



How 12 metres became 200

BP fails to compensate landowners in Colombia for land taken for the OCENSA pipeline

*From Chapter 9 of 'Some Common Concerns', by Greg Muttitt and James Marriott, October 2002
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"Our aim is that countries and communities in which we operate should benefit directly from our presence – through the wealth and jobs created, the skills developed within the local population and the investment of our time and money in people rather than in things, so that we create sustainable human progress."

BP, *What we stand for*, statement of business policies, February 2001

If a pipeline is to be built on someone's land, the owner should rightly expect to be compensated for the land they will lose. To determine how much compensation should be paid, one needs to ask how wide the pipeline will be – not just the metre or so diameter of the pipe but also the extent of the land which will be taken up by the pipeline's construction and operation. This is the central problem which a group of smallholders in northern Colombia, who are currently fighting BP in the Colombian courts, are grappling with.

During the pre-construction phase of the OCENSA (Oleoducto Central, SA) pipeline, BP compensated the smallholders for a corridor of just 12 metres (39 feet) across their land. But soon after the pipeline was built, BP brought in security to protect it. In many sections, a curfew was imposed from 6 o'clock in the evening until 6 o'clock in the morning over a width of 100 metres (330 feet) either side of the pipeline. On top of this, the productive use of an even wider stretch of land was lost because construction of the pipeline disrupted subterranean water supplies.

The 800-kilometre (500-mile) OCENSA pipeline connects BP's oilfields in the Casanare region of northern Colombia with the Caribbean port of Coveñas. From there the oil is loaded onto tankers and exported, mainly to the USA. The Cupiagua and Cusiana oilfields, discovered by BP in 1991, were the biggest oil finds in the Western hemisphere since Prudhoe Bay in Alaska (another BP field), and now produce around 50% of Colombia's total crude output. As such, they play an important economic role for Colombia, not least because, before their discovery, Colombia faced the risk of becoming a net importer of oil. Equally important was the geopolitical role of these oil fields: through developing a closer relationship with the USA, the Colombian government hoped to gain military aid and an international go-ahead to move against left-wing guerrilla movements in the country. For the USA, the Colombian finds were another non-Middle Eastern source of oil and, unlike that from neighbouring Venezuela, a non-OPEC source. About 90% of the oil from Cusiana and Cupiagua now goes to the US market.ⁱ

The pipeline is owned by OCENSA, a company especially set up for investment in the pipeline. Shareholders in OCENSA are the four companies investing in the Cusiana and Cupiagua fields – BP (UK/US), Total (France – now TotalFinaElf), Triton (US) and Colombian state company Ecopetrol – plus a Canadian pipeline company, Enbridge, which is contracted by OCENSA to operate the pipeline.ⁱⁱ Although BP owns only 15% of the pipeline and is not its operator, it is a key player in the OCENSA consortium and is closely involved in important policy decisions. After all, most of the oil the pipeline carries is from two fields operated by BP. In fact, the companies initially managed the pipeline as an extension of the joint venture responsible for the oilfields, and thus BP did most of the work, including obtaining environmental licences from the government, arranging compensation with landowners on the route, and overseeing the early stages of construction.



OCENSA was set up only in 1995, and pipeline service companies employed to operate it when the four partner companies disagreed over some of the plans for the pipeline.

Community benefit?

Before the major pipeline was built in 1995-97, 'early oil' (about 150,000 barrels per day) from the Cusiana and Cupiagua fields was piped along the existing Oleoducto de Colombia (ODC) pipeline, which ran from the Magdalena valley (in the south-west, on the other side of the Cordillera Oriental mountains from Casanare) to the port of Coveñas. Most of the OCENSA line was built right alongside this pipeline. This first ODC line, built in 1990/1991, had already caused major problems. According to the UK-based Colombia Solidarity Campaign, moving earth during construction caused avalanches, blocked springs and diverted streams, destroying at least 150 water sources. Subsequent restoration work was poorly conducted, and topsoil was not replaced; sacks containing earth rotted away within a few months and farm animals that ate the synthetic sacking were poisoned.ⁱⁱⁱ

When the larger OCENSA pipeline (capacity 500,000 barrels per day) was built between December 1995 and August 1997, BP signed contracts agreeing to pay compensation for a strip of land 12 metres wide at a rate of just 400 pesos (US\$ 0.39) per square metreⁱ of this strip, plus any additional damages. Yet the peasants' lawyers report that the combined effects of additional soil erosion from the pipeline and of the security curfew have meant that, instead of losing the use of a narrow corridor of land, some peasants have lost the use of their entire holdings. Some have been forced to abandon their homes and move to the cities.^{iv}

As of June 2002, a group of 20 families has outstanding claims against OCENSA for US\$ 690,000 in damages caused by the pipeline (another group of five families has claims of US\$ 250,000 against the ODC company for the first line).^v OCENSA has so far refused to make a settlement beyond the original payment. According to their lawyers, 350 small-holding peasants from Zaragoza and Segovia at the northern end of the pipeline:

"lost their livelihoods with the large-scale disturbance of the land, which contaminated water supplies and eroded the soil on their farms, making it infertile. The companies are offering derisory compensation of \$3,000. Today the peasants are in extreme poverty, going hungry, without land to cultivate, without education and without basic public services."^{vi}

BP is no longer the operator of the OCENSA line, but because of its lead role in the pre-construction phase, the legal challenge for compensation issue has been filed against BP.

