



A Holistic Approach to Oxy's Operational Social Responsibility

La Cira-Infantas: A Case Study

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Agenda

- Oxy's Natural Gas Star Program: An Overview
- Oxy's Corporate Social Responsibility (CSR)
 - What CSR means to Oxy; Human Rights Policy, SR Standard; SR Tool and SR Assessments
- Concept of CSR & Sustainability
- Greenhouse Gas/Methane Emission Reduction and CSR: Interlinkage
 - La Cira Infantas, Colombia: Case Study
- Concluding Remarks



Oxy's Natural Gas Star Program

History:

- OXY Signed in 2004
- 16 Bcf (41 million tonne CO₂e) methane reduction in the U.S.
- Three EPA Awards:
 - 2005: EPA's Commendation, Recognition, and Award
 - 2006: International Partner of the Year
 - 2006: Implementation Manager of the Year





Methane-To-Markets (M2M)

History:

- OOG Signed affiliate partnership in 2005
- Oxycol hosted the 1st International Workshop
- Oxycol: International Partner of the Year-2005

1st INTERNATIONAL WORKSHOP
OIL & GAS



FROM LEFT TO RIGHT: Wes Scott, OOGC HES & Security VicePresident; Roger Fernandez, Natural Gas Star Program Manager; Sandra Suarez, Environment Housing and Territorial Development Minister; Guimer Dominguez, OxyCol President & General Manager; William Wood, Colombia USA Ambassador



Natural Gas Star International

- OOG signed as one of the Founding Charter Member: September 2006
- With EPA's assistance identified and working on three major projects in Colombia
 - Gas Capture/VRU Project at PF1, PF2, and Cari Care
- Working on projects in the Middle East





Building the SR system



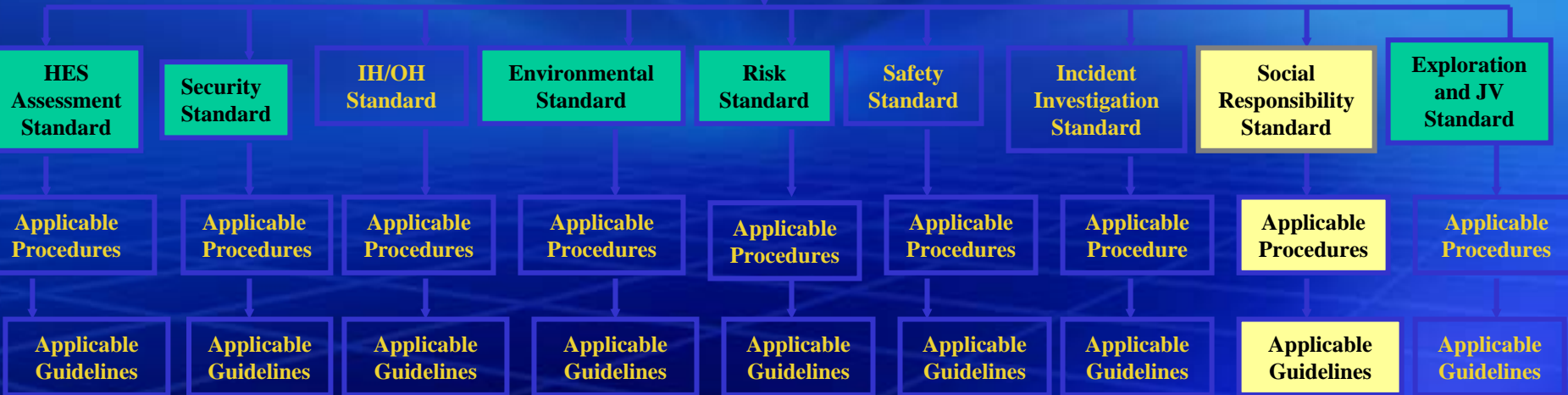


Management System

HES & SR

OOGC HES & SR Policy

OOGC HESMS





Social Responsibility Standard

- Auditable performance requirements
- Management accountability
- Integrates SR principles into decision processes
- Issues and Risk assessment requirements
- Stakeholders dialogue and engagement
- Links economic, environmental and social performance

