

# Oil project near Amazon River mouth blocked by Brazil's environment agency

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A passenger boat departs from the port city of Breves, located on the island of Marajo, Para state, on the mouth of the Amazon river, Brazil, Thursday, Dec. 3, 2020. Brazil's environmental regulator refused on Wednesday, May 17, 2023, to grant a license for a controversial offshore oil drilling project near the mouth of the Amazon River, prompting celebration from environmentalists who had warned of its potential impact. Credit: AP Photo/Eraldo Peres, File

Brazil's environmental regulator refused on Wednesday to grant a license for a controversial offshore oil drilling project near the mouth of the Amazon River, prompting celebration from environmentalists who had warned of its potential impact.

The decision to reject the state-run oil company Petrobras' request to drill the FZA-M-59 block was made "as a function of a group of technical inconsistencies," said the agency's president, Rodrigo Agostinho, who highlighted environmental concerns.

With Brazil's existing production set to peak in coming years, Petrobras has sought to secure more reserves off Brazil's northern coast. The company earmarked almost half its five-year, \$6 billion exploration budget for the area.

CEO Jean Paul Prates had said that the first well would be temporary and that the company has never recorded a leak in [offshore drilling](#). The company failed to convince the environmental agency.

"There is no doubt that Petrobras was offered every opportunity to remedy critical points of its project, but that it still presents worrisome inconsistencies for the safe operation in a new exploratory frontier with high socioenvironmental vulnerability," Agostinho wrote in his decision.

The unique and biodiverse area is home to little-studied swaths of mangroves and a coral reef, and activists and experts had said the project risked leaks that could imperil the sensitive environment.

Eighty [civil society](#) and environmental organizations, including WWF Brasil and Greenpeace, had called for the license to be rejected pending an in-depth study.

"Agostinho is protecting a virtually unknown ecosystem and maintains

the coherence of the Lula government, which has promised in its discourse to be guided by the fight against the climate crisis," the Climate Observatory, a network of environmental non-profits, said in a statement.

During the first presidential terms of Luiz Inácio Lula da Silva, from 2003 to 2010, huge offshore discoveries became a means of financing health, education and welfare programs. Some members of his Workers' Party continue to see oil as a means to ensure social progress.

Energy Minister Alexandre Silveira said in March that the area is the "passport to the future" for development in Brazil's northern region. In his prior terms, Lula used the same phrase to describe the offshore oil discoveries in an area known as pre-salt.

But Lula has strived to demonstrate the environmental awakening he has undergone in the years since, with protection of the Amazon a fixture in his campaign last year to unseat Jair Bolsonaro and return to the presidency.

Activists and experts had warned that approval for the offshore oil project could threaten the natural world, but also dent Lula's newfound image as an environmental defender.

The process to obtain an environmental license for the FZA-M-59 block began in 2014, at the request of BP Energy do Brasil. Exploration rights were transferred to Petrobras in 2020.

Suely Araújo, a former head of the environment agency and now a public policy specialist with the Climate Observatory, said Agostinho made the right call not just for the specific project, but also for the nation.

"The decision in this case gives cause for a broader debate about the role of oil in the country's future. It is time to establish a calendar to eliminate [fossil fuels](#) and accelerate the just transition for oil exporting countries, such as Brazil, and not open a new exploration frontier," Araújo said in a statement. "Those who sleep today dreaming of oil wealth tend to wake up tomorrow with a stranded asset, or an ecological disaster, or both."

Other controversial megaprojects in the Amazon that remain on the table include repaving a highway that would slice through preserved rainforest, construction of a major railway for grain transport and renewal of a giant hydroelectric dam's license.

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