

## Gas

### Keywords – title

- > Papua New Guinea
- > Liquefied natural gas
- > ExxonMobil Company
- > Huli people
- > PNG LNG project

## Introduction

In 2010, Exxon-Mobil's subsidiary Esso Highlands started the construction of the PNG LNG (Papua New Guinea Liquefied Natural Gas), a USD \$19 billion project to produce 6.9 million tonnes (t) of natural gas per year over a period of 30 years. The project integrates gas production and processing in the Southern Highlands and Western Provinces of Papua New Guinea, mainly in the Kutubu and Tari districts, and subsequent liquefaction and storage at Port Moresby on the Gulf of Papua to send it to thirsty foreign Asian markets mainly in China, Taiwan and Japan.

The project is currently in preparatory stages, with the company developing the infrastructure to extract and transport the gas. The construction of the pipeline covers 700 kilometers, connecting the provinces to the port (Figure 1). It is estimated that the project will generate USD\$ 20 billion in revenues in the first year of extraction (2014) coming from 200 million barrels of liquefied gas. However, there are questions surrounding how much of these benefits will accrue to the people in the country, especially in the Southern and Western Highlands. Until now, local communities' livelihoods have been affected and the environment has been modified as consequence of the company's actions. Moreover, none of the damage to local people and the environment has been accounted for, since the government is an important investor in the project.

## Impacts on people

Papua New Guinea is a country rich in renewable and non-renewable natural resources, possessing gold, oil and natural gas. The intensive extraction of mineral resources led the country to become the sixth fastest-growing economy in the world in 2011. However, one-third of its population lives with less than USD\$ 1.25 a day and lacks access to education, health, household income, transport, or any other kind of public service. The majority of the population lives in rural areas and practices traditional subsistence agriculture. Local

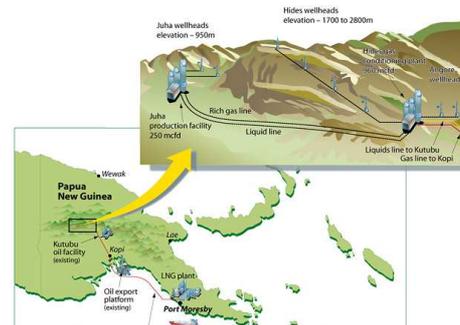


Figure 1: PNG LNG Project Map.  
<http://www.pnglng.com/project/artists.htm>

people and the forest are historically connected and constitute a socio-cultural structure which relies on the forest. The LNG project is affecting not only the land but modifying the social structure of the communities, losing biodiversity, affecting the ecosystems and consequently losing much of the traditional knowledge and wisdoms from those peoples.

In Papua New Guinea indigenous people own their traditional lands. Their land tenure is legally recognized as inalienable by "customary land title". In the Southern Highlands province, ExxonMobil was required to consult local people and acquire full consensus on operations from the landowners. However, since the national and provincial governments support the operations of the LNG project, consultations with the public have not taken place. Officials are partnered with the company and have not shared complete and independent information with the local community on the construction plan. The communities affected by the operations include the Huli clansmen that own the land in the area. Moreover, land grabbing is occurring as the company is usurping and getting land at the cheapest price based on promises of profit and offers of new land and other benefits as compensation.

In 2010, around 60 000 landowners protested against the LNG project in the Kaiam district, complaining of widespread land grabbing without agreements, and failures to compensate families and clans for land. Moreover,





Figure 2: Huli bachelors in a traditional 'singsing', performing in Tari town.

Source: Vijay Kolinjivadi.



Figure 3: The Tumbi mudslide in the Southern Highlands January 2012. Source: PMC archive.



Figure 4: Tumbi landslide January 2012. Source: LNG WATCH.

landowners have been excluded from decision-making, which has been dominated by government and ExxonMobil Company. The communities, which lack basic public services, are entitled to royalties and have been promised benefits from the project. However, the company has neglected to compensate the people fairly in terms of land, or in response to injuries or tragedies sustained by workers.

The government in 2009 recognized a Hela Transitional Authority to ensure the Huli's interests within the constituency of a new national province known as Hela. However, officials were easily corrupted and adopted a confronting self-interest position instead of representing the concerns of Hela landowners regarding land acquisition and usurpation. The government consistently fails to fulfill people's needs and represent their interests. Instead they seek to make money without any accountability. People have complained that the government and corporations share the same goals and to have too much power, letting people down.

### The Huli People

The Huli people belong to the highlands region of Tari Basin (approx. 1400 meters above sea level), a society living in the middle of the rain forest. The Huli population has been in contact with western society for only one or two generations, people still follow their traditional way of life of gardening, hunting and collecting products coming from the forest (including tangket leaves, several ferns, mushrooms, medicinal plants and two species of bamboo for house and weapon construction). In Huli culture (Figure 2), clans form a hierarchical social structure in which each chief of the clans reports to a regional chief about the conditions of the clan. The regional chief is in charge of controlling and leading the harmonic coexistence between the groups. He must deal with conflicts between clans, arrange marriages and coordinate pig

slaughters and harvest and other events in community life.

