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JUDICIAL INSPECTION *ACTA*

In the city of Joya de los Sachas, canton of Joya de los Sachas, province of Orellana, on the eighteenth day of the month of August of the year two thousand four, at 9:10 a.m., the Office of the President of the Superior Court of Justice of Nueva Loja gathered, in the person of Dr. Efraín Novillo Guzmán, President of the Court, and Attorney Liliana Suárez Navarro, Court Clerk, at the location known as SACHA FIELD WELL SIX, accompanied by Dr. Alberto Wray, attorney of record for the plaintiffs, and Dr. Mónica Pareja Montesinos, on behalf of the plaintiffs, and Dr. Adolfo Callejas Rivadeneira, Legal Counsel for CHEVRONTEXACO CORPORATION, to perform the judicial inspection in Case No. 002-2003 action for damages being heard by this Court. To this end, at the date and time indicated in the order of July 15, 2004, 2:00 p.m., the Judge commenced the inspection and ordered the clerk to read the relevant procedural items, after which the Judge took up the request of the parties and appointed the EXPERTS proposed by the parties. For his part, Dr. Alberto Wray proposed Dr. Charles William Calmbacher, Passport No. 084303536, and Eng. Jennifer Elizabeth Bilbao Garcia, citizenship ID No. 171051969-3, the latter solely for purposes of taking samples. For his part, Dr. Adolfo Callejas objected to the appointment of Eng. Bilbao, in so far as the appointment had not been included in the agreement reached by the parties, and he in turn nominated as Expert Mr. John Connor, ID No. 134939504. In the absence of an agreement between the parties, the Judge appointed as experts Messrs. Jorge Enrique Jurado Mosquera, citizenship ID No. 170354515-0, Jhonny Robinson Zambrano Carranza, ID No. 170720182-6, Galo Fernando Alban Soria, ID No. 180193108-8, David Gerardo Barros Pazmiño, ID No. 170003772-2 and Dr. Luis Albuja Viteri, ID No. 170245588-0, who will serve as settling experts for any discrepancies that might arise in the observations made, and pursuant to the stipulations made by the parties in the documentation that was ordered added to the record. The appointed experts were in attendance, accepted the position, and swore to perform their duties faithfully, and thus were legally sworn in. The honorable Judge provided the defendant, represented by Dr. Adolfo Callejas, the opportunity to speak. He stated: "Honorable President of the Superior Court of Nueva Loja, events have occurred here recently that we consider unacceptable from a procedural standpoint, since in our view, their occurrence has resulted in a change in the natural conditions of this site, which is to be inspected by your office. To corroborate my statement, permit me, your Honor, to read a small portion of a document already contained in the record. It appeared in the Quito newspaper *El Comercio* on Saturday, August 7, 2004, on page 2. The article originated from the Nueva Loja office and refers to this trial. What I am about to read is already contained in a document I submitted for your consideration yesterday, so maybe it does not need to be transcribed again in this record, in view of the limited time we have available to us, but I wonder: if what was done here was legal, why did secret tests have to be carried out, hidden tests, ones not performed in the light of day as they should have been? Clearly what happened is unacceptable, since as I will demonstrate to you, in our subsequent tour of the area, the alterations to this site for purposes related to secret activities, as the press calls them, can be for no other reason than to prepare this site for

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Your Honor to see it the way the plaintiffs want you to see it, and not how it was in its natural state when the parties requested this inspection. I categorically state that no technical team from CHEVRONTEXACO CORPORATION has performed any secret tests here or used drills that obviously can and must have damaged not only the site's surface environment, but also possibly the natural condition of the subsoil after the remediation that we know TEXACO PETROLEUM COMPANY has performed here in the last decade. The open paths, the cement markers left behind and other permanent features, the open holes that are an incitement to vandalism, perhaps in good faith, if that term applies, as well as a risk to the personal safety of the individuals living here, are nothing more than physical evidence that the opposing party is hoping to direct your inspection to sites they have prepared in advance, which turns this inspection into a mere exercise with no legal value whatsoever. That is why yesterday I asked you in writing to please issue specific instructions stopping the drilling with drills and other mechanical devices, the opening of paths, the marking of drill sites, and in general any activity that indicates prior manipulation of any site that is going to be inspected. I also asked, considering simply the extent of the manipulation we are reporting, that you consider the possibility of suspending this inspection and the other inspections scheduled at sites where there are also clear signs of interference similar to what has occurred here. As attorney for the defendant corporation, I personally would like to state that I am convinced that neither Dr. Alberto Wray nor Dr. Mónica Pareja have participated directly in these events, which nevertheless have most certainly been caused by persons ignorant of the fact that in Ecuador acts such as those I am describing are unacceptable. Addressing the inspection, we find ourselves at the site known as oil well SACHA-06, to perform the judicial inspection requested by CHEVRONTEXACO CORPORATION, which I represent as its legal counsel. First of all, I must point out the following background related to this inspection: 1. CHEVRONTEXACO CORPORATION does not currently have, nor has it ever had, anything whatsoever to do with the SACHA-06 well. 2. The work executed here by the plaintiffs to "prepare" the site for this inspection is illegal, since it seriously altered the environmental conditions existing here until a few days ago, rendering this inspection impossible. 3. PETROECUADOR is and for the last 14 years has been the operator and the party responsible for the SACHA-06 well. 4. PETROECUADOR has also been the sole owner of the SACHA-06 well for over 12 years. 5. By virtue of the remediation work carried out by TEXACO PETROLEUM COMPANY (TEXPET) on the SACHA-06 well, the Ecuadorian Government and PETROECUADOR have permanently released TEXPET and any company considered its successor of any liability for the environmental conditions produced here by the activities of the Petroecuador-Texaco consortium. 6. This release includes any "environmental impact," i.e., "Any solid, liquid or gaseous substance present or released into the environment in such concentration or condition, the presence or release of which causes or has the power to cause damage to the health of humans or the environment." 7. If there is at this well any other oil facility not remediated by TEXPET in 1996, it is the sole responsibility of PETROECUADOR to remediate it, for the above-mentioned reasons. 8. No oil installation existing here represents an actual risk to the health of the persons inhabiting the region. 9. PETROECUADOR is solely responsible for the current environmental and

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operating conditions at the SACHA-06 well. It must be emphasized that this site is currently part of the active oil production operations of the state-owned enterprise PETROECUADOR, which since 1974 has been the majority holder of the rights and obligations under the concession agreement signed with the national government on August 6, 1973, and since 1990 has been its operator, and since June 7, 1992, has been its owner and the sole responsible party. This entire set of indisputable legal relationships, plus the fact that in 1998 the Ecuadorian government and PETROECUADOR itself released the minority shareholder, TEXACO PETROLEUM COMPANY, of any liability for any environmental effects that might have occurred as a result of the former consortium's operations, unarguably means that any evidence, responsibility or obligation deriving from this trial and specifically this judicial inspection, are attributable solely and exclusively to PETROECUADOR. Neither the complaint that gave rise to this trial, nor the unfounded allegations of the plaintiffs and their representatives, have the power to change this truth if, as my client hopes, these proceedings and the final judgment in this case are in accordance with the standards of Ecuadorian law and the most basic principles of justice. PETROECUADOR must assume responsibility for the current environmental condition of this site and of all other areas in which it operates. Nothing and no one may excuse PETROECUADOR from fulfilling its sole responsibility in this regard, without becoming an accomplice to an injustice. As is clear, and as we can demonstrate, this site has been "prepared" by the plaintiffs for this inspection. Any way you look at it, such action is illegal, and the purpose of it can be none other than to deceive Your Honor and therefore this proceeding must be rejected. In the view of CHEVRONTEXACO CORPORATION, this "site preparation" affords it one additional reason to reject any liability whatsoever that might hypothetically arise from this inspection, of an area in which one of the parties unilaterally and intentionally caused significant changes in recent days, as can be seen from the dates noted on the cement slabs they placed in various locations. My client cannot agree that what exists here at this time is the genuine condition of the site. I request, Your Honor, that the *acta* of this inspection note in detail the scope of the "preparation" tasks executed by the plaintiffs, both those that are evident, and those that cannot be seen, but that may be disguised or hidden. Before touching upon the specific issues of this inspection, I would like to repeat some legal aspects that render irrelevant any argument that the plaintiffs might raise during the inspection. Indeed, Your Honor, there is no legal action or event that subjects the corporation I represent to the jurisdiction of the courts and tribunals of Ecuador. Moreover, CHEVRONTEXACO CORPORATION was never a part of the concession granted by the Ecuadorian Government to the Petroecuador-Texaco Consortium under the agreement of August 6, 1973, nor was it in any way the operator of the oil fields existing in the area of that concession, nor is it, nor has it ever been, the successor of TEXPET or of TEXACO INC. There is no relationship whatsoever between the SACHA-06 well and CHEVRONTEXACO CORPORATION. The sole statement by the plaintiffs that they are submitting their claim against my client because it "replaced" TEXACO INC. with respect to "...all of its obligations and rights" has no legal basis, nor has it been proven by the plaintiffs, nor can it serve as the basis for linking CHEVRONTEXACO CORPORATION to circumstances that are completely independent of the company. Neither the plaintiffs' lack of standing to file this action, nor the clear procedural errors