CSR & Sustainability





SR Planner Tool - Main Menu Options



Social Responsibility Planning Tool (SR Planner Tool) v3.0



Screening



Import Results



Self-Evaluation



Goal-Setting



Gap Analysis



Action Planning



Customize



Learning
Community



About SR Planner



User Guide



Help



Exit

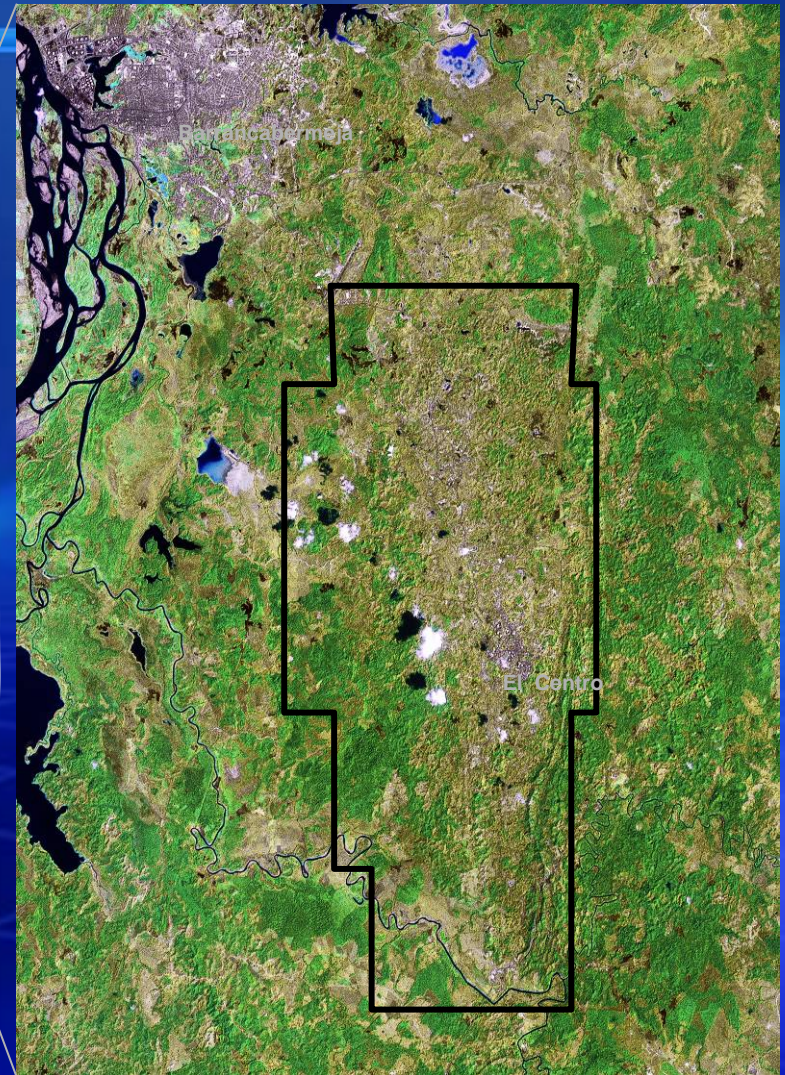




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- Middle Magdalena Valley
- Extension 118 km²
- Deforested Area
- Oldest Field in Colombia
- 1700 wells
- 100kmts roads





Social-Political Complexity

- Presence of illegal armed forces
- Strong labor union
- ECOPETROL: largest company
- Illegal connections to utilities
- Environmental and safety issues derived from utilities
- 250 active NGOs and grass roots groups
- 900 km shared roads between company and local communities
- Resettlement: a ghost
- Local dependency on oil industry





Risk Assessment

Business case

- Practical series of two-way conflict analysis tools
- Project and national levels
- Overview of regulatory environment
- Flashpoint issues
- Improved stakeholder relations and partnership

Conflict-Sensitive Business Practice: Guidance for Extractive Industries

March 2005





Risk Assessment: International Alert Pilot



- Active engagement with Business
- **Conflict Sensitive Business Practices** tool kit
- International Alert a global peace-building NGO seeking to transform violent conflict



