



SOMO

Dear Sirs,

In relation to your email received on November 16th, 2012, containing a statement about Pluspetrol's operations, the following comments are provided:

Environmental Issues

Pluspetrol started operations in Block 8 in July 1996 (the prior operator was PETROPERU) and started operations in Block 1 AB in May 2000 (the prior operator was Occidental Petroleum Company - OXY). Each plot had an Environmental Compliance and Management Program (PAMA) in place whose objective was to adapt operations to the existing environmental regulations.

In 2005, Supplementary Compliance Plans (PAC, acronym in Spanish) were submitted to the corresponding authorities. These plans included production water management (with an estimated investment of US\$ 500 million), and the remediation of 118 sites that were affected by activities performed before Pluspetrol took over the operations of the area.

So far, the remediation of 99 of the 118 identified sites has been completed, and the remediations performed have received the corresponding approvals from the relevant environmental authority. The amount invested in remediation activities exceeds US\$ 70 million. Pluspetrol is currently implementing remediation activities at the remaining 19 sites.

Regarding hydrocarbon spills, 18 spills were registered in 2011, 6 of which resulted from acts of vandalism. Of the 3,145 barrels spilled in 2011, 95.6% (3,007 barrels) resulted from these acts of vandalism.

The current Contingency and Response Plan was applied in all these cases, in order to minimize the impacts caused by the above-mentioned spills.

Moreover, Pluspetrol filed a complaint for each act of sabotage before the corresponding Police and Judicial Authority.



In order to promote transparency in relation to the Company's operations, Pluspetrol supports community involvement in the monitoring of the environmental and social commitments it has made. Thus, the Corrientes River Community Environmental Monitoring Program (PMAC del Río Corrientes) has been in implementation since 2007, which consists of community monitors (members of the involved communities), who receive technical advice from the NGO "Pro Naturaleza". Monitors are allowed entrance into Pluspetrol's premises to monitor environmental performance in different areas. Also, in the event of contingencies or spills, these monitors are called upon to the incident area and they are requested to make pertinent comments on the situation witnessed.

Moreover, there is another Community Monitoring Program in place in the area, which corresponds to the *Federación de Comunidades Nativas Achuar del Río Corrientes* (FECONACO) and which has been economically supported by Pluspetrol since 2007. As in the case of PMAC del Río Corrientes, community monitors also are granted access to the company facilities.

Pluspetrol currently publishes an annual Sustainability Report¹, with the intention of offering all stakeholders accurate information on the operations' environmental and social performance as well as detailed information on the activities driven by the Company in order to achieve a more sustainable management. This report is based on the guidelines recommended by the "*Oil and Gas Industry Guidance on Voluntary Sustainability Reporting*" generated by IPIECA², together with API.³

Conflicts and Security Issues

In 2006, FECONACO filed a complaint against Pluspetrol Norte and the Peruvian Government where the oil industry was charged for the presence of heavy metals in the blood of the basin inhabitants. This led to a demonstration made by the local communities at the Company facilities. The agreements reached as a result of the conversations held

¹ The Sustainability Report is available at Pluspetrol's website. www.pluspetrol.net

² International Petroleum Industry Environmental Conservation Association

³ American Petroleum Institute



with community representatives and the Peruvian Government were recorded in the Dorissa Act (October 2006), in a joint agreement signed by the Loreto Regional Government, FECONACO and Pluspetrol Norte .

The 8 commitments subscribed by Pluspetrol were:

- Reinjection of all production water,
- Funding of a Comprehensive Health Plan for 10 years,
- Building of a hospital,
- Rental of a vessel to carry agricultural products of the communities,
- Temporary food support,
- Installation of 34 drinking water systems,
- Funding of a community environmental monitoring program, and
- Remediation of the environmental liabilities included in the PAC (pursuant to the above-mentioned paragraphs, of the 118 sites included in the PAC corresponding to both blocks, 99 have already been remediated, and 19 are in process of remediation).

So far, Pluspetrol has complied with all its commitments with exception of the ongoing remediations.

Other agreements included in the act fall within the Peruvian Government's responsibility, such as the implementation of a Comprehensive Development Plan for the communities living in the basin, which still has to be complied with.

