

**Open Letter to Members of the Coalition United for a Responsible Exxon (CURE)
and to other concerned Exxon Shareholders**

Dear CURE Members:

ExxonMobil's operations threaten Guyana, the Caribbean and the planet

We, the signatories to this letter, are Guyanese stakeholders. ExxonMobil (Exxon) operates in Guyana through Esso Exploration and Production Guyana Ltd.

We note CURE's statement that "*Exxon's current direction is premised on outdated assumptions about high oil prices, demand, and margins that are incompatible with the reality of climate change and the inevitable transition to renewable energy sources*"¹ and your concern about Exxon's "*problematic large scale portfolio investments*" that are incompatible with the Paris Agreement². We believe you should look carefully at Exxon's large scale portfolio investments in Guyana.

Within Guyana, there is outrage at the exploitative terms of Exxon's petroleum deal³, demands for renegotiation⁴, extensive criticism of Exxon's operations, widespread anger at Exxon's unauthorised flaring of billions of cubic feet of gas⁵ and on-going litigation. Exxon's ultra-deep petroleum operations offshore Guyana pose a serious, growing and poorly-assessed threat to the environment and people of Guyana and the Caribbean. All of this has the potential to affect shareholder value.

The Inevitable Transition to Renewable Energy

You stated that Exxon "*underestimates the scale of the energy transition*"⁶. You also say that the energy transition will lead to falling demand over the next decade which Exxon's board apparently fails to understand, and that such failure means Exxon could "*invest in the wrong assets once again*"⁷.

Exxon has found and plans to develop over 9 billion barrels of oil offshore Guyana. Exxon's plans require billions of dollars of capital expenditure premised on decades of production. The inevitable transition to renewable energy creates a significant and growing risk that the Guyana reserves will become stranded assets, even though "*[Exxon's] financial success in Guyana hinges on a contract that provides less than the average take compared with other governments.*"⁸

The reality of climate change

If burned, Exxon's Guyana reserves will emit approximately 3,870,000,000 metric tonnes of CO₂ – equivalent to almost 1,600 years of Guyana's current domestic emissions,⁹ and more than 10 years' emissions from the entire state of California.¹⁰ Esso's behaviour in Guyana supports your view that

¹ <https://curexson.org/why/>

² Page 7

³ <https://www.stabroeknews.com/2019/06/06/news/guyana/exxonmobil-contract-illegal-irretrievably-flawed-and-is-either-the-result-of-grand-corruption-or-grand-incompetence/>

⁴ <https://www.newsamericasnow.com/commentary-guyana-new-governent-and-exxon-oil-contract/>

⁵ <https://www.ciel.org/news/exxons-gas-flaring-is-latest-sign-that-oil-may-turn-guyana-from-carbon-sink-to-carbon-bomb/>

⁶ Page 4

⁷ Page 3

⁸ <https://ieefa.org/ieefa-guyanas-oil-future-relies-on-lower-than-average-governmental-take/>

⁹ Based on most recent World Bank data on Guyana's per capita GHG emissions (3.09 mt per capita in 2016). <https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?locations=GY>.

¹⁰ Based on Total Carbon Dioxide Emissions for 2017 as reported by the US Energy Information Administration (<https://www.eia.gov/state/rankings/?sid=CA#series/226>).

“... because of the Company’s alleged efforts to deny climate change and unwillingness to mitigate its own climate impact – let alone disclose it – we believe Exxon’s current strategy and leadership also represent a **real and present threat to our planet’s survival.**”¹¹

This proposed oil production is also contrary to the Biden Administration’s policy to cut emissions to address what President Biden calls the ‘*existential threat*’ of climate change.¹²

The Danger from Exxon’s Operations

In addition to threatening the global climate, Exxon’s operations offshore Guyana are a danger to the Atlantic ocean and neighbouring states. Exxon is drilling in the Amazon-Orinoco Influence Zone, an area rich in marine biodiversity, with species that are rare, threatened or endemic. A well blowout would have a catastrophic impact on the region’s marine ecosystems. It could also destroy the livelihoods of people in Guyana and the Caribbean who depend on those ecosystems. Exxon’s oil spill map for Payara shows oil reaching Jamaica.

