

Interrogating the Practices and Attitudes of the International Oil Companies in the Oil and Gas Industry in Nigeria and the Need for a Shift

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Abstract

This paper examined the operational practices and attitudes of the International Oil Companies (IOCs) in the Nigeria's Oil and Gas industry, and interrogated the rationale behind such; much more as the negative effects were glaring. It drew a conclusion from these prevailing habits but afterwards offered recommendations towards improved holistic results.

Keywords: International Oil Companies (IOCs), Oil and Gas Industry, environment.

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INTRODUCTION

The operation of the oil and gas industry would inescapably lead to oil spills and pollution of the environment; but under diligent procedures and best oil field practices, such spill incidence would be quite manageable and controlled so as to enhance environmental sustainability.

However, there are certain practices and attitudes which the oil majors adopt that have become a habitual operational practice that not only engender oil spills but also exacerbate the spill situation both in scope and effect. This paper interrogates some of these practices and attitudes on the part of the International Oil Companies that may trigger off and escalate spill cases; shows the effect of such conducts on the environment; and draws a conclusion. Thereafter, recommendations would be proffered towards obviating such practices and the consequences there of.

Practices and Attitudes of the Oil Majors that Contribute to Oil pollution of the Environment

Non- adoption of Standard Good Oilfield Practices

One glaring practice of the international oil companies is non-strict observance of good oilfield practices in their operational engagements. A clear case is in the area of oil pipelines used in transporting crude products. This is manifest in usage of old and weak pipelines of about fifty years in existence. The weak state of such oil pipelines, perhaps laid in the sixties or

thereabout render such pipelines easily vulnerable to bursting and spilling out their contents to the surface.

The overuse of oil pipelines in this nature in transporting crude may be to avoid or cut cost of replacing them with new and quality ones as a demonstration of good oilfield practice.

Lack of Adequate Sludge Pits

Operations in the oil industry especially relating to refining aspect ordinarily requires provision of sludge pits commensurate to the level of operations in anticipation of eventual escape or deliberate discharge of sludge effluents thereunto. This would make the operational area reasonably tidy and healthy for the immediate neighbourhood.

While it is admitted that the multinational oil companies do make provisions for these pits, many are grossly inadequate to contain the volume of sludge from the production site. It is that bad that even when the scope and volume of production has increased, there is no conscious effort to expand an existing one.

The inescapable result would be a spilling over when the pit is filled up with the sludge, leading to the massive pollution of the immediate environment; and, at times, beyond it.

An illustrative case was the massive spills from the Warri Refining and Petrochemicals Company (WRPC) Ekpan, Warri into Warri River and its

environs. In demanding for compensation, restoration of the damaged environment and preventive measures to avert similar occurrence, the affected communities were reported as demanding as follows:

The communities are not demanding anything less from the WRPC than the nearly N2billion compensation which had been mentioned earlier. They want their environment restored to its natural state by the reintroduction of extinct flora and fauna unto the Warri River, associated creeks and swamps... provision of sludge pit within the enclosure of WRPC's premises to replace the one currently in use by the company which is built in the mangrove swamps/creeks, and which because it is grossly inadequate, spills over its contents into the Warri River and associated creeks during the rain [1].

Non-Installation of Permanent Booms

A boom is an equipment or floating barrier across a river, lake or other water body or harbour in order to prevent objects including oil deposits from entering the water body or getting out of it. Its major function is to prevent movement of undesirable objects in or out of the water body, and thus enhance natural quality of the river or reduce spread of such object on the water surface.

A permanent boom is one that is therefore installed in such a way to remain permanent at the entrance or across the river or lake and prevent as much oil spills from getting into the water body. A good oil practice would have required an installation of permanent booms near rivers, lakes and creeks where facilities for oil productions are located as containment and curtailment measures in cases of oil spills. Such booms once installed would be quite helpful in order to confine as much as possible, the volume of oil spills and sludges to the contiguous host communities' environment alone whenever there is such occurrence.

There is no doubt that non-installation of such permanent booms in place at the appropriate locations within a production area, especially in the riverine areas has resulted in massive and extensive pollution of the environment even beyond the point of impact or occurrence.

