Shell to Negotiate with Nigerians Over Oil Spill

CARLEY PETESCH, Associated Press

LAGOS, Nigeria (AP) — Shell officials on Monday began talks in Nigeria's southern city of Port Harcourt with representatives for the Bodo community on compensation and cleanup five years after one of the worst oil spills in Nigeria's history.

Some experts say two oil spills that started in 2008 caused the largest loss of a mangrove habitat ever caused by an oil spill, affecting about 30,000 people in the Niger Delta area since then, according to London-based law firm Leigh Day.

"These people, since 2008 they are living on a creek of oil. You step out of the front door you see oil, breathe in oil and toxic fumes," said lawyer Daniel Leader of Leigh Day, an international and human rights firm that is representing about 15,000 people from the community that filed a lawsuit in 2012.

Although Royal Dutch Shell has admitted responsibility for the two spills, the impact has been disputed and will be the main focus of negotiations in Port Harcourt.

Royal Dutch Shell said a joint investigation team estimated 4,100 barrels were lost in the two spills. That estimate is based on the initial investigations by representatives from the company and the local community, spokesman Jonathan French told The Associated Press.

"Having said all that, it doesn't matter how much was spilled because the compensation will be based on the financial loss that people have suffered because of the spill in the lagoon," he said. "And that is a matter of dispute between us and the claimant."

Leigh Day said that 15,000 fishermen and 31,000 inhabitants of 35 villages were affected in and around the Bodo lagoon and its associated waterways. The law firm says independent experts estimate between 500,000 and 600,000 barrels were spilled, devastating the environment that sits amid 90 square kilometers (35 square miles) of mangroves, swamps and channels.

"The majority of its inhabitants are subsistence fishermen and farmers. Until the two 2008 spills Bodo was a relatively prosperous town based on fishing," the firm said in a statement. The spills have destroyed the fishing industry and environment there, it said.

"Those communities are still having water shipped into them. But it's patchy, and we fear many of those communities are drinking from poisoned wells," Leader, the Leigh Day lawyer, said.

But Shell says such estimates are high.

"What we need to establish precisely, or nearly precisely, is how many people were materially affected by the spill," said French, the Shell spokesman. The final figure, he said, would be determined in part by the company's contention that it did not have access to the area to clean it up. It will also be determined by how much of the spill had to do with the company's operations versus any excess spills caused by criminal activity, he said. Shell blames most of the spills in the region on militant attacks or thieves tapping into pipelines to steal crude oil, which ends up on the black market.

Nigeria, one of the top crude oil suppliers to the United States, requires companies to promptly clean up oil spills but the policy is not enforced.

The villages are part of a region of Nigeria's Niger Delta known as Ogoniland. Crude production in Ogoniland stopped in 1993, but pipelines and flow stations operated by a Shell subsidiary and the state-run Nigerian National Petroleum Corp. still run through villages and fields.

Leader said that talks with Shell will "highlight the plight of the people and the environmental disaster in the Niger delta, and will add pressure on Shell to clean up."

Both parties have said they hope to reach an agreement by the end of the week.

Neither side would discuss possible settlement figures. Britain's Guardian newspaper reported that the company is thought to be offering about $20 million in compensation while the villagers seek $200 million.

Shell's local subsidiary remains the top foreign oil producer in Nigeria's oil-rich Niger Delta, a region of mangroves and swamps about the size of Portugal that is the backbone of crude production in the country.

Local communities remain largely hostile to Shell and other oil firms because of environmental damage. Some environmentalists say as much as 550 million gallons of oil have been poured into the delta during Shell's roughly 50 years of production in Nigeria.

The U.N. has recommended that Shell pay an initial $1 billion to begin a 30-year cleanup in the oil-stained region.

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