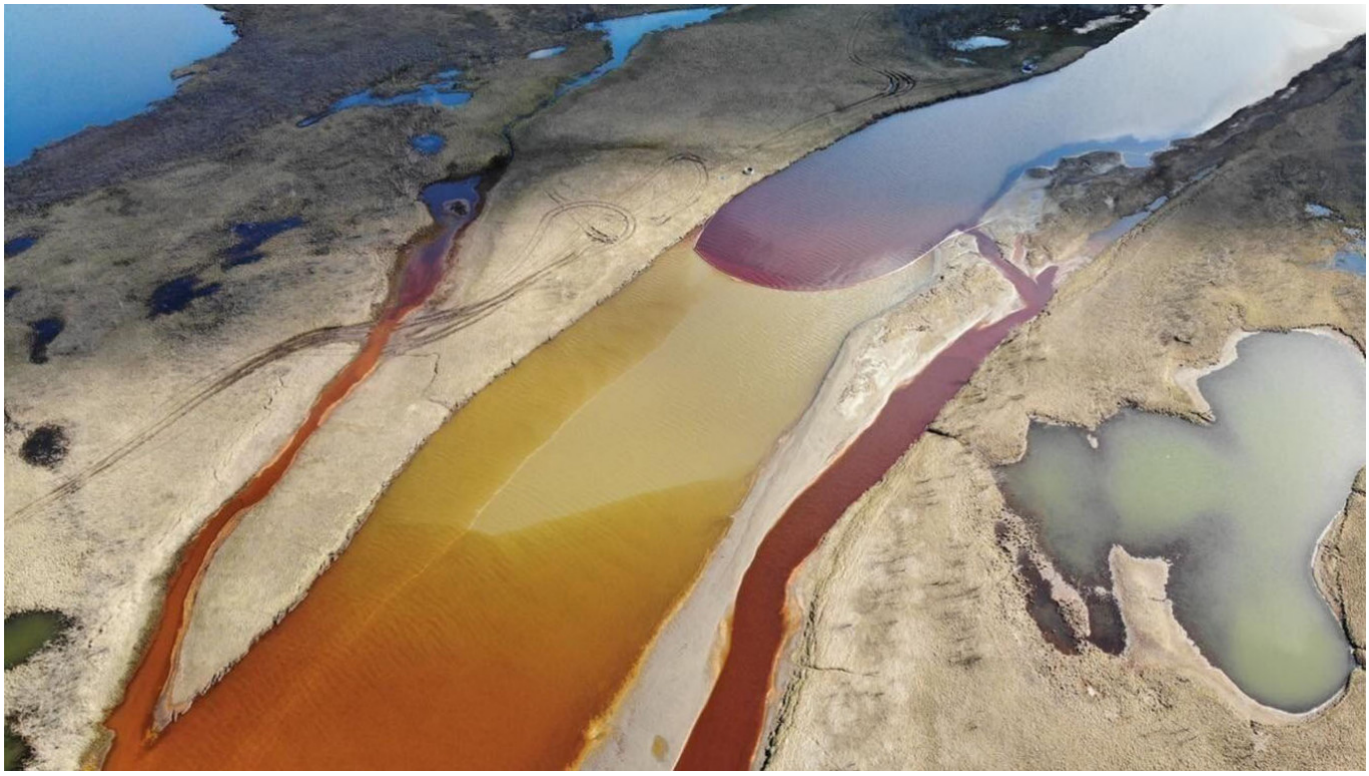
The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia Demands $2Bln From Mining Giant Over Arctic Oil Spill

Nornickel requested to cover the costs of the massive cleanup operation.

July 06, 2020



The unprecedented oil spill poured 21,000 tons of diesel fuel into the local environment. **Emergency Situations Ministry**

Russian authorities have demanded mining giant Nornickel make a "voluntary" $2 billion contribution to cover the environmental damage caused by the Arctic's biggest ever oil spill.

In a statement issued Monday, Russia's environmental agency Rosprirodnadzor assessed the cost of the spillage of 21,000 tons of diesel at 148 billion rubles ($2.1 billion).

The agency added that it had "calculated the damage and sent claims for voluntary compensation" to Norilsk Taimyr, a subsidiary of Nornickel.

The de facto fine would represent a third of the company's 2019 profits, or around 15% of

annual income, Russian news agency RIA Novosti reported.

Related article: Russian Mining Giant Admits Waste 'Violations' at Arctic Plant

The spill occurred on May 29 near Norilsk, a Siberian city closed to foreigners which is dominated by mining giant Nornickel. Pictures of nearby rivers contaminated with the red diesel fuel spread across the world, and President Vladimir Putin declared a state of emergency in the region in early June.

Melting permafrost underneath an oil storage container owned by one of Nornickel's subsidiaries was cited as the cause of the disaster, although the company has also come under fire — including from Putin in a televised meeting — for poor maintenance, seen as a contributing factor.

Estimates of the cleanup costs have rapidly escalated as the extent of the spill emerged. Greenpeace initially calculated a six billion ruble ($83 million) bill, while the company set aside 10 billion rubles ($139 million) to pay for cleaning up the local environment, and pledged to improve its other oil storage containers to mitigate the possibility of future disasters.

Nornickel shares fell 5% in Monday trading immediately after the Rosprirodnadzor statement was released. The company is controlled by Russia's richest man Vladimir Potanin, an oligarch with close connections to the Kremlin.

Original url:
https://www.themoscowtimes.com/2020/07/06/russia-demands-2bln-from-mining-giant-over-arctic-oil-spill-a70802