Risks & Potential Conflicts

- Land management
- Gas and water tapping
- Density of population
- Close proximity operations
- Social Issues
- Security





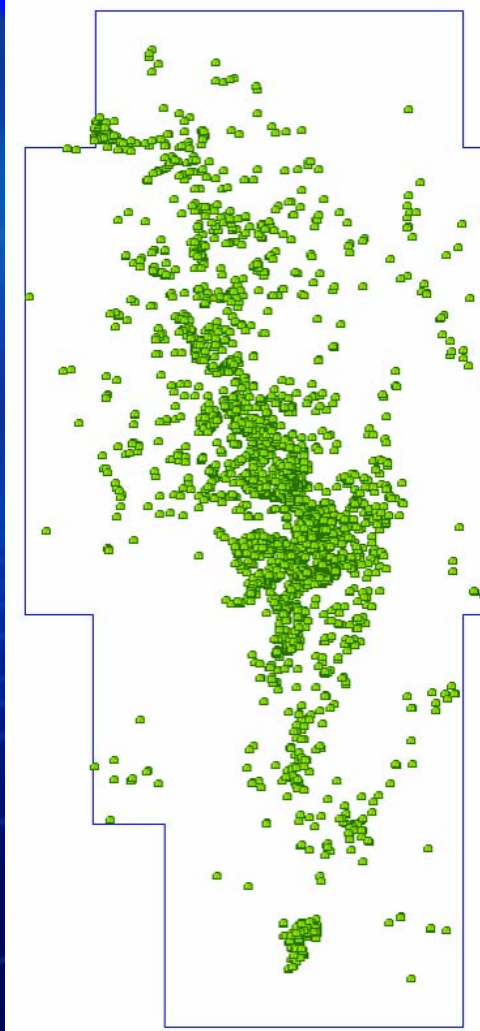
La Cira



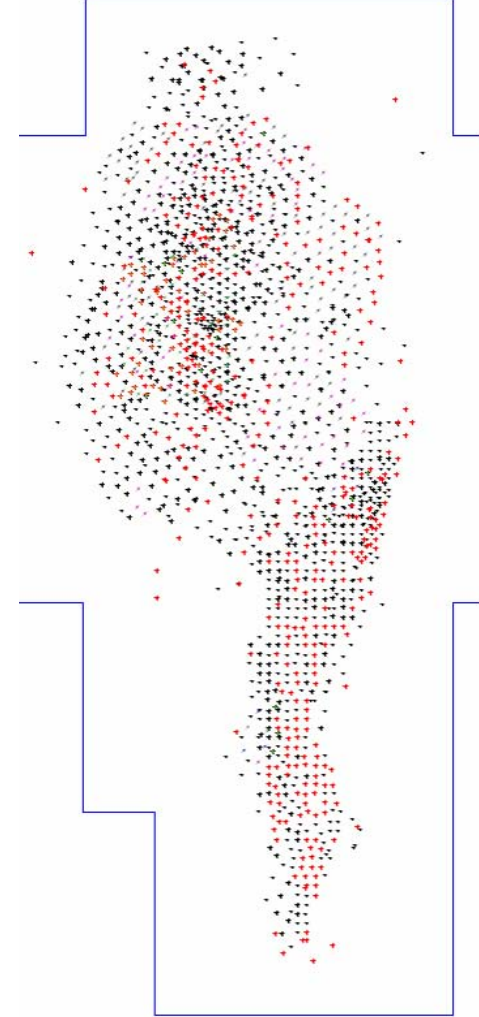
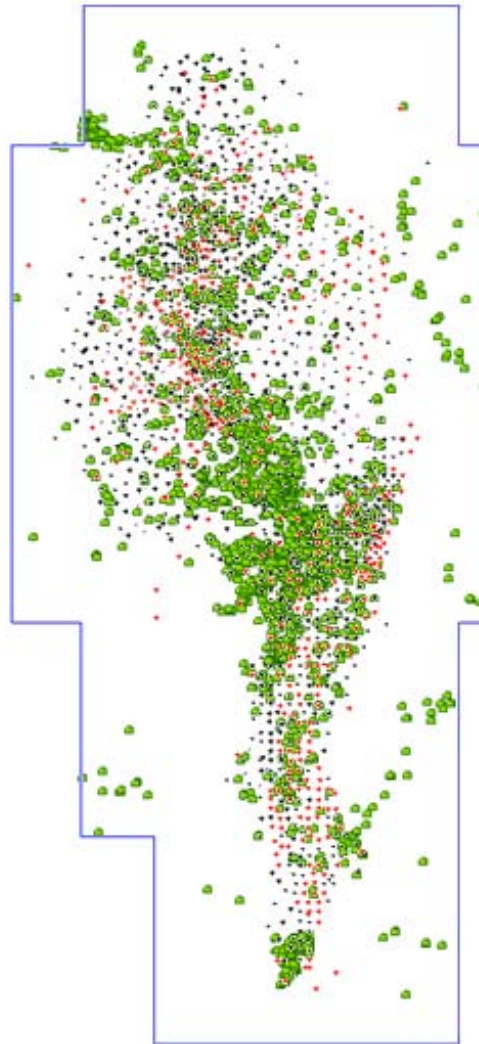
- Established Community
- All social services in place
- Entrenched infrastructure



