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Fleeing the crime scene

Oil companies are scrambling to leave the Niger Delta, where they have been extracting the black gold for decades — with devastating consequences

In a move redolent of organised crime syndicates, fossil fuel supermajors operating in Nigeria's oil industry are scrambling to ditch their crime scene, the Niger Delta, from which they have been drilling the black gold with devastating effectiveness for 60 years, in order to start afresh somewhere else. By doing so, they would be abandoning millions of locals and villagers to deal with the colossal pollution and environmental degradation they are leaving behind.

The divestment moves, which started almost imperceptibly in 2010, came to a head in October last year when four International Oil Companies (IOCs) secured regulatory approval to unburden their Oil Mining Licenses to local players. This includes the French-owned TotalEnergies, which sold its stake in 15 licenses of the SPDC JV in Nigeria to Chappal Energies in a deal worth $860 million. Also included in the sale are stakes in three gas-producing licenses. In the same vein, the Italian oil major Eni offloaded its interests in four onshore oil licenses, as well as stakes in the Brass terminal, onshore exploration concessions and power plants to Oando in a deal worth at least $500 million. And Norway's majority state-owned Equinor handed over its 53.85 per cent stake in block OML 128, including a 20.21 per cent interest in the Agbami oil field to Chappal, while American Multinational ExxonMobil, after some regulatory hurdles concluded its $1.3 billion asset sale to home-grown Seplat.

In exchange for giving up their onshore holdings, consisting mostly of high-risk oil wells and pipelines, the supermajors are moving the drilling to deep-water oil fields on the Gulf of Guinea, which reportedly holds nothing less than 13 billion of the country's 37 bn barrels of proven oil reserves. Here, they hope that scant regulation and considerable distance from human habitation will help them avoid liability for oil spillage and pollution.

Like bees to honey

Less lucky, however, is Royal Dutch Shell. From being the Numero Uno of Nigeria's oil industry, the Anglo-Dutch fossil fuel giant has found itself in the unenviable position of being the last to escape the crime scene. Although the oil giant got a Ministerial nod last year December for its planned asset sale, regulatory bodies are hesitant to follow through due to protests by oil-producing communities and activists. Worth a whopping $2.4 billion, the divestment would have seen Shell give up oil licenses holding an estimated 6.73 billion barrels of oil and condensate, and 56.27 trillion cubic feet of gas to Renaissance Africa Energy Company Limited. This would have effectively ended Shell's nearly one-century dominance of Nigeria's energy sector.

That this is not yet the case is due to a number of factors. First, the Federal Government is split right in the middle on this decision. Early last month, the lower chambers of Nigeria's National Assembly passed a resolution to stop the divestment until IOCs meet their environmental and social obligations, but President Bola Ahmed Tinubu holds a different view. With a flourishing career as an accountant in Mobil Nigeria before joining partisan politics in 1992, Tinubu is a scion of the fossil fuel industry. It is hardly a coincidence that Oando, which purchased $500 million worth of assets from Eni last year, is owned by Tinubu's nephew, Adewale Tinubu. Furthermore, the high-wired intrigue that has attended Shell's divestment process, which has seen Tinubu, who is the defacto Minister of Petroleum, brazenly discountenance multiple voices of opposition, is a sign of the enduring powers oil supermajors continue to wield over the Nigerian state and society.

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Back in the days when the Union Jack flew over Nigeria, it was the discovery of crude oil at commercial quantity in Otuabagi, in the then Oloibiri District, Brass Division, by Shell D'Arcy, as Shell was then known, which transformed the West African country into a petrol state. Like bees to honey, politicians and gun-toting army generals fell on the largesse as Nigeria's national purse expanded geometrically. From then on, the oil giant has grown to become a permanent fixture in the narrative of state capture in Nigeria.

When in 1994, nine Ogoni activists, including the globally acclaimed Poet and environmental activist Ken Saro-Wiwa, were executed by the

late dictator, General Sani Abacha, for campaigning against Shell's destruction of the environment, no one needed convincing that the oil giant had blood on its hands. Three decades after those bloody events, oil supermajors like Shell still continue to wield enormous influence in the Nigerian state, using a combination of bribes to buy support and violence when everything else fails.

Villagers whose farmlands and fishing waters are despoiled know better than to expect swift justice, given Nigeria's long history of negligence in addressing environmental injustice, hence the increase in lawsuits against oil majors in overseas jurisdictions. For instance, in a bid to hold Shell and its Nigerian subsidiary SPDC accountable, thousands of members of the Ogale and Bille communities have now taken the oil giants to court in the UK over the decades of oil spills. The trial began on 13 February and is expected to continue until 10 March.

Devastating consequences

Broadly speaking, the emerging situation in Nigeria highlights how energy transition without social justice can hurt frontline communities in the Global South who have borne a disproportionate burden of the climate crisis. From a vital mangrove, freshwater and biodiversity ecosystem, over half a century of crude oil exploration has transformed Nigeria's Niger Delta into an ecological wasteland. Today, the area is better known as one of the most polluted places on Earth. Since commercial oil production started in 1958, an estimated 13 million barrels (1.5 million tons) of crude oil have been spilled from over 7 000 oil spill incidents. The resulting pollution has affected farmlands, groundwater and streams from which farmers and fishermen eked out a living, rendering millions jobless and destitute.

Even now, as many as 240 000 barrels of crude oil are spilled in 300 incidents *annually* in the Niger Delta. Constant exposure to hazardous and highly toxic chemicals from the crude oil released into the soil and the atmosphere through gas glaring has compromised the health of many and is the leading cause of child mortality. According to official records, many children don't make it past their fifth birthday, while those lucky enough to cross the bar have little prospect of seeing their hair grey. At 41 years old, life expectancy in the Niger Delta is at least 10 years lower than the national average. Several efforts, including landmark judicial pronouncements demanding the clean-up of the Niger Delta, have been scorned by Big Oil, and only in a few cases did victims of ecocide ever get any compensation.

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Meanwhile, all the divestments have taken place with neither a comprehensive asset integrity review nor any clear plan by regulators to ensure that all environmental damage due to the seller's prior operations is cleaned up and fully remediated before the sale is approved. In the same vein, there was no effort to secure concrete commitments by the buyers to meet any financial liabilities or remediate any environmental damage incurred by the seller in its previous operations in the respective host communities. This includes adequate remediation and cleanup of legacy pollutions and provisions for the well-being of host communities, especially section 235 of the Petroleum Industry Act (PIA) which mandates oil companies to establish a Host Community Development Trust Fund within 12 months from the effective date for existing oil mining leases/ designated facilities or prior to commencement of commercial operations for licensees of designated facilities.

It is for this reason that oil-producing communities consider the divestment move a ploy by oil supermajors to evade responsibility for millions of dollars of liability for environmental, health and livelihood destruction. An additional worry for communities is the status of the local companies buying the assets. Many of the Domestic Oil Companies (DOCs) are new, with no known track record, thereby raising concerns about their capacity to handle the liabilities being left behind. Furthermore, more facts have emerged showing that some of the licenses being offloaded by the IOCs to local players are high-risk mature assets that have reached the end of their productive life and are therefore in urgent need of decommissioning.

By and large, the ongoing divestment process marks another chapter in the unfolding dynamics of Nigeria's resource curse. While the rabid lust for profit by oil supermajors has made them blind to all reason and decency in their brutal extractivism, the absolute lack of enlightened national self-interest by the Nigerian state offers a unique insight into the contrivance of neo-colonial happenstances that continue to keep Africa's largest crude oil producer prostrate decades after the discovery of the black gold.



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