Broken promises

During construction of OCENSA, the companies laid some sections of the pipeline in non-approved areas, causing greater than expected environmental damage. During testing, it spilled crude oil into the surrounding environment. For the damage caused by these incidents, Colombia's Environment Ministry fined BP and two of its partners (Triton and Ecopetrol) 15 million pesos (US\$ 13,000), and ordered them to plant and maintain 60 hectares of trees at a cost of about 180 million pesos (\$156,000).^{vii}

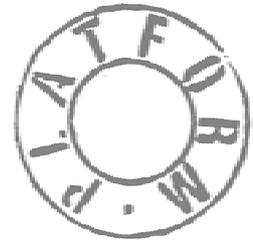
Meanwhile, the benefits of oil development to local communities have been limited. A 1999 policy paper by five UK-based development agencies (CAFOD², Christian Aid, CIIR³, Oxfam GB and Save the Children Fund UK), reported that:

"Studies show that the lives of the poor have not significantly improved since the arrival of the oil industry as measured by the provision of basic services of healthcare, education, and housing. At the same time the poor have suffered disproportionately from the increase in political violence, and from environmental problems, as they are more dependent on their immediate physical surroundings than their richer neighbours."^{viii}

ⁱ =120 pesos (US\$ 0.12) per square foot

² Catholic Agency for Overseas Development

³ Catholic Institute for International Relations



Reporting

At best, BP has reported a one-sided picture of its performance in Colombia. For example, BP's location report on Colombia, published in March 2000, proudly stated that "Since the commencement of operations, BP and its partners have spent over US\$ 30m on voluntary social investment programmes".^{ix} It added that it had had conversations with non-governmental organisations (NGOs), including Oxfam, Save the Children, CIIR and Christian Aid.^x It did not mention, however, that over the period these organisations were in discussion with BP Colombia, its community affairs staff were cut from 60 people in 1997 to 16 in 1999. Nor did it report the NGOs opinion that:

"current staffing levels on community affairs [are] insufficient to meet the needs in this area . . . The need to engage with community stakeholders on issues of concern relating to the impact of the oil industry in general and BP in particular was evident throughout our visit. Some of this relates to existing impact and some to future prospects."^{xi}

Similarly, BP's 1998 report on the social impact of its operations in Colombia proudly stated that consultants found in 1996 that BP's environmental standards and performance in Casanare "equalled or exceeded" international expectations. This BP report did not refer, however, to a 20-page report by the Colombian government's independent ombudsman, detailing hundreds of thousands of dollars of fines on BP for serious environmental damage caused by 12 wells and two oil processing facilities during the period 1991-1997, including the biggest fine in Colombian history (US\$ 125,000) for serious environmental damage at five oil installations in 1994. The government report also revealed that a local council had asked the Environment Ministry to investigate BP's non-compliance with reforestation obligations under licences awarded between 1995 and 1997.^{xii}

Meanwhile, for the smallholders who have lost their land or whose land has been destroyed, BP is still refusing to compensate them and is, in effect, forcing them to take an expensive case to the courts.

ⁱ US Department of Energy – Energy Information Administration, May 2002, Country Analysis Briefs – Colombia – available on website <http://www.eia.doe.gov/emeu/cabs/colombia.html> accessed 2/6/02

ⁱⁱ a role it initially shared with TransCanada Pipelines, until TransCanada sold its interest in 2000

ⁱⁱⁱ *Colombia Solidarity*, bulletin of the Colombia Solidarity Campaign, April-June 2002, 'BP's two pipelines', p.23

^{iv} *Colombia Solidarity*, bulletin of the Colombia Solidarity Campaign, April-June 2002, 'BP's two pipelines', p.23

^v Colombia Solidarity Campaign – *Frontline*, May 2001, p.XVII 'BP and pipeline damage in Colombia'

^{vi} Marta Hinestroza and Carlos Sanchez (lawyers acting on behalf of the peasants, Medellin, Colombia), 5/5/01, 'Beyond petroleum', letter to *Guardian*

^{vii} Reuters, 12/8/97, 'Oil companies to pay Colombia environmental fines'

^{viii} Inter-Agency Group (c/o Oxfam, Oxford), July 1999, 'Good intentions are not enough', policy paper, p.2

^{ix} BP, March 2000, *Colombia location report*, p.4

^x BP, March 2000, *Colombia location report*, pp.6 and 4

^{xi} Oxfam & Save the Children, July 2000, 'We should not stand for this', unpublished policy paper, p.2

^{xii} *Guardian*, 15/08/98, 'BP in Colombia – a tale of death, pollution and deforestation', p.4