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contained in the complaint, especially that of having filed suit solely against a company completely unrelated to the matters at issue in this trial, deliberately omitting those who were involved in them; the fact of having based its action on the [il]legal retroactive application of the Environmental Management Law; or the fact of having filed a legal action that, in the case of CHEVRONTEXACO CORPORATION, has already lapsed as set forth in Article 2259 of the Civil Code, can be corrected, as the plaintiffs' spokesmen hope, by means of a shocking and extensive campaign of disinformation and deception, the ultimate purpose of which, oblivious to our indisputable substantive arguments, is that Your Honor will be illegally forced, by the weight of an influenced and manipulated public opinion, to ignore the procedural merits and hand down a verdict consistent with the terms sought by the plaintiffs' spokesmen, which would result in a "judicial lynching" of my client, based on false information repeated time and again. I believe that Your Honor as an important part of the Ecuadorian judicial system, will agree with me that it is not possible to accept such pressure either in this or in any other proceeding, something which is, unfortunately, extremely common in our country. Your Honor, the parties' arguments alone, supported by evidence that is legally presented and appears in the record, may serve as a basis for accepting or rejecting the parties' claims. This is now the proper time to recall the legal maximum "Anything not in the record, DOES NOT EXIST IN THE UNIVERSE." Maliciously ignoring the established fact that CHEVRONTEXACO CORPORATION has been neither part of the Petroecuador-Texaco consortium nor its operator in any way, in the complaint and, above all, in the media, my client has been accused of having used operating practices that allegedly caused an ecological disaster in the 1973 concession area. Nevertheless, the fact of the matter is that the operations carried out here to explore and produce hydrocarbons is similar to those conducted in many other parts of the world. Moreover, under Ecuadorian law and the agreement of August 6, 1973, all of the activity by the concession-holders was always subject to the control and prior approval of several Ecuadorian government entities and the majority shareholder, the state-owned enterprise Petroecuador. By acting as operator of the consortium, TEXPET was representative and agent of the co-owners, so, under the Ecuadorian Civil Code and the agreement regulating joint operations, its actions must be considered as having been made by the principals themselves. Nevertheless, the complaint filed by Maria Aguinda *et al.* on May 7, 2003, is aimed solely against CHEVRONTEXACO CORPORATION, surely because those who are behind the plaintiffs—as sponsors, foreign attorneys or financiers—believe that, because PETROECUADOR is a state-owned enterprise, perhaps lacking the necessary financial solvency, it is not in their interests to file suit against the only party responsible, and they prefer to file suit against CHEVRONTEXACO CORPORATION, which does not currently and did not ever have any interest or liability. Notwithstanding our refusal to accept any responsibility related to the SACHA-06 well, principally for the reasons I have briefly set forth above, we requested this judicial inspection to demonstrate the falseness of the arguments made in the complaint against the quality and relevance of the environmental remediation work carried out by TEXPET at this and many other sites that belonged to the Petroecuador-Texaco consortium and, by contrast, to support our argument that such work was completed in its entirety and

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in accordance with the technical requirements, which is why the Government of Ecuador and Petroecuador, in their capacities as grantor of the 1973 concession and majority shareholder in the defunct consortium and current exclusive holder of the hydrocarbon exploration and production rights in the area, respectively, released TEXPET and any company that may be considered related to it or its successor, from any and all past, current or future liability relative to any environmental contamination "that might exist or arise, directly or indirectly, from the consortium's operations." Thus, even if we were to accept the assumption, which we categorically reject, that CHEVRONTEXACO CORPORATION was the "successor" of TEXPET, as the plaintiffs claim, my client would also be legally exempt and released from any environmental action against it. On May 4, 1995, the government of Ecuador and Petroecuador, on the one hand, and Texaco Petroleum Company, on the other, signed a "Contract for Implementing Environmental Remediation Work and Release of Obligations, Liability and Claims," pursuant to which TEXPET, at its sole expense and under its sole and exclusive responsibility, was to complete the work described in Annex "A" as stipulated in the so-called Remedial Action Plan, subject to the specific approval of the government of Ecuador and Petroecuador. This and all other documents to which I refer in my explanation are contained in the "Notary Record Book" which I will subsequently file with the Court Clerk, as set forth in Art. 248 of the Code of Civil Procedure, to be added to the record. I would note that the "Remediation Agreement" has some background information that is necessary to properly frame the scope of this inspection. In effect, prior to the termination of the Agreement of August 6, 1973, the co-owners of the consortium, under the guidance and control of the Ecuadorian Government, considered it indispensable to have valid technical information on the environmental conditions in the area of the 1973 concession. To this end, the National Government charged the Canadian company HBT Agra Limited with conducting the audit and assessment of the oil fields of the Petroecuador-Texaco Consortium through June 30, 1990. For its part, TEXPET asked Fugro McClelland (West), Inc., to perform a similar audit, except the latter was also to investigate what occurred between June 30, 1990, and June 6, 1992, a period during which the state-owned enterprise PETROAMAZONAS was the operator of the consortium. Obviously, the two audit firms were also supposed to prepare contingency and mitigation plans which, together with the firms' final reports, were delivered to the Government and to the co-owners of the consortium. The two audits specified above are the only existing technically conducted diagnostics that cover the environmental condition of the fields that were part of the August 1973 concession. By contrast, the assessments of the plaintiffs and their spokesmen on this issue are based on mere speculation. The final reports of the two audit firms contain some conclusions that the plaintiffs have not validly challenged and that I believe are important to directly quote, as they reflect, technically and scientifically, what actually occurred in the operation carried out by the former PETROECUADOR-TEXACO consortium. First of all, it was proven that "from 1964 to 1990, TEXPET's activities complied with Ecuadorian laws and regulations and industry practices for seismic studies, exploration drilling, and many areas of development/production operations," as stated by Fugro McClelland. HBT Agra reached a similar conclusion, stating that "A review of the consortium's practices revealed that they were largely consistent with typical operating practices in other tropical rainforest areas." In

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testimony rendered during the trial, experts who have analyzed the issue fully support the consistent statements of the two audits, which obviously have more weight than any claim to the contrary, which would lack scientific or technical support, that the Plaintiffs might make now. The audits also identified a certain level of environmental damage localized in specific areas, resulting from the former consortium's activities, which might require remediation. In this regard, Fugro specified that "...approximately 50% of the contamination from the drilling platforms and pits, and 30% of the hydrocarbon contamination at the production installations, was attributed to operations...from 1964 to 1990." By subtraction, we may conclude that the consortium activities for which PETROECUADOR was responsible from 1990 to 1992 produced 50% of the pollution at the platforms and pits and 70% of the hydrocarbon pollution at the production installations. This is also a scientifically verifiable fact, which cannot be ignored by the Court as the plaintiffs would like. In this trial they attempt to gloss over PETROECUADOR's extensive role in the events, both as a majority partner of the consortium, and in its capacity as concession operator since 1990. PETROECUADOR must assume its own liability. After publication of the aforementioned environmental studies, negotiations were held as to how TEXPET was to fulfill its part of the environmental mitigation obligations, in proportion to its minority share in the consortium and under the obvious assumption that the remaining work would be the sole responsibility of the majority shareholder, PETROECUADOR, as implicitly and expressly agreed by the Ecuadorian government. In fact, we know that in recent years PETROECUADOR has directly remediated dozens of pits located at wells that belonged to the Petroecuador-Texaco consortium, in tacit acknowledgement that that work is the logical result of its majority interest in the consortium as well as its ownership of the fields for the past 12 years. The fact that PETROECUADOR has not yet completed its remediation work, after 14 years of exclusive operation in the area, which has also been its sole responsibility for over 12 years, is not something for which CHEVRONTEXACO CORPORATION or any other company or entity can be blamed. The Ecuadorian government believed in the late 1980s that its state-owned oil company was legally, technically, financially and operationally capable of assuming not only the consortium's operations, but also of handling exclusive ownership of the entire concession area. For that reason, it categorically rejected a proposal by TEXPET to extend the term of the concession for ten years. No pretext about a lack of economic resources or bureaucracy or inadequate laws or a lack of political will can be claimed in the face of the legal and contractual reality: PETROECUADOR is responsible for the remediation of all those pits and other oil installations that were not remediated by TEXPET between 1995 and 1998. Contrary to what occurred with TEXPET's part, i.e., the part that was in fact included in the Remediation Agreement, PETROECUADOR's remediation activities are hardly known, and therefore no one knows how they were conducted; who supervised, controlled and accepted them; what analyses were carried out; or what remediation methods were used. All of this is a mystery, which is intended to be corrected here by blaming CHEVRONTEXACO CORPORATION and granting PETROECUADOR an implied release that it did not obtain through effective, concrete actions, as TEXPET did. I ask Your Honor to take this into consideration, and to prevent the application of a

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double standard for judging the environmental mitigation actions: one, scrupulously regulated and controlled for the private minority partner, and the other, completely permissive, subjective, uncontrolled and lenient, for the majority state partner, which sees no need to assume its obligations in any serious way, because no one is complaining about it. I believe this trial is an opportunity for the Ecuadorian judicial system to begin to disentangle that intricate confabulation of silence and tolerance that has been woven around PETROECUADOR and to demand that it properly execute its share of the environmental remediation work in the areas of the former consortium, as the majority partner that it was. But there are also legal regulations in which the Ecuadorian State recognizes Petroecuador's exclusive liability. Thus, we might mention, solely as an example, Executive Decree No. 675 published in Official Gazette No. 174 of April 22, 1993, which also states: "That, for the exploration and production of crude oil, current practice requires the construction of pits to collect oil, water, mud and other waste." The contracting terms and conditions for hydrocarbon exploration and the production of crude oil through the joint venture agreement (Ministerial Resolution 100, Official Gazette 211 of November 1, 2003), applicable to the Shushufindi, Auca, Lago Agrio and Culebra-Yulebra fields, which were the property of the PETROECUADOR-TEXACO consortium until 1992, establish that the costs of environmental remediation "...carried out by the partner with the authorization of PETROECUADOR, of the environmental liabilities prior to the contract date, will be the responsibility of the state-owned enterprise." Similarly, Official Register No. 293 of March 16, 2004, published Executive Decree No. 1447, which contains the "Regulation Replacing the Consortium Agreement Regulation Provided for in the Hydrocarbons Act," in which the current Ecuadorian government expressly agrees that the environmental liabilities existing in the aforementioned fields belonging to the defunct Petroecuador-Texaco consortium are and shall be the sole responsibility of the state-owned enterprise. In effect, this regulation states that: "The costs of environmental remediation, to reach the environmental base line...shall be assumed by PETROECUADOR..." Contrary to what the Ecuadorian government ordered through the legal regulations I just cited, the plaintiffs seek, without justification, and only because they feel like it and feel it is in their interest, to hold CHEVRONTEXACO CORPORATION liable for any "environmental liabilities" that might exist at this site or at any other site of the 1973 concession. Such an unfounded desire cannot be validly accepted. Justice demands that PETROECUADOR address its responsibility, since in the end, it is only fair that each party be given its due, in terms of both rights and, above all, obligations. The environmental audits allowed the Ecuadorian government, PETROECUADOR and TEXPET, through a long, technical negotiation process that included extensive fieldwork, to contractually establish both the sites that would be subject to TEXPET's remediation activities, and the way the work would be executed in each case. The basic parameters for site selection were determined by the hydrocarbon activities PETROECUADOR continued to carry out there on an ongoing basis, as well as by the environmental risk and the consequent need to perform or not perform mitigation work. Having thus defined the locations and procedures, the so-called "Remedial Action Plan" was drawn up, known by its English acronym "RAP," which is Annex "A" to the May 4, 1995 Agreement and contains the detailed design of all the work and actions that TEXPET was to perform. The RAP,

