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ecodefense!

Letter of appeal from Environmental organization "Bellona-Murmansk" and Environmental group "Ecodefense!" to the participants of the 6th Russian-Norwegian oil&gas conference «Partnership of Russian and Norwegian oil&gas companies on the shelf» (29-31.01.2008, Kaliningrad)

Today, the Arctic ecosystem is being subjected to a severe technogenic change bringing with it shifts in climate patterns, a global spread of pollutants, radioactive contamination etc. An active growth of oil and gas exploration in the region may become a death sentence for its environment. The natural world of these northern seas is so sensitive and so vulnerable that even a slightest breach in its structure can lead to consequences one will be unable to reverse. Furthermore, these consequences will be difficult to prognosticate as the ecosystems of northern seas today have yet to be fully studied. It seems obvious that when the Arctic shelf is concerned, the risks brought about by exploring oil and gas reserves there are higher than anywhere else, as that is the necessary result of advancing the industry in the difficult conditions of the northern environment and climate – which calls for the application of unique technologies and equipment – while both infrastructure and the legislative norms of safety remain underdeveloped.

We the undersigned believe that the oil and gas industry – in Russia as well as in Norway – is yet unprepared to explore the hydrocarbon reserves of the northern seas for the following reasons.

The study of the marine ecosystems of the Arctic shelf must first receive the attention it is due. The system of state ecological monitoring in the Arctic is effectively in existence. The lack of data on the natural communities of Russia's northern seas and the anthropogenic impact they are sustaining precludes any objective assessments or forecasts of any ecological changes in the region.

Russia's oil and gas companies are notorious for their ineffective use of the subsurface, which manifests itself in the low coefficients of oil extraction from the deposits and of reprocessing the oil-well gas. At present, the operation of oil companies is focused on stepping up oil and gas recovery while curbing the costs. In Russia, the recovery ratio is on average 35 percent – compared to 45 percent in Norway, for instance, or 50 percent in Saudi Arabia and the United States. According to the Ministry of Natural Resources of the Russian Federation, only 26 percent of the 55 billion cubic metres of petroleum gas extracted annually ends up reprocessed, while some 27 percent is burnt in gas flares.

The transport development strategy of the Russian Federation up to the year 2020 includes programmes that envisage building new oil terminals at ports and upgrading the existing ones, as well as expanding the pipeline transport system. At the same time, certain questions persist that concern the already explored deposits of oil and gas in Russia's European North: How large are they? Should one count on a significant rise in production volumes and is the construction of new transport systems really warranted? Will there be enough supply to fill them?

Russia's obsolete and technologically imperfect equipment makes its hydrocarbon transport system extremely prone to accidents, which heightens significantly the associated environmental risks. When new pipelines are designed, no regulations are applied to establish their operational lifespans. That enables operating companies to use oil pipelines indefinitely and resort to minimal upgrades only.

In tanker deliveries, the high environmental hazards of hydrocarbon transport are the result of the deplorable state of the tankers and the absence of an efficient regulatory system or control over their operation. There has been a significant increase in the number of single-hull tankers operated in Russia, which – since they have been phased out on international routes – are used on Russian inland waterways, exacerbating considerably the risk of oil spills. There exists at present no distinct system to apply when determining routes for tankers carrying oil products. Their routes are chosen based on available water depths and natural climatic conditions, i.e. weather patterns. These factors all contribute to a more substantial risk of water pollution in the regions open to oil transport traffic.

The anticipated boost in oil transport operations will inevitably outpace the development of regional oil-spill first-response networks. Today, the system of response to oil transport accidents is represented by vessels and equipment that are morally and physically aged, personnel and technological emergency resources that are deployed too far away, means of shoreline territory protection and clean-up that are in short supply, and up-to-date equipment to detect, control and prognosticate emergency oil spills that is simply missing.

Floating nuclear power plants engagement to supply energy to the major oil and gas development projects on the Arctic shelf will multiply environmental risks. According to Gasprom there will be a need for three floating nuclear power plants to ensure gas exploration on the Yamal Peninsula and on the Barents shelf. Their operation is possible only if proper and developed infrastructure is in place, such as spent fuel transport ships, storage facilities for radioactive waste and maintains centres. There is no such infrastructure in place per today. There are no modern ships for spent nuclear fuel and radioactive waste transportation, the master plan for management of spent nuclear fuel and radioactive waste for the whole Russia is still on the drawing tables. No plans exist on how to tackle possible emergency situations which can occur on floating nuclear power plants.

The legislative system responsible for regulating the use of the subsurface and ecological safety on the Arctic shelf is in want of improvement. The framework of norms comprising the regulatory system is inconsistent, cumbersome and insufficient at the same time. This precludes establishing an efficient legal control over the activities of oil and gas companies and allows them to avoid being held liable for environmental violations.

At present, certain measures are being taken to improve the legislative system in order to facilitate procedures involved in the exploration of shelf deposits. In our view, however, they are inadequate. Reforming the system is done predominantly where it concerns the economic aspects of the industry's operations. Meanwhile, those legislative norms that regulate the state and oil and gas companies' activities aimed at protecting the environment – as well as establish the scope of the industry's environmental responsibility – are either oversimplified or altogether abolished. There is an obvious shortage of regulatory acts that are needed to control the system of hydrocarbon cargo transport.

The emergency first-response action plans drawn up to cope with oil spills and developed each for a particular oil and gas project are only a display of a perfunctory effort to conform to the legislative wording, and the requirements they contain are often physically impossible to follow.

The jurisdiction of international agreements that prescribe using only double-hull tankers during the transport of hydrocarbon cargoes by sea does not apply to the activities of transport companies in Russia, where single-hull and obsolete vessels continue to be in operation.

The public is becoming more restricted in its right to take part in evaluating the environmental impact risks of oil and gas projects. Oil and gas companies are using any means available to evade pursuing policies of ecological concern and transparency. Norms and regulative acts are being repealed that allowed the public to influence the state and its oil and gas industry's ecological policies.

We declaim against oil and gas exploration and production in the seas of Arctic shelf. We exhort to forbid oil and gas exploration in such vulnerable area, and to minimize environmental risks during petroleum transportation in the seas of the Arctic shelf.

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