

April 26, 2005

Mr. David O'Reilly, Chairman and CEO
ChevronTexaco Corporation Inc.
6001 Bollinger Canyon Rd.
San Ramon, CA 94583

Dear Mr. O'Reilly:

I write on behalf of Amazon Watch to share issues of concern that have arisen with regard to the ongoing litigation against ChevronTexaco in Ecuador's Amazon region. Many of these concerns implicate issues of fair dealing and corporate governance at the highest levels of your company. As appropriate, we request that you notify your Board of Directors of these concerns and that the management of ChevronTexaco take all necessary corrective measures.

As a non-profit organization whose mission is to protect the rainforest and the indigenous communities that inhabit it, Amazon Watch has been monitoring developments in the trial brought against your company by several affected communities and indigenous peoples in Ecuador. These groups are seeking costs for clean-up of environmental damage that they assert was caused by Texaco during two decades of operations in Ecuador's Amazon region. As you are aware, the lawsuit alleges that the scope and impact of the environmental damage Texaco caused in Ecuador includes the dumping of more than 18 billion gallons of toxic wastewater directly into the rainforest. Experts in remediation of oil contamination who have assessed the environmental impact, such as David Russell of Global Environmental Operations, believe this might be the worst oil-related contamination on the planet today. We believe thousands of people are at risk of contracting cancer because of the drilling practices used, and that possibly hundreds more (including many children) already have succumbed to this disease because of exposure to the contaminants left by Texaco. We assume you are familiar with the basic facts of this lawsuit and its on-going progress.

Our concerns are as follows:

Public statements by representatives of your company with regard to the trial are false and misleading. In various press releases posed on your website, it is asserted that soil and water samples from inspections of Texaco's former sites are not harmful to human health and the environment and prove that the legal claims of the affected communities in this case are "baseless". (Texaco.com/sitelets/Ecuador/en/press_releases/2005-02-17_safety_confirmed.asp) This declaration, which has been repeated publicly in Ecuador and in the United States by senior executives and public relations

specialists employed by your company, is false and misleading. We base this claim on a careful reading of each of the technical reports submitted by both parties in the litigation based on the judicial inspections that have been completed thus far. Without exception, each of these reports clearly prove that levels of toxins that derive from petroleum contamination exist at extremely dangerous levels at each site inspected and reported upon, including each and every site inspected thus far that Texaco claims to have remediated.

One example is at a Texaco well site called Sacha-53, ChevronTexaco reported to the court that it found 22 soil samples that contained Total Petroleum Hydrocarbons (TPHs) at harmful levels, often as high as 20 times higher than the maximum allowable amounts permitted under Ecuadorian law, and approximately 200 times over maximum permissible allowances for most states in this country. Additional samples showed illegal levels of carcinogens such as Chromium 6, cadmium, phenol, and lead. This pattern of finding harmful levels of contaminants is also evident in technical reports your company submitted to the court for each and every site it has inspected. We emphasize that the reporting of high TPHs *is evidence that your company's paid technical experts have produced themselves, on behalf of ChevronTexaco, and submitted to the court as evidence.*

It is outrageous and irresponsible for ChevronTexaco representatives to make public statements that there is no harm when your own evidence produced by ChevronTexaco's paid technical experts shows massive levels of contaminants and directly contradicts the public statements. We repeat, such statements are false and misleading, they contradict your company's claims to conduct business in an ethical and socially responsible manner, and they represent an inappropriate attempt to influence the ongoing litigation. We are providing notice that management of ChevronTexaco is legally obligated to ensure that the false and misleading statements made by company representatives with regard to this litigation cease immediately.

ChevronTexaco has a conflict of interest in the manner in which it is managing the litigation in Ecuador. ChevronTexaco's conflict of interest in Ecuador seems to become more obvious by the day, yet company management has refused to take corrective action. Ricardo Reis Veiga, a lawyer and senior vice president of ChevronTexaco who oversees the litigation in Ecuador on behalf of ChevronTexaco, is the very person who negotiated the now-infamous "remediation agreement" with the Ecuadorian government that is at issue in the current trial because of claims it was based on a fraud. This agreement led to a certain government official in Ecuador signing a "release" relieving Texaco of all legal claims relating to its contamination from the government. However, the agreement itself is now being challenged by the affected communities who are suing ChevronTexaco and the government of Ecuador as invalid and possibly based on a fraud. Part of the reason for this challenge is that evidence coming out at trial from ChevronTexaco itself (per the above) strongly suggests that the

remediation was inadequate and that the “release” was provided only after misrepresentations about the nature of the clean-up were made by Texaco to Ecuador’s government. Regardless of whether these allegations are true, this agreement is now at issue in the trial. Mr. Reis Veiga clearly has a vested personal interest in defending this agreement as he was responsible for creating it, even if at this point it implicates ChevronTexaco in a fraud. It is a clear conflict of interest to have Mr. Reis Veiga involved at any level in the litigation in Ecuador when his prior activities are the subject of a factual dispute at trial. You might also know that Ecuador’s Attorney General has recently suggested to company shareholders that this agreement was invalid, which might expose Mr. Reis Veiga and ChevronTexaco to additional legal liability in Ecuador.

We will continue to communicate with you as appropriate as our monitoring of this trial continues. However, these concerns are of an immediate nature and they deserve a prompt response.

Sincerely,

Atossa Soltani
Executive Director
Amazon Watch

cc: ChevronTexaco Board of Directors