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prepared by a qualified company, selected from a list approved by the Ministry of Energy and Mines on behalf of the Ecuadorian government and PETROECUADOR, was also approved by the aforementioned ministry, also on behalf of the Ecuadorian government and PETROECUADOR. Fieldwork at the selected sites lasted more than three years, and the handling and execution of the operation was well-received by the public. It was possibly one of the most extensive environmental impact mitigation projects that had ever been conducted anywhere. Unjustifiably, the plaintiffs challenge the scope of the RAP and TEXPET's compliance with it, ignoring the fact that the entire process—its planning, negotiation, execution and acceptance—was subject to extremely in-depth auditing, supervision and control by various authorities, under three different governments, and that sufficient legal and technical documents exist to confirm the validity of the work. TEXPET completed its work here and at all the other chosen sites, at its sole and exclusive expense. The so-called Remedial Action Plan negotiated by TEXPET and the Ecuadorian government was what the two parties considered fair and legally justified by clear evidence that the plaintiffs seek to ignore, out of pure financial convenience, such as the facts that the 1973 Concession was a joint operation of PETROECUADOR and TEXPET that benefited both parties in proportion to their ownership interests in the consortium; that the entire time the operator was an agent of the co-owners, subject to the strict control of the sector authorities; and that, quantitatively, TEXPET performed more remediation work than it was proportionally required to do. Can the plaintiffs' claim possibly be accepted, then, that CHEVRONTEXACO CORPORATION should assume responsibility, without justification, for what properly should have been performed by PETROECUADOR, the largest beneficiary of the activities of the consortium and its operator for over 14 years and the sole owner for the past 12 years? I trust you will agree with me, Your Honor, that this cannot be permitted, and that you will affirm, in strict justice, the obligation of the party that is truly responsible: Ecuador's state-owned oil company, PETROECUADOR. The work described in the Remediation Agreement was performed by TEXPET between 1995 and 1998 under the constant supervision and monitoring of various state entities, which were responsible for monitoring the work and subsequently accepting the work, after it had been shown that the work had been fully performed, in accordance with the parameters agreed to by the parties. The aforementioned acceptance was documented in 19 partial certificates and one final certificate, signed September 30, 1998, in which the Ecuadorian government and PETROECUADOR, recognizing that TEXPET had satisfactorily met all its contractual obligations, legally released it from the aforementioned liabilities. This release meant that, in the opinion of the Ecuadorian government and PETROECUADOR, TEXPET had fulfilled the basic objective of the May 4, 1995 agreement, which was to eliminate the existing "environmental impact" at each and every one of the selected sites, i.e., that "any solid, liquid or gaseous substance present or released into the environment at such concentration or condition, the presence or release of which causes or has the power to cause harm to the health of humans or the environment," had been removed, isolated or neutralized according to the precise definition of environmental impact in Article I of the May 4, 1995 agreement. Consequently, if there is anything at this site today that might be classified as "environmental impact," it is no longer the responsibility of TEXPET, much less of CHEVRONTEXACO CORPORATION, even under the pretext of Chevron being the alleged successor of the obligations of any other liable company,

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which the party I represent is not. Any "environmental impact" that might be hypothetically established here is the sole responsibility of PETROECUADOR, which assumed legal responsibility for this well, in the conditions existing after TEXPET's release. Despite the fact that, in practice, it was difficult to determine the number of pits existing at each well, primarily because of the time that had elapsed since drilling, the presence of dense undergrowth, etc., both the Fugro audit and a specific investigation performed by Woodward Clyde Services in 1995 to define the scope of TEXPET's work, served as the basis for arriving at an initial total of 321 pits and spills at 21 oil fields drilled between 1967 and 1990. Of those, 131 were initially included in the inventory of Annex "A"; nevertheless, this figure was increased, at the request of the Ecuadorian government, to a total of 168 pits and spills that TEXPET in fact remediated between 1996 and 1998. This was a larger percentage than TEXPET was strictly responsible for according to its rights and obligations in the former consortium, and moreover was the product of the sovereign participation and approval of the government of Ecuador, the grantor of the August 1973 concession. This agreement was and is legally valid and cannot be challenged or questioned by third parties uninvolved in the events, such as the plaintiffs, who have absolutely no right to object to the freely expressed will of the parties: the Ecuadorian government, the state-owned enterprise Petroecuador, and TEXPET. There is absolutely no law that allows noncontracting parties to do what the plaintiffs seek to do, i.e., assume for themselves the authority to ignore, for no good reason at all, because that is what their foreign lawyers and/or sponsors and/or financiers feel like doing, the May 4, 1995 agreement, which culminated, after TEXPET's complete performance of its obligations, with the certificate of September 30, 1998. The Ecuadorian government's and PETROECUADOR's participation in the monitoring and oversight of the works was not merely limited to fieldwork, but also became, in practice, a regulatory entity, since at the very time when the scope of the remediation work was being defined, the authorities approved a detailed set of specific standards for purposes of the 1995 Agreement, which was even repeatedly modified during its execution, so it is important to know the date each of the remediation tasks was performed, in order to determine what laws, allowable limits or standards were in force and were applied for final acceptance. In accordance with its legal definition, this judicial inspection can solely and exclusively address the remediation work executed by TEXPET at this location. The results that are obtained, the conclusions reached by the experts, your observations, Your Honor, cannot be extrapolated to events or conditions, regardless of their nature, at any other location. The official inventory (Appendix 1) of Annex "A" of the May 4, 1995 Remediation Contract included the three pits identified at the SACHA-06 well, to be "closed" in the form and following the procedures contained therein, which is why we requested this judicial inspection, for the aforementioned purpose. In August 1996, the inspectors from the Ecuadorian government and PETROECUADOR determined that adjacent to pit "1" there was "a spill or other pit," which should have also been remediated. TEXPET honored this request. At the SACHA-06 well, the inspectors identified no other area, pit, facility or spill, so TEXPET did not remediate. In general, and specifically for the four pits remediated at Sacha-06, the remediation work included the following activities: Step One: Cleaning of the area surrounding the pit, both manually and with machinery and

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heavy equipment. Basically, the surrounding area was 4 to 5 meters wide. The material collected there, which was generally clean organic material, such as branches, grass or vegetation, was cut, dried and incinerated. Step Two: Removal of the vegetation and material found in the pit, both organic and inorganic waste. This material was taken to an appropriate facility to be washed using steam and high-pressure water, which in many cases was mixed with appropriate detergents, to facilitate the process of removing the remaining hydrocarbons. After being washed, the inorganic waste was sent to a selected storage site and the organic remains were incinerated. Step Three: Removal of the crude oil. The oil in the pits was removed; if its consistency allowed it to be pumped through the oil pipeline system owned by PETROECUADOR, it was removed using appropriate equipment, so that following treatment, it might be injected to the Trans-Ecuadorian Oil Pipeline for transport to Port of Balao; non-pumpable material was collected using heavy equipment and sent to a facility specially constructed for its treatment and final storage in concrete cells designed and built in accordance with procedures approved by the US Environmental Protection Agency (EPA). To increase the efficiency of the hydrocarbon removal process, chemical treatments, provided by specialized companies such as PECS-DESMI, were even used. Step Four: Treatment of Water. After completing the previous steps, generally a certain amount of water, which typically contained a great deal of suspended solids, remained in the pit. Samples of this water were analyzed in the laboratory to determine whether they met the standards established for that purpose by the Ecuadorian government. Once they met the allowable limits, the water was discharged into the environment, in many cases after treatment by one or more of the following processes: filtration, flocculation or aeration, depending on the technical recommendations. Step Five: Soil treatment. After removing the water, soil samples were taken for analysis. The purpose was to determine whether cleaning treatment was required. To this end, the Ecuadorian government determined that if the soil contained less than 5,000 parts per million of total petroleum hydrocarbons (TPH), then it did not require any treatment. This measurement equals less than 0.5% of total petroleum hydrocarbons in the soil, which was established as a safer and more protective parameter than that contained to date in several international or US regulations, such as, for example, the standard of the American Petroleum Institute (API), known as the "Environmental Guidance Document: Onshore Solid Waste Management in Exploration and Production Operations," which accepts a value of less than 1.0% of oil and grease; Canada's "Inventory of Cleaning Criteria and Methods to Select Criteria," which also allows less than 1.0% of fresh petroleum and less than 2.0% of weathered petroleum; "Rule 9.1 RRC" of the State of Texas, also less than 1.0%; and Regulation "29B of the State of Louisiana," less than 3.0%. Before March 1997, the Ecuadorian Government required that in order to close pits, the soil had to meet standards known as TCLP (Toxicity Characteristics Leaching Procedure), according to which, before a pit was covered over, its soil had to contain a concentration no greater than 1,000 mg/liter of TPH in TCLP. In the case of SACHA-06, the final result was less than 5 mg/liter of TPH in TCLP. When necessary, the soil