Operating alongside the community

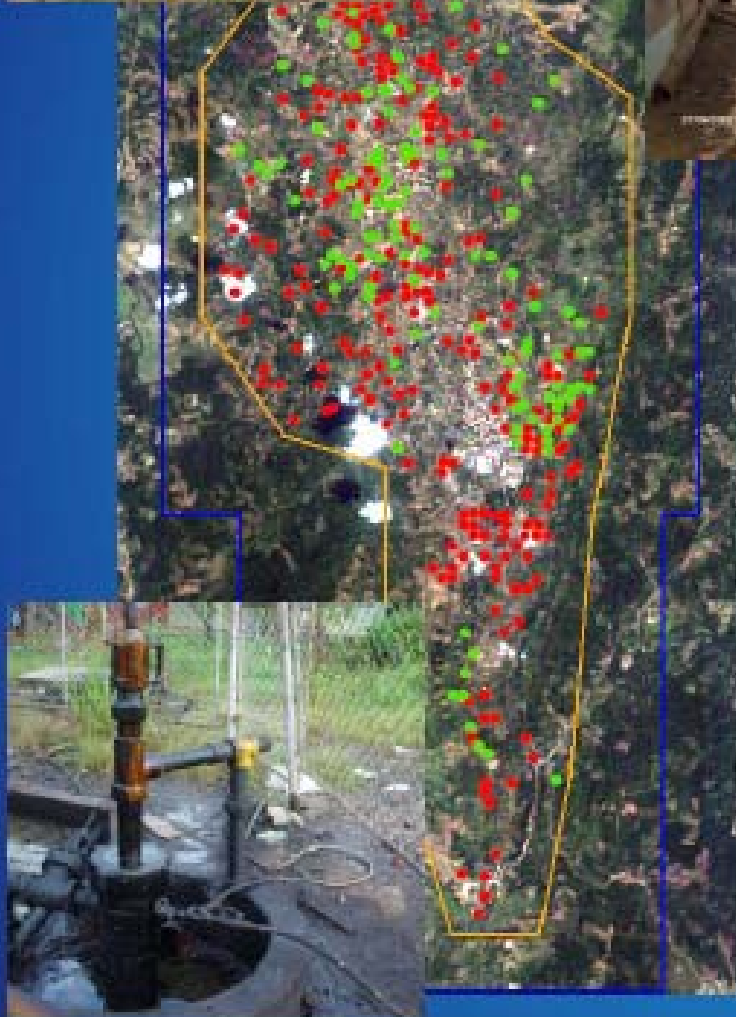
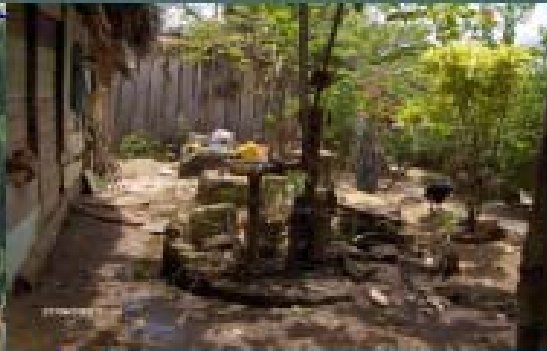


