

Finally, A Contingency Plan

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The government is expected to change the O&G accident response strategy

The recent series of oil leaks in the Brazilian offshore industry has rekindled concern in the industry about the lack of a national accident response system. Ever since the Chevron incident in November, the National Oil Leak Contingency Plan (PNC) has returned to the government's agenda, raising expectations in the market.

Under development since 2000, when a pipeline break at Petrobras' Reduc Refinery caused the biggest environmental disaster in the history of the Brazilian O&G industry, spilling 1.3 million liters of oil into Guanabara Bay, the PNC is a hodge-podge of different levels of responses to emergencies, in an attempt to stitch together a consensus between agencies and companies.

For the moment, the government is keeping a tight lid on the contents of the plan, but the principal innovation expected by the sector is the creation of a management committee, headed up by the Brazilian Navy with the participation of the National Petroleum Agency (ANP) and Ibama, the federal environmental agency. The group would coordinate the activities of prevention, cleanup and punishment.

In the committee, Ibama's role would be to prepare environmental studies and to monitor compliance with the emergency plans; the Navy would act to detect potential emergencies and supply and coordinate response logistics, such as the U.S. Coast Guard does; and the ANP would be responsible for applying fines and monitoring prevention programs, for example.

"Today, we have legislation that requires individual emergency plans (IEPs) for drilling. For small-scale accidents, this is sufficient, but at a higher level there is no organization," said the coordinator of the Coppe/UFRJ Interdisciplinary Laboratory, Emilio La Rovere.

Fund

To make the PNC feasible, according to market information, the government would create a fund of some R\$ 1 billion (US\$ 547 MM). The market fears that without defined sources of income, this would wind up being a contingency fund only. And, some sources say, the amount is insufficient for covering large accidents.

"An automatic correction for the fund, linked to the growth in production, is necessary," said La Rovere.

Attorney Cláudio Araújo Pinho, who specializes in the O&G sector, believes that Brazil should adopt a policy similar to the U.S. Oil Leak Responsibility Fund. This model, which involves charging a fee per barrel produced, would offer independence of action and serve to equip, for example, the Brazilian Navy.

The perception within the industry is that it is necessary to invest in training the Navy, Ibama and the ANP. Also, technology must be improved, such as autonomous monitoring system.

Coppe argues that the PNC should institute mandatory monitoring of oil leaks by satellite. The institute has equipment to monitor leaks in real time using remote sensing devices, which had already been used by ANP.