

TWELFTH PARLIAMENT OF GUYANA – FIRST SESSION (2020-2022)

NATIONAL ASSEMBLY

NOTICE PAPER NO. 179

Member Giving Notice: **Mr. David Patterson, M.P.**

MOTION

LIABILITY INSURANCE COVERAGE FOR OIL SPILLS IN GUYANA

WHEREAS Oil production offshore Guyana is expected to increase rapidly from its current rate of 120,000 barrels per day (bopd) to close to 1 million bopd, with the number of FPSOs increasing over 10 times by 2026;

AND WHEREAS the emergency response and cleanup of the British Petroleum Macondo oil spill in the Gulf of Mexico has so far cost more than \$70 Billion USD;

AND WHEREAS a major oil spill offshore Guyana would result in the environmental devastation of Guyana and its neighbouring countries, obliterating the areas fishing industry, aquatic vegetation, including possible lawsuits from neighbouring countries;

AND WHEREAS the Liza 1 Permit signed by the current EPA Head and issued in June 2017, designates as Permit Holder – Esso Exploration and Production Guyana Limited (EEPGL), a subsidiary Limited Liability Corporation (LLC) of parent companies, ExxonMobil, Hess and CNOOC;

2.

AND WHEREAS following the change in EPA's Leadership, Liza 2 permit included provisions for unlimited liability for all spills by including a provision requiring EEPGL's purchase of the maximum available private insurance offered in the market, with all of the remaining liabilities to be covered by EEPGL's parent companies – Exxon, Hess and CNOOC;

AND WHEREAS EEPGL agreed to the unlimited liability coverage commitment in the Liza 2 Permit and urgent purchase of the maximum available private insurance prior to signing the Permit;

AND WHEREAS EEPGL timely obtained the maximum \$2.5 Billion private insurance available on the market prior to EPA signing and issuing the Liza 2 Permit in April, 2019,

BE IT RESOLVED:

That the Government recants its decision to cancel the process already established in 2017 for obtaining unlimited liability coverage by EEPGL's parent companies – a process that was agreed upon by Exxon and made a condition of the Liza 2 Permit, and was close to being finalised when the current administration took office in 2020;

BE IT FURTHER RESOLVED:

That the Government returns to the already well-established process put in place by the previous administration which made a condition of the Liza 2 Permit for guaranteed coverage by EEPGL's parent companies, agreed upon by EEPGL, and was nearing completion when the current administration took office;

BE IT FURTHER RESOLVED:

That this Parliament calls on the Government of Guyana, to include full unlimited liability coverage for oil spills and other disasters related to petroleum production as a condition for granting approval for the proposed Yellowtail development and all other future petroleum development;

3.

BE IT FURTHER RESOLVED:

That the Government of Guyana, conducts an independent analysis on the possible ill effects of an oil spill, and present this report to the Parliamentary Committee on Natural Resources to be used as a reference for all other future oil development submissions; and

BE IT FURTHER RESOLVED:

That, if necessary, the Opposition stands ready, able and willing to assist the Government in getting back on track the expeditious acquisition of unlimited liability coverage for an oil spill.

(Notice Paper No. 179 (M47 Opp 9) published on 2022-06-01)

Date Received: 2022-05-16

Date for Order Paper: 2022-06-14