

establishment and operation of the fund.

The move came after the State Oceanic Administration ordered a suspension of production in Penglai 19-3 oilfield on Sept 2.

"ConocoPhillips deeply regrets these incidents and apologizes for the impact that the incidents have had on the Chinese people and the environment," James Mulva, chairman and chief executive officer of ConocoPhillips, said in the statement.

There have been mounting calls for legal action against those found to be responsible for the pollution.

Wang Yamin, an associate professor at the Marine College of Shandong University, said that the fund should not be viewed as compensation for damage to the environment.

"It will focus only on restoring the environment," he said.

A compensation fund, he said, had the potential to bankrupt ConocoPhillips as the economic losses suffered by fishermen and other commercial concerns in the area were huge.

The wording of the statement by ConocoPhillips suggests that the company is trying to buy time, according to Jia Fangyi, an attorney at the Beijing-based Great Wall Law Firm.

"Regardless of what words are used, they must pay the bill for environmental damage and economic loss," Jia said.

At least 5,500 square kilometers have been polluted in Bohai Bay since the first spill was detected on June 4.

The polluted area is eight times the size of Singapore.

The fishing industry has reportedly suffered more than 1 billion yuan (\$153 million) in losses and scallop farming was particularly hard hit.

Tests conducted in Laoting and Changli counties in Hebei province showed that oil pollution devastated the scallop crop, the Ministry of Agriculture said on Wednesday.