Argentine Supreme Court Rules in Favor of Chevron

BUENOS AIRES, Argentina (AP) — Argentina's Supreme Court on Tuesday suspended a freeze on the Argentine assets of Chevron Corp. that had been ordered late last year following a suit by the winners of a $19 billion environmental judgment in Ecuador.

The high court accepted the appeal by the company and one of its subsidiaries against the November ruling by Argentine judge Adrian Elkuj freezing the assets.

"The appealing parties have not participated in the case against Chevron Corporation (in Ecuador) and are legally distinct units," the court said in its ruling.

An Ecuadorean court ordered Chevron Corp. to pay $19 billion for oil contamination caused by Texaco Corp. in the Amazon rainforest between 1972 and 1990. Chevron bought Texaco in 2001 and inherited the problem.

The U.S.-based Chevron says it won't pay because Texaco dealt with the problem before it was bought. Both sides have accused each other of fraud in the legal process.

The decision by Argentina's top court is another blow to efforts to get Chevron to pay by appealing to courts outside of Ecuador.

Chevron has no assets in Ecuador, so the plaintiffs have filed suits in Canada, Brazil and Argentina seeking to force the company to pay there.

On May 1, a Canadian court dismissed the bid by Ecuadorean villagers to enforce the judgment in that country, ruling that it did not have jurisdiction.

Tuesday's ruling is a relief not only for Chevron, but for the Argentine state energy company YPF since the two companies are working out a deal to jointly develop the vast Vaca Muerta shale oil and natural gas reserves in southwestern Argentina..

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