MESOAMERICA



- 1 Gather all the info you can about Harken Energy (Global Energy), its US operations, its links to Bush and other petropoliticians (Toricelli, etc). Redistribute this info, send copies to the local resistance movements and communities in Costa Rica.
- 2 Carry out information activities for the environmental and human rights movement, as well as the general public. Videos, meetings, speeches, newsletters, workshops, emails, etc.
- 3 Organize public actions at Harken's offices. Write letters to Harken's CEO, and encourage others to do so. Let Harken know that you are aware of what it plans for all Mesoamerica, and that you and many others are willing to prevent this from happening.
- 4 Articulate and link this campaign with all the other oil resistance campaigns that you are involved with or that you know of. Help affected communities get in touch with each other.
- 5 Send a letter of support to the Costa Rican President, Abel Pacheco. Do not forget to send a copy to the local movement.
- 6 Visit the affected communities in Costa Rica, Panama, Nicaragua, Belize. This will give you a clear idea of what's up with oil concessions. Also it will relate you directly and personally to the affected people, and the resistance movement
- 7 Produce your own material, to redistribute the information according to your organization's or movement's specific affinity.
- 8 Donate some money to the movement, or fundraise for the cause. This, for US, or Mesoamerican activities. Not as important as all the rest, it never hurts to have some financial support
- 9 Link this campaign to the "Free Trade and Oil Expansion" issue. It's crucial that different sectors and stakeholders realize the real effects of Trade Liberalization, the concrete situations we are faced to with CAFTA, FTAA, etc.
- 10 Protest to your own government for encouraging oil companies to look for new oil reserves everywhere, specially out of the Middle East. Protest Oil Expansion as the Climate enemy #1.



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