Again, in reacting to the pollution emanating from the WRPC facility and on preventive measures, the affected communities demanded:

...the installation of permanent booms in place in the creeks and estuaries leading from WRPC facilities to

the Warri River and creeks in order to confine as much as possible, crude oil spills and slicks to the WRPC's contiguous host communities' environment alone whenever pollution occurs [2].

Habitual Dragging and Fault-finding to Escape liability

A recurring habit of the IOCs in pollution cases is that they hardly admit faults, even when glaring. They always attribute the cause or problem occasioned by oil spill incidents to saboteurs or vandalism in order to escape liability.

In the process of asserting their innocence and non-blameworthiness in the scenario vis-à-vis the host community or any other victim, the urgent clean-up measures are completely relegated to the background. In consequences whereof, the scope and impact of the pollution is not only widened but also deteriorates.

Admitted that unauthorized third parties or simply vandals and other oil thieves do tamper with oil pipelines by bursting them in order to scoop the product, but it is an act the oil majors have found as a leeway in absolving themselves of responsibility and blameworthiness.

It is a notorious fact that many of such situations abound but an illustrative case will suffice here. Regarding Shell's usual habit of denying fault and causation in many oil spill situations even before formal investigation, Amnesty International and Centre for Environment, Human Rights and Development (CEHRD), said concerning the oil spills in Bodo Community:

In 2008, two consecutive spills, caused by faults in a pipeline, resulted in thousands of barrels of oil polluting the land and creek surrounding Bodo, a town of some 69,000 people. Both spills continued for weeks before they were stopped. No proper clean-up has ever taken place. Shell's failure to promptly stop and clean up oil spills in Bodo has devastated the lives of tens of thousands of people. Bodo is a disaster that should not have happened, yet it is one that due to shell's inaction continues to this day. It is time these multi-billion dollar companies owns up, clean up and pays up[3].

Belated Action in Tackling Spill Cases

It has almost become the norm among the oil majors not to take immediate action in oil spill situations so as to contain the impact of such spills both on the environment and the inhabitants. That is to say

¹ E. Amaize and E. Arubi, '35 Delta Communities cry out', Vanguard, Saturday, June 18, 2005, p.30. The Spill occurred on or about October, 2001 and estimated to have affected approximately 18-22 Kilometers of the creek and river system in the area.

² Ibid

³ E. Nzomiwu, 'N' Delta Pollution: Amnesty tells Shell to pay \$1b', Daily Independence, Friday, November 11, 2011, p.4. Aster Van Kregten, Amnesty International's researcher for Nigeria.

that in most cases they acted very late. Such lateness is quite improper as it would occasion damage to wider area beyond the point of impact or incident.

The failure of the International Oil Companies, either advertently or inadvertently to take prompt action when spill occurs is usually predicated on allegation of non-culpability by attributing cause to third parties (vandals or saboteurs) and thus denying responsibility. If eventually the oil major decided to take clean up measure, it would have become very late in the circumstance after much damage must have be caused.

A glaring case was the oil pollution incident in Ikara Community [4] which generated so much tension, anger, acrimony and trading of blames on causation between the polluter and the victims.

The community in a letter [5] to Nigerian Petroleum Development Company, entitled, 'How your company destroyed our land', said:

We wished to officially use this medium to bring to your notice the unwholesome activities of your company to completely destroy our community through a recent oil pipelines rupture and crude oil spillage. Since our verbal report to you sometime in July 2014, you never took action. We feel that the nonchalance of your company towards addressing the pains inflicted on Ikara Community people by NPDC should stop forthwith. Please arrange for a Joint Investigation Visit to bring an end to this problem [6].

It took two days after the community's scathing letter to the company that the oil firm reacted, more of a refutation, on causation while admitting the spill incident as the source reported [7].

He, however said there was an oil spillage in the community, which caused a fire incident. Buknor, who disagreed that the spillage was caused by pipeline rupture and equipment failure, said NPDC reported the incident to NOSDRA, pointing out that it was triggered by vandals, either living in the community or came from the neighbouring towns. Buknor accused the elders of the community of shielding the vandals from arrest and prosecution.

⁴ Of Ikpa-Okha Local Government Area, Edo State, involving the Nigerian Petroleum Development Company, NPDC in the main and the host community.

