

Emrich, Sigrid

From: Emrich, Sigrid
Sent: Wednesday, September 19, 2007 4:07 PM
To: Brown, Jefferson T; Edwards, David B; Barr, Kimberly S; Izzo, Jeffrey R; Corneille, Faith C; Hatcher, J Nathaniel; Fife, Nan N; McMullen, Christopher J
Cc: WHA-Bolivia-Ecuador-Peru
Subject: 9/18 Meeting with Chevron

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Ed Scott, Chevron VP and Deputy General Counsel, met September 18 with WHA DAS Chris McMullen. WHA/AND Director Arnold Chacon, WHA Energy Officer Faith Corneille and Ecuador Desk Officer Sigrid Emrich also participated.

Scott provided an update on Chevron's ongoing legal dispute in Ecuador. He noted that their have been procedural irregularities since the suit was filed in 2003, but that the situation has deteriorated markedly in the past seven months.

Chevron expects that the environmental "expert" appointed by the judge will submit his determination on alleged environmental damage, blame and financial value in the first quarter of 2008. Chevron expects that the court will make a final determination sometime during the second quarter of 2008.

Chevron will file a petition in early October for dismissal because it does not believe it can get a fair trial, particularly since Pres Correa has publicly sided with the plaintiffs. The firm will combine the filing with a PR campaign in which it will speak publicly about the many judicial irregularities the company has encountered. Scott pointed out that the dates for the filing and media campaign were carefully selected to take place between the election of the Constituent Assembly and the time that the Assembly begins its work.

Scott appreciated the great support Chevron has received from the Embassy. He stressed that Chevron is open to a settlement with the GOE (not the plaintiffs) in which Petroecuador would accept responsibility for remediation while Chevron would provide some humanitarian assistance to the indigenous population - potable water, clinics, etc. Chevron came close to a settlement under the previous Ecuadorian administration, but plaintiffs in the case intervened. Scott did not see any interest from the Correa administration in engaging with Chevron on this issue.

If Chevron loses the case, Scott made clear that the company will not pay. Scott noted that, although Chevron no longer has assets in Ecuador, the GOE may try to enforce a judgement by seizing the companies assets in Venezuela, Brazil or Argentina. Chevron attorneys are looking into this.

Scott also held meetings September 17-18 with USTR, Treasury, State EEB DAS Hengel as well Capitol Hill (Rep Rangel, House and Senate staffers). Chevron is asking USG officials and Members of Congress to raise concerns about this case when they meet with Ecuadorian officials.

Chevron is also considering arbitration under under the Bilateral Investment Treaty for denial of justice.

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