A woman with dark skin and traditional Indigenous adornments is the central figure. She wears a crown of orange and yellow flowers, a necklace of similar flowers and beads, and patterned armbands. She holds a large, circular, hand-painted sign above her head with both arms. The sign has a white center with black text and a red border. The background is a clear blue sky with some blurred figures of other people in the distance.

ACORDA
PARA A CRISE
CLIMÁTICA

THE MONEY TRAIL

BEHIND FOSSIL FUEL EXPANSION IN LATIN AMERICA



IMPRINT

Maps & Data:

Alisson Capelli de Souza, Joana Gabrielly Carias do Nascimento, Mateusz Pietrzela, Nathan Delwart

Finance Research & Analysis:

Profundo, Lena Flacke, Katrin Ganswindt, Hannah O'Neill, Clara Freudenberg

Contributors:

Alan Carmona, Andy Gheorghiu, Ariel Slipak, Aruna Anderson, Claudia Campero, George Mendes, Hannah O'Neill, Heloisa Simão, Hernán Pérez Orsi, John Wurdig, Kerlem Luina Vinhas Carvalho, Kevin Koenig, Klara Butz, Lena Flacke, Luz Dorneles, Mary Mijares, Nathan Delwart, Nicole Figueiredo de Oliveira, Nicole Rath, Nívia Cerqueira, Ricardo Perez, Sara Ribeiro, Urias de Moura Bueno Neto, Vinicius Nora

Project Leads:

Lena Flacke, Nathan Delwart

Lead Author:

Heffa Schücking

Editing:

Aleke Schücking

Layout:

liebesDesign

Cover image credits:

Juliana Duarte

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The Money Trail Behind Fossil Fuel Expansion in Latin America

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THE MONEY TRAIL BEHIND FOSSIL FUEL EXPANSION IN LATIN AMERICA

Introduction

Cities and communities throughout Latin America and the Caribbean are already suffering the impacts of a changing climate. From unprecedented wildfires in Bolivia, Argentina, Chile, Brazil and Mexico to record hurricanes in the Caribbean; from severe drought across the Amazon Basin to the catastrophic floods in Rio Grande do Sul, which killed 184 people, displaced over 420,000 and caused over US \$15 billion in damages in 2024.¹ In Brazil alone, climate-induced disasters have surged by 460% since the 1990s.² Each year, heatwaves, storms, floods and droughts leave a devastating trail of economic losses and shattered lives from Tierra del Fuego to the Gulf of California.

At COP 28 in Dubai, governments from around the world pledged to transition away from fossil fuels. 2 years down the line, these promises ring hollow. On the eve of COP 30, more than 190 oil and gas companies from 42 countries are exploring and developing new oil and gas reserves or building new fossil fuel infrastructure in Latin America and the Caribbean. We are still a region of open veins.³ And our own state-owned oil and gas companies such as Petrobras, YPF, Pemex and Petroperú are part of the feeding frenzy.

The majority of fossil fuel companies operating in Latin America and their financial backers are, however, headquartered in the Global North. Fossil fuel expansion in our region is the continuation of a long-standing pattern of colonialism: Multinational corporations take control of our resources, harvest the profits and offload the costs on local populations. These are pushed aside, impoverished and left with a degraded and polluted environment. Climate justice cannot be achieved without dismantling this exploitative model.

At every stage of their lifecycle, fossil fuels inflict immense harm, and the most vulnerable groups in our societies pay the highest price. In Peru, Ecuador, Bolivia and Colombia, oil and gas blocks overlap with 1,647 Indigenous territories, including lands that belong to indigenous peoples living in voluntary isolation.⁴ Community leaders are threatened, attacked and sometimes even killed for defending their land against oil and gas extraction. Frequent oil spills from pipelines and refineries poison rivers and streams, endangering downstream communities, small-scale fishers and municipal water supplies. Air pollution from the combustion of fossil fuels causes more than 320,000 premature deaths in Latin America each year and is responsible for a wide range of illnesses, especially in children under 5 years, pregnant women and the elderly.⁵

Although our countries signed the Paris Climate Agreement, most of our governments continue to approve new fossil fuel projects, directly undermining the goal of limiting global temperature rise to 1.5°C. Instead of aligning national policies with a rapid and just energy transition, they prioritize short-term profits over long-term planetary stability. This contradiction weakens global climate cooperation and threatens the credibility of COP 30 in Belém.

The oil and gas lobby likes to claim that fossil fuel revenues will finance the energy transition – but this is a dangerous self-serving myth. Each and every new fossil fuel project delays the shift to clean energy, pushes us closer to dangerous climate tipping points, and ignores the reality that climate change is already destabilizing our agricultural systems, undermining our economies and disrupting the water cycles that sustain our hydropower-dependent energy systems. In 2022, the World Bank already war-

ned that climate change could lead to a 300% increase in extreme poverty in Latin America and the Caribbean by 2030.⁶

The Inter-American Court of Human Rights, which holds jurisdiction over 20 Latin American and Caribbean states, recently clarified state obligations related to the climate crisis.