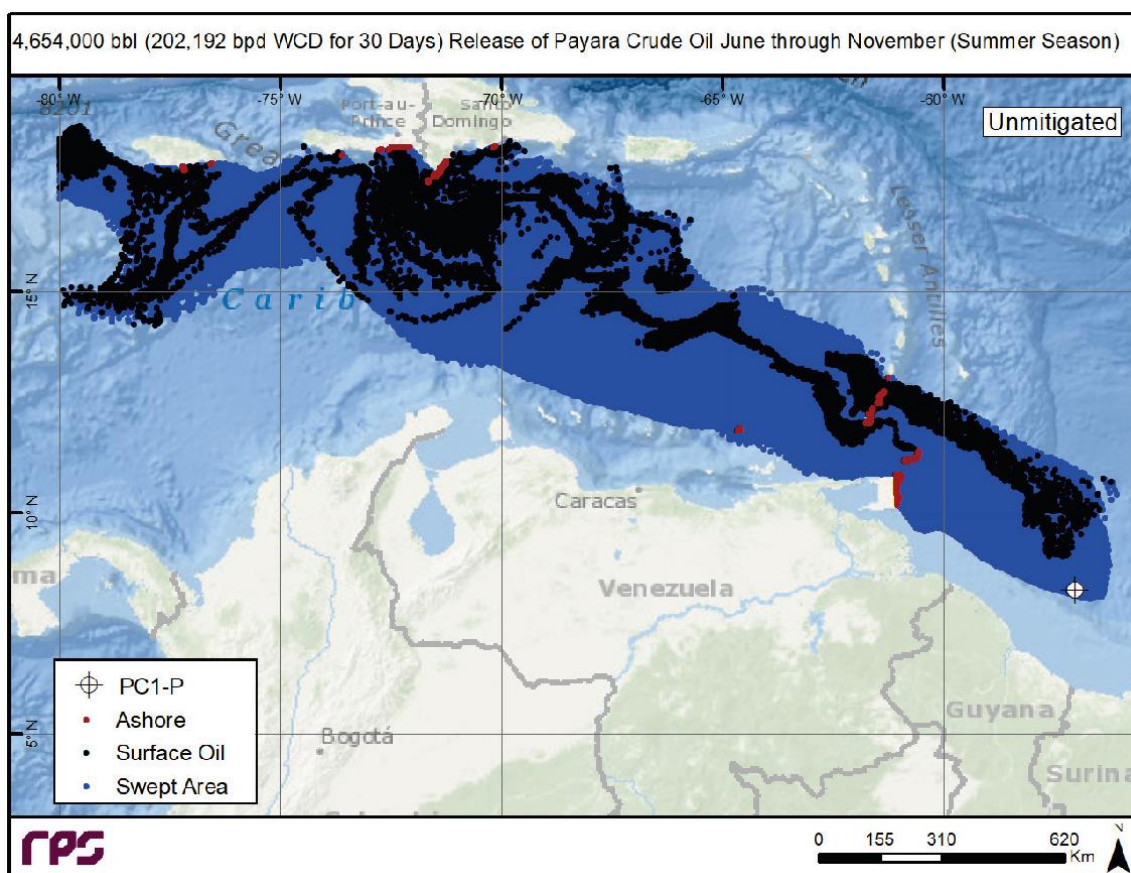


Figure I-9: Unmitigated Payara Wellhead 202,192 bbl Crude Release (Maximum WCD)—Summer Season. Areas coloured dark blue show the sea surface area swept by oil. Red shows areas of shoreline oiling and black represents remaining surface oil. Rev 5 355 August 2019

In 2010, the Macondo well blowout killed 11 people, devastated the Gulf of Mexico and cost BP over US\$65bn¹³. That blowout occurred in an area saturated with oil and gas infrastructure and oil spill response equipment and expertise. Guyana, on the other hand, lacks the funds, equipment, personnel and experience to deal with a well blowout. A well blowout from Exxon’s Guyana operations would

¹¹ <https://curexxon.org/why/>

¹² <https://www.itv.com/news/2021-04-22/joe-biden-prepares-for-pledge-to-halve-greenhouse-gases-by-2030-as-pm-to-urge-world-to-get-serious>

¹³ https://www.nola.com/news/business/article_ca773cc0-80f4-11ea-8f8e-ffa77e5297bd.html

be economically and environmentally catastrophic. It could have a comparable impact on your investments in Exxon.

