

September 9, 2019

Acting OPIC President David Bohigian  
Board of Directors  
U.S. Overseas Private Investment Corporation (OPIC)  
Washington, DC

**RE: OPIC anti-corruption due diligence and potential conflicts of interest involving the Vista Oil & Gas Argentina S.A. (VOG) and Aleph Midstream S.A (AM) project applications.**

Dear President Bohigian and OPIC Board of Directors,

We are writing regarding OPIC's due diligence obligations and potential conflicts of interest between the Vista Oil and Gas (VOG) Administration Team<sup>1</sup> and their previous work with Argentina's national government.

As you know, VOG and AM are applying for financing from OPIC for drilling and completion of production of 110 wells to develop non-conventional oil and gas from the Vaca Muerta shale basin, as well as midstream facilities to gather, process, and transport production from Bajada de Palo Oeste and Entre Lomas. Vaca Muerta is shared by four states in Argentina: Neuquén, Río Negro, La Pampa, and Mendoza.

We have previously conveyed deep concern about these projects in terms of violations of social, health, and environmental protections, the rights of the Indigenous Peoples of the Neuquén province, and contributions to the climate crisis. We hereby convey concerns regarding potential conflicts of interest.

OPIC's anti-corruption due diligence requires a review of situations in which the potential for the use of privileged government information by former government officials may advance the interests of companies they now lead. To that end, in the last three to four years, most VOG board members worked in the state-controlled Yacimientos Petrolíferos Fiscales, YPF S.A.<sup>2</sup>, the agency responsible for permitting and subsidizing oil and gas projects with international companies.<sup>3</sup> For example:

- Miguel Matías Galuccio is currently the Chair of the Board of Directors and General Director of VOG. He was previously Chair of the Board of Directors and General Manager of YPF when the Argentinean government re-nationalized the company in May 2012. Galuccio played a key role in its management until April 26, 2016.
- Pablo Manuel Vera Pinto, Chief Financial Officer of VOG, was Director of Business Development at YPF Argentina from October 2012 to February 2017.
- Juan Garoby, Director of Operations of VOG, previously was Interim Vice President of Exploration and Production of YPF from August 2016 to October 2016, Director of the Drilling and Terminations area

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<sup>1</sup> <http://www.vistaoilandgas.com/nosotros/> (Last visit: 08/16/2019)

<sup>2</sup> <https://www.ypf.com/Paginas/home.aspx> (Last visit: 08/16/2019)

<sup>3</sup> Established in 1922, YPF S.A. was Argentina's national enterprise for oil and gas, until it was privatized in 1993 and bought by the Spanish firm Repsol S.A. in 1999, with the resulting merger producing "Repsol YPF." It was then renationalized in 2012, with compensation to Repsol. Legislation to do this was approved by both houses of Congress, and was signed by the president on May 5th, 2012, when Miguel Matías Gallucio became its first general manager since renationalization.

from April 2014 to August 2016, and Director of Non-conventional (shale and tight operations) from June 2012 to April 2014. He also served as President of YPF Servicios Petroleros S.A., a YPF-controlled drilling equipment contractor.

Moreover, YPF was a pioneer in the exploitation of the Vaca Muerta basin. It is thus likely that senior officials of YPF have been in positions to have privileged information about oil and gas production and its economics, information that most small companies would either not have access to or would have to purchase. In fact, YPF signed a contract with Chevron that resulted in judicial intervention concerning allegations that YPF did not share all the information in the project contract, in opposition to a Supreme Court order.<sup>4</sup> Additionally, due to its in violations of the access to public information law, YPF was ordered by a judge to share environmental information regarding work in Vaca Muerta.<sup>5</sup>

OPIC is required to ensure that projects it finances are in full compliance with the Foreign Corrupt Practices Act (FCPA) and other anti-corruption laws,<sup>6</sup> i.e.:

- “OPIC has a Character Risk Due Diligence Directive (CRDD) that specifies the steps and procedures that the agency must complete when performing information searches before it provides support for a project.”
- “The OPIC project team will be required to document all CRDD search efforts, and must ensure that background searches are updated. In the event a CRDD research raises issues about a project, the OPIC project team will bring those concerns to the attention of OPIC senior management, which will then determine whether to proceed with the project.”

Specifically regarding the VOG and AM projects, we would therefore like to know:

- What specific actions, including steps and procedures, has OPIC taken pursuant to the CRDD?
- What, if any, concerns has the project team brought to the attention of OPIC senior management?
- What steps, if any, did OPIC senior management take in determining whether to proceed with the project?

The projects’ vastly inadequate environmental and social impact assessment repeatedly notes an inability to assess key impacts due to the premature nature of the projects and uncertainty of project elements to be reviewed. Similarly, we fear OPIC’s anti-corruption due diligence is occurring in the context of vastly incomplete information provided by VOG and AM.

Thank you for your consideration of these most pressing concerns. We look forward to your response.

Sincerely,

Fundación Ambiente y Recursos Naturales (FARN)  
Friends of the Earth U.S.  
Center for International Environmental Law (CIEL)

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<sup>4</sup> More information available at <https://farn.org.ar/wp-content/uploads/2016/07/13Giustiniani.pdf>.

<sup>5</sup> Information about the legal case available at <https://farn.org.ar/archives/26940>.

<sup>6</sup> See Avoidance of Corruption at <https://www.opic.gov/content/transparency-and-accountability>.