On July 3rd 2025, the court issued a ground-breaking opinion that governments must protect the climate system as part of their human rights obligations. In its 234-page judgment, it says that states must take “urgent and effective” measures to reduce greenhouse gas emissions and regulate companies to prevent irreversible harm to the climate system. The court explicitly singles out fossil fuel exploration, extraction, transportation and processing, urging governments to adopt stricter rules and impose “differentiated obligations” on companies with higher historical emissions.⁷

Just 2 weeks after this historic judgment, Brazil – the host country of COP 30 – moved to strip away environmental safeguards that could hamper oil and gas expansion. On July 17th 2025, Brazil’s Congress passed a bill that creates special licensing arrangements for projects the government deems “strategic”, such as oil exploration on the Amazon coast. The law also exempts companies from assessing the impacts of their projects on hundreds of Indigenous and Quilombola communities, and allows most projects to be approved by simply filling out an online form. As Nilto Tatto, coordinator of the environment caucus of the Chamber of Deputies in the Brazilian Congress warns, this bill “is tailored to serve predatory sectors and dismantles decades of progress in Brazilian environmental legislation.”⁸

Brazil is not alone. The Argentinean government under Milei has already downgraded the Environment Ministry to an Undersecretariat, slashed the environmental budget by 80%, and is now rewriting several laws and issuing decrees to favor fracking, offshore drilling and new oil and gas infrastructure.⁹ In Peru, Bolivia, Paraguay and Venezuela, governments have also

moved to significantly weaken their countries’ environmental regulations.

Yet there are also signs of progress across the region. 10 Latin American and Caribbean countries have joined the Powering Past Coal Alliance, committing themselves to accelerate the transition from coal to clean energy.¹⁰ Colombia and 3 Caribbean nations – Antigua and Barbuda, the Bahamas, St. Kitt and Nevis – have endorsed the Initiative for a Fossil Fuel Non-Proliferation Treaty. Countries like Costa Rica and Uruguay have already decarbonized their electricity generation, Chile aims to produce 80% of its electricity from renewable

sources by 2030 and Barbados is targeting 100% renewables by 2030. But as Colombia’s president Gustavo Petro warned in 2023, when announcing that his government would no longer issue new fossil fuel exploration licenses: “There is a very powerful economic power around oil, coal and gas. They act to prevent changes, to maintain in a suicidal way their possibilities for more years of profit. Today, we face an immense confrontation between fossil capital and human life”.

This report maps the frontlines of this confrontation. It shines a spotlight on companies that are exploring and developing new fossil fuel reserves or building new fossil infrastructure such as pipelines, liquefied natural gas (LNG) terminals and gas-fired power plants. And it reveals which banks and investors are backing the expansion of this dirty and dangerous industry across Latin America and the Caribbean.

All along the oil and gas frontier, local communities, Indigenous peoples and civil society organizations are fighting against new coal, oil and gas projects. Our message to financial institutions is simple: Fossil fuels cannot be worth more than our lives, our waters, our forests and our futures.

Nicole Figueiredo de Oliveira, ARAYARA, Brazil

Ariel Slipak, FARN, Argentina

Pablo Montaña, Conexiones Climáticas, Mexico

“Today, we face an immense confrontation between fossil capital and human life”



1

Oil & Gas
Exploration

CHAPTER

01 OIL AND GAS EXPLORATION

5 MONTHS BEFORE COP 30

On the morning of June 17th 2025, the perimeter of the Courtyard Hotel in Rio de Janeiro was cordoned off by police. Inside the luxury hotel, oil company executives were bidding for exploration rights to new oil and gas blocks in an auction organized by Brazil's national oil regulator, ANP. Outside the hotel, a wide array of civil society organizations – from environmental groups and fishers' guilds to trade unions and human rights organizations – rallied against the auction. They were joined by representatives of the Indigenous Manoki, Tapayuna and Pareci peoples, who had travelled over 2,000 km from their ancestral lands in western Mato Grosso. *"Our territories are being invaded. We have nowhere else to go and can no longer accept this violation of our rights,"* said Rosines Kamunu, a Manoki spokesperson.