Exxon's systemic failures

There are already signs that Exxon's operations are below standard. Guyanese have expressed concern at Exxon's *'frightening' systemic failures*¹⁴. The President of the Center for International Environmental Law in Washington has said that there are serious and pressing questions about the safety of Exxon's operations in Guyana's waters.¹⁵

In January 2020 at an investors' meeting, Darren Woods boasted that, *"First oil was achieved [in Guyana] ahead of schedule, but five years faster than the average timeline for the industry and at an industry-leading development cost."*¹⁶ Mr Woods omitted to inform investors that Exxon was using faulty equipment which has led Exxon to flare associated gas contrary to its environmental permit. Article 3.6 says that *"Routine Flaring and Venting are prohibited on the FPSO"* with an exception for start-up, emergencies/process upsets and/or maintenance. Article 3.7 requires Exxon to re-inject the associated gas into the reservoir if it is not used for fuel on the FPSO. Yet Exxon has continued to flare billions of cubic feet of gas contrary to its environmental permit¹⁷. The environmental permit was purportedly amended a few days ago to allow Exxon to flare gas for periods of up to 14 days without any sanctions. A lawyer has written to Guyana's Environmental Protection Agency, on behalf of concerned citizens, pointing out that such change is unlawful¹⁸.

In 2020 Guyana's Environmental Protection Agency fined Esso for a hydrocarbon release caused by a failure to follow procedures.¹⁹ Exxon admits reducing production three times as a result of equipment failures²⁰ and that *"this performance is below ExxonMobil's global expectations for reliability."*²¹ On 28th April 2021 John Hess of Hess Corporation admitted that, *"In mid-April, production was curtailed for several days after a minor leak was detected in the flash gas compressor discharge silencer."*²² Exxon had not made a public statement on that gas leak. The gas leak was small but small failures matter. This US Government video²³ demonstrates how small failures caused the Macondo Well Blowout.

Request for Action

In light of the threats to Guyana, the Caribbean, the global climate, and the corresponding risk to the value of your investments in Exxon, we urge you to ask Exxon to disclose promptly and publicly:

- (1) The financial guarantees and assurances that Exxon has in place to cover the enormous response, recovery and remediation costs from an unplanned event such as a well blowout;

¹⁴ <https://www.kaieteurnews.com/2021/04/25/exxonmobils-systemic-failures-frightening-arjoon-martins/>

¹⁵ <https://www.kaieteurnews.com/2021/05/16/flaring-penalty-so-low-guyana-effectively-grants-exxon-a-licence-to-pollute-ciel-president/>

¹⁶ <https://seekingalpha.com/article/4320707-exxon-mobil-corporation-xom-ceo-darren-woods-on-q4-2019-results-earnings-call-transcript>

¹⁷ <https://www.stabroeknews.com/2021/02/15/news/guyana/adams-insists-exxon-flaring-illegal-in-breach-of-permit/>

¹⁸ Appendix 1 has the letter.

¹⁹ <https://www.stabroeknews.com/2020/07/12/news/guyana/exxonmobil-subcontractors-fined-for-minor-hydraulic-spills-offshore/>

²⁰ <https://seekingalpha.com/news/3681946-exxon-slashes-guyana-production-by-75-due-to-gas-compressor-problem>

²¹ <http://bridgefield.org/guyana-1-15/>

²² <https://seekingalpha.com/article/4422088-hess-corporation-hes-ceo-john-hess-on-q1-2021-results-earnings-call-transcript>

²³ <https://www.csb.gov/macondo-blowout-and-explosion/>

- (2) An updated risk assessment in light of Exxon's use of faulty equipment and failure to follow proper procedures;
- (3) A risk mitigation strategy for a well blowout updated in light of the above systemic failures;
- (4) An updated oil spill response plan in light of Guyana's continuing limited ability to take action to mitigate the impact of a well blow out; and
- (5) The total amount of gas that Exxon has flared since first oil.

We would welcome the opportunity to meet you to discuss preventing harm to Guyana, the Caribbean and the planet from Exxon's operations.

Even if Guyana is left to bear the costs of a well blow out or other unplanned event, environmental harm can have a serious impact on shareholder value.

Yours sincerely,

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Kayla de Freitas BSc. MSc.

Anthropologist

Quadad De Freitas

Tour Guide, Rupununi

Sandra De Freitas

Retired, Rupununi

Leila Doobay

Concerned citizen (89 years old)

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Marlon Innis SJ

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Sherlina Nageer MPH

Mary Peter Ng OSU

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Aiyana, *Ireland*

Bruce Rich, *United States*

Bob Thomson, *Canada*

Christie McLeod, *Canada*

Erik Christiansson, *Netherlands*

Felix Haslam, *United Kingdom*

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Snigdha Karadkar, *India*

Veruschka, *Namibia*