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was treated, using one or a combination of the following technical remediation procedures: a) Bioremediation: Soils impregnated with hydrocarbons or drilling mud were transported to an appropriate facility, where they were stirred and washed continuously, to break down the hydrocarbons and thus reduce the concentration of total petroleum hydrocarbons to acceptable levels. This technology, although effective, required a great deal of time and was not used very much. b) Stabilization at the site: The expression solidification/stabilization refers to a group of cleaning methods that prevent or reduce the release of harmful chemical elements from the contaminated soil. In general, these methods do not destroy the chemicals, but rather protect human health and the environment by preventing the chemicals from spreading into the surrounding environment. Solidification is a process that binds the contaminated soil to convert it to a solid state. Meanwhile, stabilization modifies the chemicals to make them less harmful or volatile. These two methods were often used together to prevent potentially harmful chemicals from coming into contact with people or the environment. Soils from the pits and drilling wells were mixed with clean earth to improve their handling properties, and then the treated soils were again mixed with a stabilizing agent, such as cement or various name-brand chemical products in sufficient proportions as to achieve a stable, solid product. This prevented the hydrocarbons from dispersing into the surrounding environment. They were then buried in ditches 5 or 6 meters deep, constructed either in the pit itself or occasionally outside of it in adjacent areas. Next they were covered with a layer of clay of adequate thickness. It should be mentioned that soil thus stabilized completely loses any ability to affect the surrounding environment and becomes an element that is immobilized. In addition to the cement, brand-name products such as "Ecosoil," "Enretech" and "Ecupro-95," approved by the Ecuadorian government, were used as stabilizers. c) Another procedure used effectively to treat the soil was encapsulation, by which a silica-based chemical product encapsulates the hydrocarbon molecules in the soil, thus making it impossible for them to leach and potentially contaminate underground water, for example. d) Improved recovery with detergents was also utilized, with excellent results, consisting of a method by which the existing petroleum was removed using appropriate equipment and sent in tankers to a facility built for that purpose, where it was treated and recycled. Then a detergent was added to the existing water, which was agitated and aerated. This process was repeated as many times as necessary, until the water met the permissible standards for discharge into the environment. A stabilizing product such as cement or other brand chemical was added to the soil, and the stabilized product was buried in a ditch dug within the pit. Finally, the pit was filled in, leveled, covered with a layer of soil and replanted. All these procedures were effectively used to ensure that the remediated soil met the allowable limits adopted in the May 4, 1995 agreement. Step Six: having completed the processes described above and once the remediated soil and the walls of the pit met the required standards, the pits were filled in with clean earth, obtained from hills near the site. This material was then compacted and used as a seal for the stabilized waste that had been placed underneath, as well as to obtain a clean surface similar to the one surrounding the site, obviously including the surface slope necessary for rainwater to drain adequately. When possible, a layer of topsoil was placed over the surface

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of the filled-in pit to facilitate the growth of native species, as part of the replanting process. Step Seven: Finally, the surface of the remediated and filled-in pits was replanted, generally with native species, using plants cultivated in a nursery established for the project. The purpose of that work was to quickly achieve a plant covering that would prevent erosion and accelerate the formation of organic soil at the remediated sites. The plant species used were included in Annex "A" of the Remediation Contract, after the 1995 study that determined the scope of the TEXPET work. At the owners' request, agricultural species, such as coffee, were also planted. I must point out, Your Honor, that all the methods I have briefly described were approved by the Ecuadorian government and were also used in the remediation work done at that time all over the world, including in the United States of America, and even today they continue to be used, because of their effectiveness. I would also like to emphasize that the world's environmental protection and regulation agencies approved these methods in 1995, and they are still approved today. It is important that you note, Your Honor, that environmental remediation, as this is currently understood and practiced throughout the world, has one basic goal: to ensure that any potentially toxic or hazardous element that might exist at a specific location can no longer affect human health or the environment, either because it has been isolated or because the existing quantity has been reduced to limits considered harmless or non-hazardous, or because its composition has been changed in order to reduce or eliminate its ability to cause harm. That was precisely what was achieved in the case of the pits remediated in 1996 at the SACHA-06 well. Environmental remediation does not necessarily mean that the remediated sites will not contain even the slightest particle of petroleum, but rather that, through the work carried out, what remains there after the environmental remediation has no chance of causing harmful effects on either human health or the environment. All the remediation work was directly and constantly supervised by inspectors appointed by both the Ministry of Energy and Mines and PETROECUADOR, which usually even selected the sampling and re-sampling sites. With a view to ensuring correct execution of the project under the August 4, 1995 agreement through an independent assessment of the progress of the remediation work to confirm the completion of each task and ensure the agreed-upon standards were met, the Ecuadorian government, PETROECUADOR and TEXPET agreed to establish a laboratory in the concession area, under the responsibility of Central University of Ecuador, whose independence and professionalism are beyond dispute. The results of the analysis were submitted for review and approval, to both the Ecuadorian government and PETROECUADOR, all of whose representatives had to sign the certificates indicating that a specific remediation task had been completed as contractually established. The following procedures were used to remediate the four pits at the SACHA-06 well: Pit "1": Soil treatment through improved recovery with detergents. Pit "1a": Stabilization at the site. Pit "2": Soil treatment through improved recovery with detergents. As for pit "3," the parties agreed that, because of its content, no action was required because the soil samples taken in it for analysis indicated no evidence of the presence of hydrocarbons, a decision that was accepted by the government of Ecuador and PETROECUADOR. The following documents confirm the completion of the

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remediation work at this site: 1. Condition of the site prior to remediation: The preliminary result of the investigation of this site, carried out by Woodward-Clyde Consultants in June 1996, which established the existence of the aforementioned pits. 2. Summary of the remediation: Between June and September 1996, pits 1, 1a and 2, which contained petroleum, were remediated, as I have already explained; and in relation to pit 3, it was determined that it did not require any remediation work, according to the contractually established parameters. 3. Analytical results: Before and during the remediation work, it was necessary to collect and analyze soil samples from the pits at this well, in order to prove the concentration of Total Petroleum Hydrocarbons, and establish that the standards applied in the 1995 Agreement and its annexes and execution documents had been met. The samples were collected and analyzed by the laboratory of the Central University of Ecuador, which was selected by the national government. Once it was determined that the results of the analyses met the established standards, each of the tasks at the SACHA-06 well pits were accepted and received. 4. To graphically illustrate how the environmental remediation work was executed at this site, we shall submit to the Court, with the request that they be added to the record, photographs taken to document the "before" and "after" conditions of the remediation, as well as photographs taken "during" the remediation that also show the cleaning measures carried out at the pits of the SACHA-06 well in 1996; and a satellite photograph of this site, demonstrating its location in the geographic surroundings of the region. 5. For each component of the remediation program, TEXPET had to complete forms documenting the proposed remediation plan (Annexes 1 and 2), the steps taken, the replanting plan and the amount of crude oil recovered. In the case of the SACHA-06 well, these documents are also included in the aforementioned notarial records. 6. Certificates. After inspection and acceptance of the remediation work carried out by TEXPET at the SACHA-06 well, the Ecuadorian government satisfactorily approved the closing of the pits, through the certificate of March 20, 1997 (pit 1) and the certificate of November 22, 1996 (pits 1a, 2 and 3). Texaco Petroleum Company has provided us with certain information in relation to the current site, which I believe is important to share with Your Honor since it describes in general how the defunct Petroecuador Texaco consortium drilled this well and the remediation work carried out by TEXPET at the site. The SACHA-06 well is located in the northern portion of the Sacha Field. To drill it, rotation drilling equipment was used, which means the drilling pipes and drill bit rotated. In this system, the drill cuttings, which are the result of drilling through the layers of the earth's crust, are carried to the surface by the drilling mud, which plays an important role in the process—lubricating the drill bit and, due to its high viscosity, keeping the drill cuttings suspended and thereby transporting them to the surface for deposit in the drilling pits constructed in advance. Due to the clay composition of the Ecuadorian Amazon soil, the pits that were dug are highly impermeable, and prevent the leaching of fluids (mud, water and/or petroleum) from the drilling and the well production assessment tests, into the subsoil or adjacent areas, and therefore no sealing or waterproofing materials were required in their construction.

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This was the common practice in the hydrocarbon industry at the time, not only in Ecuador, but also in a multitude of other countries, therefore the Plaintiff's assertion that TEXPET has designed a contaminating operational plan for Ecuador is illogical and malicious. This is specifically acknowledged by the two audits conducted in the 1990s. In accordance with the provisions of the laws in effect at the time for the construction of these pits, the Consortium requested and obtained the proper authorizations from the competent authority in advance. The drilling of the SACHA-06 well began April 23, 1971, and ended 23 May of the same year. Through June 30, 1990, the well produced 1,646,522 barrels of oil. The SACHA-06 well is presently producing, under the responsibility of PETROECUADOR, via the hydraulic artificial-lift system known as "Power Oil." In the vicinity adjacent to the well platform, there are some buildings that were constructed after the drilling had occurred and the well began to operate. None of the plaintiffs lives in this area. The vicinity adjacent to the SACHA-06 well, as well as the vast territory of what was formerly known as "the Oriente Region of Ecuador" have gone through a transformation in the use of the soil and have been converted to an area of housing and croplands by thousands of Ecuadorians who, with the encouragement of the Ecuadorian Government, under the Vacant Lands and Settlement Act and the Amazon Region Settlement Law, decided to relocate to these territories, where they were granted ownership or possession of plots of land, also under the Vacant Lands and Settlement Act. Clearly, the activity of these colonizers constitutes the primary cause of the environmental alteration in the vicinity, especially considering that by law the holders of vacant lands were required to "clear" them, that is, remove the original vegetation, as a prerequisite for obtaining the title to the property. We should also bear in mind that the colonization of this region was declared a national priority project, for reasons pertaining to the sovereignty of Ecuador, as specifically stated in the aforementioned Settlement Act. In regard to the SACHA-06 well, it must be taken into consideration that under the Hydrocarbons Act, land, buildings or other property required for oil exploration or the development of oil production, belong to the Ecuadorian State, via intermediary PETROECUADOR, the entity that transferred the use of those items to concessionaire companies. Therefore, this SACHA-06 well and its installations, which include the platform upon which we are standing at this very moment, the drill pits, underground installations, collection pipelines, etc., have always belonged and continue to belong to the Ecuadorian State, and their arbitrary use cannot give rise to any right or the payment of compensation. In addition, recall that Petroecuador took over the operation of the Consortium starting July 1, 1990, and has been its sole and exclusive owner since June 7, 1992. PETROECUADOR has continued with production operations in all of the fields that once belonged to the Consortium, and particularly the SACHA-06 well, performing work that includes well workover or well repair, which, if that work caused environmental impact, would be the exclusive responsibility of PETROECUADOR. The plaintiffs have exaggerated the risks that the presence of crude oil in the pits and other oil installations could cause, and I therefore find it is necessary to give a brief overview of what crude oil is and how it biodegrades naturally once it reaches the surface of the earth. Oil is a mixture of over one thousand natural chemicals of all different sizes. The characteristic that these chemicals have in common is that they are all "hydrocarbons," that is, molecules made up solely of hydrogen and carbon, which