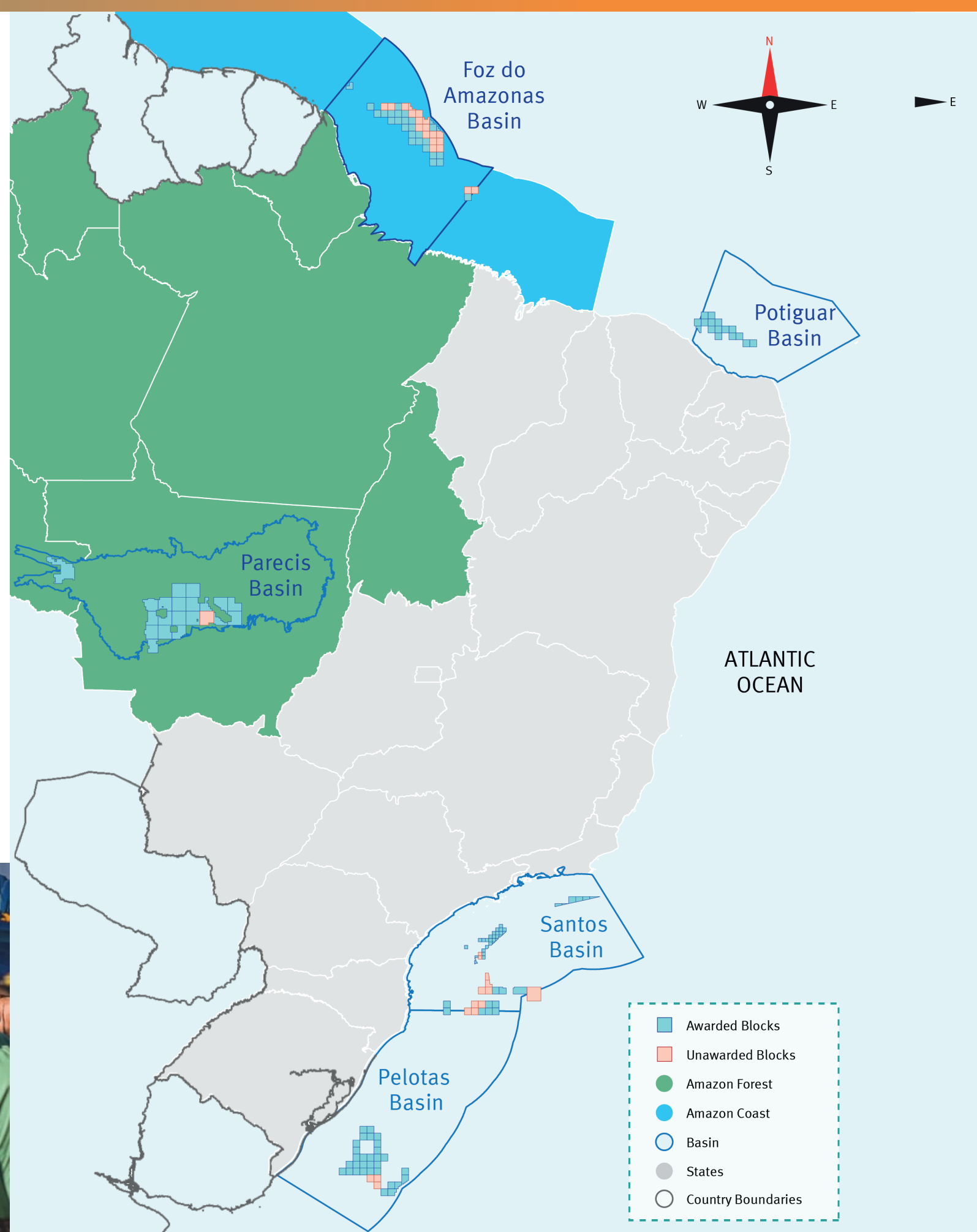
Out of the 172 blocks ANP put on offer, 20 oil exploration blocks completely encircle the Manoki and Tapayuna Indigenous territories in Mato Grosso. 16 blocks neighbor or overlap the spectacular Fernando do Noronha submarine ridge, a UNESCO World Heritage Site, who-

se islands harbor the largest concentration of seabirds in the West Atlantic. 47 blocks are in the highly sensitive Foz do Amazonas, an area off the northern coast of Brazil where the Amazon River flows into the ocean. The proposed blocks were so controversial that the Brazilian Federal Prosecutor's Office filed a suit against the country's oil regulator and the Brazilian civil society organization ARAYARA filed 5 civil action law suits against 118 of the offered exploration blocks.

