



[ConocoPhillips China English Sustainable Development Response to PL19-3 Incidents](#) [FAQs](#)
[Print](#) [Download](#) [Share](#) 

The following are answers to some of the most commonly received questions have received concerning the Peng Lai 19-3 incidents.

1. What was the total volume of oil and drilling fluid released?

Data indicates that the total release from the two events was approximately 723 barrels (115 cubic meters) of oil and 2,620 barrels (416 cubic meters) of mineral oil-based drilling mud. We made significant efforts offshore and onshore, together with our co-venturer CNOOC, to contain and minimize any impact from the incidents.

2. What is oil-based drilling mud?

Drilling mud is a product added to facilitate the drilling process and is commonly used in the industry. The release of that drilling mud occurred in a single incident. Since mineral oil-based drilling mud is heavier than water, when it escaped it sank to the sea floor near the platform. Through the mobilization of hundreds of divers and diver support personnel, over a period of months the great majority of this MOBM was vacuumed off the sea floor and collected for disposal.

3. When did you inform the government and CNOOC, your co-venturer?

ConocoPhillips China was in contact with the relevant authorities and CNOOC, our co-venturer, promptly after each incident was discovered. At the same time, we were engaged in clean-up and containment to prevent damage to the environment.

4. What happened to the oil and the oil-based drilling mud?

The 723 barrels (115 cubic meters) of crude oil that were released during the two incidents were collected by skimmers, absorbent booms and pads, or evaporated or broke down to background

levels by natural forces.

5. How much did the response efforts cost?

An estimated USD 200 million (RMB 1.3 billion) was spent during the cleanup activities.

6. Has ConocoPhillips paid for the June 2011 incidents?

The Ministry of Agriculture (MOA) has received RMB 1 billion (approximately USD 160 million) under the agreement we, together with CNOOC, announced in January. The MOA is administering the disbursement of these funds. In April, ConocoPhillips also reached an agreement with the State Oceanic Administration. Based on the agreement, the SOA will receive RMB 1.090 billion (approximately USD 173 million) to resolve claims related to the possible impacts of the incidents on the Bohai Bay marine environment. Resolving the outstanding issues resulting from these incidents is a key priority for the company as we move forward.

In addition to addressing the concerns among the people who make their living in and around Bohai Bay, ConocoPhillips designated RMB 100 million (approximately USD 16 million) to help improve fishery resources – this is being administered by the MOA. We will also pay RMB 113 million (approximately USD 18 million) to support initiatives that enhance marine ecological protection and reduce pollutants in the Bay – this is being administered by the SOA. In addition, we independently supported two projects that are focused on improving the environment of Bohai Bay for all people who live, work, and play there.

7. How does the settlements ConocoPhillips has reached compared with the Gulf of Mexico incident?

The 2011 incidents have been compared by some third parties to the 2010 Macondo oil spill in the U.S. Gulf of Mexico. The Macondo disaster is incomparable to what happened in the Bohai Bay last year. The Macondo disaster cost eleven lives, destroyed a drilling rig, and released 780,000 cubic meters (4,900,000 barrels) of live oil into the water. The final total compensation for that incident, in fines and settlements, is still being calculated but recent estimates are USD 20 billion, or USD 25,600 per cubic meter (USD 4,080 per barrel of live oil). For comparative purposes the total fines and settlements paid to address the incidents that occurred in the Bohai Bay last year total RMB 2.1 billion (USD 333 million), or RMB 18 million (USD 2.9 million) per cubic meter (USD 460,000 per barrel of live oil).

8. ConocoPhillips stated it would establish special compensation and environmental funds. Is this still being considered?

In September 2011, we announced that we were committed to providing fair and reasonable compensation for damages arising from the incidents and that we had set aside funds to support future environmental initiatives that enhance the Bohai Bay.

We initially suggested that the disbursement of compensation could be effectively achieved via the establishment of a special compensation fund. Subsequent discussions with government authorities indicated that they would be better placed to facilitate that process. We believe that the agreement with the Ministry of Agriculture provides an efficient method to ensure potentially affected fishermen receive compensation. In addition, we are confident that the RMB 213 million we have designated to support environmental initiatives in the Bohai Bay will be effectively administered via the MOA and State Oceanic Administration.

9. What will ConocoPhillips do to reduce the risk of this happening again and minimize the impact?

ConocoPhillips continually looks for ways to improve safety in all areas of our operations. We will utilize learnings from areas such as geological formations and reservoir pressure, as well as cleanup and containment materials in our ongoing pursuit of best practices for safety and environmental impact reduction.