

Shell Facing Monster \$5 B Fine Over Nigerian Oil Spill



A spill in December at Shell Nigeria's Bonga FPSO may be an extremely costly one for the company.

An oil spill just before Christmas which affected approximately 950 km² of water surface 120 km offshore Nigeria may end up costing Shell dearly, despite the company's insistence that the incident was contained and resulted in no onshore environmental impact.

In July Nigerian regulators told the nation's parliament that Royal Dutch Shell should face a record \$5 B fine for damage caused to the environment, specifically affecting the livelihoods of riverine communities who relied on fishing as their source of income.

The incident took place on December 20, when Shell Nigeria discovered a leak during a routine operation to transfer crude oil from Bonga's floating production, storage and off-loading (FPSO) vessel to the waiting Suez Max tanker, *Northia*.

According to Shell Nigeria, as soon as the company was aware of the leak, the flow of crude oil was stopped and the export system was isolated.

The company estimated that 'fewer than 40,000 barrels of oil' escaped in total. Nevertheless, this still has made the spill one of the biggest in the history of Africa's largest energy industry, according to Reuters.

The National Oil Spill Detection and Response Agency (NOSDRA) told parliament that despite the fact the spill was indeed contained offshore, there was still a serious environmental threat, 'affecting a great number of sensitive environmental resources'.

Shell was quick to deny any 'basis in law for such a fine', having responded speedily and efficiently

to containing the spill via the use of dispersants with airborne sorties implementing delivery of chemicals to dissipate the oil slick.

By Christmas Day, says Shell, the effectiveness of the emergency response was 'clear – that the oil leaked from Bonga had largely dispersed'.

Nigeria is Africa's largest exporter of crude oil, and the Bonga oil field accounts for almost 10% of monthly oil flow from the country.

In addition to dealing with the main Bonga spill, Shell also reported that at the same time, they had to tackle a 'third party oil spill detected in the area, revealed by a trail of oil approximately 100 km from the Bonga facility'.

Despite their best efforts, and the fact that it was unlikely that this oil spill originated from one of the company's own units, Shell admitted that some non-Bonga oil washed up on local beaches.

Reuters reported that spills such as these were common, thought to be caused by sabotage strikes or oil thieves trying to tap into easily accessible pipelines.

A remotely operated vehicle confirmed on December 23 that the Bonga leak did in fact originate from one of the three loading lines linking the FPSO to an intermediate buoy, which in turn was linked to the loading tanker.

"The line in question was installed in December 2006 and had been tested as normal maintenance procedures. A full investigation into the cause is under way," said Shell Nigeria. ■