The protests and legal actions had a major impact on the June 17 auction. 80% of the oil and gas blocks, including those in the Fernando do Noronha region and the blocks encircling Indigenous lands, remained unsold. But in the Foz do Amazonas, 10 blocks were acquired by a consortium of Petrobras and ExxonMobil, and 9 blocks by Chevron in partnership with China's CNPC. Nicole Oliveira, director of ARAYARA, warns that this is a risky move for the involved companies: *"We will continue litigating to prevent the final contracts from being signed and the blocks from being explored."*



Figure 1: Environmentalists, Indigenous people, and the ARAYARA Institute join forces in front of the hotel where the auction is taking place, demonstrating that society does not accept the destruction of sensitive areas like the mouth of the Amazon, nor the expansion of fossil fuels in the midst of the climate crisis and on the eve of COP 30. © Luz Dorneles, ARAYARA



EXPANSION BEGINS WITH EXPLORATION

The first step towards fossil fuel expansion is exploration. To explore for oil and gas deposits, companies undertake seismic surveys, using explosive charges or special vehicles with heave plates that send shock waves into the ground. In marine seismic surveys, air guns are used that send loud blasts deep into the seafloor. These explosions go off every 10 or 15 seconds, 24 hours a day, often for weeks on end. Seismic blasting is especially harmful to marine mammals. It injures hearing, disrupts behavior, and sometimes even leads to stranding of whales and dolphins. Blasting also impacts fish by damaging their air bladders and eggs, and it disturbs the delicate balance of zooplankton populations, which are crucial for the marine food web. Uruguay’s Chamber of Fisheries reported that fishing catches dropped by 42% in the year after seismic blasting began off the country’s coast.

On land, exploration often begins with clearing vegetation and reshaping landscapes to make way for access roads, drilling pads, and other infrastructure – destroying habitats and fragmenting local ecosystems. The blasts can also lead to soil liquefaction, damage buildings and disrupt the natural recharge of aquifers. Drilling exploratory wells brings further risks, as drilling fluids can contaminate surface and groundwater sources. Exploration often sparks conflicts over land use and resources with local communities, which can potentially spiral into violence and human rights abuses.

In the 10 years since the Paris Agreement was adopted, over **950,000 km2** – an area larger than Venezuela – **was opened for oil and gas exploration in Latin America and the Caribbean**. Almost 44% of the awarded exploration acreage lies in Mexico and Brazil.



Petrobras presents its bid during the auction.
©Juliana Duarte

LATIN AMERICAN COUNTRIES WITH THE LARGEST EXPLORATION ACREAGE 2016-2025

Rank	Country	Area awarded for oil and gas exploration (km²)
1	Mexico	208,966
2	Brazil	205,043
3	Argentina	162,435
4	Uruguay	105,000
5	Colombia	74,118

As government delegations are preparing to commence the climate negotiations in Belém, national and international oil and gas companies are searching for new oil and gas reserves in 24 countries across Latin America and the Caribbean.

Since 2021, the International Energy Agency (IEA) has consistently warned that exploration for new oil and gas reserves is incompatible

with the 1.5°C limit, but the industry continues to invest billions of dollars in new exploration each year. From 2022 to 2024, oil and gas companies spent US \$28.3 billion prospecting for new oil and gas resources in Latin America and the Caribbean. According to Urgewald’s analysis of Rystad Energy data, this amounts to almost 14% of global capital expenditures (CAPEX) on oil and gas exploration.

COMPANIES WITH THE HIGHEST EXPLORATION CAPEX IN LATIN AMERICA & THE CARIBBEAN, 2022 – 2024

Company	HQ Country	Exploration CAPEX (\$M)	Exploration Countries
Pemex	Mexico	9,465	Mexico
Petrobras	Brazil	2,616	Brazil, Colombia, Bolivia
ExxonMobil	USA	1,834	Guyana, Brazil, Suriname, Argentina, Colombia
Shell	UK	1,623	Brazil, Mexico, Trinidad and Tobago, Colombia, Argentina, Suriname, Uruguay
Ecopetrol	Colombia	1,183	Colombia, Brazil
Hess*	USA	845	Guyana, Suriname
TotalEnergies	France	793	Suriname, Brazil, Mexico, Argentina, Guyana
CNOOC	China	708	Guyana, Brazil
BP	UK	667	Brazil, Trinidad and Tobago, Argentina
Chevron	US	482	Brazil, Suriname, Mexico, Colombia, Argentina, Uruguay

*Acquired by Chevron in July 2025

7 of the top spenders on exploration for new oil and gas reserves in Latin America are headquartered outside the region. The clear leader, ho-

wever, is Mexico’s state-owned Petróleos Mexicanos (Pemex), whose exploration spending far exceeds that of any competitor.



A nearby gas flare observed from the streets of Minatitlán.
©Juan Mayorga

COMPANY PROFILE

PEMEX – A COMPANY MIRED IN DEBT AND CORRUPTION ALLEGATIONS

Mexico's national oil company Petróleos Mexicanos (Pemex) is the world's most indebted oil company. Pemex registered net profits in only 3 of the past 14 years. In 2025, its outstanding debt reached US \$101 billion, an amount equal to almost 6% of Mexico's GDP. While one third of Mexico's population lives below the poverty line and has inadequate access to healthcare services, Mexico's government continues to sink billions of dollars into its troubled national oil company. In 2025, the government channelled US \$6.7 billion from the national budget to Pemex and issued securities that provide an additional US \$12 billion in collateral to the company.