Houses



Wells

Residential Gas Supply



| Items | Initial | Current |
|---------------------------------|---------|---------|
| Total Wells | 1700 | 1925 |
| Wells with illegal connections | 382 | 259 |
| Houses with illegal connections | 1280 | 565 |

- Wells with Illegal connections
- Gas disconnected wells



Illegal Well Connections



2005/02/01

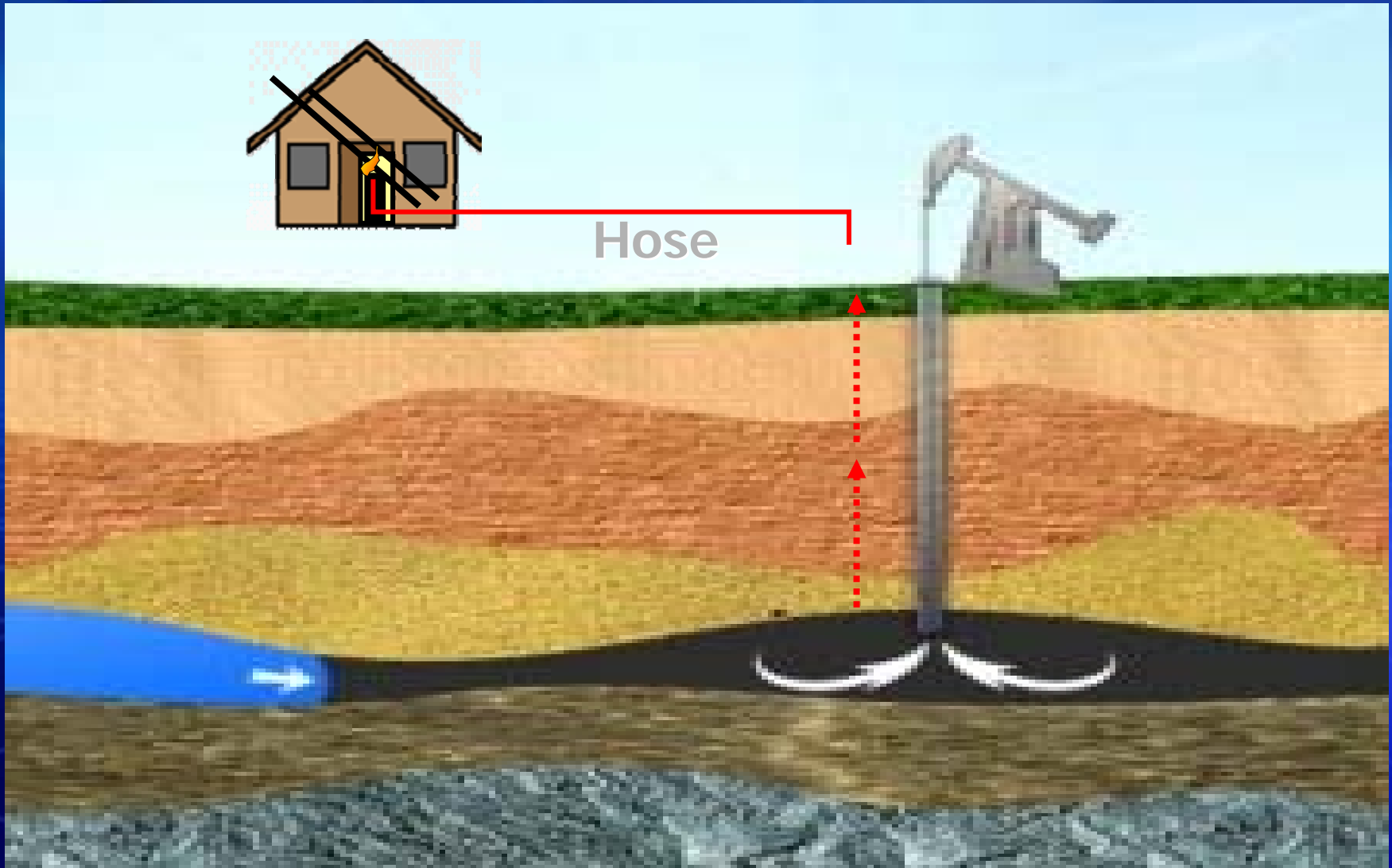


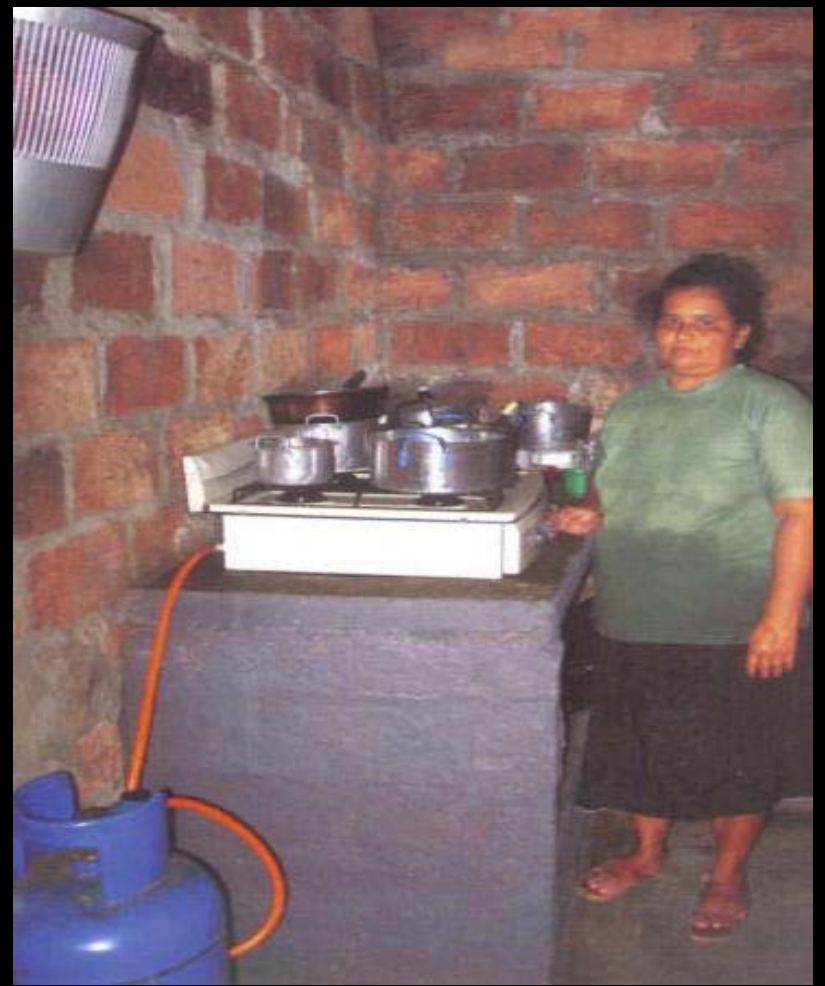
Safety Concerns





Oil wells working as stoves





Clean Production Program

OXY



Inf E-1 Well

Before



Now



LC 1210 Well





Estimated Greenhouse Emission Reduction

- No. of families with Illegal Gas Connection: 1,300
- No. of gas cylinders supplied per family: 18/year
- Total energy supplied/consumed (million Btu/year): 8,500
- **Estimated GHG emissions (million tonne CO₂e/year): 3.6 to 4.8**
- Estimated fugitive emissions
at well-heads and connections (mmcf/year) 111
- **Total estimated gas saved (mmcf/year): 177 to 200**

CSR & Sustainability

Risk assessments need to integrate social, economic, environmental, and political issues

GHG and methane reduction projects could have integrated solutions to social, economic, and environmental aspects

Environmental solution alone would not have solved the problem. Education and awareness are necessary prior steps



Project resulted in energy saving; Provided optimal social, economic, and environmental solution; Alleviated risks