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are the basic building blocks of all life on Earth. These natural molecules are classified by the number of carbons and associated hydrogens present in each, which can range between one and over 35 carbons per molecule. The physical and biological properties of each molecule vary depending on size and configuration. In general, the smaller molecules are more volatile and biodegradable. In the heat and humidity of the area, there is a large amount of soil bacteria that live naturally in this environment, and when they come into contact with oil, they immediately begin to degrade or "eat" it. It is much easier for the bacteria to "eat" a small molecule, such as benzene, for example, which contains only 6 carbons, than a complex molecule with 35 carbons, which will degrade naturally, only more slowly. The final result of these physical and biological properties is that the older the oil, the fewer the number of small molecules in the mixture, the more degraded the hydrocarbons, and the less fluid the oil. Although the level of degradation is unknown and difficult to precisely calculate, it is estimated that here, a large percentage of the molecules with fewer than 10 carbons degrade in under 6 months. Some of the molecules, such as benzene, for example, are very harmful to human health and the environment, but are not present in oil that has undergone a long biodegradation process, which would be the case for any oil that may have been deposited at the SACHA-06 well pits, prior to the remediation conducted by TEXPET. Not all crude oil is alike. Its composition varies by location; it can be distinguished by the differences in its chemical composition. The precise chemical composition of the crude oil produced in this vicinity, known as "Oriente Crude," must be known in order to understand the potential health and environmental risks that exposure to such oil could represent. Studies have been conducted—which I would request that Your Honor order the Experts to analyze in their reports—showing that the concentration levels of metals in Oriente Crude are not significant from the perspective of risk to human health, even in a location that may become saturated with oil. There are two main ways to evaluate the validity of claims relating to human health: (1) by conducting an epidemiological study; and (2) by conducting a risk assessment. Both are based on one fundamental assumption: "In order for a disease to occur, there must be personal exposure to a harmful agent." In fact, in order for there to be an environmental risk, the following three (3) essential components must be present: 1. A source of contamination; 2. A way for the contamination to reach the target; and 3. A target for the contamination. If one or more of these three components is not present, then there is no risk whatsoever. Should there be a risk, and the three components are present to complete the chain, then there is still a possibility that the contamination might be so minimal that no harm is caused whatsoever. Examples of sources of contamination might be oil pits or spills. The contamination existing at such locations could be spread by air, by surface or underground water or by direct contact. The targets might be the local residents, their animals, their plants or their water sources (streams or wells). Generally, oil has low toxicity. Even if the source-transportation-target chain is complete, the concentration of the oil's toxic components to which the target is exposed is miniscule. The target's exposure time, and the dosage, are also significant factors that must be considered when determining the final risk. In the specific case of the pits remediated by TEXPET, there is no risk; there is no way for the residual material that remains in the remediated pits to reach the targets at a high concentration or dosage, over a period of time that is long enough to represent a true risk to health or

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property of the local residents. The plaintiffs have failed to demonstrate that in fact they have been exposed to a contamination risk caused solely and exclusively by the activity of the PETROECUADOR-TEXACO Consortium that could have had an adverse effect on their health. They have also failed to produce a scientifically supported epidemiological study with scientific bases to connect any claim regarding the health of the local residents with the oil contamination tbat may have originated from the operations of the Consortium or of PETROECUADOR in this vicinity. Allow me, Your Honor, to now move into another phase of the judicial inspection, in which I will briefly describe the SACHA-06 well and its installations: In the center of the platform where we are now standing, we can see that the SACHA-06 well, which is in production, has a wellhead and other production installations. The monitoring station is located to the north of the wellhead. Being that this well is currently in production, the residue of hydrocarbon contamination that is visible both on the wellhead and on the monitoring station and secondary oil pipelines that are here are obviously the sole responsibility of PETROECUADOR, which has operated it for the past 14 years and has been the sole owner and usufructuary for over 12 years. Prior to leaving the platform, I must point out that Petroproducción has conducted several workover or repair projects on this well on the following dates: January of 1993, March of 1995, March of 2000 and July of 2002. These projects obviously could have altered the environmental condition of the vicinity as it stood after the remediation projects conducted by TEXPET. According to the diagram that I would like to present to Your Honor and to the Experts, the four pits that were remediated in this well were lined up to the north of the platform. It must be pointed out that as of now, there is hardly any primary vegetation in this vicinity, since the entire location has been deforested by the local residents, in order to convert it to a residential and cropland area. I would request that we now make our way to the area where TEXPET has informed us that there were four pits: two small pits, containing crude, numbered "1" and 1a," due to being located next to each other; number 2, which also formerly contained crude along with other waste wbich, like the previous ones, underwent remediation. As far as pit No. 3, the parties found that it did not merit any remediation, because it had never been used and therefore did not contain foreign materials nor represent any environmental risk. The amount of vegetation that grows spontaneously in the vicinity demonstrates the good environmental condition that the pit area was in, despite heavy hnman and agricultural activity and the illegal "preparation" work for the inspection that it has undergone, as I have reported to you, Your Honor. In accordance with the guidelines established by Clause 51 of the August 6, 1973 Contract and by Article 29 of the Hydrocarbons Act, the oil installations of the Petroecuador-Texaco Consortium, including the SACHA-06 well, were given at no cost and "in good condition" to the Ecuadorian State, through the intermediary PETROECUADOR. Prior to concluding this part of my presentation, I would like to inform Your Honor that Mr. Luberli Torres, owner of one of the properties adjacent to the SACHA-06 well, filed a lawsuit against Texaco Petroleum Company for alleged environmental damage caused to his property. That case was heard in the La Joya de los Sachas Civil Court, as Case No. 132-2000. During the trial, the plaintiff stated, among other things, that he obtained

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the authorization of the township, dated September 17, 1999, to subdivide his property into the "Lotización Santa Rosa," that the lots were not easily marketable because the vicinity lacks underground water, and when a well is dug, it always turns out to be dry. From the foregoing and from the certified copy of the Municipal Resolution of September 17, 1999, which I will provide for inclusion in the record, it appears that Mr. Torres did in fact obtain authorization from the township to subdivide this area, which means that the township of La Joya de los Sacha, the only entity authorized by Law to regulate the use of the soil in the urban area, found conditions that were favorable for the use of the land for housing, as a result of the pit remediation conducted in 1996. The fact that water was not found when household wells were dug has no connection to oil production. Three years later the lower court issued a decision, which stated that "no water contamination, or flora and fauna destruction was demonstrated," as stated in conclusion (c) of the judgment. Consequently, the Judge dismissed the lawsuit. The judgment was issued on May 2, 2003, and *res judicata* now applies. The instruments I refer to appear in the notarized record. In conclusion, it can be asserted that presently the area has "developed" as may be observed, and several families live here. They began occupying the location many years after TEXPET ceased to operate and be part of the Consortium, when the former landowner subdivided the area with the authorization of the Township. I ask myself, Your Honor, does CHEVRONTEXACO CORPORATION have any liability in this? The evidence shows otherwise. In the opinion of the defendant, CHEVRONTEXACO CORPORATION, the legal reasons that I have stated, the existence of the Final Release of September 30, 1998, and the clear fact that PETROECUADOR has been the sole owner of the SACHA-06 well for the past 12 years, constitute sufficient evidence that Texaco Petroleum Company has not been liable, is not now liable, nor will it ever be liable, much less my client, for the present environmental condition of the SACHA-06 well and its installations, and that TEXPET completed, in their entirety, the environmental remediation projects it was contractually bound to complete. However, we have requested this judicial inspection so that Your Honor may have the additional scientific and technical elements that will be provided by the Experts in their reports, which will allow you to agree with my assertions and dismiss the plaintiff's claims with regard to the SACHA-06 well. Therefore, I would request that you order the two Experts designated by the parties and sworn in by you to submit a report for your consideration to include the following items, which I request, Your Honor to expressly order: ONE: The experts are to provide a detailed description of the SACHA-06 well and installations that I have already mentioned, as well as the specific buildings located in the surrounding vicinity. TWO: In addition, the Experts are to establish through coordinates and the use of the Global Positioning System (GPS) the precise location of the pits remediated by TEXPET at the SACHA-06 well, consulting, if necessary, any data about the remediation that TEXPET may have. THREE: The Experts are to establish whether the SACHA-06 well was included in the Scope of the Remediation Project agreed upon with the Government in the May 4, 1995 Contract. FOUR: If the answer is yes, the Experts are to determine the scope of the remediation project that, according to the Remedial Action Plan approved by the Ecuadorian Government, should have been conducted by TEXPET at this location. FIVE: The Experts