One of Pemex's most costly flops is the Olmeca refinery, located in the port of Dos Bocas in Tabasco state. When construction began in 2019, the project's supposed price tag was US \$8 billion. In the meantime, the price has risen to over US \$20 billion due to design flaws and mistakes during construction. The refinery began processing crude oil in 2024, but has been plagued by frequent shut-downs, and analysts are skeptical whether the plant will ever reach its planned capacity of 340,000 barrels per day.

Apparently, Pemex is currently considering selling Olmeca to a private investor for an estimated US \$10 billion.

Pemex's dominance in the energy sector has entrenched Mexico's dependence on fossil fuels, crowding out investments in renewables and grid infrastructure. In March 2025, a major blackout hit Cancún and the Yucatán Peninsula. Businesses, hotels, airports and public transit ground to a halt. Multi-state blackouts have become an annual occurrence in Mexico, affecting millions of households and severely impacting industry. Funds that should have been invested in grid infrastructure and renewable solutions, including utility-scale battery storage, were instead used to bail out Pemex.

STILL EXPLORING, NOT TRANSITIONING

Between 2022 and 2024, Pemex spent more than any other company on oil and gas exploration in Latin America. The bulk of Pemex's exploration activities are in the Gulf of Mexico, where the company is searching for new oil and gas deposits in depths of over 1,500 meters.

"Exploration is not only a matter of seeking natural resources, but also of pushing boundaries, challenging the unknown. In the depths of the earth, on the most remote sea beds, geologists confront the complexity of the subsurface."
Dr. Víctor Rodríguez Padilla, Pemex CEO

The Gulf of Mexico is home to over 15,000 species, of which 1,511 are unique to this region. It is a breeding ground for endangered sperm whales and critical habitat for shortfin mako sharks and leatherback sea turtles. It also supports the livelihoods of over 90,000 artisanal fisher families. As Oceana Vice-President Renata Terrazas states, when it comes to oil and gas activities in the region, *"the equation is very simple: large transnational corporations will win and coastal communities will lose."*

MEXICO'S NUMBER ONE POLLUTER

Founded in 1938, Pemex is the world's 11th largest historical carbon emitter. The company is also notorious for flaring and venting methane. An investigation by Mexico Evalúa shows that the company's methane footprint per barrel of oil is 8 times higher than ExxonMobil's. Methane is a powerful greenhouse gas and is 86 times more potent than carbon dioxide in the first 20 years after it is released. Flaring is also extremely harmful for nearby communities. Residents suffer from headaches, nausea, nosebleeds, vomiting and respiratory problems. Pemex's refineries emit black smoke laden with toxic gases and particulate matter, which cause respiratory illnesses, cardiovascular diseases, and cancer.

Frequent oil spills are another byproduct of Pemex's operations. According to a report by the magazine Gatopardo, the company was responsible for 655 fossil fuel spills and leaks between 2008 and 2021. Investigations based on satellite imagery show that Pemex failed to report most of its oil spills in the past 6 years. In July 2023, environmental organizations uncovered a major oil spill from Pemex's Ek-Balam field in the Gulf of Mexico after one of the company's platforms exploded. Satellite imagery suggests that the spill polluted at least 467 km² of ocean surface before it was contained. Communities mobilized to clean beaches and rescue oil-stricken wildlife, but the damage was severe: dead

turtles washed ashore during their mating season, and local fishers faced devastating economic losses.

Less than a year later – in March 2024 – Pemex was responsible for yet another oil spill in the Gulf. NGOs report that between 2022 and 2024, the company's pollution rates surged by 152%, while its budget for infrastructure maintenance was cut in half. As Pablo Montaña from the NGO Conexiones Climáticas says, *"Oil spills and other fossil fuel disasters are not accidents, but an integrated aspect of the industry's regular operation. The possibility of these major polluting incidents is a form of externalization of its operation costs, where communities and ecosystems are left with an unpayable tab."*

INVESTORS TURNING AWAY FROM PEMEX

In May 2025, the Norwegian Government Pension Fund – the world's largest sovereign wealth fund – divested Pemex, citing serious unresolved corruption risks. The decision came on the heels of a damning investigation by the Norwegian Council on Ethics which identified systemic irregularities, multiple cases of bribery and opaque contract handling. It also criticized Pemex's lack of response to internal and external corruption allegations. Among the numerous cases listed in the report are payments by the multinational trading company Vitol, which admitted to bribing Pemex officials between 2017 and 2020 to secure contracts. The Council also raised concerns over recent cases of retaliation against whistleblowers and recommended the exclusion of Pemex from the Pension Fund as *"the risk of continued corruption is unacceptably high."*

Other investors have also turned their backs on Pemex, citing its mounting debt, governance failures and abysmal environmental record. So far, 52 global investors have excluded the company from their portfolios—signaling a growing view that Pemex represents serious financial, reputational, and transition risks. Meanwhile, pressure is building from civil society organizations, who are calling on the Mexican government to invest in a resilient renewable energy future instead of allowing Pemex to drag the country further into fossil fuel dependency.

