

Chevron faces \$145 million in possible Brazil fines

November 22 2011, by Laura Bonilla



Handout picture released by the Brazilian National Agency of Petroleum showing supply boats cleaning an oil spill around a Chevron platform operating in the Frade oil field in the Atlantic Ocean. Brazil could slap fines of more than \$145 million on Chevron over its oil spill, and the US energy giant could be barred from operating in the country's deepwater fields, officials said Tuesday.

Brazil could slap fines of more than \$145 million (105 million euros) on Chevron over its oil spill, and the US energy giant could be barred from operating in the country's deepwater fields, officials said Tuesday.

Brazil's environment agency Ibama fined Chevron \$28 million on Monday for the [environmental damage](#) caused by its leaking well off Rio de Janeiro state, but warned that overall penalties could eventually total much more.

The National [Oil](#) Agency (ANP) has launched proceedings to impose two additional fines of \$28 million each on Chevron for releasing "false information" and for not having adequate equipment to contain the spill.

And Rio de Janeiro state said it would seek compensation from Chevron for "damage to the [marine biodiversity](#) and other [coastal ecosystems](#)" that could reach \$56 million.

The US firm must also satisfy Ibama that it followed appropriate [emergency procedures](#). In case of violations, Ibama could impose an additional penalty of \$5.5 million, bringing the total cost Chevron faces to \$145.5 million.

On November 8, a helicopter from Brazil's state-owned oil company Petrobras spotted a crude oil slick on the ocean and the leakage was traced by an [underwater robot](#) to a well 1,200 meters (4,000 feet) deep near the Frade field, 370 kilometers (231 miles) northeast of the [Rio de Janeiro](#) coast.

On November 11, Chevron began cleaning the slick, which according to ANP has now been reduced to two square kilometers.

"Our technicians and those of Ibama say that two thirds of the oil have not reached the surface... Tar spots are going to appear on beaches of Arraial (do Cabo), Angra dos Reis, Ubatuba within two weeks or a month," Rio state's environment secretary Carlos Minc warned.

"Four days (to begin cleaning) is too long. The oil spill is like a fire, the first hour is critical," said [oceanographer](#) David Zee, who is advising the federal police in the case, according to the daily Estado de Sao Paulo.

Chevron's Brazil country manager George Buck has said the company "takes full responsibility for this incident."

He said 2,400 barrels of oil seeped into the ocean between November 8 and 15 but ANP and the non-governmental organization respectively report 3,000 and 29,904 barrels.

Monday, Magda Chabriard, a top ANP official, said, after talks with President Dilma Rousseff, that the head of state wanted "rigor" in this case.

Chevron could lose its authorization to take part in exploration of recent sub-salt oil fields.

These fields are off the country's southeast Atlantic coast beneath kilometers of ocean, bedrock, and hot salt-beds. Estimates vary, but ANP say the new reserves could surpass 100 billion barrels of high-quality recoverable oil.

The government had planned to examine Chevron's bid for sub-salt oil exploration this week, but ANP chief Harold Lima said the US firm now finds itself in a "very complicated situation".

And Chevron could lose its A operator classification which allows to explore in deepwater in general.

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