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are to provide documentary support addressing the issue of whether TEXPET completed the environmental remediation project that it agreed to perform on the SACHA-06 well. If so, the Experts are to specify the remediation methods used in each case. SIX: the Experts are to indicate whether the remediation project conducted by TEXPET on the SACHA-06 well was conducted in accordance with the remediation standards stated in the Remedial Action Plan approved by the Ecuadorian Government as an implementation document of the May 4, 1995 Contract and in accordance with any applicable Ecuadorian laws and regulations in effect at the time. In this regard, the Experts are to base their opinion on any available evidence and documents that show compliance or non-compliance with the aforementioned remediation standards. SEVEN: The Experts are to state in their report whether the Ecuadorian government and PETROECUADOR inspected and accepted as satisfactory the project that TEXPET agreed to conduct at the SACHA-06 well under the May 4, 1995 Contract. In all cases, the experts must base their opinion on any official documents available that demonstrate that the government accepted the remediation work on the SACHA-06 well. EIGHT: The Experts are to indicate and explain why pit number 3 of the SACHA-06 well was marked as "no further action required." In addition, they are to explain what TEXPET's obligations were in relation to pit 3 of the SACHA-06 well and whether the inclusion of this pit in such a condition was accepted and approved by the Ecuadorian Government and PETROECUADOR. In all cases, the Experts are to incorporate into their report those documents that support their opinions. NINE: the Experts are to indicate whether presently at the SACHA-06 well there is any pit or other facility that has been remediated by TEXPET is causing an environmental impact on tbe surrounding soil, to the streams, or to the air, according to the standards adopted for the May 4, 1995 Contract. If so, the Experts are to describe the nature, location, origin and scope of such impact. TEN: the Experts are to indicate whether presently at the SACHA-06 well, in areas not remediated by TEXPET, there is any evidence of environmental impact on the soil, streams or air. If so, then the Experts are to describe the nature, location, scope and apparent cause of said impact. ELEVEN: the Experts are to identify whether in the May 7, 2003 lawsuit filed by María Aguinda, et. al., there is any specific claim in relation to alleged environmental impact at the SACHA-06 well. If so, they shall evaluate the validity of said claims in relation to the nature of the alleged impact and the actual presence or absence of the environmental condition mentioned in the lawsuit. TWELVE: The Experts are to indicate whether, in their opinions, at the SACHA-06 well there is presently any environmental impact that can be attributed solely and exclusively to the oil operations conducted by the former Petroecuador-Texaco Consortium. If so, they are to describe the nature, location, scope and apparent cause of such impact. THIRTEEN: Should the experts find that there is currently at the SACHA-06 well environmental impact attributable solely and exclusively to the operations of the Petroecuador-Texaco Consortium, they are to indicate whether human beings are being affected by the exposure to contaminated elements or whether said exposure could occur and under what circumstances. If so, the Experts are to evaluate

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the potential effects on human health said exposure could have, based on generally accepted scientific testing methods. FOURTEEN: Should the Experts determine that in their opinion, at the SACHA-06 well there is presently environmental impact that is attributable solely and exclusively to the operations of the Petroecuador-Texaco Consortium, they are to indicate whether in their opinion the vegetation and livestock is being affected by exposure to such impact or whether such a condition may occur and under what circumstances. FIFTEEN: Should the Experts find that at the SACHA-06 well there are presently environmental risks derived solely and exclusively from the operation of the Petroecuador-Texaco Consortium, they are to evaluate the potential harmful effects that the livestock and vegetation could suffer from exposure to the aforementioned environmental impact, based on generally accepted scientific testing methods. SIXTEEN: Should the Experts find that exposure to environmental impact presently existing at the SACHA-06 well can be attributed solely and exclusively to the operations of the Petroecuador-Texaco Consortium, they are to evaluate the net benefit that the potentially affected parties could derive from any potential mitigation that may be conducted. SEVENTEEN: As a basis for their opinion, the Experts are to take soil samples from the locations where the four pits subject of the TEXPET project were located and submit them to laboratory testing, in accordance with the Sampling Plan and the Testing Plan approved by the parties, with the goal of confirming the correct performance of the remediation project by TEXPET, according to the provisions of the May 4, 1995 Remediation Contract and its annexes and implementation documents. EIGHTEEN: Similarly, in accordance with the Sampling Plan and Testing Plan approved by the parties, the Experts are to take soil samples for testing from pits "1," "1a," "2" and "3," which were remediated by TEXPET, in order to determine the current presence or absence of environmental impact and its potential effects, as specifically alleged by the plaintiffs. NINETEEN: I request that the Experts study the official documents that I shall provide at the end so that Your Honor may order that they be added to the record, in relation to the workover project at the SACHA-06 well conducted by Petroecuador, so that the report may include a supported analysis on the environmental impact that said work may have had on the area. TWENTY: I request that the Experts explain in their report the purpose of the workover project being done on the oil wells. TWENTY-ONE: I request that the Experts consider where the hydrochloric acid (HCl) must have been recovered (collected) in order to obtain a Ph of 7, in the No-Tower Workovers conducted on this well on January 19, 1993, the purpose of which was to: "Stimulate Napo "U" with 500 gallons of 15% HCl," in the document that I shall provide at the end so that you may order it added to the record. TWENTY-TWO: The Experts should consider where the hydrochloric acid (HCl), the 2435 gallons of JP-1, the 275 gallons of Xylene must have been recovered (collected) in order to obtain a Ph of 7, in the No-Tower Workover project conducted on this well on March 1, 1995, the specific purpose of which was to "Remove Sand Damage "U" (S = 6.0)," according to what is stated in the document that I will also provide at the end. TWENTY-THREE: The Experts should consider whether the solvents (JP-1, Xylene, NE-110w, US-40) used for the Workover Project of July 29, 2002, to

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"Remove the Damage in the 'U'" Sand affected the environment. If so, the Expert is to explain how the environment was affected and what should have been done to prevent said damage. TWENTY-FOUR: The Experts are to indicate whether they found oil residue in the area soil and, if so, whether the presence of oil is hypothetically dangerous, whether there is a process by which someone could be exposed to its effects and if there is presently anyone who is exposed to its effects and in what way. TWENTY-FIVE: I request that the Experts verify whether there are septic wells and/or marshes in this vicinity, in order to verify whether they are potential sources of biological contamination. The Experts are to obtain the information regarding the date and method of their construction, as well as their disinfection systems, if any. TWENTY-SIX: The Experts are to inform the court what standards and criteria were set for the remediation conducted by TEXPET on pits "1," "1a," "2" and "3" examined here, and whether, in their opinion, said standards and criteria were being utilized in other countries and accepted by environmental protection agencies on the date that they were remediated. TWENTY-SEVEN: The Experts are to inform the court whether there is presently any release or discharge of oil into the surrounding environment from the pits remediated by TEXPET in 1996. TWENTY-EIGHT: The Experts are to inform the Court whether the remediated pits presently have a clean clay covering, in accordance with the RAP. TWENTY-NINE: The Experts are to inform the Court whether hydrocarbons are currently visible on the surface of the pits remediated by TEXPET at the SACHA-06 well. THIRTY: The Experts are to inform the Court whether the surface of the pits remediated by TEXPET at the SACHA-06 well is stable or unstable. THIRTY-ONE: The Experts are to inform the Court whether crude oil is currently naturally upwelling at the pits remediated by TEXPET at the SACHA-06 well. If so, the Experts are to indicate to the Court the volume of any upwelling that exists and whether it is or could be harmful to the health of local residents. THIRTY-TWO: The Experts are to inform the Court, based on technical and scientific standards, whether the traces of hydrocarbons existing in the pits remediated by TEXPET at the SACHA-06 well could spread to the environment through the air, the surface of the ground or underground. THIRTY-THREE: The Experts are to inform the court whether area rainfall could cause any hydrocarbons that may be present in the pits remediated by TEXPET at the SACHA-06 well to upwell to the surface, and then flow across the land or into the surrounding area. THIRTY-FOUR: The Experts are to inform the Court what type of soil is contained in the pits remediated by TEXPET at the SACHA-06 well, as well as in the surrounding areas and the platform. THIRTY-FIVE: The Experts are to inform the Court whether the persons who have homes in the areas surrounding the platform and the pits remediated by TEXPET at the SACHA-06 well could be exposed to concentrations of crude oil at sufficient levels and with sufficient frequency to constitute a danger to their health, in accordance with agreed-upon remediation standards. The Experts are to provide a technically and scientifically founded opinion on the matter. THIRTY-SIX: The Experts are to inform the Court as to whether, during their field research conducted for the purposes of this judicial inspection, they have been able to identify the existence of pits that, due to not having been part of the Scope of Environmental Remediation conducted by TEXPET, according to the May 4, 1995 Contract, have still not been remediated by Petroecuador even though Petroecuador was required to remediate them. THIRTY-SEVEN: The Experts

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are to inform the Court as to whether the pits remediated by TEXPET at the SACHA-06 well contain any "solid, liquid or gas substance present or released into the environment in such a concentration and condition that its presence or release harms or is capable of harming human health or the environment," that is, whether there is any environmental impact in the area, as defined in Clause I of the May 4, 1995 Contract. If so, they are to give a technical and scientific explanation for their opinion. THIRTY-EIGHT: Should there be water wells for human consumption in the areas adjacent to the SACHA-06 well, and especially the pits remediated by TEXPET in that location, the Experts are to take samples of the water present in each and every one of them, such that they may be submitted to necessary laboratory testing to determine the presence or absence of biological and/or hydrocarbon contamination, in accordance with the Sampling Plan and Testing Plan approved by the parties and accepted by the Court for these proceedings, the results of which shall be provided to the Court. THIRTY-NINE: The Experts are to inform the Court whether there is bacterial contamination in the existing water wells in the area. If so, the Experts are to indicate to the source of the bacterial contamination. FORTY: Should the Experts find that there is environmental impact in the area that does not originate from the hydrocarbon operations that from 1971 to date have been carried out at the SACHA-06 well, they are to provide the Court with a technical and scientific explanation as to what they believe to be the sources and origin of said impact. FORTY-ONE: I request that the Experts inform the Court, based on the laboratory testing to which I have referred in question 38, whether the existing water in the wells that the local residents have dug in the vicinity of the SACHA-06 well, is presently affected by contamination that can be attributed solely and exclusively to the operations conducted in this location by the Petroecuador-Texaco Consortium until 1990. FORTY-TWO: I request that the Experts indicate to the Court the source, time period and manner in which the existing water in the wells dug by the local residents immediately surrounding the SACHA-06 well could have become contaminated, if applicable, according to the laboratory testing that I have requested. FORTY-THREE: The Experts are to indicate to the Court what water supply system is used to supply household water used by the homes in the vicinity of the SACHA-06 well and what entity or body is currently responsible for supplying that water. FORTY-FOUR: The Experts are to inform the Court whether, in the water sources, that is household wells and the existing municipal system of potable water in the vicinity immediately surrounding the pits remediated by TEXPET at the SACHA-06 well, there are significant concentrations of benzene or any other component of crude oil, that could be dangerous to health or the environment, in concentrations that represent a true risk to the local residents. For this purpose, any necessary samples are to be taken and tested in a laboratory, in accordance with the Testing Plan and Sampling Plan approved by the parties for these proceedings. FORTY-FIVE: The Experts shall inform the Court, since it is true that due to the high temperatures in the inspection area, the volatility rates are very high; therefore, according to their technical opinion, could the Experts affirm that the presence of benzene, should this oil compound be present in the aforementioned water sources, are [sic] of recent origin or instead date back many years. Should there be benzene or other oil-derived compound in the aforementioned water sources, the Experts are to indicate to the court