Regarding the reported heavy metal pollution, it must be highlighted that FECONACO (using the funds provided by the Comprehensive Health Plan) hired Umea University (Sweden) to analyze the possible pollution sources. The research concluded that the heavy metal pollution was associated to traditional community practices, such as handling of lead to prepare fishing hooks, use of lead-containing paints, direct absorption due to vessel fuel handling by children and adults, etc.

Regarding *Acta Pastaza*, this act was signed in May 2011 between the *Federación de Comunidades Quechua del Río Pastaza* (FEDIQUEP) and the Loreto Regional Government (GOREL), and established commitments to be complied with exclusively by

the regional government, such as performing water and soil analyses within the basin, hiring of a doctor, delivering medicines to the healthcare facilities, building school classrooms, funding and implementing a secondary school, creating and implementing a technology institute, generating a framework agreement for the creation and execution of projects, constructing and provisioning of a healthcare facility, implementing a training program for the young, creating a fishing management plan, performing an agricultural diagnosis of the Pastaza area and researching on the area's tourism potential.

By mid year of 2012, the Quechua community delivered a message to the public where it accused the Regional Government for not complying with its commitments, and presented its complaints to the Central Government. On June 17, FEDIQUEP and GOREL signed a new Act that included 23 commitments that were very similar to the original ones, with the presence of the Minister of the Environment, the Minister of Healthcare and the Vice-Minister of Energy. Additionally, it was agreed that a work group would be implemented to address the social issues of the native communities in the basin. ***

OECD Guidelines

Pluspetrol's initiatives contribute to the human, social and economic development of the communities living in the areas of influence of the Company's operations, from a global sustainability perspective and within the scope of mutual cooperation, trust and learning relations, respecting territorial rights and cultural diversity. In this way, a community action strategy is developed according to the following Ruling Principles:

- Respect for human rights in general and native populations' rights in particular.
- Spreading of sufficient, accessible, understandable and timely information regarding operations and projects.
- Implementation of wide participative processes.
- Community participation in the assessment of the Company's compliance with environmental and social commitments.
- Acknowledgement of interculturalism as a key human value for community relations.
- Focus of actions on healthcare, education and productive projects.



Moreover, all the projects implemented by Pluspetrol are subject to an environmental and social impact assessment process, in order to identify potential impacts and associated risks at an early stage, and to define the best mitigation actions. As a result, extensive baselines have been developed, as well as Environmental and Social Management Plans, which detail the activities to be performed in order to reduce, control and mitigate the impacts that might be caused by the operations. The effectiveness of these plans is assessed in time through the implementation of Monitoring Programs.

The Company also has Contingency Plans that detail response measures to incidents such as spills, fires or explosions, as well as the mechanisms to be applied for their immediate reporting to the corresponding authorities and subsequent analyses of these events. These Plans are reviewed every year and, as part of their implementation, include Company personnel and contractor trainings, including drills. Said Plans are submitted to the relevant environmental authority on a yearly basis.

Finally regarding the last paragraph of your letter, Pluspetrol Resources Corporation B.V. (Pluspetrol) is the parent company of several other corporations incorporated in different countries around the world. Pluspetrol's core business is the exploration, development and production of hydrocarbons. At present Pluspetrol is running activities and operations in 7 countries: Angola, Argentina, Bolivia, Chile, Colombia, Venezuela and Perú. Neither such countries nor other prospective business locations for the future expansion of Pluspetrol fall at present into the category of traditional international business jurisdictions where to place Pluspetrol's main office. Among the various places for the sitting and organization of Pluspetrol's main office, The Netherlands appeared to be a suitable jurisdiction not only due to the availability of administration facilities and infrastructure, but also because it is an important, well reputed and serious financial and business center to administer and control foreign business of international private entities. Although the modern business organization may not require several physical locations for the management, control and supervision of business, Pluspetrol is nowadays opening its own office in Amsterdam to place the main house of its parent company, with fully dedicated personnel to take care of the overall supervision of Pluspetrol's international activities.



Since most of the information included in this explanatory letter is public and can be easily verified by a specialized organization such as SOMO, we kindly request your review in the shortest possible time lapse. Moreover, we would be glad to provide any other information required by SOMO to finalize its assessment and which might not be clarified herein, and we urge you to manage all publications related to this information with the necessary impartiality this kind of disclosures require.