Although the culture respects the hierarchical commandments of the regional chief, several clan chiefs have been put under pressure to give away their land for the LNG project. The regional chief has been put in a challenging position of maintaining unity among the different clans. Some members of the society support the project as they think it will bring prosperity to communities. They feel ready and look forward to their cultural and social transitions as most of them currently wear western clothes claiming that people need to adapt to the new times. They argue that while problems may come with the project, ultimately it will bring economic benefits and public services for the families to adopt modern lifestyles. However, it is clear now that families living outside of the forest are now struggling to survive without the benefits coming from traditional livelihoods.

### Impacts

The government is expected to receive around USD \$19 billion in taxes, levies and royalties over the next 30 years of operations of the PNG LNG project. Moreover, they claim that since the beginning of the construction phase, it has generated considerable employment for local people as well as other sources of overseas investments. However, opponents have said that the number of jobs will decrease to 1000 as the operation phase starts in 2014. Although the government explains that the benefits will come from the high compensations to the landowners and the economic revenues for the country, they do not have an articulated institution to support people's claims and regulate ExxonMobil. In fact, the company urged the government to negotiate contracts according to the company's terms. They support it as the government shares 16, 8% of the investment and argue that this is the largest investment in the history of the country.



Figure 5: Pipelines in the mighty jungle. Source: LNG WATCH.



Figure 6: Road development and resulting erosion / water quality problems. Source: Vijay Kolinjivadi.

An Australian NGO, Jubilee Australia, has raised the alarm on the risks of investment leading to increased violence as communities' high expectations remain unfulfilled. The NGO argues that the revenues will not compensate for the negative social impacts associated to the project. In fact, they might intensify poverty, corruption and increase violence. The NGO released a report on the LNG project comparing the experience with the Chad-Cameroon ExxonMobil case in 2003. The project claimed to uphold and strengthen wellbeing, particularly of the poor as they implemented the project in an environmentally and socially sound way. However, the project failed to improve the social and environmental situation in the country, which actually worsened. The project brought violence, impoverishment and environmental problems along the pipeline route and created pressures for indigenous people, while the ExxonMobil Company registered record profits. The NGO argues that as with the Chad-Cameroon experience, the PNG LNG project will exacerbate social conflict and will increase corruption in the country.

The Guinean people are legitimately concerned about the effects of pipeline construction on the environment. One of the first environmental disasters occurred in January 2012 when a mudslide killed between 25 and 60 people. The land collapsed, displacing three million cubic meters of debris on top of the small Tumbi village, destroying house and people trapped deadly (Figures 3 and 4). This tragedy was probably the worst landslide occurred in Papua New Guinea. The company was accused of digging for limestone in the area causing the accident but later on a report from the government's National Disaster Center concluded that heavy rain water caused the landslide. Contrarily, other independent experts

and local people claim for the company's responsibility as it has not been the first time these accidents happen to the company. Although local people have refused the continuation of the project after those incidents; the government keeps making aside its promises. Unfortunately, ExxonMobil's operations remain and reports and media coverage of the conflict is poorly spread and even known. Most of the information of local people's struggles comes from informal sources aware of the situation.

### Environmental Impacts

Ecosystems and people are suffering from changes and loss of endemic and culturally valuable species. The ecosystem is highly affected as changes from the pipeline construction (Figure 5) and road building in the highlands provoke soil erosion in the lowlands. Moreover, road building (Figure 6) in the area has impacted traditional ground water sources and is polluting spring water and tainting ponds used by Huli people. There have been reports on the death of a local child due to chemical poisoning near the LNG project.

#### More on this case

- Testimony from a Lake Kutubu landowner on the recent mysterious death of fish at this important biodiversity site: [youtube.com](https://www.youtube.com/watch?v=...)
- and the ExxonMobil Company response:

Authorities investigates Kutubu's Fish Deaths [youtube.com](https://www.youtube.com/watch?v=...)

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Moreover, the construction of the gas pipeline involves drilling underground soil near Lake Kutubu, an important biodiversity spot, where there have been reports of fish death. The company is chilling the chemicals and washes them into the lake polluting the water and killing fish while the company continues to deny all damages.

Papua New Guinea is a megadiverse country with about 10% of the world's vertebrates. The rainforest in the Western province represents a hotspot of biodiversity, containing a large number of endemic species - many of them are probably still unknown. The region is home of the famously known 'birds of paradise'. Although, there are not studies about the species population in the place, local people report less frequent sightings, as is the case with the King of Saxony (*Pteridophora alberti*). Little is known in the region but many efforts have been put towards building ecotourism in the communities. However, in addition to the conflict with ExxonMobil, the forest also faces enormous challenges posed by the rapid rate of logging by Huli people wishing to sell timber for road and barracks construction.



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