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what was or has been, in their technical and scientific opinion, the origin of such contamination. FORTY-SIX: The Experts are to explain to the Court what the permitted standards and limits applicable to the remediation project done by TEXPET were, as determined by the Ecuadorian Government. FORTY-SEVEN: The Experts are to explain to the Court the meaning of the allowable "less than 5,000 total petroleum hydrocarbon parts per million" (TPH) demanded by the Ecuadorian Government to determine whether the soil at a certain site should be remediated. In addition, they are to explain whether they find that that is a safe and protective parameter for the environment and whether in the period (1996-1997) there were international environmental regulations that allowed for a greater concentration of total petroleum hydrocarbons as a safe guideline for human health and the environment. FORTY-EIGHT: The Experts are to explain to the Court the meaning of the criteria known as "TCLP" ("Toxicity Characteristics Leaching Procedure"), which the Ecuadorian Government demanded for testing the soil remediated by TEXPET. FORTY-NINE: The Experts are to inform the Court whether the remediation processes conducted by TEXPET according to the May 4, 1995 Contract, which I briefly described above, were also used at the time in other places in the world and if they continue to be used, due to their effectiveness. In addition, the Experts are to also indicate whether the regulatory bodies approved at that time the use of those processes and whether they continue to approve them presently. FIFTY: The Experts are to explain to the Court the meaning of the concept of "Environmental Remediation" of a contaminated site, such as it is practiced presently in the world and whether its primary objective is to ensure that a potentially toxic chemical element that exists at a site loses the ability to affect human health or the environment. FIFTY-ONE: Based on published or presently available studies, the Experts are to explain the chemical composition of the crude oil produced from the Sacha field known as "Oriente-Sacha Crude," primarily describing the possible concentration of metals that could be harmful to health. FIFTY-TWO: The Experts are to provide a technical and scientific explanation to the Court of the process of natural biodegradation of Oriente-Sacha crude oil in the environment of the SACHA-06 well. FIFTY-THREE: Based on the field observations they conduct and on the laboratory testing that I have requested, the Experts are to evaluate the risk to human health as it relates to the pits remediated by TEXPET at the SACHA-06 well —(during the negotiations that we have had to define the sampling plan and testing plan, the plaintiffs have informed us that they shall conduct immunological testing in the field, using portable equipment, the manufacturers of which acknowledge that the results it produces are not reliable, and in addition, the U.S. Environmental Protection Agency finds that the results obtained through this method are unacceptable for legal proceedings, and therefore, I reject the use of this method that, because it produces false results, will be used here solely for purposes of media publicity, which we reject. In the opinion of CHEVRONTEXACO CORPORATION, the use of this testing method is further proof that the plaintiffs prefer to use fiction and not science, the most precise laboratory methods that produce the most reliable results must be utilized so that Your Honor may have valid information for making your decision, which is why I request that you order the Experts to attach published studies by both the manufacturer of the

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portable laboratory that will be used here as well as by the U.S. Environmental Protection Agency on the relevance of these analyses and the results for legal purposes. In light of the fact that the matters that the Experts are to cover in their report deal with a variety of specialized knowledge, I request that Your Honor authorize the experts to request and obtain specific opinions from specialized professionals and that they be included as supporting documentation for their report. For purposes of the work of the Experts, I request, Your Honor, that you order them to consider the definition of "environmental impact" which appears in number 1.3 of Clause 1 of the May 4, 1995 Remediation Contract, as well as the parameters and standards adopted for evaluating the performance and compliance on the part of TEXPET with said Contract, and to proceed in accordance with the provisions of the document "Terms of Reference for the Participation of Experts in Judicial Inspections," agreed to by the parties to these proceedings. Your Honor, I request that you grant the Experts a sufficient period in which to complete their task, taking into consideration the complexity of my above requests and any that may be requested by the plaintiffs. I provide to the Clerk's Office the Notarized Record of August 12, 2004, executed before Notary Fifteen of the Quito Canton, Dr. Antonio Vaca Ruilova, containing the documents and public instruments I have referenced during my presentation, requesting once again, Your Honor, that you order them added to the record. I reserve the right to request that Your Honor allow me to address the Court again during these proceedings, should it be deemed necessary for defending the interests of my client.- The documentation indicated by Mr. Adolfo Callejas notarized by Notary Fifteen of Quito is added to the record, and its content shall be considered."- The Judge then allowed the plaintiffs, represented by Mr. Alberto Wray, to address the Court: "Your Honor, a judicial inspection such as this is not the appropriate moment in the proceedings to respond to the complaint or to present a closing legal argument. We have come here to verify facts and this shall be the sole purpose of my participation and the content of this inspection. What the defendant company claims regarding the facts is that any contamination that could have been present in this vicinity and specifically in the pits related to the Sacha 6 well was remediated, that is, the contaminating substances were removed in such a way that under the surface layer of vegetation there is no danger whatsoever to the environment. Paradoxically, its entire argument aims to prevent us at this time from discovering what is below the surface layer of vegetation, which is why it is opposed to our doing inspections that allow you to observe, here at the site, which is the point of a judicial inspection, what is hiding beneath that surface layer of vegetation. I am therefore not going to argue any of the matters of law that have been raised here. Not at this time. Concerning the facts and the requests that have been expressed for the Experts, I must challenge exclusively those aimed at obtaining from the experts judgments or opinions on matters of law, such as what one party's or the other's obligations were under a contract. This is not a matter of law that can be decided by an expert. It is a matter of law that in case of disagreement must be decided by the Judge, I therefore object to this type of request. Should the Experts include any such statement in their report, then I object right now, and request that, when the time comes, you bear this objection in mind. I was unaware when I requested that testimony be heard during this inspection

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that the proposed witness was involved in a lawsuit with the defendant or with the company that has ties to the defendant. I just recently learned that this is in fact the case, and I therefore ask the court not to entertain said request, since it would be pointless to receive testimony from a person whose statement could not be considered by Your Honor due to bias. Based on the same principles that require me to make this acknowledgement in this case, stemming from my strong conviction of what it means to be an attorney with a profound ethical commitment, I must flatly reject the defamatory accusations first made yesterday and reiterated here today, alleging that the plaintiff's attorneys and the technical specialists that work with us have attempted to alter the scene of this judicial inspection in order to mislead Your Honor or cause you to view the facts in an erroneous manner. The technical specialists are capable of determining or recognizing when a field such as this one has been manipulated and when the incidental presence of oil residues or toxic waste has been artificially produced. I am completely certain that all of the specialists present here and all of those Your Honor has designated as Experts, all of those Your Honor has designated as Experts [sic] are able to make that distinction, to easily recognize this with absolute certainty, since they are true professionals. We have carried out the necessary activities to gather the items of evidence that TEXACO had and we did not have regarding what is really under the supposedly remediated surface in this oil field. To that end, we have collected soil samples, but not covertly, which is why there are cement markers that are intended to serve a dual purpose: to mark the site where the samples were collected and to cover the hole caused by the drilling in order to avoid causing any barm after the sample collection, which was carried out in compliance with all of the technical and safety regulations, and that is why the markers are there, because we have nothing to hide. If our intent had been to deceive, if our intent had been to conceal, then we never would have left markers or we would have tried to remove them. This hypocritical allegation, Your Honor, only serves to expose Texaco's intention to prevent us from examining what lies beneath the surface, to prevent us from discovering that the remediation did not remove the contaminating substances from the soil and that if the remediation was performed, then it was only done superficially. The question of whether all of the steps shown in the graphics were completed is not something that can be proven with testimony or documents signed by whatever official happened to be working at that time. It is something that can be proven here, in the field, using the tests that the experts will conduct. We are not asking to conduct a field immunological analysis using a portable laboratory. What we want is to extract samples, one of which will undergo field laboratory analysis to confirm the presence or absence of oil residues or hydrocarbon derivatives in the soil, in the remediated pits, saving some of the samples to send to the laboratories, so that they can be tested in such a way that the results can be compared. We are not trying to deceive anyone, but we do want this procedure to be performed, as its purpose is to allow the court to determine the facts, to determine the truth. We did not come here for a field outing, to walk through the field covered with vegetation. We have come here to see whether in fact the defendant company's contention is true and the remediation was performed, whether, as a result of said remediation, there is in fact no contamination, and this can only be proven, be determined, by drilling, obtaining samples and analyzing them. It has not been questioned until now, at least explicitly and fully, whether TEXACO, as the operator of the Consortium and therefore responsible for the field operations, caused contamination. [Texaco] has explicitly acknowledged this. What they have said is that, yes, there was contamination,