Across Latin America and the Caribbean, opposition is mounting against the oil and gas industry's rush to claim new land and offshore areas for exploration.

In 2017, Belize became the first country in the world to announce a permanent moratorium on offshore oil exploration in its waters. Four years later, 7 municipalities in Costa Rica joined the Initiative for a Fossil Fuel Non-Proliferation Treaty, pledging to ban oil and gas exploration and extraction within their territories. Their example was soon followed by several national capitals, including Belmopan, Castries, Kingston, Lima, and Port-au-Prince.

In Argentina, when the government granted Equinor, YPF, and Shell licenses for seismic testing off Mar del Plata in 2022, thousands filled the region's beaches in protest. In a national referendum in 2023, 59% of Ecuador's citizens voted to end oil exploration and drilling in Yasuní National Park. And ahead of COP 30, Indigenous leaders from 5 Amazonian countries issued a joint call for a complete ban on oil and gas exploration across the Amazon.

As the news outlet Infoamazonica warns, the Amazon and its surrounding offshore areas have become a key global oil frontier. Almost 1/5 of the global oil and gas reserves that were discovered between 2022 and 2024 are found here.

Yasuní Vive! Ecuadorians rejected oil drilling in the Yasuní National Park in 2023.
© Amazon Watch





CASE STUDY

PERU – AUCTIONING OFF THE PERUVIAN AMAZON

The Peruvian Amazon is one of the most culturally diverse areas on Earth. It is home to over 60 Indigenous peoples, each with their own unique culture, language, artistic tradition and way of life, but all centered around a deep spiritual connection with the land. As Alfonso López of the Kukama people says: *“The territory is within us; we are the territory.”*

Since the 1970s, the territories of the Achuar, Chapra, Kichwa, Kukama, Wampí, and other Indigenous peoples have been invaded by oil companies, including Occidental Petroleum and Petroperú. Today, oil and gas concessions cover 33% of the nation’s Indigenous territories, including 20% of the lands inhabited by Indigenous peoples living in isolation or in initial contact situations. These peoples have chosen isolation as a way to preserve their cultures and shield themselves from diseases, violence, and conflict brought by outsiders.

In 2024, Peru’s oil and gas regulator invited bidding on 47 oil and gas blocks. 38 of these blocks overlap with protected areas and Indigenous reserves. As Julio Cusurichi Palacios, from

the national Indigenous rights federation AIDESEP, states: *“The rights of Indigenous peoples are not being respected and the contamination of our rivers and territories continues. There are threats to uncontacted Indigenous Peoples, regulations that make environmental standards weaker, and oil and gas lots continue to be promoted.”*

Indigenous communities have fought oil and gas extraction on their lands through lawsuits, road and river blockades, and the occupation of pipelines and drilling sites. In 2015, Kichwa communities blocked the Tigre River for nearly a month, stringing cables across the water to stop oil company boats. In 2017, Achuar communities in northern Peru occupied 5 petroleum pumping and processing facilities, halting oil production in the country’s largest oil block for 43 days. In 2020 and again in 2021, Indigenous protesters seized a pipeline station of the country’s national oil company Petroperú. But standing up to the oil and gas industry in Peru carries great risks. Leaders like Olivia Bisa Tirko, head of the autonomous government of the Indigenous Chapra Nation, face relentless

harassment, repeated death threats, and worse. On 4 separate occasions, intruders tried to break into her home, and once even attempted to kidnap her children.

The Chapra are part of the MarAmazonía Alliance, which is urging companies to refrain from participating in Peru’s new round of oil and gas bids. The alliance is composed of artisanal fishing guilds that are fighting offshore drilling, as well as the Wampís, Achuar, and Chapra Nations – whose lands are in imminent danger of oil exploitation by Petroperú.

PETROPERÚ’S DESPERATE PUSH FOR BLOCK 64

Since 2014, Peru’s state-owned oil and gas company Petroperú has been trying to revive one of the most contested oil blocks in the Peruvian Amazon. Block 64 is located in the Loreto region near the Ecuadorian border, and is believed to hold around 55 million barrels of oil. It overlaps with more than 7,600 km² of rainforest and includes the ancestral lands of at least 22 Indigenous communities, including the Achuar, Wampís, Chapra, and Candoshi. For 14 of these communities, the block covers over 90% of their territory.