⁵ Dated September 27, 2014 and signed by its spokesman and representative of Elders-in-Council, Chief John Eyajamure.

⁶ G. Oghre, 'JIV: Soldiers batter villagers in Edo; Vanguard, Tuesday, December 23, 2014, p.7.

⁷ Ibid. quoting Mr Juelson Buknor, Senior Public Affairs Manager at the NPDC Office, Benin City.

In the face of such accusations and counter-accusations in this very case, it is probable to hazard a conclusion that the oil firm involved may not be well disposed, especially in our clime, towards taking prompt action with a view to alleviating the overall effects of such environmental pollution; or at best, coming very late.

Delays/Failure to Clean and Restore the Environment

Sequel to lack of taking prompt action in containing spill situations is the unprofessional inordinate delay or outright failure to clean up and restore the environment afterwards. This practice cannot be justified by standard good oilfield practice.

Perhaps, the only probable reason for this, unless it is convincingly disproved, is the blatant disregard of human life of the natives as really worthless or at most, equivalent with crude products of which either could be sacrificed vis-à-vis the growth of the national economy, in which the sacrificial lamb must be the less fancied, less valued and less profitable natives.

This view may not be easily controverted when illustrative practices and examples by these oil majors are given that cannot take place in their home countries.

One glaring case evidencing delay and failure in clean-up measures relate to the two separate spills that occurred in 2008 in Shell's oil facility in Bodo, Ogoniland of Rivers State that are yet to be cleaned, and the areas restored.

A report by Amnesty International and Centre for Environment, Human Rights and Development (CEHRD) stated thus:

The true tragedy: delays and failures in tackling oil spills in the Niger-Delata ... in 2008 two consecutive spills, caused by faults in a pipeline, resulted in thousands of barrels of oil polluting the land and creek surrounding Bodo, a town of some 69,000 people. Both spills continued for weeks before they were stopped. No proper clean-up has ever taken place. Shell's failure to promptly stop and clean up oil spills in Bodo has devastated the lives of tens of thousands of people. Bodo is a disaster that should not have happened, yet it is one that due to shell's inaction continues to this day [8].

⁸ E. Nzeomiu, 'N' Delta Pollution: Amnesty tells Shell to pay \$1b; Daily Independent, Friday, November 11, 2011, p.4 in a report released on Thursday.

In another related report Amnesty International (AI) declared that:

Royal Dutch Shell's failure to mop up two oil spills in the Niger-Delta has caused huge suffering to locals whose fisheries and farmland were poisoned and ...said the community's U.K lawyers suggested the spill has leaked 4,000 barrels a day for 10 weeks in Ogoniland, which would make it bigger than the 1989 Exxon Valdez spill in Alaska ...”The prolonged failure of the Shell Petroleum Development Company (SPDC) of Nigeria to clean up the oil that was spilled, continues to have catastrophic consequences [9].

The above clearly demonstrate not just delays in affecting clean up and restoration of damaged environment but also that of total failure.

Interrogating these Practices/Attitudes in the face of the Consequential Effects

Non- implementation of Standard Good Oil Field Practice

The practice of not strictly adhering to acceptable good oilfield practice relating to change of oil pipelines transporting crude timely undermines the integrity and reputation of any oil company as such practice exposes the environment to greater dangers of pollution. It is possible that the pipeline rupture in Ikara Community of Edo State earlier mention that led to massive oil pollution could have arisen as a result of old and weak state of the affected pipeline. According to ‘UNEP Report on Ogoniland’:

...UNEP observed that control and maintenance of oil field infrastructure in Ogoniland has been and remains inadequate. Shell's own procedures have not been applied, creating public health and safety issues [10].

Besides, it is not a good decision or practice businesswise as it could occasion greater financial burden to remedy the damage resulting thereof.

Absence or Inadequacy of Sludge Pits

Total absence of sludge pits or where available but quite inadequate to effectively serve the intended purpose, make no sense at all. The effect is that the immediate environment is hugely exposed to likely danger of oil pollution in the event of significant oil spill.

⁹ Ibid. at 22.