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but it has been remediated, and that is what they must prove Your Honor. Everything else is irrelevant, and all of the releases from liability mean nothing in this case. The plaintiffs are not attempting to alter the scope of the contractual obligations between the Ecuadorian government or Petroecuador and Texaco. Those contractual obligations bind the parties, but they do not bind the residents of the Amazon, who were not parties to the contract. The plaintiffs' right to live in a healthy environment is protected and guaranteed by Article 23 of the Ecuadorian Constitution. I must also expressly object to the defendant's attempt to limit the meaning and scope of the term "environmental impact" by invoking the terms and conditions set forth in the document that has been added to the record. I expressly request that the Experts not limit their analysis to those terms, but that they apply their expertise, based on their own specialized scientific knowledge and considering the surrounding environment, to determine the scope of what they should analyze. Your Honor, I am going to ask that you now allow us to perform the above-mentioned test, but first I would like to provide a very brief explanation: the focal points of contamination are not uniformly present beneath the surface vegetation layer. If that were the case, it wouldn't matter where we drill to obtain the samples. The term "focal point" is used precisely because they are located in specific places. There are scientific methods used to detect where these points are located. One of these methods uses a piece of equipment designed to measure the resistance of the soil, that is, the soil's electrical conductivity. Certain elements, such as water and oil, are good conductors. This device, called EM31MK2, obtains a reading that is different from the rest of the soil. A special software analyzes the data and produces a topographical map that identifies what is present on the surface, and that is how we can identify these sites. After doing this, we were able to identify the area where holes could be drilled. In that regard, Your Honor, I request that we go to this area so that you can witness and confirm how the drilling will be performed at an undisturbed site. We do not intend to obtain samples from the holes that have already been drilled, but rather to go to an undisturbed site, drill holes, extract samples, proceed to analyze them at the field laboratory and obtain the other necessary samples to send to the laboratories. That is all I have to say about this part of my statement, that is, concerning the remediated pits, which is what Dr. Callejas addressed. I would have to request my own inspection. The two parties have agreed to request an inspection of this site, but Dr. Callejas limited his petition to remediation of the pits. While I do essentially agree with that, my formal purpose is to address matters beyond simply seeing what is happening with the pits, and in this regard, my petitions for the expert will be different."- In view of the fact that this procedure has also been requested by the plaintiffs, with the clarification that the appointed experts will also participate in the inspection requested by the plaintiffs, the Court provided Dr. Alberto Wray the opportunity to speak. He stated: "I had requested during the evidentiary period that we also conduct, along with the various court-ordered inspections, an expert examination that would not be limited only to certain fields, but would cover the entire extent of the area. In the ruling in which you ordered this inspection, Your Honor further ordered the performance of said expert examination and that the experts appointed for this proceeding also perform the global assessment, not limited to the areas that are the subject of this inspection. I request that during

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this inspection Your Honor swear in the experts for this purpose as well or that you extend the term of their office or the duration of the oath taken by the experts accordingly, and that you order the performance of said expert examination. However, specifically in reference to matters concerning this [oil] field as it relates to the Sacha 6 Field, I would ask that the Experts report on the following: a) the environmental contamination levels resulting from the hydrocarbon activities performed in connection with the Sacha 6 Well, its pits and areas of influence, particularly those areas that TEXACO claims have been remediated.- b) The type and characteristics of any contamination the experts find.- c) The impact of such contamination on the environment and on living things.- d) The probable origin of the contamination, for which purpose the experts shall collect and analyze official information regarding the volume of crude produced by the Sacha 6 Well while it was operated by Texaco, the amount of formation water generated by the production of this well during that time, and what was done with that water in the affected area. For all of these tasks, the experts shall refer to the terms of reference that were approved by the parties and the annexes thereto, and any matters for which an agreement between the parties does not exist, the experts shall employ the internationally accepted technical procedures they deem most appropriate for the indicated purpose. I also reserve the right to request that Your Honor allow me to address the court again if the circumstances so warrant."- Dr. Callejas was given the opportunity to speak, and he stated: "Your Honor, I have listened attentively to the fine presentation given by my esteemed colleague, and would like to briefly respond: first, I reject the claim that we want to prevent Your Honor from knowing what exists beneath the surface of the remediated pits. On the contrary, I explained earlier exactly what procedures TEXPET told us it used here, and as part of my questions for the experts, I requested that samples be collected from the soil in those pits and analyzed. Concerning the request by the plaintiffs' attorney that the Court initiate today the expert examination requested in Section II of his petition for evidence filed on October 29, 2003, at 5:45 p.m., I object to that request because it is not part of a judicial inspection and also because I believe that the parties should reach an agreement on both the content of this second phase, which is described in detail in the original request, and the scope of what the experts can and must do. It is true that the request states that the same experts appointed for the judicial inspections should be the ones to perform the expert examinations, but Your Honor, in light of the number of judicial inspections requested, particularly by the plaintiffs, and the complexity of the work associated with the petitions both parties have made for each of the inspections, we may need to use more than one expert for the inspections. I therefore ask Dr. Wray to consider this objection both in terms of its legal merit and also from a practical standpoint, and I ask Your Honor not to grant the petition in question. Concerning the use of the equipment Dr. Wray mentioned, which would allow us to determine the conductivity of certain liquids, I repeat that degraded petroleum does not exist in a liquid state and the materials in the pits have not only been solidified through the use of the appropriate products, but have also lost all ability to affect the environment and the health of the region's inhabitants. CHEVRON-TEXACO cannot in any way object to the constitutionally guaranteed right of the local residents to live in a healthy environment, but does assert that it had no involvement in the environmental situation that exists here. In the lawsuit and from

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Attorney Wray's statements, it would appear that today he is seeking to correct an error of law in the complaint that we have repeatedly pointed out—suing CHEVRON TEXACO CORPORATION for [the actions of] TEXACO PETROLEUM COMPANY. Concerning the plaintiff's requests for the Experts, I ask that they be instructed to base both their technical and scientific opinions on science and not on fiction, which seems to have been the case thus far, as today it was said that recently, through the work that the press called covert, the plaintiffs have obtained unfounded information that they asserted in the complaint."- Dr. Wray stated: "There can be no legal objection to my request. At the time of said request, Your Honor ordered that the same experts that have now been sworn in would perform another expert examination. What I requested was that the term of office be extended to also include the work that Your Honor already ordered. However, I do not foreclose the possibility that the parties could mutually define the parameters for the expert examination procedure, as we have done for many of the issues that have arisen in connection with the inspections. I do not want to confuse the legal objection I find to be baseless with this latter possibility which, if it comes to pass, I believe would benefit both the proceeding and the parties. In this regard, I would perhaps be willing to discuss at this time how we, the parties, could define the continuation or the start of this expert examination, in order to define certain parameters that could serve as the framework for this examination, and that is entirely possible. Concerning all of the other aspects, I will examine them and present my legal arguments at the appropriate time. I do not wish to address the matter now because I know that it is not related to the inspection. This concludes the attorneys' statements.- Dr. Wray informed the court that the parties reached an agreement regarding the timely requested expert examination that includes all of the fields operated by Texaco. Under the agreement, the start of that inspection will be postponed so that the parties may first prepare a schedule for our conversations; second, to try to establish, based on these conversations, certain technical parameters that will allow the objectives of the expert inspections to be more successfully and easily achieved, and third, to define all of the aspects related to the appointment of experts and the terms of reference for their activities, with the possibility that, if these conversations fail or are unsuccessful, we may request that the inspections be carried out at the appropriate time."- This concluded the attorneys' statements and petitions.- The court accepted the withdrawal of the witness testimony presented by the plaintiffs. The Judge ordered the documents filed by the defendant be added to the case record.- The Judge made the following comments: we are in the central parish of the Sacha canton, next to the Lago Agrio-Coca road at an intersection with an unnamed dirt road. The site is located on level ground, upon which the Sacha 6 Well was built or is operating, and is currently in operation, as it has secondary pipelines and installations to regulate and facilitate the production of crude. Around the well there is slight, surface oil spill. We then went to a site where it is said that one of the remediated pits is located. The defendant calls attention to the presence of some holes and cement markers, with the date recorded in several areas. Next, we continue to observe other sites where markers were made on the land. There is also a structure and a house; we then proceeded to observe the site where it is said that remediated pit No. 2 is located,

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and note that a block house with a zinc roof, etc., has been built there. We observe other markers approximately 10 by 20 cm. in diameter, and in all cases the cement markers have been placed recently and the plaintiffs' representatives acknowledge that they made them to facilitate their investigative work and that in any case, they do not alter the work performed. Next, a hole is drilled in the area adjacent to one of the remediated pits for the purpose of collecting samples to be analyzed here and sent to the laboratory. The defendant objected to this testing on the grounds that it did not fall within the protocol that was agreed to by the parties and above all, because it believes that said field test would not yield objective results that would serve to clarify the subject of the proceedings. The digging and sample collection was then performed and although the testing is conducted at the site, the results obtained will not be announced at this time, with the acting Expert being given fifteen days to submit such results to the Court. The samples extracted during this field test will be distributed between the plaintiffs' expert, the defendant's expert, and the experts that the Court has appointed for the inspection, and those experts will have fifteen days from the date notice is served on the parties to complete their analyses and submit their report.- The Court ordered the parties' experts to submit their reports regarding the parties' petitions within 45 days, with the experts appointed by the Court being given 30 days from the date the parties' experts submit their reports to [respond]. This inspection then concluded. Those present signed in witness whereof.

[signature]
Dr. Efraín Novillo Guzmán
PRESIDENT OF THE COURT OF NUEVA LOJA

[signature]
Dr. Alfonso Callejas Ribadeneira
COUNSEL FOR CHEVRON TEXACO

[signature]
Dr. Alberto Wray Espinosa
COUNSEL FOR THE PLAINTIFFS

[signature]
Dr. Alberto [illegible] Enríquez
ATTORNEY, CHEVRON TEXACO

[signature]
Mr. Charles William Calmbacher
EXPERT

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Jennifer Bilbao Garcia, Engineer
EXPERT

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Mr. John Anthony Connor
EXPERT

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Mr. David Barros Pazmiño
EXPERT

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Mr.Galo Albán Soria
EXPERT

[signature]
Mr. Johnny Zambrano Carranza
EXPERT

[signature]
Mr. Jorge Jurado Mosquera
EXPERT

[signature]
Liliana Suárez Navarro, Esq.
CLERK OF COURT, NUEVA LOJA

[signature]
Dr. Luis Albuja Viteri

[Circular stamp: HON. SUPERIOR COURT OF JUSTICE – NUEVA LOJA – Seal
OFFICE OF THE PRESIDENT'S CLERK – Illegible initials]

CERT. GEOTEXT VER:JD

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STATE OF NEW YORK)
)
) ss
COUNTY OF NEW YORK)

CERTIFICATION

This is to certify that the attached translation is, to the best of my knowledge and belief, a true and accurate translation from Spanish into English of the attached Judicial Inspection *Acta* regarding well Sacha-06.

Ewelina Jarzynska, Project Manager
Geotext Translations, Inc.

Sworn to and subscribed before me

this 4 day of June, 2010.

PATRICK EVANSON
NOTARY PUBLIC-STATE OF NEW YORK
No. 01EV6201257
Qualified in Queens County
My Commission Expires February 17, 2013

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