The Peruvian government granted the concession for Block 64 in November 1995 without consulting any of the affected Indigenous communities. Over the last 30 years, their unwavering resistance has driven out 6 operators, including major oil companies like Occidental Petroleum, ARCO, Talisman Energy (now Repsol), and the Colombian company GeoPark. Since GeoPark withdrew in 2022, Petroperú has been trying to find a new partner to operate the contested oil concession.

When Petroperú, however, ran an open tender process for Block 64 in May 2025, it failed to attract a single bid. This is the result of years of protests, legal advocacy, and international campaigning by the Achuar, Wampís and Chapra. Their opposition has created immense legal, financial, and reputational risks for companies seeking to exploit the region’s oil reserves.

“Petroperú’s decision to cancel the tender for Block 64 is a great relief. However, we remain vigilant, knowing that it will likely continue seeking investors to exploit this block. We are making a difference, and we will not stand idly by in the face of activities that threaten our territories and our way of life,” says Olivia Bisa Tirko, President of the Autonomous Territorial Government of the Chapra Nation

A LEGACY OF DESTRUCTION: BLOCKS 8 AND 192

The opposition to Block 64 is rooted in the tragic legacy of Blocks 8 and 192. Both blocks are also located in the Loreto region and have had disastrous impacts on Indigenous territories. Areas where the Achuar people used to hunt and gather food are now laced with oil wells, oil residue and barrels of toxic waste. Lead and arsenic have contaminated the soil and water. Children repeatedly suffer from skin infections. Affected communities have high rates of birth defects and premature deaths.

The Oleoducto Norperuano (ONP), a pipeline that transports oil from Blocks 8 and 192 through the rainforest, has spilled innumerable times. It slices through Indigenous territories and biodiversity hotspots such as the Ramsar-protected Pastaza River wetlands. Pluspetrol Norte, the former operator of Lots 8 and 192, declared bankruptcy in 2020, walking away from over 1,900 contaminated sites and US \$47 million in fines. The company was responsible for more than a quarter of oil spills in Peru between 1997 and 2023.

In 2024, the Canadian oil company Altamesa signed an agreement with Petroperú to restart operations in Block 192. But in March 2025, Altamesa withdrew, leaving Petroperú with hefty financial obligations that “could seriously jeopardize the company’s financial stability,” according to Peru’s Comptroller General. In July 2025, Petroperú therefore hastily announced the selection of a new partner – a company called Upland Oil & Gas – to help it re-start production in Block 192. While the new partner must first be approved by Peru’s national oil and gas

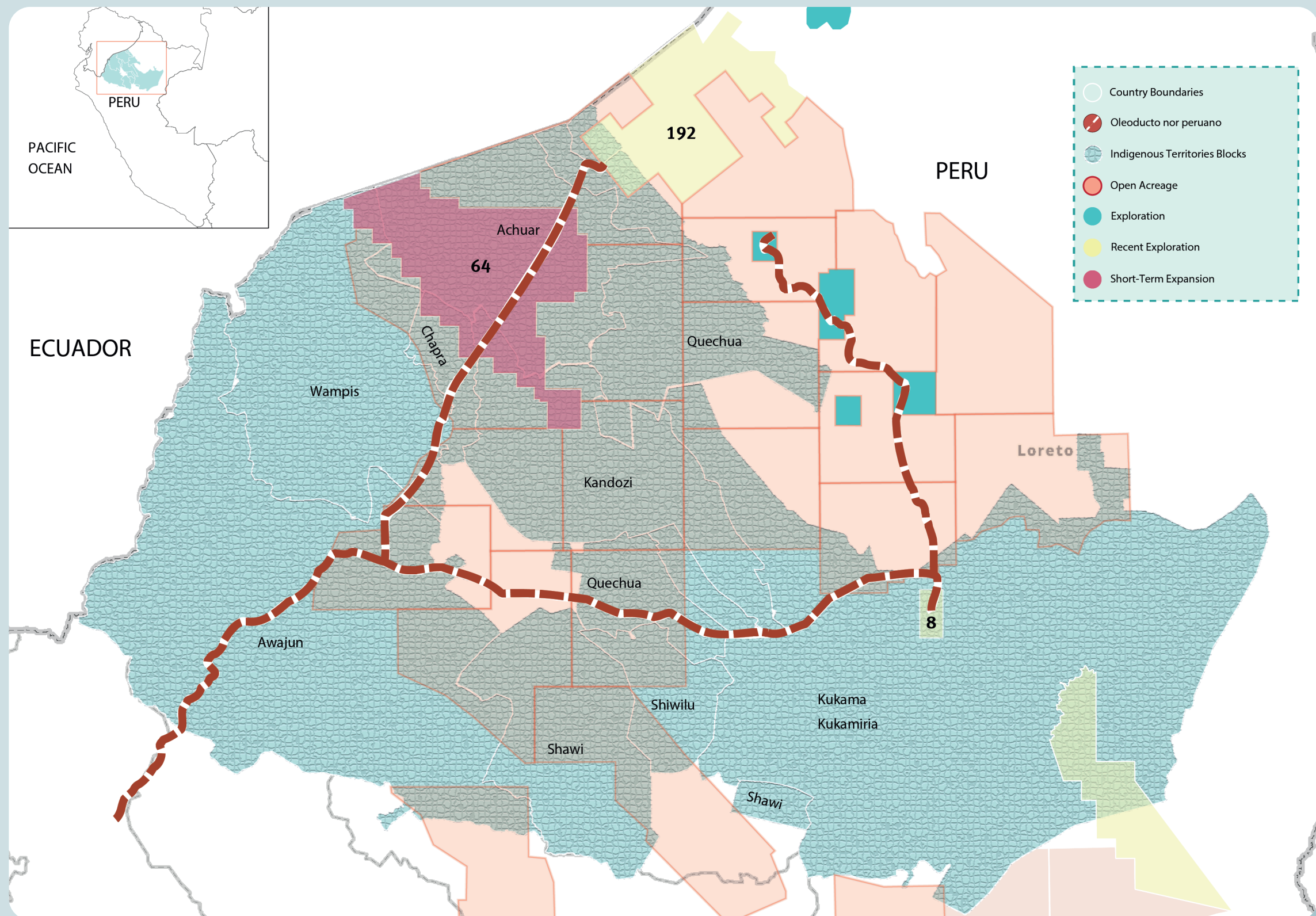
regulator, the country's highly respected business weekly, *Semana Económica*, has already warned that Upland Oil & Gas may lack the necessary financial capacity.