¹⁰ K. Ebiri, ‘Flicker of Hope for Environmental Justice in Ogoniland’, The Guardian, Sunday, August 23, 2015, p.22 at 24. This report arose as the United Nations in 1999 sent its Special rapporteur to Nigeria to assess the level of environmental pollution in Ogoniland. The report was released in August, 2011.

This was the case regarding the Warri Refining and Petrochemicals Company, Ekpan Warri earlier referred to. It was a case of inadequacy of sludge pit. Again the cost of remedying the effect of consequent oil pollution would far outweigh standard preventive measures in having commensurate sludge pits in place.

Non-Installation of Permanent Booms

Generally speaking, booms are common feature in crude production areas especially at coastal sites. Booms can be floating or permanent depending on foreseeable damage arising from the production activities. Where a boom ought to be but was never put in place spells danger to the environment in the event of oil spills.

The massive pollution of the Warri River and Creeks arising from the Operations of the Warri Refining and Petrochemicals Company (WRPC) was attributable to absence of permanent booms. Clean up and restoration of the environment in terms of cost could be well imagined.

Habitual Dragging and Fault-Finding over Spill Cases

The now established culture of dragging and fault-finding on the part of oil majors vis-à-vis host communities or individuals victims over spills cases, even in the face of glaring evidence against such oil companies before taking responsibility leaves much to be desired. This is not a professional practice especially in cases of major spill disasters.

The effect of such lingering dispute and enquiry is that it exacerbates the pollution incident, increases cost of eventual clean up and restoration of the affected areas, and, as well, provokes or sustains ongoing agitations as industrial harmony is lost. This practice is not a good option and should be jettisoned.

Lateness/Failure to Clean and Restore Polluted Areas

Unjustifiable lateness or total failure in cleaning up and restoring polluted environment to its former position has become a common feature among the international oil companies in spill cases. The consequence of this very habit has significantly contributed to the high rate of environmental pollution and damage to the oil producing communities in the Niger-Delta.

Of particular significance is the haphazard or non-implementation of the ‘UNEP Report on Ogoniland’ involving a major stakeholder, Shell Petroleum Development Company Nigeria Limited? In this regard, while exposing shell's substandard clean-up habit, a source stated thus, ‘Ogoniland has been devastated by years of oil spills and Shell's clean-up operations have

been utterly ineffective, despite the UNEP report on the issue [11].

This leaves a sour taste in the mouth as the danger posed by decades of oil pollution still subsists.

CONCLUSION

In the light of the preceding practices and attitudes employed by the IOCs in their operations, it is obvious that such conducts engender environmental pollution; and, as well, a cumulative high cost in monetary terms in any clean-up and restoration process if any afterwards.

Therefore, such practices are not helpful, not environmental-friendly and also wasteful, and should be discarded and avoided.

RECOMMENDATIONS

Having examined the practices by the oil majors and the consequential unfavourable effects generally; the following options are recommended for positive results:

Oil companies should as a matter of policy and practice adopt good oilfield practices in all its ramifications including replacing old and weak oil pipelines, putting in place strong and capable sludge pits commensurate to operations within an area, and installing booms, whether floating or permanent type as the situation demands. Such good oil field practices would enhance environmental sanity and sustainability and as well reduce overhead cost.

to contain the spread and impact on the environment while embarking on investigation as to the cause for purposes of taking full responsibility or otherwise. This will reduce the scope of impact and also engender good relationship between the corporation and the inhabitants of the area.

Also, in deserving cases, efforts should be made towards actual restoration of polluted areas and meaningful compensation paid in deserving cases to the victims of the pollution. This would demonstrate to the locals that the suffering being encountered as a result of such oil pollution is undeserved and regrettable, and thus enhances good industrial peace in the area.

It is believed that if the above recommendations are put into practice in place of those discussed in this paper, they would meaningfully translate into pragmatic shift by bringing into being international best practices in the Nigeria's oil and gas industry, and also enhances maximum productivity, earnings and industrial hygiene.

Again, multinational oil companies should imbibe the culture of timely response in spill situations

¹¹ E. Amaize et al, 'Reps, Peterside, (EPEJ Laud Buhari over clean-up of Ogoniland', Vanguard, Friday, August, 7 2015, p.3 Per Marsk Dummett, Amnesty International's Researcher on Business and Human Rights