

Block 31, Yasuni National Park Ecuador

Sectors: Oil and Gas Extraction

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[Project website](#)

Sectors

Oil and Gas Extraction

Location

About Block 31, Yasuni National Park

Ecuador's Yasuni National Park is threatened by planned oil development by the Brazilian oil company Petrobras. The oil development will take place in Block 31, two thirds of which is located in Yasuni National Park, one of the most biodiverse areas on earth and the crown jewel of Ecuador's mainland national parks.

Currently the project will see the construction of two oil platforms inside the park, an oil processing facility near an ecologically sensitive river that forms the northern boundary of the park, flow lines from the oil platforms in the park to the processing facility, and the expansion of a supply camp on the Napo River 12.8 kilometres north of the processing facility. The area is of such biological significance it has been declared a UNESCO Biosphere Reserve.

The development will unleash cumulative impacts (including deforestation) on adjacent areas that will threaten vulnerable indigenous people living in voluntary isolation. Clashes between indigenous groups and Petrobras are considered likely, with local communities formally calling for a moratorium of oil development in the area.

What must happen

The Ecuadorian government should not permit oil drilling and development in Yasuni National Park, including Block 31. To avoid needless ecological destruction and potentially tragic social conflict with vulnerable indigenous groups, the current proposal for Block 31 requires independent evaluation of feasible alternatives and major design changes, including the free, prior informed consent of affected indigenous populations, and a strategic, regional Environmental Assessment that would examine cumulative impacts and their mitigation.

Until the social and environmental risks outlined in the Investors' Brief are addressed, no responsible financial institution should provide support for the project in its current form.

Issues

Petrobras' Block 31 project will be constructed in an area identified by Conservation International as one of the largest contiguous tracts of the most biodiverse intact wilderness in the world. Further research has concluded that the forests of Yasuni are probably the most diverse in the world. Yasuni has been declared by WWF Scientists as among the most important ecoregions globally to protect.

The development's environmental assessment states "the possibility of a catastrophic [oil] spill cannot be ruled out" at the processing plant, and that there is "probable" risk that indigenous communities affected by the project will engage in physical protests and interventions that could lead to work stoppages and violence.

Introducing the two oil platforms, associated infrastructure and personnel into the region will cause such broad and direct secondary environmental and social impacts that 43 concerned scientists from Ecuador, the United States and Europe wrote to the President of and its Environment Minister concerning the most recent development proposal (plans have been altered and long delays have occurred) recommending that no new drilling be undertaken in Yasuni. The letter informs that regardless of the drilling method used impacts of the existing plan, the lack of full consultation and informed consent of significant elements of the indigenous population affected outweigh all indications that the project should proceed.

The inadequate environmental assessment and likely risks have led to apparent violations of the Equator Principles, including Principle 3, Applicable Social and Environmental Standards; Principle 5, Consultation and Disclosure; Principle 6, Grievance Mechanism; Principle 7, Independent Review. An elaboration of these violations can be found in the Investors' Briefing.

Governance

Other applicable regulations

Issues and potential breaches to Equator Principles are detailed in [the Investor Brief document](#).

Updates

Aug 25 2010

On August 3 2010, the Ecuadorian government and the United Nations Development Program signed an agreement that will create a trust fund for managing international contributions to the Yasuni-ITT initiative. This initiative calls for the oil reserves under the Ishpingo Tambococha Tiputini field in the Yasuni National Park to remain underground. In exchange, the Ecuadorian government seeks compensation from the international community for 50% of the lost revenues from choosing not to drill. The money will be used for renewable energy projects and other environmental activities.

In 2008 the Ecuadorian government rescinded the lease to Petrobras for Block 31, it's now under the administration of PetroEcuador. For the moment no development is proceeding. It appears the Ecuadorian government hopes to get funds to keep the oil in the ground for Block 31. They haven't had much success to date.

On 20 September 2008, Brazilian oil company Petrobras agreed to transfer Block 31 back to Ecuadorian state oil firm Petroecuador ([Reuters](#)). September 2006, a revised plan and environmental assessment for oil development in Block 31 is submitted by the oil company Petrobras to the Ecuadorian government.

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