THE DEBT TRAP: TALARA REFINERY AND OIL EXPANSION

Petroperú's push to extract oil from Blocks 64, 8 and 192 is closely tied to its newly refurbished Talara oil refinery. The upgrade, which boosted the refinery's capacity by 45%, was plagued by delays, cost overruns, and technical problems – leaving the company with more than US \$5 billion in debt. In September 2024, Petroperú's entire board resigned due to the company's dire financial situation.

Without oil from the 3 northern blocks, the Talara refinery risks becoming a stranded asset – unable to generate the revenue needed to service Petroperú's massive debts. This outcome could have been avoided when Petroperú sought financing for the project. But instead of considering the environmental and social costs of locking in new oil flows through Talara's expansion, HSBC, Citigroup, Bank of America, and Santander looked the other way, and channelled over US \$4.7 billion to the project between 2017 and 2021. Although HSBC's and Santander's policies exclude activities that harm protected Ramsar Sites, both banks ignored the fact that future oil flows to Talara will endanger the Pastaza River wetlands.

In late 2024, just months after restarting operations, a pipe at the Talara refinery ruptured, coating 10 km of Peru's coastline in crude oil. Three days after the spill, Peru's Environment Ministry declared a 90-day emergency, leaving over 4,000 fishing families without a livelihood as the company struggled to clean the oil-stricken beaches. Only months before the spill, Petroperú sought support from JPMorgan Chase and Citigroup for a US \$1 billion bond issue to refinance the debt incurred for its refinery. The company is locked into a vicious cycle of debt-fueled fossil fuel expansion – threatening the future of Peru's Amazonian peoples and coastal communities.



08 NOTES

1 <https://disasterphilanthropy.org/disasters/2024-rio-grande-do-sul-brazil-floods/>

2 <https://www.preventionweb.net/news/brazil-has-seen-460-increase-climate-related-disasters-1990s>

3 „The Open Veins of Latin America” was published by the Uruguayan journalist and author Eduardo Galeano in 1971. It chronicles 5 centuries of exploitation and plunder of Latin America’s resources by foreign powers. The book shows how this transfer of wealth created a cycle of poverty and inequality that still shapes the region today.

4 <https://news.mongabay.com/2022/10/in-the-western-amazon-oil-blocks-eat-away-at-indigenous-lands-protected-areas/>

5 https://www.paho.org/sites/default/files/2022-09/2022-cde-agenda-clean-air-day-lac-en0_0.pdf

6 <https://blogs.worldbank.org/en/latinamerica/climate-change-and-poverty-perfect-storm>

7 <https://jurisprudencia.corteidh.or.cr/en/vid/1084981967>

8 <https://news.mongabay.com/2025/07/brazils-congress-passes-devastation-bill-in-major-environmental-setback/>

9 <https://farn.org.ar/wp-content/uploads/2025/04/Monitor-ambiental-Presupuesto-2024-cronica-de-un-ajuste-anunciado-para-el-cuidado-del-ambiente.pdf>

10 Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Honduras, Mexico, Panama, Peru and Uruguay are members of the PPCA.

